



**GROW SOLID
GO ECO-FRIENDLY**



新創建 NWS

NWS HOLDINGS LIMITED

ANNUAL REPORT 2008

STOCK CODE: 659

VISION

To build a dynamic and premier group of infrastructure and service management companies driven by a shared passion for customer value and care

MISSION

Synergize and develop business units that:

- Nurture total integrity
- Attain total customer satisfaction
- Foster learning culture and employee pride
- Build a world-class service provider brand
- Maximize financial returns

CORE VALUES

- Reputable customer care
- Pride and teamwork
- Innovation
- Community contributions and environmental awareness
- Stakeholders' interest

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About NWS Holdings

NWS Holdings Limited (“NWS Holdings” or the “Group”, Hong Kong stock code: 659) is a leading conglomerate across Hong Kong, Mainland China and Macau. It is the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 17). Listed on the

INFRASTRUCTURE

As one of the major infrastructure players in Mainland China, NWS Holdings has built a solid foundation with 57 projects in the four segments of Roads, Energy, Water and Ports.

ROADS

The road portfolio comprises 21 road, tunnel and bridge projects in Hong Kong and Mainland China’s strategic locations, for example, Guangdong and Tianjin, covering approximately 703 km in length and one project in Guangzhou for the development of transport electric technology.

ENERGY

The Group has five power plants in Guangdong, Sichuan and Macau with a total installed capacity of approximately 3,742 MW and a coal distributor company in Guangdong operating coal handling pier with capacity of seven million tonnes per year.

WATER

NWS Holdings has been investing in the vast water markets of Mainland

China and Macau for more than 20 years. In conjunction with its joint venture company, Sino-French Holdings (Hong Kong) Limited, the Group now operates 21 water projects (including sludge treatment) and a waste incineration plant, treating up to 5.92 million cubic metres of water and wastewater per day, 240 tonnes of sludge per day and 60,000 tonnes of waste annually. Also, the Group holds stake in a 61-hectare landfill in Hong Kong.

PORTS

NWS Holdings has six major port projects in Mainland China. With a container handling capacity of 6.1 million TEUs per year, the Group has a major presence in strategic coastal locations of the nation, most notably at Xiamen and Tianjin.



Hong Kong Stock Exchange, the Group remains a constituent stock of the Hang Seng HK MidCap Index.

NWS Holdings' Infrastructure portfolio covers Roads, Energy, Water as well as Ports projects, while its Service & Rental businesses span Facilities Rental, Contracting, Financial Services, etc. With a 48,000-strong workforce, NWS Holdings is dedicated to upholding sustainable growth in its two dynamic core businesses.

SERVICE & RENTAL

NWS Holdings provides a wide array of top quality services in Hong Kong, Mainland China and Macau, leveraging its unique expertise to capture various business opportunities beyond the regions.

FACILITIES RENTAL

Hong Kong Convention and Exhibition Centre and ATL Logistics Centre provide a full range of facilities rental services for local and overseas clients. By co-operating with its China United International Rail Containers Co., Limited joint venture, the Group is devoted to developing 18 important rail container terminals across Mainland China.

CONTRACTING

With abundant experience in contracting, the Group offers partners one-stop construction-related services extending from materials supply, construction together with electrical and mechanical engineering right through to final decoration.

FINANCIAL SERVICES

The Group's Financial Services segment has built up an all-inclusive portfolio, including investment banking, brokerage service, risk and insurance management consultancy, corporate administration and business support for corporate clients, institutional and individual investors.

OTHER SERVICES

NWS Holdings further enhances people's quality of life with diversified services, ranging from bus and ferry transportation, property management to duty free sales.



5TH ANNIVERSARY MILESTONES

COMMEMORATE OUR HARVEST

2005



2004



2003



2003

- New World Group reorganization was completed. Pacific Ports Company Limited was renamed NWS Holdings Limited. Consolidated shares under newly named NWS Holdings Limited began trading on The Stock Exchange of Hong Kong Limited on 10 February 2003.
- Sky Connection Limited, which retails tobacco and liquor at Free Duty shops, became a wholly owned subsidiary company of NWS Holdings.
- Established in 2001, the corporate volunteer team NWS Volunteer Alliance was awarded the "Top 10 High Service Hour Award 2002 (Private Organization)" presented by the Social Welfare Department.

2004

- Expanded into the water treatment market in Sanya, Hainan and Tianjin's Tanggu District.
- Hip Hing Construction (China) Company Limited and NWS Engineering Limited set up foreign invested construction enterprises in Beijing and were granted qualification certificates of construction enterprises by the Ministry of Construction that allow them to undertake projects throughout Mainland China.
- Formed a joint venture, Merryhill Group Limited, with Chow Tai Fook Enterprises Limited, which was later renamed NWS Transport Services Limited.

- Kunming New World First Bus Services Limited commenced operation in Kunming, Yunnan Province.
- The Board set up the Corporate Social Responsibility Committee to formulate the social responsibilities strategies and policies of the Group.
- Garnered the Silver Award in the Community Relations category of the Sixth China Golden Awards for Excellence in Public Relations. The Awards, organized by the China International Public Relations Association, recognized the success of an essay competition cum fundraising campaign to help people affected by SARS in 2003.

2005

- Disposed of its interests in Container Terminal No. 3 and No. 8 West with a total net gain reached approximately HK\$1.8 billion.
- Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section) commenced operation.
- Tianjin Five Continents International Container Terminal commenced operation.
- Hong Kong Convention and Exhibition Centre's plan to expand its atrium link by adding 19,400 sq m or 30% of exhibition space was approved by the Town Planning Board.
- NWS Green Kindergarten Network, the first environmental education programme for pre-school children in Hong Kong, was jointly launched with Green Power. At the inauguration ceremony, the world's largest handprint painting was produced.

2006



2006

- Launched its corporate song.
- Expanded its water treatment business in Changshu, Jiangsu Province.
- Wenzhou Zhuangyuan Ao New World International Terminals Company Limited was incorporated.
- Signed an agreement with China Railway Container Transport Corp. Ltd., a subsidiary of the Ministry of Railways, and other independent third parties to establish China United International Rail Containers Co., Limited for developing and managing pivotal, large-scale rail container terminals in 18 major Mainland Chinese cities for 50 years.
- Set up a joint venture in Mainland China to manage and operate the 220,000 sq m Zhengzhou International Convention and Exhibition Centre.
- Guangzhou New World Bus Services Limited, a joint venture of New World First Bus Services (China) Limited and The Second Bus Company of Guangzhou, was set up.
- The Board garnered the Directors of the Year Awards 2006 – Listed Companies (SEHK – Non Hang Seng Index Constituents) Boards by the Hong Kong Institute of Directors.
- Was honoured with a Corporate & Public Category – Financial Award in the Asia Pacific PR Awards 2006.

2007

- Was included in the list of MSCI Global Standard Indices.
- Signed an agreement to acquire 22.5% interest in Guangzhou City Nansha Port Expressway.
- Further acquired interest in Guangzhou Dongxin Expressway to 40.8%.
- Chengdu Jintang Power Plant commenced operation.

2007



2008



- Commencement of the construction of the Main Storage Reservoir Water Treatment Plant II Extension Project by The Macao Water Supply Co. Ltd..
- Chongqing Tangjiatuo Waste Water Plant commenced operation.
- Signed a co-operation agreement with Xiamen Government and CMA CGM S.A. to develop Haicang port, Xiamen.
- Acquired additional issued shares of Taifook Securities Group Limited.
- NWS Charities Foundation was launched.
- NWS Environmental Committee was established to formulate green strategies.
- NWS Charities Foundation launched HK • Love • Trees, the first large-scale and sustainable tree conservation project in Hong Kong, with Green Power.

2008

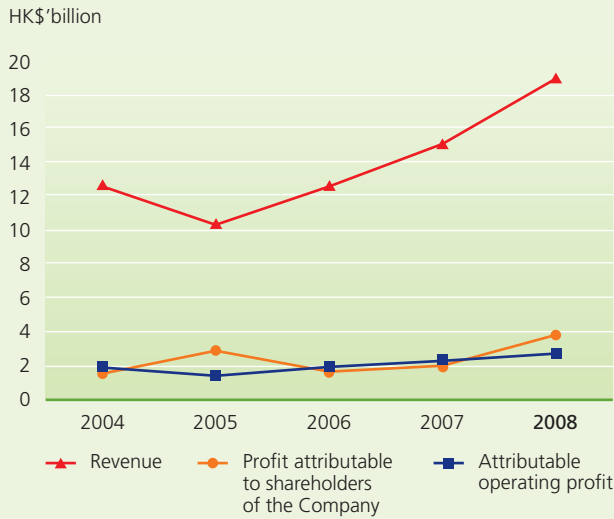
- Celebrated the fifth anniversary of its First Trading Day by conducting community services on the NWS Caring Day.
- Signed an agreement to develop and operate Conghua-Dongguan Expressway (Huizhou Section).
- Acquired 35% stake in Guangzhou Fuel Company.
- Acquired 7.5% stake in Chongqing Water Group Co., Ltd..
- Gammon-Hip Hing Joint Venture was awarded the design-and-build contract for the Tamar Development Project.



FINANCIAL HIGHLIGHTS

	2008	2007
	HK\$'m	HK\$'m
Revenue	18,889.5	15,047.1
Profit Attributable to Shareholders of the Company	3,818.3	2,005.4
Net Debt	4,666.7	8,438.4
Total Assets	42,464.6	39,782.0
Net Assets	22,414.5	18,198.5
Shareholders' Funds	21,148.1	17,196.5
Net Tangible Assets	20,863.9	16,970.7
Earnings per Share – Basic	HK\$1.89	HK\$1.01
Net Assets per Share	HK\$10.89	HK\$9.04
Gearing Ratio	21%	46%
Gearing Ratio (excluding borrowings for IPO financing)	21%	15%
Return on Shareholders' Funds	18%	12%
Return on Capital Employed	14%	9%

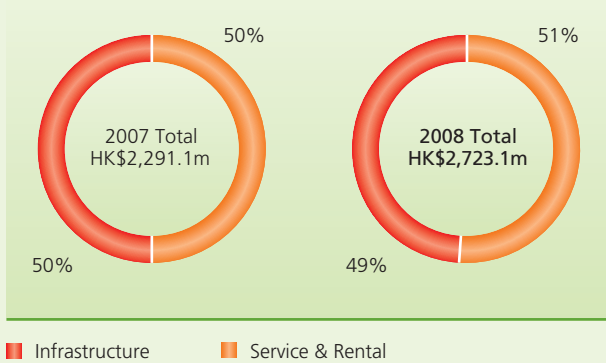
CONSOLIDATED INCOME STATEMENT HIGHLIGHTS



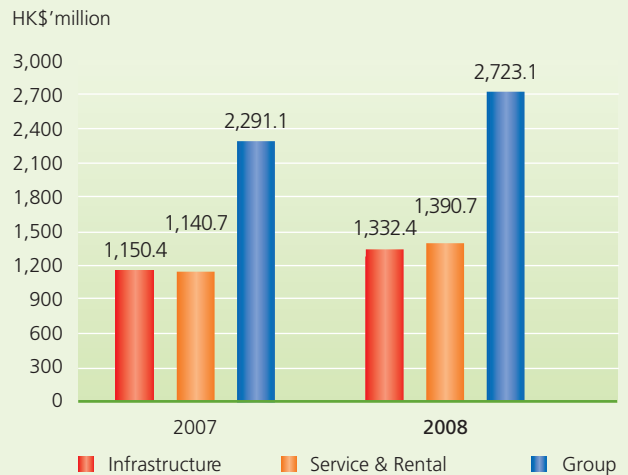
CONSOLIDATED BALANCE SHEET HIGHLIGHTS



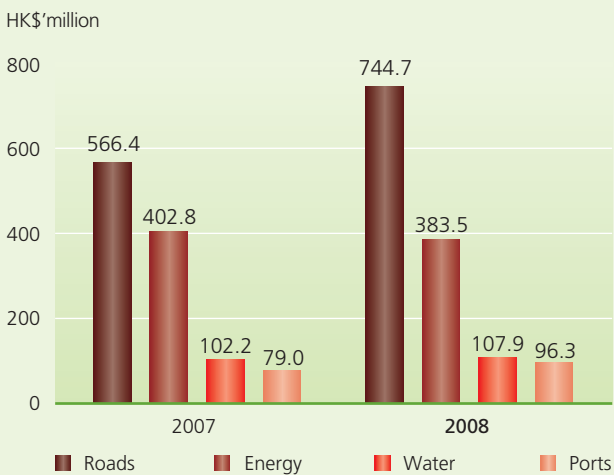
AOP MIX BY DIVISION



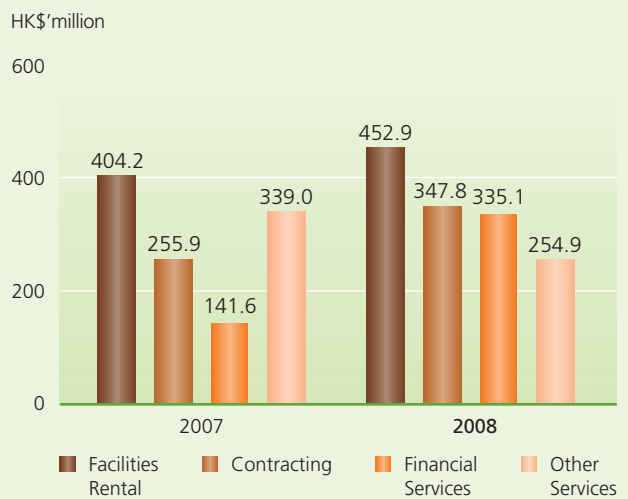
AOP - BY DIVISION



AOP - INFRASTRUCTURE



AOP - SERVICE & RENTAL



CHAIRMAN'S STATEMENT



“We perform by maximizing opportunities and managing risks. With prudent management and our great team’s staunch support, we remain on course toward fulfilling our business objectives.”

Dear Shareholders,

On behalf of the Board, I am delighted to report that the Group continued to score outstanding results and fruitful corporate achievements on various fronts in FY2008. In the process, healthy gains in profit and a strong cash flow from the Group’s core businesses were also achieved. It’s also noteworthy that both attributable operating profit (“AOP”) and total profit-after-tax recorded an increase of 19% and 90% respectively.

Our Infrastructure division recorded a solid AOP growth of 16%. AOP of the Roads segment remained buoyant. The performance of the projects within the Pearl River Delta Region was outstanding, which translated into average daily traffic flow increases and bottom line enhancement for various expressway projects. Despite the soaring coal price, the overall performance of the Energy segment stayed firm, while Water and Ports businesses also experienced healthy growth.

Equally impressive was the performance of the Service & Rental division, with the Facilities Rental segment continuing to contribute strong cash flow and profit to the Group. Profitability of the Contracting segment was enhanced by contributions from Macau, coupled with

the improving overall operating environment in Hong Kong. The Financial Services segment received a welcome boost to its profit level from an increase in the Group’s shareholding to approximately 58% in Taifook Securities Group Limited.

During the year, an exceptional gain of HK\$1.63 billion was booked from the sale of the Harbour Place units. We anticipate additional profits from the sale of the remaining residential units of this project in FY2009. In line with our strong commitment to sharing the Group’s results with our shareholders, a final dividend of HK\$0.40 per share was declared, representing a payout ratio of approximately 50.8% and including HK\$0.16 to reflect the gain from the sale of the Harbour Place units.

BEING PRUDENT IN UNCERTAIN TIMES

The above overall results were particularly encouraging as they were achieved against the background of rising fuel costs resulting from the continued surge of oil and coal prices, high inflation and interest rates worldwide, together with sluggish American demand. While further tough times ahead are anticipated for the operating environment in FY2009, the Group will strive to maintain a healthy balance sheet as well as cash and treasury

management. We will also exercise caution to guard against possible risks to our existing investments, and take every opportunity to make new investments.

TAPPING FURTHER POTENTIAL FOR GROWTH

In line with its infrastructure-driven strategy, the Group could do well to capitalize on the vast potential of the Mainland market. To this end, the Group has recently invested in Conghua-Dongguan Expressway (Huizhou Section), which is scheduled to be in operation in 2012. Pending approval of National Development and Reform Commission, Xiamen Haicang Terminal is scheduled to become operational in the second half of 2009. In addition, the Wenzhou Zhuangyuan Ao New World International Terminals is planned to commence operation at the end of 2008.

During the year, the Group's ongoing rail container terminal project in Mainland China made promising headway. Aimed at building 18 pivotal rail container terminals in 18 major Mainland cities, the project is scheduled to be operational in phases by 2010. The construction of the terminals in Qingdao, Zhengzhou, Chongqing, Chengdu, Wuhan, Xian and Dalian is already well under way.

FY2008 also saw the Group acquire a stake in Chongqing Water Group Co., Ltd. ("CWG") by signing, in conjunction with SUEZ Environnement, a strategic cooperation agreement and a share purchase agreement with CWG and Chongqing Yufu Assets Operation and Management Co., Ltd. respectively. As a strategic investment partner of CWG, the Group has benefited from the opening up of the water market under the Central Government's Eleventh Five-year Plan.

GETTING REWARDED FOR GOOD GOVERNANCE

The Group has continued to set high standards in corporate governance over the years. FY2008 was no exception. On top of setting up a Corporate Governance Steering Committee to ensure that operations meet stringent ethical standards, we have also upheld the importance of integrity among our staff, and have put in place an Investor Relations team to interact with our shareholders and the investment community on a regular basis.

I am pleased that we were honoured for our efforts in FY2008 with the Corporate Governance Asia Recognition Awards 2008 as well as the "Best Employer Branding" and the "Best HR Young Gun" awards at the Hong Kong HR Awards 2008.

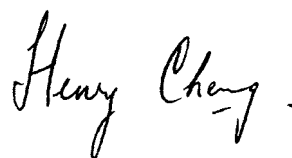
GAINING RECOGNITION FOR SERVING OUR COMMUNITY

The Corporate Social Responsibility Committee set up by the Board in 2004 to formulate and implement its CSR strategies, policies and practices broadened its scope during the year to encompass environmental and employee-friendly policies and initiatives. The Group launched Green Office initiative in 2006 to enforce environmental-friendly office operations within the Group, which was expanded to cover its business unit offices as well. Intended for our staff to strike a work-life balance, a three-day paternity leave policy for our male staff was also to take effect from September 2008.

In addition, for "Life Rejuvenation Scheme 2006 – Fairy Kiddo", the Group received the Outstanding Partnership Project Award from The Hong Kong Council of Social Service at the Caring Company Recognition Ceremony 2008.

A WORD OF THANKS

Last but not least, on behalf of the Board, I would like to take this opportunity to express my deepest gratitude to my fellow members of the Board and the management who have been such a tower of strength in leading our 48,000-strong team through these trying times. Moreover, all the positive changes that took place in and the accolades received by the Group during the year would not have been possible had it not been for their tireless efforts. Once again, I would like to thank all of you for your unwavering support while we are prepared to embracing the challenges ahead.



Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 8 October 2008

BOARD OF DIRECTORS



From left to right:

Dr Cheng Kar Shun, Henry
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

BOARD OF DIRECTORS

Dr Cheng Kar Shun, Henry *GBS*

Chairman

Dr Cheng (61) was appointed as Executive Director in March 2000 and became the Chairman in March 2001. Dr Cheng is the Managing Director of New World Development Company Limited, a substantial shareholder of the Company, the Chairman and Managing Director of New World China Land Limited and the Chairman of New World Department Store China Limited, Taifook Securities Group Limited and International Entertainment Corporation. He is also a director of Chow Tai Fook Enterprises Limited, Centennial Success Limited and Cheng Yu Tung Family (Holdings) Limited, all of them are substantial shareholders of the Company. Dr Cheng is also the Managing Director of New World Hotels (Holdings) Limited, an independent non-executive director of HKR International Limited and a non-executive director of Lifestyle International Holdings Limited. Dr Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Eleventh Chinese People's Political Consultative Conference of The People's Republic of China. In 2001, he was awarded the Gold Bauhinia Star by the Government of the HKSAR. Dr Cheng is the brother-in-law of Mr Doo Wai Hoi, William and uncle of Mr William Junior Guilherme Doo.

Mr Doo Wai Hoi, William *JP*

Deputy Chairman

Mr Doo (64) was appointed as Executive Director in March 2000 and became the Deputy Chairman in January 2003. Mr Doo's corporate positions include: Vice Chairman of New World China Land Limited; Deputy Chairman of Taifook Securities Group Limited; Executive Director of Lifestyle International Holdings Limited, as well as Director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Effective on 10 January 2008, Mr Doo was appointed as Independent Non-executive Director of The Bank of East Asia, Limited. Mr Doo is a member of the Standing Committee of the Eleventh Chinese People's Political Consultative Conference in Shanghai and the Convener of the Shanghai Committee in Hong Kong and Macau. He has served as a Governor of the Canadian

Chamber of Commerce in Hong Kong since 1995. Mr Doo has been appointed as the Honorary Consul of the Kingdom of Morocco in Hong Kong in June 2005. In January 2008, he was awarded the Chevalier de la Légion d'Honneur by the Republic of France. Mr Doo is the brother-in-law of Dr Cheng Kar Shun, Henry and the father of Mr William Junior Guilherme Doo.

Mr Chan Kam Ling *BBS*

Executive Director and Chief Executive Officer

Mr Chan (68) was appointed as Executive Director and the Chief Executive Officer in January 2003. He is currently the Managing Director of Sino-French Holdings (Hong Kong) Limited and The Macao Water Supply Company Limited. He is also a director of New World First Bus Services Limited and Companhia de Electricidade de Macau – CEM, S.A. Mr Chan has been a part-time member of the HKSAR Government's Central Policy Unit and a member of the Construction Industry Review Committee, the Provisional Construction Industry Co-ordination Board, the Professional Services Committee and the China Trade Advisory Committee of the Hong Kong Trade Development Council as well as the Departmental Advisory Committee of the Department of Building and Construction of the City University of Hong Kong. Mr Chan has over 40 years of experience in construction, property development and infrastructure industry in Mainland China, Hong Kong and Macau. In 2001, Mr Chan was awarded the Bronze Bauhinia Star by the Government of the HKSAR.

Mr Tsang Yam Pui *GBS, OBE, QPM, CPM*

Executive Director

Mr Tsang (62) was appointed as Executive Director in June 2004. He is currently the Vice Chairman of New World First Bus Services Limited, New World First Bus Services (China) Limited, Citybus Limited, New World First Ferry Services Limited and New World First Ferry Services (Macau) Limited. He is also the Vice Chairman of China United International Rail Containers Co., Limited in Mainland China and a director of Mapletree Investments Pte Ltd in Singapore. Mr Tsang also serves as a member on the Audit Committee of the University of Hong Kong and a member of the Hong Kong Sanatorium & Hospital's Clinical Governance Committee. Prior to joining the



Company, Mr Tsang had served with the Hong Kong Police Force for 38 years and retired from the Force as its Commissioner in December 2003. He has extensive experience in corporate leadership and public administration. Mr Tsang was awarded the Gold Bauhinia Star, the OBE, the Queen's Police Medal, the Colonial Police Medal for Meritorious Service, the Commissioner's Commendation, and the HKSAR Police Long Service Medal.

Mr Wong Kwok Kin, Andrew

Executive Director

Mr Wong (62) was appointed as Executive Director in January 2003. Mr Wong is an executive director of Sky Connection Limited and several subsidiary companies and affiliates of New World Group providing duty-free liquor and tobacco concessions, communication services, cleaning and laundry services, and estate management in both Hong Kong and Mainland China. He is also a director of New World First Holdings Limited, Citybus Limited, New World Telephone Holdings Limited and Taifook Securities Group Limited. Mr Wong had been an executive director of New World Hotels (International) Limited and Renaissance Hotel Group N.V., a company listed on the New York Stock Exchange, from 1995 to 1997. Mr Wong has over 30 years of experience in the hospitality and the service industries, as well as finance and human resources administration.

Mr Lam Wai Hon, Patrick

Executive Director and Qualified Accountant

Mr Lam (46) was appointed as Executive Director in January 2003 and is currently the Qualified Accountant of the Company. He is also a director of Taifook Securities Group Limited, Wai Kee Holdings Limited and Build King Holdings Limited as well as the Assistant General Manager of New World Development Company Limited, a substantial shareholder of the Company. He is mainly responsible for overseeing the facilities rental business of the Group and managing the financial and human resources aspects of the Company. His area of responsibilities in New World Group includes property investment and development as well as service business. Mr Lam is a Chartered Accountant by training; a Fellow of the Institute of Chartered Accountants in England and Wales, and the

Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada.

Mr Cheung Chin Cheung

Executive Director

Mr Cheung (52) was appointed as an Executive Director in October 2003. He had been an executive director of the Company during the period from May 1998 to January 2003. Mr Cheung is also a director of NWS Infrastructure Management Limited, NWS Ports Management Limited, Sino-French Holdings (Hong Kong) Limited, Far East Landfill Technologies Limited, The Macao Water Supply Company Limited and Companhia de Electricidade de Macau – CEM, S.A. as well as a director of a number of companies in Mainland China. He is mainly responsible for managing the infrastructure business of the Group. Mr Cheung is a member of the Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council, and had been a member of the China Trade Advisory Committee of the Hong Kong Trade Development Council. He has more than 17 years of experience in business development, investment and management in the infrastructure business in Mainland China. Mr Cheung was appointed as a member of the Hebei Province Committee of the Tenth Chinese People's Political Consultative Conference of The People's Republic of China in January 2008.

Mr William Junior Guilherme Doo

Executive Director

Mr Doo (34) was appointed as Director in December 2005. Mr Doo is a solicitor admitted in the HKSAR and is currently a non-practising solicitor in England and Wales. Before joining the Company, he had legal practice experience in one of the largest global law firms specializing in finance and corporate transactions. Since joining the Company in March 2003, Mr Doo has been acting as members of various management committees of the Group. His area of responsibilities includes managing ports investment and operations, and overseeing transport, logistics and water business. He is currently a member of the Beijing Committee of the Eleventh Chinese People's Political Consultative Conference of The People's Republic of China. Mr Doo is the son of Mr Doo Wai Hoi, William and nephew of Dr Cheng Kar Shun, Henry.

BOARD OF DIRECTORS



Mr Wilfried Ernst Kaffenberger

Non-executive Director

Mr Kaffenberger (64) was appointed as Non-executive Director in January 2003. He is an independent financial advisor. In June 2008, he completed his role as Chief Executive Officer of the AIG Asian Infrastructure Fund II, a US\$1.67 billion direct equity investment fund he organized in 1997. Prior to organizing the Fund, he was the Vice President, Operations, of International Finance Corporation (“IFC”), a World Bank affiliate. His career at IFC covered 25 years.

Mr To Hin Tsun, Gerald

Non-executive Director

Mr To (59) was appointed as Independent Non-executive Director in May 1998 and was re-designated to Non-executive Director in August 2002. Mr To has been a practising solicitor in Hong Kong since 1975. He is also qualified as a solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore. He is currently the senior partner of Messrs T. S. Tong & Co., Solicitors and Notaries. Mr To is also a non-executive director of Mongolia Energy Corporation Limited and Taifook Securities Group Limited, both of them are companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr To is also an executive director of International Entertainment Corporation, a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Mr Dominic Lai

Non-executive Director

Mr Lai (61) was appointed as Independent Non-executive Director in August 2002 and was re-designated to Non-executive Director in September 2004. Mr Lai is a practising solicitor in Hong Kong and is also admitted in England and Wales, the Republic of Singapore, the States of New South Wales and Victoria, Australia. Mr Lai is a senior partner of the Hong Kong law firm, lu, Lai & Li and has been in practice for more than 30 years. He is also a non-executive director of several other public companies listed on The Stock Exchange of Hong Kong Limited.

Mr Yeung Kun Wah, David

Alternate Director to Mr Wilfried Ernst Kaffenberger

Mr Yeung (58) was appointed as Alternate Director to Mr Wilfried Ernst Kaffenberger in January 2003. Mr Yeung is the President and Chief Executive Officer of AIG Capital Partners Inc., a wholly owned subsidiary company of AIG Global Investment Group. He is responsible for AIG’s Emerging Market Private Equity Investment activities globally. He represents AIG on AIG-sponsored infrastructure funds with total committed funds of US\$4.7 billion and sits on the Investment Committees of other AIG sponsored global and regional direct investment funds and on the board of various companies in AIG’s investment portfolio. Mr Yeung is a U.S. Certified Public Accountant and a Canadian Chartered Accountant.

Mr Kwong Che Keung, Gordon

Independent Non-executive Director

Mr Kwong (59) was appointed as Independent Non-executive Director in October 2002. He is also an independent non-executive director of a number of Hong Kong listed companies. Mr Kwong graduated from the University of Hong Kong in 1972, qualifying as a chartered accountant in England in 1977 and was a Partner of Price Waterhouse from 1984 to 1998. He had served as a part-time panel member of the Hong Kong Government’s Central Policy Unit from 1993 to 1995 and was an independent member of the Council of The Stock Exchange of Hong Kong Limited from 1992 to 1997, during which, he had acted as convener of both the Compliance Committee and the Listing Committee.



From left to right:
 Mr Wilfried Ernst Kaffenberger
 Mr To Hin Tsun, Gerald
 Mr Dominic Lai
 Mr Yeung Kun Wah, David
 Mr Kwong Che Keung, Gordon
 Mr Cheng Wai Chee, Christopher
 The Honourable Shek Lai Him, Abraham

Mr Cheng Wai Chee, Christopher *GBS, OBE, JP*

Independent Non-executive Director

Mr Cheng (60) was appointed as Independent Non-executive Director in January 2003. He is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited and a non-executive director of several listed and unlisted companies, including New World China Land Limited, PICC Property and Casualty Company Limited, Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust) and DBS Group Holdings Ltd. Mr Cheng plays an active role in the public services, particularly noteworthy are his efforts in promoting the development of Hong Kong as an international trade, commercial and financial centre. He currently serves as a non-executive director of the Hong Kong Securities and Futures Commission and a member of the Exchange Fund Advisory Committee. He is also a former Chairman of the Hong Kong General Chamber of Commerce. Mr Cheng also has a keen interest in management of the public services and is the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service. Mr Cheng is a Steward of the Hong Kong Jockey Club and serves on the Council of the University of Hong Kong. Mr Cheng holds a BBA from the University of Notre Dame, Indiana, USA and an MBA from Columbia University, New York.

The Honourable Shek Lai Him, Abraham *SBS, JP*

Independent Non-executive Director

Mr Shek (63) was appointed as Independent Non-executive Director in September 2004. Mr Shek graduated from the University of Sydney with Bachelor of Arts. He is a member of the Legislative Council for the HKSAR representing real estate and construction functional constituency since 2000. Currently, Mr Shek is a member of the Council of the Hong Kong University of Science & Technology and a member of the court of the University of Hong Kong. Mr Shek is a director of The Hong Kong Mortgage Corporation Limited and an

independent non-executive director of MTR Corporation Limited, Midas International Holdings Limited, Paliburg Holdings Limited, Lifestyle International Holdings Limited, Chuang's Consortium International Limited, Chuang's China Investments Limited, See Corporation Limited, ITC Corporation Limited, Titan Petrochemicals Group Limited, Country Garden Holdings Company Limited, Hsin Chong Construction Group Limited, Hop Hing Group Holdings Limited and SJM Holdings Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited. He is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both of the trusts are listed on The Stock Exchange of Hong Kong Limited. Mr Shek was awarded the Silver Bauhinia Star by the Government of the HKSAR in 2007.

SENIOR MANAGEMENT

Mr Chow Tak Wing

Group Financial Controller and Company Secretary

Mr Chow (41) joined the Company in 2002 and was appointed as Company Secretary of the Company in October 2004. He is also the Group Financial Controller of the Company. Mr Chow is an associate member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a fellow member of the Association of Chartered Certified Accountants (UK). He has approximately 20 years' experience in accounting and financial management and corporate governance. Prior to joining the Group, he was a manager of an international accounting firm and senior executive of several Hong Kong listed companies.

ACHIEVEMENTS



Corporate Governance Asia Recognition Awards 2008 (1)

Corporate Governance Asia

Hong Kong Award for Corporate Governance Excellence 2007 (2)

The Chamber of Hong Kong Listed Companies

Best Practice Awards 2007 – Enterprise Governance (3)

Best Practice Management Group

18th International Questar Awards – Gold Award for Corporate Song music video (4)

MerComm, Inc.

- ## 21st International Mercury Awards
- Gold Award for corporate newsletters (5)
 - Bronze Award for HK • Love • Trees TV commercials (6)

MerComm, Inc.

- ## 18th International Astrid Awards
- Photography Gold award and Overall Presentation Bronze award for NWS Holdings Annual Report 2007

- Honors for advertisements of HK • Love • Trees and NWS Charities Foundation pamphlet (7, 8)

MerComm, Inc.

Hong Kong HR Awards 2008

- Best Employer Branding (9)
- Best HR Young Gun (10)

Key Media International Limited

Hong Kong HR Awards 2008 – Best Change Management Practices (11)

Key Media International Limited

Urban Property Management Limited

HKIHRM/SCMP People Management Awards 2007 – Second Runner-up (Large Enterprise) (12)

Hong Kong Institute of Human Resource Management and South China Morning Post

Critical Partnerships Award 2007 (13)

Community Investment and Inclusion Fund

5 Years Plus Caring Company Logos and Caring Company Logos 2007/2008 (14)

The Hong Kong Council of Social Service

Outstanding Partnership Project Award 2007/2008 (15)

The Hong Kong Council of Social Service

Gold Award for Volunteer Service 2007 (16)

Social Welfare Department



Gold Wastewi\$e Logo 2007-2008 (17)

Environmental Protection Department

2007 Hong Kong Awards for Industries: Environmental Performance Certificate of Merit (18)

Business Environment Council

12th Employers Gold Star Award – Strategic Partners Award (19)

Employees Retraining Board

Best Convention and Exhibition Centre in the Asia Pacific (20)

CEI Asia Pacific magazine

Hong Kong Convention and Exhibition Centre

11th DFNI Awards for Travel-Retail Excellence in Asia/Pacific – Best Tobacco Retailer in Asia/Pacific (21)

DFNI

Sky Connection Limited

Construction Industry Safety Award 2007/2008 – Gold Award (22)

Labour Department

Hip Hing Construction Company Limited

Best Equity House in Hong Kong (23)

FinanceAsia

Taifook Securities Group Limited

Best Domestic Equity House

Asiamoney

Taifook Securities Group Limited

Hong Kong Top Service Brand 2007 (24)

Chinese Manufacturers' Association of Hong Kong and Hong Kong Brand Development Council

Taifook Securities Group Limited

“One Factory – One Year – One Environmental Project” Programme – Green Medal (25)

The Federation of Hong Kong Industries

New World First Bus Services Limited and Citybus Limited

Hong Kong Q-Mark Service Certificate and the Hong Kong Green Mark Certificate (26, 27)

Hong Kong Q-Mark Council

Urban Property Management Limited

Top Ten Most Influential Enterprises in Mainland China's Water Supply Industry 2007 (28)

www.h2o-china.com

Sino French Holdings (Hong Kong) Limited

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the "Board") is committed to maintaining a high standard of corporate governance practices within the Group. Throughout the year, the Group has made every endeavour in improving itself by adopting the best corporate governance practices. Various guidelines and manuals, including the "Corporate Governance Manual" (the "CG Manual") and the "Guidelines on Internal Control System" (the "IC Guidelines"), were adopted for ensuring proper compliance of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the enhancement of the corporate governance practices of the Group as a whole. Such guidelines and manuals are reviewed regularly in light of experience, regulatory requirements and market practices.

The establishment of the Corporate Governance Steering Committee (the "CG Committee") was a proactive step taken by the Company for enhancing the effectiveness of the Group's corporate governance practices. Under the supervision of the CG Committee, the first issue of the Company's Corporate Governance Newsletter was published in May 2008 which was distributed to all senior executives of the Group for providing informative and updated materials in respect of the corporate governance issues. Each issue will focus on a specific topic which covers the relevant corporate governance practices, updated regulatory requirements and the latest market practices.

In recognition of the Company's effort in promoting good corporate governance practices, the Company was a recipient of the Corporate Governance Asia Recognition Award 2008 by Corporate Governance Asia during the year.

COMPLIANCE WITH THE CG CODE

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 CG Code during FY2008.

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 dealings in the securities of the Company. The Board had established guidelines for employees in respect of their dealings in the Company's securities as set out in the handbook for "Corporate Policy on Staff Responsibility" but the guidelines contained therein fall short of the requirements under the Model Code. The deviation was mainly due to the fact that the Company currently has over 48,000 employees and operates diversified businesses, it would cause immense administrative burden for processing written notifications from the relevant employees by the Company. During FY2008, the Executive Committee of the Company had reconsidered the compliance of this code provision and identified certain senior executives as relevant employees of the Company (the "Relevant Employees"). They are subject to the "Code for Securities Transactions by Relevant Employees", which was adopted by the Executive Committee in February 2008 and are on no less exacting terms than the Model Code, in the same manner as directors of the Company with respect to the notification requirements to the Company for dealing in its securities and prohibitions to deal. Since then, the Company has complied with the requirement under code provision A.5.4 of the CG Code.

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 important 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.

The Company has made much effort in following the recommendations as set out in the recommended best practices contained in the CG Code. Listed below is a brief summary of the works done by the Company for implementing some of the recommended best practices within the Group which is not an exhaustive list of the Company's compliance on the recommended best practices:

Recommended best practice	Actions taken
A.1.9	The Company has arranged for appropriate liability insurance for directors of the Group for indemnifying their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.
A.1.10	Each of the board committees is having its own written terms of reference which includes similar principles, procedures and arrangements as set out in the code provisions from A.1.1 to A.1.8.
A.2.4 to A.2.9	The Chairman of the Board has played an active role in facilitating the effective operation of the Board. Draft agenda of each Board meeting has been reviewed by the Chairman prior to the meeting. Chairman would invite all Board members to express their opinion on the business operations and the corporate governance practices of the Group in every Board meeting so that they would contribute their expertise to the Board and provide constructive ideas to the management. Moreover, Chairman has arranged meeting with non-executive directors without the presence of executive directors at least once a year.
A.3.3	The Company's website has already included an updated list of directors of the Company in which their roles in the Board and memberships in the board committees are clearly stated. Besides, all updated information regarding the activities and publications of the Group was also included in the Company's website in order to provide comprehensive information of the Group to the shareholders of the Company as well as the general public.
A.4.3	The Company has already included in the CG Manual for governing the re-election of independent non-executive directors who serve more than nine years. Any further appointment of such independent non-executive directors shall be subject to a separate resolution to be approved by the shareholders of the Company.
A.4.8	When a resolution is proposed to re-elect an independent non-executive director at the general meeting, a statement would be included in the relevant circular for explaining why the Board believes such director should be elected and the reasons why it considers such director to be independent.
A.5.5	For providing continuous professional development to the Company's directors and senior executives, the Company has organized training courses and seminars to them from time to time. The Training and Development Department of the Company has organized full range of training courses for the employees of the Group, in particular courses relating to corporate governance included business law, contract law and risk management, etc. A seminar of "Internal Control & Corporate Governance Series – Seminar on Staff Responsibility" was organized by the Company for its directors and senior executives during FY2008.
A.5.7	Non-executive directors have played an active role in participation of the board committees. Except for the Executive Committee, all board committees are consisted of at least one non-executive directors of which they have made significant contribution of their skills and expertise to the Company.
D.1.4	The Company has provided formal letter of appointment for each of its directors which sets out key terms and conditions in relation to their appointment.

SECURITIES TRANSACTIONS OF DIRECTORS AND RELEVANT EMPLOYEES

The Company has 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 have complied with the required standards of the said code during the year. Securities interests in the Company and its associated corporations held by each of

the directors of the Company are disclosed in the Report of the Directors on pages 49 to 69 of this annual report.

Moreover, all Relevant Employees have confirmed, following specific enquiry by the Company, that they complied with the standard set out in the "Code for Securities Transactions by Relevant Employees" during the period from the date of notification of their obligation under the said code up to 30 June 2008.

CORPORATE GOVERNANCE REPORT

THE BOARD

The primary role of the Board is to protect and enhance long-term shareholders' values. It sets the overall strategy for the Group and supervises executive management. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The Board currently comprises 14 members whose biographical details are set out on pages 10 to 13 of this annual report. The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate.

During the year, the Company has given to the directors of not less than 14 days' notices for regular

board meetings and the directors are given an opportunity to include matters in agenda for regular board meetings.

The Company provides extensive background information about its history, mission and businesses to its directors. Directors visit the Group's operational facilities from time to time and meet with the management to gain a better understanding of business operations of the Group.

The Board has separate and independent access to the senior management and the Company Secretary at all times. By submitting request to the Company Secretary, the Board can access to independent professional advice any time when it thinks appropriate.

The attendance record of each of the directors for the Board meetings, the board committees meetings and general meetings held during FY2008 is listed as follows:

Name of director	Meetings attended/held				
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Corporate Social Responsibility Committee meeting	General meeting
Executive directors					
Dr Cheng Kar Shun, Henry	4/4	–	–	–	0/2
Mr Doo Wai Hoi, William	4/4	–	–	–	0/2
Mr Chan Kam Ling	3/4	–	0/1	–	0/2
Mr Tsang Yam Pui	4/4	–	–	2/2	2/2
Mr Wong Kwok Kin, Andrew	4/4	–	–	–	2/2
Mr Lam Wai Hon, Patrick	4/4	–	1/1	2/2	2/2
Mr Cheung Chin Cheung	4/4	–	–	–	2/2
Mr William Junior Guilherme Doo	4/4	–	–	1/2	1/2
Non-executive directors					
Mr Wilfried Ernst Kaffenberger	4/4	–	–	–	1 [#] /2
Mr To Hin Tsun, Gerald	4/4	–	–	–	0/2
Mr Dominic Lai	4/4	3/3	–	2/2	0/2
Independent non-executive directors					
Mr Kwong Che Keung, Gordon	4/4	3/3	1/1	–	2/2
Mr Cheng Wai Chee, Christopher	4/4	3/3	1/1	–	0/2
Mr Shek Lai Him, Abraham	4/4	3/3	1/1	–	0/2

[#] The meeting was attended by his alternate, Mr Yeung Kun Wah, David.

Executive Committee

For ensuring the efficiency of daily operation of the Group and the implementation of policies as laid down by the Company, the Executive Committee was established under the Board since 2003. Its main responsibilities are to develop and recommend to the Board overall strategy for the Group, to consider and approve investments and divestments, as well as to review the Group's performance and manage its assets and liabilities in accordance with the policies and directives of the Board.

Comprising all executive directors of the Company, the Executive Committee met regularly during the year for ensuring proper management of the Group's businesses.

CG Committee

Under the supervision of the Executive Committee, the CG Committee was formed in early 2007. Being chaired by Mr Tsang Yam Pui, the committee members comprise Mr Cheung Chin Cheung and Mr Kwong Che Keung, Gordon and the department head from each of the Group Finance Department, Company Secretarial Department, Group Audit & Management Services Department ("GAMS") and Risk Management Department ("RMD"). Main duties of the CG Committee include identifying the corporate governance standards and practices applicable to the Company, reviewing the existing corporate governance practices of the Group and considering promotion and enhancement on the corporate governance of the Group.

Non-executive Directors

Non-executive directors of the Company have contributed their extensive business and financial experience to the Board. They are appointed under a fixed term of three years and are also subject to retirement on a rotational basis in accordance with the bye-laws of the Company.

Pursuant to the requirement of the Listing Rules, the Company has received a written confirmation from each of the independent non-executive directors of his independence to the Company. The Company considers all its independent non-executive directors to be independent.

Remuneration of Directors

Each director will be entitled to a director's fee which is determined by the Board with authorization granted

by the shareholders at the Company's annual general meetings. In order to motivate and retain valuable employees, their remuneration packages are determined by considering their duties and responsibilities with the Company, their performance against corporate goals and objectives and by comparing with the remuneration standard in the market.

The amount of remuneration paid to each director for FY2008 is set out on Note 13 to the financial statements.

The Remuneration Committee was established under the Board in July 2005 with members comprise Mr Chan Kam Ling (Chairman of the committee), Mr Lam Wai Hon, Patrick, Mr Kwong Che Keung, Gordon, Mr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham. Its major functions include:

- (a) to make recommendation to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) to determine the remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments and make recommendations to the Board of the remuneration of non-executive directors;
- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and
- (e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

CORPORATE GOVERNANCE REPORT

Detailed terms of reference of the Remuneration Committee, which contains the full description of its duties, is available on the website of the Company. Works performed by the Remuneration Committee for the year ended 30 June 2008 are summarized below:

- (i) reviewing the remuneration policy, structure and packages for directors and senior management;
- (ii) making recommendations to the Board of the directors' fee and other allowances for the year ended 30 June 2008;
- (iii) making recommendations to the Board for remuneration package of the executive directors; and
- (iv) reviewing the performance-based remuneration.

Nomination, Appointment and Re-election of Directors

The Company has not established a Nomination Committee and the role and function of this committee was performed by the Board. Every Board member is welcome to nominate suitable person for appointing as director of the Company. Such nomination will then be discussed and determined by the Board for his suitability on the basis of qualifications, experience and background.

Pursuant to the bye-laws of the Company, all directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting. In addition, one-third of the directors that have served longest on the Board, must retire, thus becoming eligible for re-election at each annual general meeting. Each director is subject to retirement by rotation at least once every three years. For enhancing the accountability, any further re-appointment of an independent non-executive director, who has served the Board for more than nine years, will be subject to separate resolution to be approved by the shareholders.

Directors' responsibilities for preparing accounts

The Company's directors acknowledge their responsibilities to prepare accounts for each half and full financial year which give a true and fair view of the state of affairs of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For ensuring clear distinction of the independence, accountability and area of responsibility of the Chairman and the Chief Executive Officer (the "CEO") of the Company, the two roles are separated and the areas of their respective responsibility are being stated in the CG Manual of the Company.

Chairman is the leader of the Board and his responsibilities generally include:

- (a) to ensure all directors are properly briefed on matters to be discussed at Board meetings;
- (b) to ensure all directors receive adequate, complete and reliable information in a timely manner;
- (c) to ensure the Board works effectively, discharges its responsibilities and discusses all key issues in a timely manner;
- (d) to approve the agenda for Board meetings and take into account any matters proposed by other directors for inclusion in the agenda;
- (e) to give each director an opportunity to express his views at the Board meetings and encourage them to contribute to the Board's affairs; and
- (f) to ensure that the Board acts in the best interests of the Company.

During the year, the Chairman held a meeting with the non-executive directors for discussing the business operation and prospect of the Group without the presence of the executive directors.

The key responsibilities of the CEO include:

- (a) to provide the leadership for the management of the Company;
- (b) to implement and report to the Board on the Company's strategy;
- (c) to oversee the realization of the Company of the objectives set by the Board; and
- (d) to provide all such information to the Board as is necessary to enable the Board to monitor the performance of management.

AUDIT COMMITTEE

The Audit Committee is appointed by the Board from amongst the non-executive directors of the Company with the majority of the members being independent non-executive directors. Members of the Audit Committee currently consist of Mr Kwong Che Keung, Gordon (Chairman of the committee), Mr Dominic Lai, Mr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham. Major duties of the Audit Committee include the following:

- (a) to make recommendation to the Board on the appointment, re-appointment and removal of external auditors and to approve its remuneration and terms of engagement;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with the applicable standard;
- (c) to monitor integrity of the financial statements of the Company and its annual reports and accounts, half-year reports and to review significant financial reporting judgements contained in them;
- (d) to review the Company's financial control, internal control and risk management systems;
- (e) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; and
- (f) to review the Group's financial and accounting policies and practices.

Detailed terms of reference of the Audit Committee, which contains the full description of its duties, is available on the website of the Company.

During the year, three meetings were held by the Audit Committee and the following works have been performed:

- (i) review of the audited financial statements of the Company for the year ended 30 June 2007;
- (ii) review of the interim results of the Company for the year ended 30 June 2008;

- (iii) approval of internal audit plan for the year ended 30 June 2008;
- (iv) review of the internal audit reports prepared by GAMS;
- (v) review of the system of internal control of the Company;
- (vi) review of the audit plan from external auditors; and
- (vii) review of the remuneration of external auditors.

The Audit Committee reviewed the audited financial statements of the Group for the year ended 30 June 2008 and the accounting principles and practices adopted by the Group.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board believes that an effective internal control system will facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Company's objectives. This includes the safeguarding of assets from inappropriate use or from loss and fraud, and ensuring that liabilities are identified and managed. Further, it helps to ensure the quality of internal and external reporting within the Group and ensures the compliance with applicable laws and regulations, and also internal policies with respect to the conduct of businesses of the Group.

The IC Guidelines was adopted for the purpose of enhancing the internal control and risk management within the Group. Under the IC Guidelines, key aspects of internal control were identified and guidelines and procedures are provided for helping subsidiary companies to conduct the control works. Management of all subsidiary companies are required to submit to GAMS a written report on their review of the respective internal control system half yearly. Moreover, executive directors of the Company will submit a written report half yearly on the effectiveness of the Group's internal control system to the Audit Committee for review.

The Board has conducted a review on the effectiveness of the system of internal control of the Group for the year ended 30 June 2008. This review covered the areas of operational, financial and compliance controls and risk management functions of the Group.

CORPORATE GOVERNANCE REPORT

GAMS plays an important role in monitoring the internal control function of the Group. Staffing by 11 professionals, GAMS is responsible for reviewing the Group's internal control systems, operational efficiency and compliance with the laid down policies on a regular basis. The department reports to the Audit Committee regularly and its audit plans are reviewed by the Audit Committee annually. It has unrestricted access to review all aspects of the Group's activities and internal controls.

During FY2008, GAMS submitted reports to the Audit Committee covering various business units of the Group, including joint venture projects outside Hong Kong.

Besides, RMD proactively participates in identifying, assessing and monitoring all major risks that the Group and its business units may encounter from time to time, providing necessary support to business units like the giving of management advices, provisions of guidelines, general and risk management tools. Apart from setting a structured risk management framework for the Group, RMD also advocates the risk alertness and awareness of the managers and operators in different business fronts to address promptly any business risks properly.

During FY2008, RMD engaged in various management reviews and provided reports on business improvements and reorganization plans on top of its regular risk-overseeing and whistle-blowing functions for the Group.

EXTERNAL AUDITORS

The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditors subject to endorsement by the Board and final approval and authorization by the shareholders of the Company in general meetings. The existing auditor of the Company, who is also the Group's principal auditor, is PricewaterhouseCoopers who was first appointed in 2000. Its reporting responsibilities are stated in the Independent Auditor's Report on page 70 of this annual report.

Total auditors' remuneration in relation to statutory audit work of the Group amounted to HK\$21.5 million (2007: HK\$21.8 million), of which a sum of

HK\$21.1 million was paid to PricewaterhouseCoopers. The remuneration paid to PricewaterhouseCoopers and its affiliated firms for services rendered is listed as follows:

	2008 HK\$'m	2007 HK\$'m
Statutory audit	21.1	19.6
Non-audit services	3.6	3.4
	24.7	23.0

SHAREHOLDERS' RIGHTS

The Board recognizes the importance of communication with the Company's shareholders. The "Key Information For Shareholders" section contained in this annual report provides comprehensive information regarding the Company's results and share price performance, shareholding structure, dividend policy and the financial calendar.

Moreover, annual general meeting of the Company provides an opportunity for face-to-face communication between the Board and the shareholders of the Company. Shareholders are welcomed to raise any query in relation to the Group's businesses at the annual general meeting.

The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Company's bye-laws, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. Shareholders who hold not less than one-tenth of the paid up capital of the Company shall have the right, by written requisitions to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The procedures for shareholders to put forward proposals at general meetings are clearly set out in the relevant notices of general meetings.

Chairman of each of the board committees, or failing the Chairman, any member from the respective committees, must attend the annual general meetings of the Company to address shareholders' queries. External auditor is also invited to attend the Company's annual general meetings and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

INVESTOR RELATIONS

Understanding the importance of investor relations to sound corporate governance, the Company is committed to managing an open communication with shareholders and investment community constantly.

The Company has built a strong Investor Relations team comprising directors and senior management to maintain regular dialogue with investors. During FY2008, the team held 258 one-on-one meetings with local and overseas institutional investors and analysts while a total of 10 road shows were hosted in New York, San Francisco, Boston, Tokyo, London, Edinburgh and Shanghai. Investment seminars with different themes have also been organized since 2006 through which retail investors could better understand the Group's business.

Besides, analyst meetings are held subsequent to the press conference for the Company's results announcement. Detailed financial and operational performances are also provided in interim and annual reports as well as the Company's website.

Upholding high standard of transparent information disclosure, the Company has drawn extensive coverage by prominent research institutions including Nomura International, Credit Suisse, CLSA & UOB Kay Hian.

Other communication channels such as press releases, announcements, reports, website and e-news alert, remain the key to sustain the Group's effective and timely information flow to investors. To enhance its readability, the Company's website has been revamped which facilitates investors to retrieve latest company information.

In line with the Company's corporate strategy, fair disclosure, corporate transparency and effective communication rank high in maintaining healthy investor relations. Looking ahead, the Company will endeavour to enhance investors' understanding of us by keeping them abreast of our business developments and strategic directions.

CORPORATE SOCIAL RESPONSIBILITY

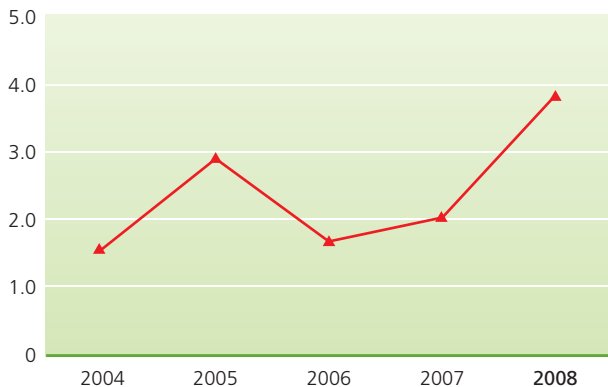
For promoting the corporate social responsibility ("CSR") of the Group, the Corporate Social Responsibility Committee was set up by the Board in 2004 of which members currently composed of Mr Tsang Yam Pui (Chairman of the committee), Mr Lam Wai Hon, Patrick, Mr William Junior Guilherme Doo, Mr Dominic Lai, Mr Kwan Chuk Fai and Ms Lam Yuet Wan, Elina. It is responsible for formulating the social responsibilities strategies and policies of the Group, overseeing the development and implementation of the Group's social responsibilities strategies, policies and practices as well as the Group's corporate volunteer team, NWS Volunteer Alliance, and other charitable activities. Reports on the Group's CSR activities are contained in the Human Capital and the Corporate Citizenship sections of this annual report.

KEY INFORMATION FOR SHAREHOLDERS

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

for the years ended 30 June 2004 to 2008

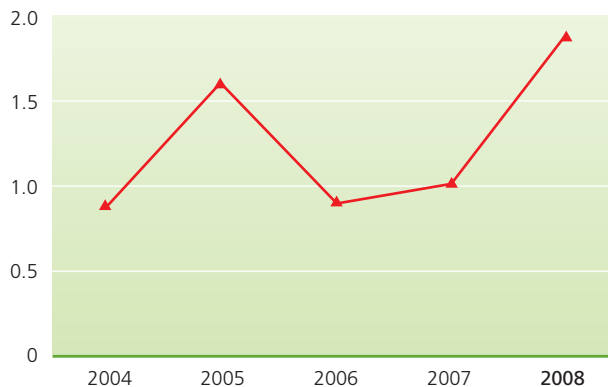
HK\$'billion



EARNINGS PER SHARE – BASIC

for the years ended 30 June 2004 to 2008

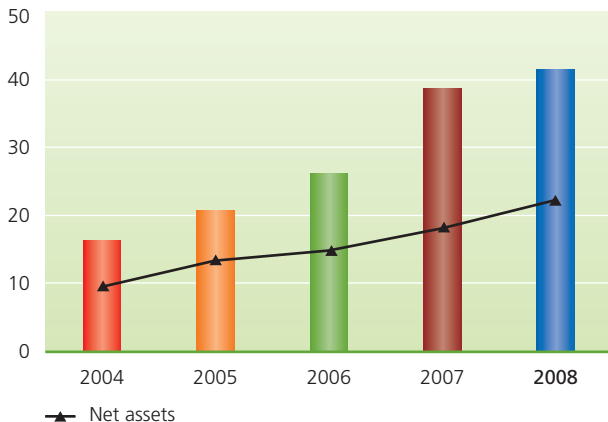
HK\$



MARKET CAPITALIZATION AND NET ASSETS

as at 30 June 2004 to 2008

HK\$'billion



SHARE PRICE MOVEMENT

for the period from 1 July 2003 to 30 June 2008

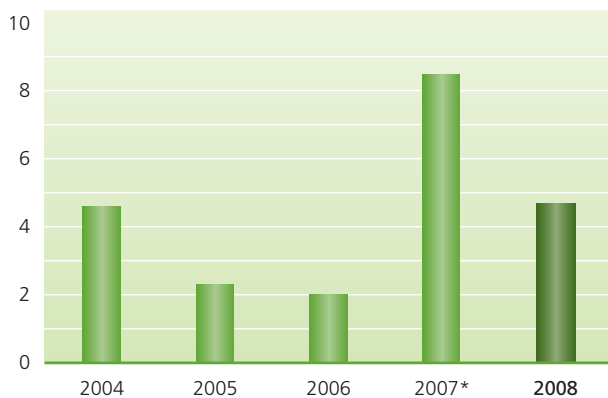
HK\$



NET DEBT

as at 30 June 2004 to 2008

HK\$'billion

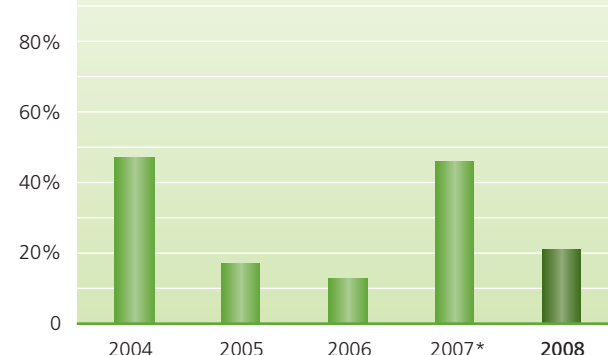


* including borrowings for IPO financing (HK\$5.644 billion)

GEARING RATIO

as at 30 June 2004 to 2008

100%



* including borrowings for IPO financing (HK\$5.644 billion)

ANALYSIS OF SHAREHOLDING STRUCTURE

as at 30 June 2008

Category	Number of shares	Percentage of total issued share capital	Percentage of number of shareholders
New World Development Company Limited and its subsidiary companies	1,170,329,015	56.88%	0.63%
Chow Tai Fook Enterprises Limited	59,831,893	2.91%	0.13%
Directors	44,180,410	2.15%	1.01%
Individuals	15,221,464	0.74%	93.97%
Institutions, corporates and nominees	768,064,027	37.32%	4.26%
Total	2,057,626,809	100%	100%

Note: the total number of registered shareholders of the Company as at 30 June 2008 was 796.

STOCK CODE

659 (Listed on the Main Board of The Stock Exchange of Hong Kong Limited)

BOARD LOT

1,000 Shares

SHAREHOLDER SERVICES

Any matter in relation to the transfer of shares, change of name or address, or loss of share certificates should be addressed to the Company's branch share registrars as follows:

Tricor Standard Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong
Tel: 2980 1333
Fax: 2810 8185

DIVIDEND POLICY

Subject to the financial performance of the Company, we expect to pay two dividends each financial year with interim and final dividends payable around June and January respectively. As stated in the 2005 annual report of the Company, barring unforeseen special circumstances, the Company intends to maintain a dividend payout ratio at 50%.

FINANCIAL CALENDAR

Announcement of 2008 final results	8 October 2008
Last day to register for 2008 final dividend	25 November 2008
Closure of register of members	26 November 2008 to 1 December 2008 (both days inclusive)
2008 annual general meeting	1 December 2008
2008 final dividend payment date	21 January 2009

Dividend per share (in HK\$)

Year	Interim	Final	Total	Payout ratio
2004	0.15	0.25	0.40	46.8%
2005	0.18	0.62	0.80	50.2%
2006	0.24	0.20	0.44	51.3%
2007	0.25	0.30	0.55	55.1%
2008	0.55	0.40	0.95	50.8%

ANNUAL REPORT

To ensure all shareholders have equal and timely access to important company information, the Company makes extensive use of the Company's website to deliver up-to-date information. This annual report is printed in both English and Chinese and is available on our website at www.nws.com.hk. Shareholders may at any time change their choice of means of receiving the Company's corporate communications free of charge by notice in writing to the Company's branch share registrars, Tricor Standard Limited.

ANNUAL GENERAL MEETING

The 2008 annual general meeting ("AGM") will be held on Monday, 1 December 2008. Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to shareholders sent together with this annual report. Notice of the AGM and the proxy form are also available on our corporate website.

TREASURING THE MOST PIVOTAL ASSET — OUR PEOPLE

As NWS Holdings' most valuable asset, its 48,000-strong workforce spread over Hong Kong, Mainland China and Macau have played an indispensable role over the years in the Group's success. This in turn has spurred the management on continuous investments in our people, so as to keep up their good performance and demonstrate our care for their well-being.



The management joined NWS Fun Day together, showing strong unity in the Group

FOR THE GOOD OF OUR PEOPLE

To promote work-life balance among staff members, NWS Sports and Recreation Committee organizes a series of regular activities for them, including leisure classes, sports competitions, outings as well as Fun Day 2008 during the year. The early adoption of five-day work week has also helped to greatly enhance staff morale and productivity.

For our birthday stars of the month, birthday greetings plus a special gift are prepared for them. The bi-weekly "Fruit for Care" Campaign brings healthiness to the workplace while the Lunch Time Integration programme enables staff to relax through leisure activities at the Corporate Office.

To encourage our staff to cultivate good family relations, we have implemented a paternity leave policy, so that the male staff of our Corporate Office can share one of life's most precious moments with their wives and newborn babies.

BEST REWARDS FOR OUR BEST TALENT

The Group offers generous and performance-driven remuneration packages, including competitive salaries and fringe benefits to its staff, as well as performance-based bonuses. Furthermore, share options are available to our senior management.

As budding young talent is essential to the sustainability of our future growth, NWS Holdings introduced the Management Officer Training Programme in 2004. A



The Group has been honoured with various awards at the Hong Kong HR Awards 2008

growing number of high-caliber graduates from local and overseas universities have since been drawn to the programme.

The Group organizes the annual NWS Awards Presentation Ceremony to express its appreciation for our staff's contributions. Open to all managerial, office and front-line staff in Hong Kong, Mainland China and Macau, the NWS Outstanding Employee Grand Awards are presented to honour our exceptional team players. These awards have also fostered mutual learning and respect among all members of the Group.

EMPLOYEE ENGAGEMENT AS A KEY TO SOLIDARITY

Through its two staff newsletters — *New Voice* and 《創建集》, and its intranet, the Group has kept our staff abreast of the latest developments of NWS Holdings.



The mini book fair organized by NWS Reading Club promoted reading culture in office

Apart from sports competitions, outings and annual Fun Day, our Corporate Song, entitled "Create a New Day", is an expression of the team spirit and the passion for excellence shared by all members of the Group.

The annual NWS Management Conference also provides an interactive platform for the senior management from the Corporate Office to exchange ideas with and establish best-practice benchmark for our member companies.

NURTURE BY A CULTURE OF LEARNING

To encourage life-long learning, our Training and Development Department offers a wide range of comprehensive courses tailor-made for our staff. In FY 2008, over 1,850 employees attended training classes

TOWARD A GREEN FUTURE

The "dress-down" policy implemented in our Corporate Office helps to create a relaxing atmosphere at work, and by lowering the reliance on air-conditioning, the resulting reduction in carbon footprint would also go some way toward conserving the environment.



of more than 9,000 hours, covering management development, creative thinking, language, customer service and team building.

The Corporate Office of NWS Holdings houses a mini in-house library for staff to read in their free time, and plays host to regular gatherings of our staff Reading Club. Luncheon talks on a variety of topics are also arranged to enrich our colleagues' knowledge.

PROFESSIONAL RECOGNITION FOR OUR PEOPLE ORIENTATION

In return for our unremitting efforts in promoting staff development, on 20 June 2008, NWS Holdings garnered the "Best Employer Branding" and "Best HR Young Gun" awards at the Hong Kong HR Awards 2008 organized by Key Media International Limited. Looking ahead, NWS Holdings will continue to treasure our staff as a key to our sustainable growth.



The Group's annual outing allowed staff to relax with their families

HONOURING OUR SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

At NWS Holdings, we believe that corporate social responsibility (“CSR”) is essential to our business practices and our success. Our CSR Committee has incorporated CSR concepts into our business philosophy to apply them to all our operations. We also address the heightened global ecological concerns by safeguarding the environment for our future generations.



Life Rejuvenation Scheme 2006 – Fairy Kiddo programme has been awarded the Outstanding Partnership Project Award by HKCSS

LEADING THE WAY TOWARD A GREEN FUTURE

Following the NWS Green Office Steering Committee set up in 2006, we established NWS Environmental Committee in December 2007 to broaden our environmental outreach and conservation initiatives. Chaired by an executive director of NWS Holdings, and composed of representatives from different business segments, NWS Environmental Committee devises and implements green strategies across the Group.

At the community level, HK • Love • Trees, the first large-scale tree conservation project in Hong Kong was co-launched by NWS Charities Foundation and Green Power in 2007. Banyan trees being the theme for the first year, the programme has raised public awareness of tree

conservation by holding a “Banyan Trees of Hong Kong People” election. In addition to a resourceful website on trees in Hong Kong and a series of tree walks for school teachers, HK • Love • Trees has recently published a *Journey of Trees Teachers’ Guidebook* with a CD-Rom and an anthology entitled *Memories under Banyan Trees*.

REPAYING SOCIETY

NWS Charities Foundation, set up in 2006, contributed more than HK\$3 million in sponsoring many meaningful community projects on social welfare, environmental protection, education and health care during the year.

The Group also responded promptly to the catastrophic earthquake in Sichuan province in May 2008. Apart from the donations of over HK\$6 million raised within the



HK • Love • Trees designed three tree trails at Victoria Park, Kowloon Park and Tuen Mun Park, where some volunteers became tour guides for primary school teachers on the tree walks

Group, our staff members in Mainland China have also provided on-site technical assistance for the quake victims while NWS Volunteer Alliance members have participated in the Oxfam rice selling to raise funds for the earthquake relief in Sichuan.

CARING FOR THOSE IN NEED



Members of NWS Volunteer Alliance promoted family harmony through magic and clown performance in different districts

To share the fifth anniversary of our First Trading Day with the community, a Group-wide NWS Caring Day 2008 has been held. On that day over 500 volunteers from our Corporate Office and 16 member companies carried out volunteer services for the beneficiaries of the Hong Kong Young Women's Christian Association ("YWCA").

On the same occasion the Group also launched the Life Rejuvenation Scheme 2008, with the theme on Family Harmony. Under the scheme, NWS Volunteer Alliance has started a one-year volunteering programme together with YWCA to promote family harmony among underprivileged families across Hong Kong.

Run in conjunction with Tung Wah Group of Hospitals' Fong Shu Chuen Day Activity Centre cum Hostel, Life Rejuvenation Scheme 2007 – Art for More programme has offered games and art workshops and bus depot tours for some 40 mentally handicapped beneficiaries. The one-year programme has developed beneficiaries' potential and creativity, and boosted their self-confidence.

To capitalize on the Group's unique business resources and expertise to serve the community, NWS Volunteer Alliance Committee was set up in 2007. Comprising representatives from the Group's Corporate Office and member companies, the committee plans and coordinates the Group's volunteer activities.

OUR FAIR TRADE PLEDGE

In a bid to honour ethical values and respect people, communities and the natural environment, the Group joined the Fair Trade Workplace Society in May 2008. The Group has started adopting fair trade products in office and organizing talks on fair trade for staff members to promote fair trade in the workplace.

CEASELESS EFFORTS PAY OFF

Jointly organized with Hans Andersen Club, Life Rejuvenation Scheme 2006 – Fairy Kiddo programme has been awarded the Outstanding Partnership Project Award by the Hong Kong Council of Social Service ("HKCSS"). Through companion reading, creative writing and drama performance, etc., the project has fostered reading habit and enhanced language ability among some 30 underprivileged children.

In recognition of the Group's over 10,000 social service hours, NWS Volunteer Alliance has received the Gold Award for Volunteer Service from the Social Welfare Department for the seventh consecutive year. The Group has also been honoured with a 5 Years Plus Logo Award from HKCSS in recognition of its good corporate citizenship.

For its contributions to the environment in the year, the Group received 2007 Hong Kong Awards for Industries: Environmental Performance – Certificate of Merit and Gold Wastewi\$e Logo. The television commercials and printed advertisements of HK • Love • Trees to promote tree conservation have been recognized in Mercury Excellence Awards and Astrid Awards respectively.

Looking ahead, the Group will take further environmental initiatives to contribute to a greener environment. We will also continue our community services via NWS Charities Foundation and NWS Volunteer Alliance and repay society by leveraging our resources, expertise and innovation.

ECO-FRIENDLINESS IMPERATIVES IN OPERATIONS

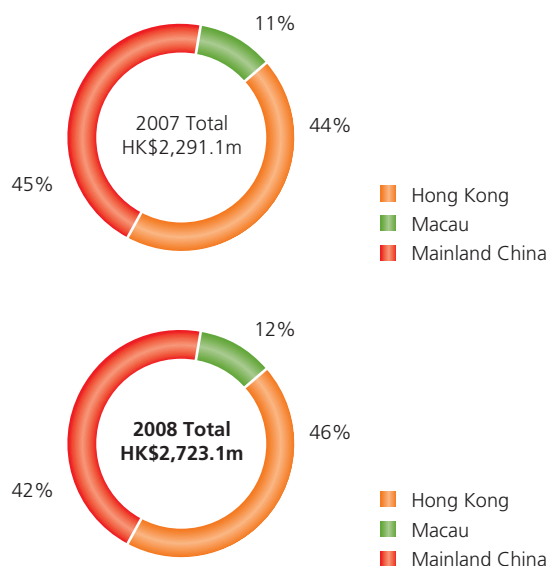
A NWS Green Office Campaign has been held with the aim of reducing pollution and wastage across the board. Environmental seminars and site visits have been organized to enhance environmental awareness and create synergy within the Group through the sharing of resources.



MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

AOP BY REGION



The Group reported a profit attributable to shareholders of HK\$3.818 billion for FY2008, an increase of HK\$1.813 billion or 90.4%, as compared to HK\$2.005 billion for FY2007. Attributable Operating Profit ("AOP") increased by 19% from HK\$2.291 billion in FY2007 to HK\$2.723 billion in FY2008. Infrastructure division generated an AOP of HK\$1.332 billion, an increase of 16% as compared to HK\$1.150 billion in FY2007. Service & Rental division achieved a healthy growth of 22% and its AOP increased

from HK\$1.141 billion in FY2007 to HK\$1.391 billion in FY2008.

The operating results were complemented by an encouraging profit of HK\$1.633 billion from the sales of the residential flats of Harbour Place and a gain of HK\$75.3 million from the deemed disposal of interests in Taifook Securities Group Limited ("Taifook Securities") recognized in FY2008. The year saw a net loss of HK\$21.9 million in asset disposal including mainly the disposal of the Group's laundry business in Mainland China. In addition, impairment losses of HK\$23.0 million were recorded in respect of two roadways in Shanxi Province and investment funds managed by Taifook Securities. These losses were partially offset by the writing back of provisions and accruals previously made for the proceeds from disposal of roadways amounting to HK\$17.3 million.

Contributions from operations in Hong Kong accounted for 46% of AOP in FY2008 as compared to 44% in FY2007. Mainland China and Macau contributed 42% and 12% respectively, as compared to 45% and 11% respectively in FY2007.

EARNINGS PER SHARE

The basic earnings per share was increased by 87% from HK\$1.01 in FY2007 to HK\$1.89 in FY2008.

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 centralized at the corporate level. The

CONTRIBUTION BY DIVISION

For the year ended 30 June

	2008 HK\$m	2007 HK\$m
Infrastructure	1,332.4	1,150.4
Service & Rental	1,390.7	1,140.7
Attributable operating profit	2,723.1	2,291.1
<i>Head office and non-operating items</i>		
Net loss on disposal of projects	(21.9)	–
Impairment loss, net of tax	(23.0)	(13.0)
Write-back of provision for receivable or accruals	17.3	58.0
Share of profit from Harbour Place	1,632.6	–
Fair value gains on investment properties, net of tax	22.0	19.2
Net gain from securities investment	2.1	32.3
Other interest income	43.7	78.2
Other finance costs	(284.3)	(208.0)
Share based payment	(81.8)	–
Gain on deemed disposal of interests in a subsidiary company	75.3	–
Others	(286.8)	(252.4)
	1,095.2	(285.7)
Profit attributable to shareholders	3,818.3	2,005.4

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 strong liquidity position to provide sufficient financial resources to finance its operations and potential investments.

LIQUIDITY

As at 30 June 2008, the Group's total cash and bank balances amounted to HK\$4.124 billion, as compared to HK\$3.247 billion as at 30 June 2007. Net Debt decreased from HK\$8.438 billion at the end of FY2007 to HK\$4.667 billion at the end of FY2008. The Group's Gearing Ratio decreased from 46% as at 30 June 2007 to 21% as at 30 June 2008. Net Debt at the end of FY2007 included IPO loans which 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 at the end of FY2007 would be only 15%. The capital structure of the Group was 28% debt and 72% equity as at 30 June 2008, as compared to 39% debt and 61% equity as at 30 June 2007.

DEBT PROFILE AND MATURITY

As at 30 June 2008, the Group's Total Debt decreased to HK\$8.791 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\$5.069 billion as at 30 June 2008, with HK\$1.838 billion maturing in the second year and the remaining in the third to fifth year. Secured bank loans and overdrafts amounted to HK\$90.0 million as at 30 June 2008 and were secured by listed shares held by the Group as security for advances to securities customers. 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 FY2008. No property, plant and equipment, investment properties nor leasehold land and land use rights were pledged as at 30 June 2008.

COMMITMENTS

The Group's commitments for capital expenditure were HK\$2.967 billion as at 30 June 2008 as compared to HK\$1.665 billion as at 30 June 2007. This represented commitment for capital contributions in certain associated companies and jointly controlled entities and other projects of HK\$2.662 billion as at 30 June 2008 as compared to HK\$1.451 billion as at 30 June 2007, and commitments for properties and equipment of HK\$305.0 million as at 30 June 2008 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\$1.336 billion as at 30 June 2008 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.

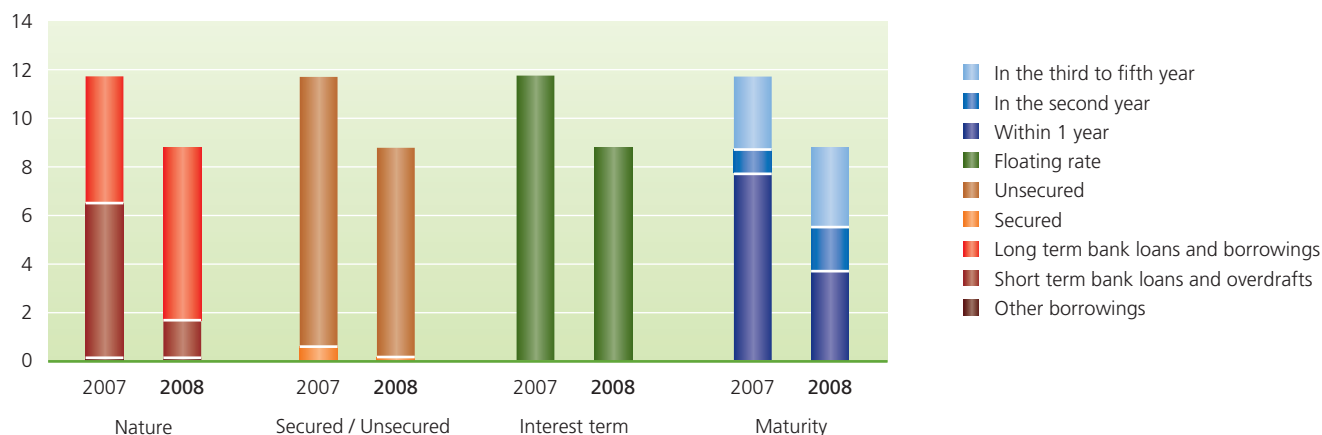
CONTINGENT LIABILITIES

Contingent liabilities of the Group were HK\$638.0 million as at 30 June 2008 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\$571.1 million and HK\$55.0 million as at 30 June 2008 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\$56.2 million as at 30 June 2008 as compared to HK\$70.6 million as at 30 June 2007.

DEBT PROFILE

as at 30 June

Total Debt
HK\$'billion



WE DEVELOP WITH SINCERITY



NWS Holdings recognizes the importance of sustainability and therefore puts eco-friendliness into its business practices. We not only value financial returns, but also target to achieve all the possible green endeavours. Striving to build a better environment, we develop our project portfolio wholeheartedly.



INFRASTRUCTURE



Tangjin Expressway (Tianjin North Section)

INFRASTRUCTURE

OPERATIONAL REVIEW

FY2008 saw Roads, Energy, Water and Ports remain the cornerstone of the Group's solid growth. The Infrastructure division recorded a healthy AOP rise of 16% thanks to the strong economic development of Mainland China.

AOP CONTRIBUTION BY SEGMENT

For the year ended 30 June	2008 HK\$'m	2007 HK\$'m	Change % Fav./(Unfav.)
Roads	744.7	566.4	31
Energy	383.5	402.8	(5)
Water	107.9	102.2	6
Ports	96.3	79.0	22
Total	1,332.4	1,150.4	16

ROADS

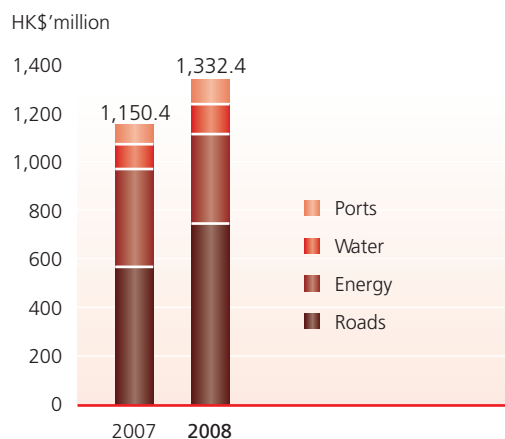
The AOP of the Roads segment for FY2008 was HK\$744.7 million, surged HK\$178.3 million or 31% from FY2007.

The outstanding performance of the projects within the Pearl River Delta Region continued to benefit from the strong economic development in the region and remained as the top contributor of the segment. Average daily traffic volume of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) recorded a strong growth of 20%. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway also increased by 16% when compared to FY2007. Average daily traffic flow of Guangzhou City Northern Ring Road reported a growth of 3% but its toll revenue dropped by 5% as traffic mix changed significantly after East-South-West Ring Roads became toll-free in September 2007.

AOP of Guangxi Roadways Network grew slightly in FY2008 as combined average daily traffic flow in FY2008 remained stable when compared to FY2007.

The Shanxi Roadways Network, benefiting from the relocation of a toll station of Roadway 309 (Changzhi Section) in November 2006, saw an increase in the combined average traffic flow of 18% over that of FY2007.

AOP CONTRIBUTION BY SEGMENT



Toll revenue of Tangjin Expressway (Tianjin North Section) grew 38% in FY2008 after the introduction of toll-by-weight policy in August 2007. Average daily traffic flow grew 8% when compared to FY2007.

The average daily traffic flow of the Wuhan Airport Expressway increased by 21% in FY2008 after the relocation of a new toll station in July 2007.

AOP from Tate's Cairn Tunnel increased by 4% from a 1% growth in the average daily traffic flow in FY2008.

Trees and bushes have been planted along Guangzhou City Northern Ring Road to provide fresher air and better scenery for road users. Also, the trees act as acoustic barrier which minimize the noise disturbance to nearby residents. Lamppost and lightings intensity is adjusted according to the illumination in different weathers and climates which could save energy.

Go Eco-Friendly 



ENERGY

AOP of the Energy segment dropped 5% from HK\$402.8 million to HK\$383.5 million in FY2008.

Combined electricity sales of Zhujiang Power Plants increased by 3% in FY2008. Average tariff also increased by 2% when compared to FY2007. Its combined AOP, however, dropped by 32% on a year-on-year basis due to the soaring coal price.

Performance of Macau Power is satisfactory as its electricity sales grew 23% during the year.

Guangdong Baoliuhua New Energy Stock Co., Limited, interest of which was acquired in December 2006, contributed its full-year AOP in FY2008.

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

In 2008, the Group acquired a 35% interest in Guangzhou Fuel Company which is one of the largest coal trading companies in the Pearl River Delta Region.

The technology of Combined Cycle Gas Turbines for power generation using natural gas has been installed during the last extension of Coloane Power Station of **MACAU POWER**. It started to light natural gas, the cleanest source of fossil fuel which contributes to cleaner air, in early 2008. Macau Power has also initiated the "Rational Use of Energy" programme since 2003 which included auditing customer's installations and recommending improvements.



Go Eco-Friendly 



Zhujiang Power Plants

WATER

AOP contribution from Water segment rose from HK\$102.2 million to HK\$107.9 million, up HK\$5.7 million or 6% when compared to FY2007.

Average daily sales volume of Macau Water Plant increased by 7% in FY2008. In Mainland China, water sales volume of Tanggu Water Plant in Tianjin and Chongqing Water Plant grew 8% and 10% respectively when compared to FY2007. AOP for FY2008 was also increased by full year contribution from Changshu Water Plant in Jiangsu Province and Chongqing Tangjiatuo Waste Water Treatment Plant.



Macau Water Plant



In North East New Territories Landfill of FAR EAST LANDFILL TECHNOLOGIES LIMITED, landfill gas is used to generate power for on-site electricity demand and as a direct heating fuel in the leachate treatment plant in the landfill. Surplus landfill gas is transmitted to Towngas as an alternative

Go Eco-Friendly 

heating fuel for fossil fuel used in town gas production. It helps to conserve the depleting natural resources and reduce the total emission of greenhouse gases.

PORTS

AOP contribution of Ports segment increased by 22% from HK\$79.0 million in FY2007 to HK\$96.3 million.

Throughput of Xiamen New World Xiangyu Terminals Co., Ltd. dropped 6% to 745,000 TEUs when compared to FY2007, as a major customer was lost in FY2008. The effect was partly compensated by a 4% increase in average tariff. Average tariff of Tianjin Orient Container Terminals Co., Ltd. increased after a rate hike in 2008 but the throughput dropped slightly by 1% to 1,129,000 TEUs. Average tariff of Tianjin Five Continents International Container Terminal Co., Ltd. increased as more foreign cargoes were handled during FY2008. Its throughput stood at around 1,991,000 TEUs.

In September 2007, our 70% interest in Xiamen Xinyuan Container Terminal Co., Ltd. was sold and realized a gain of HK\$2.4 million.

All industrial waste of XIAMEN NEW WORLD XIANGYU TERMINALS CO., LTD.

generated is handled cautiously in an effort to minimize the potential impact on the environment.

Electrical parts, electrolyte and waste oil are collected and handled by professional agents. Also, tires are retreaded before disposing to extend their useful life and reduce solid waste.

Go Eco-Friendly 



Tianjin Orient Container Terminals

BUSINESS OUTLOOK

In Mainland China, the real GDP growth rate for the first half year of 2008 remained high at 10.4%. However, Mainland China's CPI, a key inflation indicator, rose by 7.9% over the same period. Facing the global financial tsunami, tackling inflation is no longer considered to be the top priority of the Chinese Government. On the other hand, the Chinese Government has announced interest rate cuts recently in order to stabilize the economy amid the worries over global financial crisis.

Under the new income tax law of the PRC, which became effective on 1 January 2008, income tax rates for domestic enterprises and foreign invested enterprises ("FIEs") are unified at a rate of 25% over a 5-year transitional period. Although the existing privilege policies for FIEs such as 5-year tax holiday are still enforceable, foreign investors' tax burden will inevitably increase.

ROADS

Road transportation facilitated 60% of the economy in Mainland China. Because of its flexibility and improving road networks, road transportation will continue to play an important role to serve the buoyant economy. Under the 85,000 km national expressway network plan, up to 2010, an annual average of 3,000 km expressway at an

MANAGEMENT DISCUSSION AND ANALYSIS

investment cost of RMB140 billion will be constructed. This offers immense investment opportunities for investors in the coming years.

In short term, however, the high oil price will dampen the use of private cars. The adoption of toll-by-weight policy for trucks in some provinces and municipal cities has proved effective in reducing the numbers of overloaded trucks and increasing traffic flow and toll revenue and this toll-by-weight policy will become a growth agent for road business in other provinces in general.

ENERGY

The operating environment for the power industry in Mainland China remains challenging. Electricity utilization is under pressure across the Mainland. Soaring crude oil price continuously drives up both demand and prices of other primary fuel such as natural gas and coal. Despite efforts by the Chinese government to cool down the coal market, the coal price has continued to climb since late 2007 and doubled in late July 2008. To ease the pressure of the loss-making coal-fired power producers, the Chinese Government has to date implemented two on-grid tariff hikes in 2008. The market is still expecting further upward adjustments in the fourth quarter, as the recent tariff increases are far less than sufficient to meet the increasing coal costs.



Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)

Being the second largest electricity consumption province in the Mainland China, consumption in Guangdong increased by 13% in 2007 and 7% in the first half of 2008. Importation from Western Provinces and the Three Gorges made up for around 20% of Guangdong's electricity demand in the first half of 2008. Although local small oil-fired units had ceased production to make more rooms for other local and more efficient production units, electricity generation from those large units raised only 9% in the first half of 2008, which is still below the expected growth rate of the Guangdong demand. It is the first time a single digit growth is seen in Guangdong after so many years.

In Macau, strong growth in electricity demand is expected in 2008. In the third quarter of 2008, Macau Government issued the first public consultation paper which opens up the discussion regarding the reform plan of the power market in Macau.

WATER

To cater for the large demand in the waste water treatment service in the Shanghai Chemical Industry Park, the joint venture company has already started its third phase of investment which will be operational in October 2008. Furthermore, the joint venture company also expands its business line to provide demineralized water service in order to meet the expected demand from potential industrialists.

Due to the opening of large-scale entertainment facilities and local tourism boom, Macau Water Plant's daily sales volume in FY2008 had achieved an increase of 7% over FY2007 and a record high of 237,000m³ in July 2007. To cope with the increasing water demand, Macau Water Plant has contracted to expand its existing treatment capacity which has been operational in August 2008.

Environmental protection is the top priority on the Chinese government's agenda. In particular, the market is offering a lot of opportunities in municipal waste water treatment. It is expected that demand in waste water treatment is accelerating at an unprecedented pace.



Shanghai Chemical Industry Park

PORTS

Container throughput in Mainland China reported a 17.1% growth and reached 62.0 million TEUs for the first half of 2008. Due to expected slowdown in foreign trade growth, China throughput is projected at a moderate 16% increment to reach 130.0 million TEUs in 2008.

In the first half of 2008, Xiamen achieved a recorded 40,000 TEUs of international transshipment, representing 279.3% increment. In 2008, Xiamen targets to achieve 5.3 million TEUs with plans to upgrade various facilities such as navigation channels, highway and railway

network. Haicang Free Trade Zone was also approved in June to enhance Xiamen's unique position for cross-strait trade.

Tianjin reported a 21.6% growth in container throughput and reached 4.1 million TEUs in the first half of 2008. In 2008, Tianjin targets to achieve 8.5 million TEUs by attracting cargo flow from inland provinces.

WE PROVIDE QUALITY LIVING WITH PASSION



Reputable customer care is one of the core values of NWS Holdings. We are committed to the responsible use of resources and monitoring their impact on the environment. We pledge to reach higher standard in different aspects of our businesses in an attempt to provide a hassle-free environment for our stakeholders.



SERVICE & RENTAL



Expansion of Hong Kong Convention and Exhibition Centre
Photo by Mr Cliff Wallace

SERVICE & RENTAL

OPERATIONAL REVIEW

With the remarkable boost of the profitability of the Contracting segment and the Financial Services segment as well as the stable profit contribution from the Facilities Rental segment, the Group's Service & Rental division continued to achieve significant growth in FY2008.

AOP CONTRIBUTION BY SEGMENT

For the year ended 30 June	2008 HK\$'m	2007 HK\$'m	Change % Fav./Unfav.)
Facilities Rental	452.9	404.2	12
Contracting	347.8	255.9	36
Financial Services	335.1	141.6	137
Other Services	254.9	339.0	(25)
Total	1,390.7	1,140.7	22

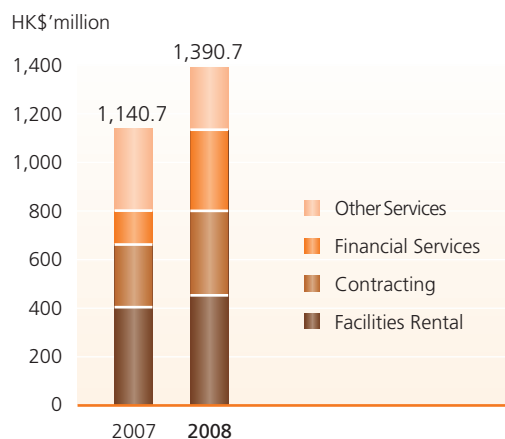
Service & Rental division achieved an AOP of HK\$1.391 billion for FY2008. A significant increase of AOP by HK\$250.0 million or 22% was mainly attributable to the continuing growth of business of Contracting segment and increase in contribution from Taifook Securities after the completion of further acquisition of Taifook Securities' shareholding to 61.3% on 8 June 2007.

FACILITIES RENTAL

The Facilities Rental segment continued to be a steady source of profit and cash inflow to the Group. This segment recorded an AOP of HK\$452.9 million for FY2008, an increase of 12% over FY2007.

Hong Kong Convention and Exhibition Centre ("HKCEC") continued to achieve satisfactory result in FY2008 with 1,345 events held during the year serving over 4.6 million guests. AsiaWorld-Expo, Venetian Macau and other conference and exhibition facilities in Mainland China and other Asian countries have increased competition in this market. The Atrium Link expansion of HKCEC is under construction and is due for completion in the first half 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 and will further enhance its overall competitiveness.

AOP CONTRIBUTION BY SEGMENT



ATL Logistics Centre ("ATL") recorded a steady profit with average occupancy rate maintaining at a high level of 98% in FY2008. It has also benefited from the increase in average rental and higher tariffs rate as the demand for storage space has surged. 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. Although the economic growth in Hong Kong has slowed down in the first half of 2008, the Group expects ATL will continue to deliver stable profits.

HKCEC has developed a comprehensive and cost-effective environmental plan to conserve energy and recycle and reuse materials within the office, public and rentable areas of the centre. Significant reduction in energy usage and waste has been achieved and millions of dollars have been saved.

Go Eco-Friendly 





Tamar Development Project

CONTRACTING

The Contracting segment achieved an AOP of HK\$347.8 million for FY2008, an increase of 36% as compared to HK\$255.9 million in FY2007. The operating environment has improved during FY2008 although the recovery in the construction industry is still lagging behind in Hong Kong. In Mainland China, the competition is keen and risk is high. The Group continues to adopt a selective approach in tendering new projects and has achieved stable contribution. The business in Macau is very encouraging which remains the major profit contributor to the segment.

As at 30 June 2008, the gross value of contracts on hand for the Construction Group was HK\$28.3 billion, representing a decrease of 10% resulting from completion

of certain sizeable projects both in Hong Kong and Macau. Nevertheless, the Group has well positioned itself to take advantage of the mega size projects in Hong Kong, e.g. the design and construction works of Tamar Development Project was awarded to the Group's 50/50 joint venture with Gammon in January 2008. The Group is also exploring business opportunities cautiously in other overseas markets including the Middle East and the South East Asia.

Although the overall mechanical and engineering industry remains competitive together with the financial risks associated with material price fluctuation and subcontractors' repudiation, average gross profit margin of our engineering business has improved which is mainly attributable to the performance of its projects in Macau. The mechanical and engineering contracts awarded for the year ended 30 June 2008 were HK\$2.527 billion in which 16% was secured in Mainland China whereas 84% was secured in Hong Kong and Macau while the total contracts on hand as at 30 June 2008 amounted to HK\$5.971 billion.

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 in 2007.



HIP HING CONSTRUCTION

has been developing the precast construction technology for years. It effectively reduces timber framework, water consumption and dust pollution. Most importantly, it minimizes construction disturbances and noise by reducing the overall construction period. It also leads to a safer and cleaner working environment.

Go Eco-Friendly 



Tricor

Taifook Securities achieved excellent results for FY2008. The remarkable achievement can be mainly attributed to an exceptional robust stock market in 2007, in which contributions from Taifook Securities' core operations all grew substantially during the first half of FY2008. However, its businesses were affected by the drastic

TAIFOOK SECURITIES

has been encouraging its customers to adopt e-statements and other paperless e-communication services, and has adopted electronic pay-slips and employees' tax returns to minimize the use of papers. Also, Taifook Securities has reduced the use of light tubes in office areas and has installed timers in copiers and printers to reduce energy consumption.



Go Eco-Friendly 

market downturn in the second half of FY2008, which was triggered by deepened concerns over the US economy after the meltdown of its sub-prime mortgage market and the shakeout in investment sentiment for fears of the overvaluation of mainland stock market. As measured by the benchmark Hang Seng Index, the Hong Kong stock market declined over 20% in the second half of FY2008. Contributions from areas including margin finance, corporate finance and other financial activities declined materially in the second half of FY2008 as they are directly impacted by the performance of the stock market, which was mainly attributed to the poor performance of China stocks.

Also benefited from the booming stock market in 2007, Tricor achieved excellent results with a growth of 18% during FY2008. 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. In addition, new offices have been established in Barbados and England during FY2008.

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\$32.5 million for FY2008, a 68% decrease over FY2007. The decrease was chiefly due to the vastly increased fuel costs. The increase in staff wages and repairs and maintenance charges also added pressure to the overall profitability.

Citybus Limited ("Citybus") and New World First Bus Services Limited ("NWFB") reported a significant drop in profits as compared with FY2007. 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 operating costs, especially fuel, vessel repairs and maintenance charges, despite a 4% rise in fare revenue. The Macau ferry services achieved a satisfactory improvement in both fare revenue and profits in FY2008 resulting from a significant growth of 19% in patronage. The profit guarantee arrangement by Chow Tai Fook Enterprises Limited was terminated on 1 October 2007.



Free Duty at MTR Lok Ma Chau Station



Go Eco-Friendly 

With around HK\$250 million investment, NWFB and CITYBUS have purchased 67 Euro IV emission standard new buses, among which 28 buses have been deployed to services, while the rest will start serving commuters from early 2009 in phases. Also, the “Diesel Particulate Filter programme” of Euro II buses, which will be completed by 2009, will sharply reduce the emissions of particulates by 90% and all Euro II buses will perform near Euro IV standard.

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 in FY2008 following robust patronage arising from the rebound in Hong Kong’s tourism sector and the increased spending per passenger. 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 108,000 residential units under management. The Group continued to explore new market opportunities in Mainland China.

BUSINESS OUTLOOK

Despite the surging fuel prices and gloomy stock market, the Hong Kong economy still grows with real GDP rising by 4.2% in the second quarter of 2008 on a year-to-year basis. However, there is increasing uncertainty over the global economic environment in the coming years due to the repercussions of the global financial market turbulence, high inflation and slowdown of the global economy. The performance of the Service & Rental division of the Group will be affected inevitably in face of the adverse changes in market conditions. We will continue to improve our service quality and cost efficiency wherever possible to assure our competitiveness.

The Facilities Rental segment is expected to deliver consistently stable contributions as a result of HKCEC’s and ATL’s market leadership positions across the region. To consolidate its position as Asia’s foremost international exhibition centre and Hong Kong’s premier venue of choice, HKCEC will continue to enhance its service quality, facilities and equipment. Moreover, a tender bid for a site with gross floor area 700,000 sq ft in Kwai Chung Container Terminals was awarded by the Government in April 2008 for the development of a new logistics warehouse which would generate synergies with the nearby ATL.



Kunming Rail Container Logistics Centre

China United International Rail Containers Co., Ltd., the JV company that develops 18 rail container terminals in Mainland China, was established in March 2007. The construction works of the first-batch terminals in Chongqing, Zhengzhou, Qingdao and Dalian are well underway and are expected to be completed and operational by the second half of 2009 and the next batch of terminals recently approved to be built includes Xian, Wuhan and Chengdu.

The overall operating environment of the Contracting segment has improved during FY2008. The business in Macau is still encouraging and remains as a major contributor in the coming year.

The Group will continue to strengthen its Financial Services business by exploring and developing new markets in the region such as Japan, Korea and Taiwan through joint ventures with local partners or setting up of investment funds for clients of these countries. The prospects of the Chinese economy and its capital markets continue to be our major focus and we remain confident that the hiccups on the mainland would be remedied.

For the transport business, the overall business environment continues to be volatile and challenging. The high fuel prices, intense competition from railway, the



ATL Logistics Centre

construction of new rail lines on Hong Kong Island and the bus fleet replacement programme are some of the major issues which the management has to contend with in the next few years. Therefore, further streamlining in bus utilization through route rationalization programmes and greater overall cost control will continue to strive for better operational efficiency.

REPORTS AND FINANCIAL STATEMENTS

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REPORT OF THE DIRECTORS

The directors of the Company submit their report together with the audited financial statements of the Group for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding.

The principal activities of its subsidiary companies include:

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

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year and the state of affairs of the Company and of the Group as at 30 June 2008 are set out in the financial statements on pages 71 to 157.

The directors have resolved to recommend a final dividend for the year ended 30 June 2008 in scrip form equivalent to HK\$0.40 per share (2007: HK\$0.30 per share) with a cash option to shareholders registered on 1 December 2008. Together with the interim dividend of HK\$0.55 per share (2007: HK\$0.25 per share) paid in June 2008, total distributions for the year ended 30 June 2008 would thus be HK\$0.95 per share (2007: HK\$0.55 per share).

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") granting the 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 shareholder could elect to receive in cash and they will be given the option of electing to receive payment in cash of HK\$0.40 per share instead of the allotment of shares. Full details of the final 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 1 December 2008.

The register of members of the Company will be closed from Wednesday, 26 November 2008 to Monday, 1 December 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with Tricor Standard Limited, the Company's branch share registrars in Hong Kong, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 25 November 2008.

SUBSIDIARY COMPANIES

Particulars of the Company's principal subsidiary companies are set out in Note 44 to the financial statements.

ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Particulars of the Group's principal associated companies and jointly controlled entities are set out in Notes 45 and 46 to the financial statements respectively.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 30 to the financial statements.

DISTRIBUTABLE RESERVES

At 30 June 2008, the Company's reserves available for distribution amounted to HK\$1,550.2 million (2007: HK\$1,028.4 million).

DONATIONS

During the year, the Group made charitable donations amounting to HK\$7.5 million (2007: HK\$9.7 million).

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in Note 14 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in Note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively accounted for less than 30% of the Group's total turnover and purchases for the year ended 30 June 2008.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive directors

Dr Cheng Kar Shun, Henry
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

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

In accordance with bye-law 87 of the Company's bye-laws, Dr Cheng Kar Shun, Henry, Mr Doo Wai Hoi, William, Mr Chan Kam Ling and Mr Wong Kwok Kin, Andrew will retire by rotation at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the contracts amongst group companies, no other contracts of significance in relation to the Company's business to which the Company, its subsidiary companies, its holding company or fellow subsidiary companies was a party, and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

No director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") as set out below:

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Dr Cheng Kar Shun, Henry	Chow Tai Fook Enterprises Limited group of companies	Investment in transport services business	Director
	HKR International Limited group of companies	Construction and property management	Director
	Shun Tak Holdings Limited group of companies	Investment in ferry services business	Director
	Tamman Developments Limited	Investment in airport operation business	Director
Mr Lam Wai Hon, Patrick	Wai Kee Holdings Limited group of companies	Construction, toll road, infrastructure and sale of general merchandised goods	Director
	Certain subsidiary companies of East Asia Secretaries (BVI) Limited	Provision of corporate advisory services, nominee and custodian services	Director of East Asia Secretaries (BVI) Limited and certain of its subsidiary companies

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the interests disclosed in the section headed "Directors' interests in securities" below, at no time during the year was the Company, or any of its holding companies, subsidiary companies or fellow subsidiary companies a party to any arrangement to enable the directors or chief executives of the Company or their respective spouses or children under 18 years of age or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2008, 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 30.06.08
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	9,179,199	–	8,000,000 ⁽¹⁾	17,179,199	0.83%
Mr Doo Wai Hoi, William	2,006,566	–	9,130,000 ⁽²⁾	11,136,566	0.54%
Mr Chan Kam Ling	228,991	–	10,254,321 ⁽³⁾	10,483,312	0.51%
Mr Tsang Yam Pui	120,000	–	–	120,000	0.01%
Mr Wong Kwok Kin, Andrew	1,400,000	–	–	1,400,000	0.07%
Mr Lam Wai Hon, Patrick	991,191	–	5,072 ⁽⁴⁾	996,263	0.05%
Mr Cheung Chin Cheung	980,386	–	–	980,386	0.05%
Mr William Junior Guilherme Doo	–	–	58,218 ⁽⁵⁾	58,218	0.00%
Mr Wilfried Ernst Kaffenberger	482,248	–	–	482,248	0.02%
Mr Kwong Che Keung, Gordon	608,757	–	–	608,757	0.03%
Mr Cheng Wai Chee, Christopher	735,461	–	–	735,461	0.04%
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	300,000 ⁽⁶⁾	–	300,000	0.01%
Mr Doo Wai Hoi, William	–	–	1,000,000 ⁽²⁾	1,000,000	0.03%
Mr Chan Kam Ling	144,316	–	–	144,316	0.00%
Mr Wong Kwok Kin, Andrew	150,000	200,000 ⁽⁷⁾	–	350,000	0.01%
Mr Cheung Chin Cheung	62,200	–	–	62,200	0.00%
Mr William Junior Guilherme Doo	–	20,000 ⁽⁸⁾	–	20,000	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	1,950,000 ⁽⁶⁾	52,271,200 ⁽¹⁾	66,721,200	1.74%
Mr Doo Wai Hoi, William	8,750,000	–	69,010,000 ⁽²⁾	77,760,000	2.03%
Mr Chan Kam Ling	1,850,000	–	–	1,850,000	0.05%
Mr Tsang Yam Pui	100,000	–	–	100,000	0.00%
Mr Wong Kwok Kin, Andrew	2,136,400	580,000 ⁽⁷⁾	–	2,716,400	0.07%
Mr Lam Wai Hon, Patrick	180,000	–	–	180,000	0.00%
Mr William Junior Guilherme Doo	–	50,000 ⁽⁸⁾	830,000 ⁽⁵⁾	880,000	0.02%

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(a) Long position in shares (continued)

	Number of shares / Amount of registered capital				Approximate percentage of issued share capital / registered capital as at 30.06.08
	Personal interests	Family interests	Corporate interests	Total	
HH Holdings Corporation (Ordinary shares of HK\$1.00 each)					
Mr Chan Kam Ling	15,000	–	–	15,000	2.50%
Mega Choice Holdings Limited (Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	–	3,710 ⁽¹⁾	3,710	34.61%
New World China Property Limited (Ordinary shares of HK\$1.00 each)					
Mr Doo Wai Hoi, William	–	–	43,540 ⁽⁹⁾	43,540	43.54%
New World Hotel Management (BVI) Limited (Ordinary shares of US\$1.00 each)					
Mr William Junior Guilherme Doo	–	–	295 ⁽⁵⁾	295	29.50%
Ramada Property Ltd. (Ordinary shares of US\$1.00 each)					
Mr Doo Wai Hoi, William	–	–	250 ⁽²⁾	250	25.00%
Shanghai Juyi Real Estate Development Co., Ltd. (Registered capital in RMB)					
Mr Doo Wai Hoi, William	–	–	RMB765,000,000 ⁽¹⁰⁾	RMB765,000,000	100.00%
Taifook Securities Group Limited (Ordinary shares of HK\$0.10 each)					
Mr Doo Wai Hoi, William	–	–	5,000,000 ⁽²⁾	5,000,000	0.76%
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 a company wholly owned by Dr Cheng Kar Shun, Henry.
- (2) The shares are held by companies wholly owned by Mr Doo Wai Hoi, William.
- (3) The shares are held by a company of which Mr Chan Kam Ling holds 50% equity interests.
- (4) The shares are held by a company wholly owned by Mr Lam Wai Hon, Patrick.
- (5) The shares are held by a company wholly owned by Mr William Junior Guilherme Doo.
- (6) The shares are held by the spouse of Dr Cheng Kar Shun, Henry.
- (7) The shares are held by the spouse of Mr Wong Kwok Kin, Andrew.
- (8) The shares are held by the spouse of Mr William Junior Guilherme Doo.
- (9) On 18 June 2008, Mr Doo Wai Hoi, William became interested in the shares of New World China Property Limited ("NWCP") by entering into a shareholders' agreement with New World China Land Limited with respect to NWCP pursuant to which his wholly owned company will take up 43.54% interest in NWCP, subject to completion of all conditions contained therein.
- (10) Mr Doo Wai Hoi, William is deemed to be interested in the registered capital by virtue of his interest in NWCP, of which Mr Doo Wai Hoi, William will own an indirect interest of 43.54%.

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 30.06.08	Exercise price per share ⁽²⁾ HK\$
			Balance as at 01.07.07	Granted during the year	Adjusted during the year ⁽²⁾	Exercised during the year		
Dr Cheng Kar Shun, Henry	21 August 2007	(1)	–	3,000,000	1,277	–	3,001,277	16.193
Mr Doo Wai Hoi, William	21 August 2007	(1)	–	2,000,000	851	–	2,000,851	16.193
Mr Chan Kam Ling	21 August 2007	(1)	–	2,000,000	851	–	2,000,851	16.193
Mr Tsang Yam Pui	21 August 2007	(1)	–	1,500,000	638	–	1,500,638	16.193
Mr Wong Kwok Kin, Andrew	21 August 2007	(1)	–	1,500,000	638	–	1,500,638	16.193
Mr Lam Wai Hon, Patrick	21 August 2007	(1)	–	1,500,000	638	–	1,500,638	16.193
Mr Cheung Chin Cheung	21 August 2007	(1)	–	1,500,000	638	–	1,500,638	16.193
Mr William Junior Guilherme Doo	21 August 2007	(1)	–	1,500,000	638	–	1,500,638	16.193
Mr Wilfried Ernst Kaffenberger	21 August 2007	(1)	–	300,000	127	–	300,127	16.193
Mr To Hin Tsun, Gerald	21 August 2007	(1)	–	300,000	127	–	300,127	16.193
Mr Dominic Lai	21 August 2007	(1)	–	300,000	127	–	300,127	16.193
Mr Kwong Che Keung, Gordon	21 August 2007	(1)	–	600,000	255	–	600,255	16.193
Mr Cheng Wai Chee, Christopher	21 August 2007	(1)	–	600,000	255	–	600,255	16.193
Mr Shek Lai Him, Abraham	21 August 2007	(1)	–	600,000	255	–	600,255	16.193

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) Pursuant to the Share Option Scheme (as defined hereinafter), the number of unexercised share options and exercise price may be subject to adjustment in case of alteration in the capital structure of the Company. The Company declared the interim dividend for the year ended 30 June 2008 in scrip form (with cash option) on 17 March 2008 which gave rise to an adjustment to the number of unexercised share options and the exercise price in accordance with the said scheme. The exercise price per share of the share options was adjusted from HK\$16.200 to HK\$16.193 with effect from 18 June 2008.
- (3) The cash consideration paid by each of the directors for the grant of share options is HK\$10.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

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

(ii) *New World Development Company Limited*

Under the share option scheme of New World Development Company Limited (“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 year	Balance as at 30.06.08	
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 China Land Limited*

Under the share option scheme of New World China Land Limited (“NWCL”, a fellow subsidiary company of the Company), the following directors of the Company have personal interests in options to subscribe for its shares. Details of the share options of NWCL granted to them 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 year	Exercised during the year	Balance as at 30.06.08	
Dr Cheng Kar Shun, Henry	7 January 2008	(1)	–	2,000,000	–	2,000,000	6.972
Mr Doo Wai Hoi, William	7 January 2008	(1)	–	800,000	–	800,000	6.972
Mr Cheng Wai Chee, Christopher	7 January 2008	(1)	–	300,000	–	300,000	6.972

Notes :

- (1) Divided into 3 tranches exercisable from 8 February 2008, 8 February 2009 and 8 February 2010 respectively to 7 February 2011.
- (2) The cash consideration paid by each of the directors for the grant of the share options is HK\$10.

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

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

(iv) *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			Balance as at 30.06.08	Exercise price per share HK\$
			Balance as at 01.07.07	Granted during the year	Exercised during the year		
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.

(v) *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			Balance as at 30.06.08	Exercise price per share HK\$
			Balance as at 01.07.07	Granted during the year	Exercised during the year		
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 for Securities Transactions by Directors of Listed Issuers or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES

(a) The Company

On 6 December 2001, the Company adopted a share option scheme (the "Share Option Scheme") and certain rules of this scheme were amended on 12 March 2003 and 24 November 2006. Under the Share Option Scheme, the directors of the Company may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in the Company.

Summary of the Share Option Scheme disclosed in accordance with the Listing Rules is as follows:

Purpose of the Share Option Scheme	To reward directors and employees of the Group for past service or performance, to provide incentive and motivation or reward to eligible participants for increasing performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for the Group and to foster a sense of corporate identity.
Participants of the Share Option Scheme	<p>Eligible participant may be a person or an entity belonging to any of the following classes:</p> <ul style="list-style-type: none">(i) any eligible employee;(ii) any non-executive director (including independent non-executive director) of the Group or any invested entity of the Group (the "Invested Entity");(iii) any supplier of goods or services to any member of the Group or any Invested Entity;(iv) any customer of any member of the Group or any Invested Entity;(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and(viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the Share Option Scheme and percentage of the issued share capital as at the date of this annual report	<p>The Company had granted options to certain eligible participants to subscribe for a total of 72,518,283 shares of the Company under the Share Option Scheme, which included certain adjustments made pursuant to the rules of the Share Option Scheme, up to the date of this report.</p> <p>The total number of shares available for issue under the Share Option Scheme is 107,396,424 representing approximately 5.22% of the Company's issued share capital as at the date of this report.</p>
Maximum entitlement of each participant under the Share Option Scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the share capital of the Company in issue.

SHARE OPTION SCHEMES (CONTINUED)

(a) The Company (continued)

The period within which the shares must be taken up under an option	At any time during a period as specified by the directors, however in any event the share options must be exercised within 10 years from the date of grant of options.
The minimum period for which an option must be held before it can be exercised	Any period as determined by the directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by the directors which must be at least the higher of the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant or the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.
The remaining life of the Share Option Scheme	The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 6 December 2001.

During the financial year ended 30 June 2008, movement of share options granted by the Company under the Share Option Scheme is as follows:

- (1) Details of the movement of share options granted to directors of the Company are disclosed under the section headed "Directors' interests in securities" above.
- (2) Details of the movement of share options to other eligible participants are as follows:

Date of grant	Exercisable period (Note)	Number of share options					Balance as at 30.06.08	Exercise price per share HK\$
		Balance as at 01.07.07	Granted during the year	Adjusted during the year ⁽⁵⁾	Exercised during the year	Lapsed during the year		
21 July 2003	(1)	1,480,167	–	276	(770,125) ⁽⁶⁾	(68)	710,250	3.709 ⁽⁷⁾
21 August 2007	(2)	–	12,494,000 ⁽³⁾	5,272	–	–	12,499,272	16.193 ⁽⁸⁾
28 January 2008	(2)	–	700,000 ⁽⁴⁾	295	–	–	700,295	20.591 ⁽⁹⁾

SHARE OPTION SCHEMES (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 closing price per share immediately before 21 August 2007, the date of grant, was HK\$15.70.
- (4) The closing price per share immediately before 28 January 2008, the date of grant, was HK\$20.60.
- (5) Pursuant to the Share Option Scheme, the number of unexercised share options and exercise price may be subject to adjustment in case of alteration in the capital structure of the Company. The Company declared the interim dividend for the year ended 30 June 2008 in scrip form (with cash option) on 17 March 2008 which gave rise to an adjustment to the number of unexercised share options and the exercise price in accordance with the said scheme.
- (6) The weighted average closing price of the share immediately before the dates on which share options were exercised was HK\$18.603.
- (7) The exercise price was adjusted from HK\$3.711 to HK\$3.709 with effect from 18 June 2008.
- (8) The exercise price was adjusted from HK\$16.200 to HK\$16.193 with effect from 18 June 2008.
- (9) The exercise price was adjusted from HK\$20.600 to HK\$20.591 with effect from 18 June 2008.

The fair value of the share options granted during the year with exercise price per share of HK\$16.200 (subsequently being adjusted to HK\$16.193) and HK\$20.600 (subsequently being adjusted to HK\$20.591) are estimated at approximately HK\$5.23 and HK\$6.49 respectively, 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 Group Limited

On 23 August 2002, the shareholders of Taifook Securities Group Limited ("Taifook Securities") approved the adoption of a share option scheme (the "Taifook Scheme"). Summary of the Taifook Scheme disclosed in accordance with the Listing Rules is as follows:

Purpose of the Taifook Scheme	To attract, retain and motivate talented employees to strive towards long term performance targets set by Taifook Securities and its subsidiary companies and at the same time to allow the participants to enjoy the results of Taifook Securities attained through their effort and contribution.
Participants of the Taifook Scheme	Any full time employees, executive and non-executive directors of Taifook Securities or any of its subsidiary companies or associates.

SHARE OPTION SCHEMES (CONTINUED)

(b) Taifook Securities Group Limited (continued)

Total number of shares available for issue under the Taifook Scheme and percentage of the issued share capital of Taifook Securities as at the date of this annual report

The maximum number of shares which may be issued upon exercise of all options to be granted under the Taifook Scheme and any other share option schemes of Taifook Securities shall not in aggregate exceed 10% of the total number of shares in issue as at the date of adoption of the Taifook Scheme (the "Scheme Mandate Limit") but Taifook Securities may seek approval of its shareholders at general meetings to refresh the Scheme Mandate Limit, save that the maximum number of shares in respect of which options may be granted by directors of Taifook Securities under the Taifook Scheme and any other share option schemes of Taifook Securities shall not exceed 10% of the issued share capital of Taifook Securities as at the date of approval by the shareholders of Taifook Securities at general meetings where such limit is refreshed.

Options previously granted under the Taifook Scheme and any other share option schemes of Taifook Securities (including those outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such 10% limit as refreshed. Notwithstanding the aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Taifook Scheme and any other share option schemes of Taifook Securities shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue of Taifook Securities from time to time.

As at the date of this report, the total number of shares available for issue under the Taifook Scheme was 29,436,169 shares, which represented approximately 4.49% of the issued share capital of Taifook Securities at that day.

Maximum entitlement of each participant under the Taifook Scheme

The maximum number of shares issued and to be issued upon exercise of the options granted to each participant under the Taifook Scheme and any other share option schemes of Taifook Securities (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of Taifook Securities in issue. Any further grant of share options in excess of this limit is subject to approval by the shareholders of Taifook Securities at a general meeting.

Share options granted to a director, chief executive or substantial shareholders of Taifook Securities, or to any of their associates, are subject to approval in advance by the independent non-executive directors of Taifook Securities. In addition, any share options granted to a substantial shareholder or an independent non-executive director of Taifook Securities, or to any of their associates, in excess of 0.1% of the total number of shares in issue of Taifook Securities at the date on which such grant is proposed by the directors of Taifook Securities or with an aggregate value (based on the closing price of shares of Taifook Securities at the date on which such grant is proposed by the directors) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance at a general meeting of Taifook Securities.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES (CONTINUED)

(b) Taifook Securities Group Limited (continued)

The period within which the shares must be taken up under an option and the minimum period for which an option must be held before it can be exercised

The exercise period of the share options granted is determinable by the directors of Taifook Securities, and such period shall commence not earlier than six months from the date of the grant of the options and expire not later than 10 years after the date of grant of the options.

The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid

The offer of a grant of share options may be accepted within 30 days from the date of the offer upon payment of a consideration of HK\$1 by the grantee.

The basis of determining the exercise price

The exercise price of the share options is determinable by the directors of Taifook Securities, and shall be at least the highest of (i) the closing price of shares of Taifook Securities as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of shares of Taifook Securities as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of shares of Taifook Securities.

The remaining life of the Taifook Scheme

The Taifook Scheme shall be valid and effective for a period of 10 years commencing from the date on which it is conditionally adopted by resolution of Taifook Securities at general meetings and will expire on 22 August 2012.

During the financial year ended 30 June 2008, details of the movement of share options granted by Taifook Securities under the Taifook Scheme are as follows:

Date of grant	Exercisable Period (Note)	Number of share options					Balance as at 30.06.08	Exercise price per share HK\$
		Balance as at 01.07.07	Granted during the year	Exercised during the year	Lapsed during the year			
5 September 2003	(1)	1,300,000	–	(1,000,000) ⁽⁴⁾	–	300,000	1.20	
10 February 2006	(2)	2,000,000	–	(1,950,000) ⁽⁵⁾	–	50,000	0.94	
1 December 2007	(3)	–	28,700,000 ⁽⁶⁾	–	(200,000)	28,500,000	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\$4.93.
- (5) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$4.13.
- (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.

SHARE OPTION SCHEMES (CONTINUED)

(b) Taifook Securities Group Limited (continued)

Fair value of the share options granted during the year ended 30 June 2008 was HK\$0.56 each. The fair value of the equity-settled share options granted during the year ended 30 June 2008 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 inputs 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' INTEREST IN SECURITIES

As at 30 June 2008, 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
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	1,230,160,908 ⁽¹⁾	1,230,160,908	59.79%
Centennial Success Limited	–	1,230,160,908 ⁽²⁾	1,230,160,908	59.79%
Chow Tai Fook Enterprises Limited	59,831,893	1,170,329,015 ⁽³⁾	1,230,160,908	59.79%
NWD	769,640,894	400,688,121 ⁽⁴⁾	1,170,329,015	56.88%
Mombasa Limited	351,351,558	–	351,351,558	17.08%

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, 15,196,700 shares held by Hing Loong Limited, 15,196,700 shares held by Fine Reputation Incorporated, 13,690,723 shares held by New World Hotels Corporation Limited and 3,265,927 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.

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 30 June 2008.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares during the year and up to the date of this report.

CONNECTED TRANSACTIONS

The Company has entered into the following connected transactions during the year and up to the date of this report:

- (1) On 30 May 2005, NWD and the Company entered into a master services agreement (the "NWD Master Services Agreement") whereby (a) NWD agreed to, and agreed to procure that members of the NWD Group (as defined in the NWD Master Services Agreement) shall, to the extent practicable, engage members of the Group to provide certain operational services, which include contracting services, facility management services, security and guarding services, cleaning and landscaping services, financial services, property management services, etc., and to sell frozen food products to NWD and / or relevant members of NWD Group and (b) the Company agreed to, and agreed to procure that members of the Group shall, to the extent practicable, engage members of the NWD Group to rent properties and vessels to the Group, during the term of the NWD Master Services Agreement.

The NWD Master Services Agreement has an initial term of three years (from 1 July 2005 to 30 June 2008). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and / or any other applicable requirements under the Listing Rules at the relevant time, the NWD Master Services Agreement may be renewed for a further term of three years unless either party gives written notice to the other party not later than two months before the expiry of the initial term.

As NWD holds approximately 54% of the total issued share capital of the Company as at the date of execution of the NWD Master Services Agreement, it was a substantial shareholder of the Company and hence, a connected person of the Company. Accordingly, the transactions contemplated under the NWD Master Services Agreement constituted continuing connected transactions for the Company. The NWD Master Services Agreement and the continuing connected transactions contemplated thereunder were approved by the independent shareholders at the special general meeting of the Company held on 30 June 2005.

After the CTF Master Operational Services Agreement and the CTF Master Financial Services Agreement (both as defined hereinafter) became effective on 24 January 2008, the transactions contemplated under the NWD Master Services Agreement would be included in the transactions contemplated under the CTF Master Operational Services Agreement and CTF Master Financial Services Agreement. The NWD Master Services Agreement was treated as cancelled with effect from 24 January 2008.

CONNECTED TRANSACTIONS (CONTINUED)

(1) (continued)

During the period from 1 July 2007 to 23 January 2008, the contract amounts for each category of services under the NWD Master Services Agreement are summarized as follows:

Category of services	Approximate total contract amount HK\$'000	Annual cap HK\$'000
Contracting services	1,034,649	4,111,000
Facility management services	7,252	19,000
Security and guarding services	21,553	40,000
Cleaning and landscaping services	37,374	86,000
Financial services	3,025	11,000
Property management services	19,270	60,000
Other services:		
(a) Rental of properties and vessels	22,734	46,000
(b) Sale of food products	41	2,000

(2) On 22 November 2006, a tenancy agreement (the "Tenancy Agreement") was entered into between Newly Development Limited ("NDL") as landlord and Urban Property Management Limited ("UPML") as tenant and pursuant to which, NDL offered UPML a tenancy in respect of the Premises A, B, C and D at 16th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong (the "Leasehold Premises") under the following lease terms:

Premise A : 9 years and 5 months commencing from 1 November 2006 and expiring on 31 March 2016 (both days inclusive)

Premise B : 9 years and 4 months commencing from 1 December 2006 and expiring on 31 March 2016 (both days inclusive)

Premise C : 9 years and 3 months commencing from 1 January 2007 and expiring on 31 March 2016 (both days inclusive)

Premise D : 8 years commencing from 1 April 2008 and expiring on 31 March 2016 (both days inclusive)

UPML is an indirect wholly-owned subsidiary company of the Company. The Leasehold Premises, the subject of the Tenancy Agreement, is owned by NDL which is an indirect wholly-owned subsidiary company of NWD. Given that NWD is the holding company of the Company and accordingly, NDL is a connected person of the Company within the meaning of the Listing Rules and the entering into of the Tenancy Agreement constituted a continuing connected transaction of the Company under the Listing Rules.

An annual cap of HK\$8.0 million had been set in relation to the total rent, air-conditioning charge and management fee incurred under the Tenancy Agreement during the financial years ending from 30 June 2007 to 2016 pursuant to Rule 14A.35(2) of the Listing Rules. Such an annual cap was set based on the maximum annual amounts of rent, air-conditioning charge and management fee as agreed under the Tenancy Agreement with an estimated increase of approximately 10% on the air-conditioning charges and management fee annually.

The total rent, air-conditioning charge and management fee incurred pursuant to the Tenancy Agreement during the year amounted to approximately HK\$3.6 million.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS (CONTINUED)

- (3) On 18 May 2007, NWS Transport Services Limited (“NWST”) and the Company entered into a master services agreement (the “NWST Master Services Agreement”) whereby NWST agreed to, and agreed to procure that members of the NWST Group, including NWST and its subsidiary companies, (to the extent practicable) engage relevant members of the Group to provide operational services, which includes contracting services, facility management services, security and guarding services, cleaning and landscaping services, financial services and property management services and such other types of services as NWST and the Company may agree upon from time to time in writing, to NWST and/or relevant members of the NWST Group and to rent or license spare spaces to members of the Group during the term of the NWST Master services Agreement. The NWST Master Services Agreement has an initial term of three years and shall be automatically renewed for a further term of three years unless either party gives written notice to the other party not later than two months before the expiry of the initial term.

The transactions contemplated under the NWST Master Services Agreement were expected to be of a recurrent nature and would occur on a regular and continuing basis in the ordinary and usual course of business of the Group. As at the date of execution of the NWST Master Services Agreement, CTF was a substantial shareholder of the Company and NWST was an associate of CTF, the NWST Master Services Agreement and all the transactions contemplated thereunder constituted continuing connected transactions for the Company under the Listing Rules.

During the year ended 30 June 2008, the contract amounts for each category of services under the NWST Master Services Agreement are summarized as follows:

Category of services	Approximate total contract amount HK\$'000	Annual cap HK\$'000
Contracting services	–	13,000
Facility management services	1,722	7,500
Security and guarding services	860	7,000
Cleaning and landscaping services	22,762	35,000
Financial services	328	1,000
Property management services	478	1,000
Rental or licensing of spare spaces	3,628	9,000

- (4) On 24 January 2008, CTF and the Company entered into: (i) the master operational services agreement (the “CTF Master Operational Services Agreement”) whereby each of the Company and CTF agreed to procure that members of the Group or the CTF Group (including CTF and its associates but excluding the Group and NWST Group) (to the extent practicable) engage relevant members of the CTF Group or the Group to provide operational services, which includes contracting services, general services and rental services, to relevant members of the Group or the CTF Group during the term of the CTF Master Operational Services Agreement; and (ii) the master financial services agreement (the “CTF Master Financial Services Agreement”) whereby CTF agreed to procure that members of the CTF Group engage relevant members of the Group to provide financial services to relevant members of the CTF Group during the term of the CTF Master Financial Services Agreement.

NWD holds approximately 56.37% of the total issued share capital of the Company as at the date of execution of the abovesaid agreements, it is a substantial shareholder of the Company and hence a connected person of the Company. CTF holds approximately 37.02% of the total issued share capital of NWD as at the date of execution of the abovesaid agreements, it is a controlling shareholder of NWD and is considered a connected person of the Company. Accordingly, the CTF Master Operational Services Agreement, the CTF Master Financial Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions to the Company pursuant to Rule 14A.14 of the Listing Rules.

CONNECTED TRANSACTIONS (CONTINUED)

(4) (continued)

Moreover, on the same day, Mr Lo Lin Sing, Simon ("Mr Lo") and the Company entered into the master services agreement (the "Mr Lo Master Services Agreement") pursuant to which the Group will provide financial services to Mr Lo and his associates. Mr Lo is the deputy chairman and an executive director of Taifook Securities, a subsidiary of the Company, and hence a connected person of the Company. The Mr Lo Master Services Agreement and all the transactions contemplated thereunder also constitute continuing transactions of the Company under Rule 14A.14 of the Listing Rules.

The CTF Master Operational Services Agreement, the CTF Master Financial Services Agreement and the Mr Lo Master Services Agreement and the continuing connected transactions contemplated under such agreements were approved by the independent shareholders at the special general meeting of the Company held on 10 March 2008.

All of the CTF Master Operational Services Agreement, the CTF Master Financial Services Agreement and the Mr Lo Master Services Agreement have an initial term of three years commencing from 24 January 2008 to 23 January 2011. Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and / or any other applicable requirements under the Listing Rules at the relevant time, all of the CTF Master Operational Services Agreement, the CTF Master Financial Services Agreement and the Mr Lo Master Services Agreement may be renewed for a further term of three years.

During the period from 24 January 2008 to 30 June 2008, the contract amounts for each category of the operational services under the CTF Master Operational Services Agreement are summarized as follows:

Operational services	Approximate total contract amount HK\$m	Annual cap HK\$m
Services provided by members of the Group to members of the CTF Group:		
– Contracting services	1,062.0	4,593.8
– General services	67.2	165.1
– Rental services	1.1	4.5
Services provided by members of CTF Group to members of the Group:		
– General services	4.2	7.8
– Rental services	18.9	46.9

In addition, during the period from 24 January 2008 to 30 June 2008, the contract amounts for the financial services under the CTF Master Financial Services Agreement and the Mr Lo Master Services Agreement are summarized as follows:

Financial services	Approximate total contract amount HK\$m	Annual cap HK\$m
Fees from the provision of the financial services by the Group including the underwriting and sub-underwriting services	2.1	94.2
Value of the securities which may be acquired by the Group pursuant to the underwriting and sub-underwriting commitments under the underwriting and sub-underwriting services	–	3,000.0

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS (CONTINUED)

The continuing connected transactions mentioned in (1) to (4) above have been reviewed by the independent non-executive directors of the Company who have confirmed that the transactions have been entered into:

- (a) in the ordinary course of business of the Company;
- (b) on normal commercial terms;
- (c) in accordance with the relevant agreements governing such transactions, or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties;
- (d) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (e) within the caps set out in the relevant announcement or circular.

In accordance with paragraph 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed-upon procedures on the continuing connected transactions mentioned in (1) to (4) above in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Relating Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board that the transactions:

- (a) were approved by the Executive Committee of the Company;
- (b) were entered into in accordance with the terms of the relevant agreements governing such transactions; and
- (c) were within the caps set out in the relevant announcement or circular.

Save as disclosed above, a summary of significant related party transactions, which do not constitute connected transactions, made during the year is disclosed in Note 41 to the financial statements.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2008, the Group has provided financial assistance, by way of shareholders' loans / advances, in the aggregate amount of HK\$4.991 billion to its affiliated companies (included in amounts disclosed in Notes 19, 20 and 24 to the financial statements), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$583.0 million (included in the amounts disclosed in Note 38 to the financial statements) and contracted to provide an aggregate amount of HK\$963.2 million in capital and loans to affiliated companies. The said amounts, in aggregate, represents approximately 15.7% 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\$243.7 million which carries interest ranging from 6% to 10% per annum, an amount of HK\$109.3 million which carries interest at 0.6% over Hong Kong Interbank Offered Rate per annum, an amount of HK\$16.5 million which carries interest at Hong Kong prime rate per annum, and an amount of HK\$149.0 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 30 June 2008 are presented as follows:

	Proforma combined balance sheet HK\$'m	Group's attributable interest HK\$'m
Non-current assets	41,889.6	18,412.2
Current assets	14,853.5	6,015.5
Current liabilities	(17,981.9)	(7,964.8)
Non-current liabilities	(12,110.0)	(5,428.7)
	26,651.2	11,034.2

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 30 June 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2008, over 48,000 staff were employed by entities under the Group's management of which some 25,000 were employed in Hong Kong. Total staff related costs, excluding directors' remunerations, were HK\$3.024 billion, of which provident funds and staff bonuses were included, as compared to HK\$2.249 billion for FY2007. 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.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 158 and 159.

AUDITOR

The financial statements for the year ended 30 June 2008 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 8 October 2008

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道會計師事務所

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TO THE SHAREHOLDERS OF NWS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements of NWS Holdings Limited (the "Company") and its subsidiary companies (together, the "Group") set out on pages 71 to 157, which comprise the consolidated and Company balance sheets as at 30 June 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 8 October 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	Note	2008 HK\$'m	2007 HK\$'m
Revenue	5	18,889.5	15,047.1
Cost of sales		(16,519.4)	(13,750.8)
Gross profit		2,370.1	1,296.3
Other income	6	474.0	291.5
General and administrative expenses		(1,377.6)	(755.8)
Other charges	6	(135.7)	(14.4)
Operating profit	6	1,330.8	817.6
Finance costs	8	(298.7)	(221.1)
Share of results of Associated companies Jointly controlled entities		315.8 2,901.7	542.6 1,034.8
Profit before income tax		4,249.6	2,173.9
Income tax expenses	9	(215.4)	(136.0)
Profit for the year		4,034.2	2,037.9
Attributable to Shareholders of the Company Minority interests	10	3,818.3 215.9	2,005.4 32.5
		4,034.2	2,037.9
Dividends	11	1,939.3	1,104.4
Earnings per share attributable to shareholders of the Company Basic	12	HK\$1.89	HK\$1.01
Diluted		HK\$1.88	HK\$1.01

CONSOLIDATED BALANCE SHEET

As at 30 June

	Note	2008 HK\$'m	2007 HK\$'m
ASSETS			
Non-current assets			
Investment properties	14	1,129.7	1,103.3
Property, plant and equipment	15	1,865.3	1,957.1
Leasehold land and land use rights	16	745.5	99.1
Intangible assets	17	728.9	499.0
Associated companies	19	3,392.6	4,103.8
Jointly controlled entities	20	15,874.8	10,787.5
Available-for-sale financial assets	21	663.3	623.3
Other non-current assets	22	643.7	229.2
		25,043.8	19,402.3
Current assets			
Inventories	23	278.9	151.1
Trade and other receivables	24	9,579.6	14,692.1
Financial assets at fair value through profit or loss	25	332.3	246.9
Cash held on behalf of customers	26	3,105.8	2,042.4
Short term deposits	27	126.4	126.4
Cash and bank balances	27	3,997.8	3,120.8
		17,420.8	20,379.7
Total assets		42,464.6	39,782.0
EQUITY			
Share capital	29	2,057.6	2,014.2
Reserves	30	18,267.7	14,577.9
Proposed final dividend	30	822.8	604.4
Shareholders' funds		21,148.1	17,196.5
Minority interests		1,266.4	1,002.0
Total equity		22,414.5	18,198.5
LIABILITIES			
Non-current liabilities			
Borrowings	31	5,068.6	3,937.9
Other non-current liabilities	32	628.1	683.8
		5,696.7	4,621.7
Current liabilities			
Trade and other payables	33	10,362.3	9,030.3
Taxation		268.8	183.8
Borrowings	31	3,722.3	7,747.7
		14,353.4	16,961.8
Total liabilities		20,050.1	21,583.5
Total equity and liabilities		42,464.6	39,782.0
Net current assets		3,067.4	3,417.9
Total assets less current liabilities		28,111.2	22,820.2

Dr Cheng Kar Shun, Henry
Director

Mr Chan Kam Ling
Director

BALANCE SHEET

As at 30 June

	Note	2008 HK\$'m	2007 HK\$'m
ASSETS			
Non-current assets			
Property, plant and equipment	15	8.5	5.4
Subsidiary companies	18	7,893.3	7,893.3
		7,901.8	7,898.7

Current assets			
Trade and other receivables	24	14,078.7	9,532.1
Cash and bank balances	27	70.7	19.7
		14,149.4	9,551.8

Total assets		22,051.2	17,450.5
EQUITY			
Share capital	29	2,057.6	2,014.2
Reserves	30	11,333.2	10,054.0
Proposed final dividend	30	822.8	604.4
Total equity		14,213.6	12,672.6

LIABILITIES			
Current liabilities			
Trade and other payables	33	7,837.6	4,178.4
Borrowings	31	–	599.5
Total liabilities		7,837.6	4,777.9

Total equity and liabilities		22,051.2	17,450.5

Net current assets		6,311.8	4,773.9

Total assets less current liabilities		14,213.6	12,672.6

Dr Cheng Kar Shun, Henry
Director

Mr Chan Kam Ling
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

HK\$m	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	–	(336.0)	(336.0)	(13.3)	(349.3)
Disposal of available-for-sale financial assets	–	(15.3)	(15.3)	(3.1)	(18.4)
Currency translation differences	–	1,092.7	1,092.7	58.3	1,151.0
Net gains recognized directly in equity	–	741.4	741.4	41.9	783.3
Profit for the year	–	3,818.3	3,818.3	215.9	4,034.2
Total recognized income for the year	–	4,559.7	4,559.7	257.8	4,817.5
Dividend paid					
to shareholders of the Company	–	(1,720.9)	(1,720.9)	–	(1,720.9)
to minority interests	–	–	–	(71.9)	(71.9)
Scrip dividends					
new shares issued – nominal value	42.6	–	42.6	–	42.6
share premium on issue of new shares	–	972.6	972.6	–	972.6
Share options					
value of services provided	–	94.7	94.7	6.8	101.5
new shares issued – nominal value	0.8	–	0.8	–	0.8
share premium on issue of new shares	–	2.1	2.1	–	2.1
Deemed disposal of interest in a subsidiary company	–	–	–	147.2	147.2
Derecognition of minority interests upon disposal / deconsolidation of subsidiary companies	–	–	–	(75.5)	(75.5)
Balance at 30 June 2008	2,057.6	19,090.5	21,148.1	1,266.4	22,414.5

HK\$'m	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	–	964.0	964.0	4.0	968.0
Reclassification of available-for-sale financial assets to associated companies, net of tax	–	(789.9)	(789.9)	–	(789.9)
Disposal of available-for-sale financial assets	–	(5.8)	(5.8)	–	(5.8)
Currency translation differences	–	400.6	400.6	20.6	421.2
Net gains recognized directly in equity	–	568.9	568.9	24.6	593.5
Profit for the year	–	2,005.4	2,005.4	32.5	2,037.9
Total recognized income for the year	–	2,574.3	2,574.3	57.1	2,631.4
Dividend paid					
to shareholders of the Company	–	(894.4)	(894.4)	–	(894.4)
to minority interests	–	–	–	(8.8)	(8.8)
Scrip dividends					
new shares issued – nominal value	26.4	–	26.4	–	26.4
share premium on issue of new shares	–	489.2	489.2	–	489.2
Convertible bonds					
new shares issued – nominal value	43.0	–	43.0	–	43.0
share premium on issue of new shares	–	519.1	519.1	–	519.1
equity component, net of tax	–	(31.3)	(31.3)	–	(31.3)
Share options					
new shares issued – nominal value	1.0	–	1.0	–	1.0
share premium on issue of new shares	–	2.9	2.9	–	2.9
Acquisition of subsidiary companies	–	–	–	568.4	568.4
Capital contribution from minority interests	–	–	–	4.4	4.4
Derecognition of minority interests upon disposal of subsidiary companies	–	–	–	(6.2)	(6.2)
Balance at 30 June 2007	2,014.2	15,182.3	17,196.5	1,002.0	18,198.5

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June

	Note	2008 HK\$'m	2007 HK\$'m
Cash flows from operating activities			
Net cash generated from operations	39(a)	1,525.0	697.7
Finance costs paid		(289.1)	(206.2)
Interest received		188.2	115.5
Hong Kong profits tax paid		(81.0)	(56.9)
Mainland China and overseas taxation paid		(32.4)	(20.3)
Net cash generated from operating activities		1,310.7	529.8
Cash flows from investing activities			
Dividends received from associated companies		133.8	615.8
Dividends received from jointly controlled entities		1,535.0	760.9
Disposal of jointly controlled entities		11.2	214.6
Settlement of proceeds from disposal of subsidiary companies in previous years		148.6	–
Disposal of subsidiary companies, net of cash disposed of	39(c)	14.0	–
Cash and bank balances of subsidiary companies deconsolidated	39(e)	(29.4)	–
Acquisition of additional interests in a subsidiary company		(13.2)	–
Acquisition of a subsidiary company	39(g)	(135.5)	(177.4)
Increase in investments in associated companies		(466.5)	(715.1)
Increase in investments in jointly controlled entities		(1,422.3)	(946.4)
Additions of property, plant and equipment, investment properties, leasehold land and land use rights and operating rights		(1,055.4)	(116.5)
Sale of property, plant and equipment, investment properties, leasehold land and land use rights		14.6	8.0
Additions of available-for-sale financial assets and financial assets at fair value through profit or loss		(1,441.0)	(340.0)
Sale of available-for-sale financial assets and financial assets at fair value through profit or loss		936.3	364.6
Deposits paid for investments		(609.4)	–
Dividends received from available-for-sale financial assets and financial assets at fair value through profit or loss		10.7	8.4
(Increase) / decrease in other non-current assets		(407.8)	73.3
Net cash used in investing activities		(2,776.3)	(249.8)
Cash flows from financing activities			
New bank loans and other borrowings		4,998.8	3,000.8
Repayment of bank loans and other borrowings		(2,141.2)	(2,303.4)
Issue of new shares		2.9	3.9
Decrease in loans from minority shareholders		(29.8)	(20.9)
Capital contribution from minority shareholders		230.4	4.4
Dividends paid to shareholders		(705.7)	(378.8)
Dividends paid to minority shareholders		(71.9)	(8.8)
Net cash generated from financing activities		2,283.5	297.2
Net increase in cash and cash equivalents		817.9	577.2
Cash and cash equivalents at the beginning of year		3,040.8	2,421.3
Currency translation differences		138.2	42.3
Cash and cash equivalents at the end of year		3,996.9	3,040.8
Analysis of cash and cash equivalents			
Cash and bank balances	27	3,997.8	3,120.8
Bank overdrafts		(0.9)	(80.0)
		3,996.9	3,040.8

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

NWS Holdings Limited (the "Company") 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 has its listing on the Main Board of the Hong Kong Stock Exchange.

The financial statements have been approved for issue by the Board on 8 October 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), including Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(SIC)-Int") (collectively the "HKFRSs") as described further below. They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(i) Adoption of new / revised HKFRSs

For the year ended 30 June 2008, 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 ended 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 and interpretations does not have significant change to the accounting policies or any significant effect on results and financial position of the Group. However, the adoption of HKAS 1 Amendment and HKFRS 7 requires additional disclosures in the financial statements. These additional disclosures are set out in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) *Standards, amendments and interpretations which are not yet effective*

The following new / revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not early 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
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 1 and HKAS 32 Amendment	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations. The adoption of these new or revised standards and interpretations may result in reclassification and remeasurement of certain items in the financial statements.

(b) Subsidiary companies

Subsidiary companies are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiary companies are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary companies of the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Subsidiary companies (continued)

The gain or loss on the disposal of a subsidiary company represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill carried in the balance sheet.

The Company's investments in subsidiary companies are carried at cost less provision for impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividend income.

(c) Associated companies

An associated company is a company other than a subsidiary company and a jointly controlled entity, in which the Group's interest is held for the long term and substantial and significant influence is exercised through representatives on the board of directors.

Investments in associated companies are accounted for by the equity method of accounting and are initially recognized at cost. Investments in associated companies include goodwill, net of any accumulated impairment loss, identified on acquisition. The interests in associated companies also include long term interests which in substance form part of the Group's net investment in associated companies.

The share of post acquisition profits or losses of associated companies is recognized in the income statement, and the share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivable, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Jointly controlled entities

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

The Group recognizes the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that it is attributable to the other venturers. The Group does not recognize its share of profits or losses from the jointly controlled entity that result from the purchase of assets from the jointly controlled entity until it resells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets, or an impairment loss.

Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Jointly controlled entities (continued)

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves and goodwill on acquisition less provision for impairment losses. The interests in jointly controlled entities also include long term interests which in substance form part of the Group's net investment in jointly controlled entities. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities explained as follows:

(i) *Equity joint ventures*

Equity joint ventures are joint ventures in respect of which the venturers' capital contribution ratios are defined in the joint venture contracts and the venturers' profit sharing ratios are in proportion to the capital contribution ratios.

(ii) *Co-operative joint ventures*

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

(iii) *Companies limited by shares*

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

(e) Minority interests

Minority interests represent the interest of outside shareholders in the operating results and net assets of subsidiary companies.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the differences between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary company being acquired.

(f) Intangible assets

(i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary companies, associated companies or jointly controlled entities at the date of acquisition.

Goodwill on acquisitions of subsidiary companies is included in intangible assets. Goodwill on acquisitions of associated companies and jointly controlled entities is included in investments in associated companies and jointly controlled entities respectively. Gains and losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill on acquisitions of subsidiary companies, associated companies and jointly controlled entities is tested for impairment annually and carried at cost less impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Any impairment loss recognized during the year is charged to the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(ii) Trademark and licences

Trademark has a finite useful life and is carried at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method to allocate the cost of trademark over their estimated useful lives.

Licences have indefinite lives and are carried at cost less impairment. Such licences are not amortized.

(iii) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities rental business. Operating right is carried at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method to allocate the cost over the period of the operating right.

(g) Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services rendered in the ordinary course of the activities of the Group. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors after eliminating sales within the Group.

Revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activities have been resolved. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Construction and engineering

Revenue from individual contract on construction, electrical and mechanical engineering services is recognized under the percentage of completion method and is measured by reference to the proportion that contract costs incurred for work performed to date compares to the estimated total contract costs to completion. Anticipated losses are fully provided on contracts when identified.

(ii) Toll revenue

Toll revenue from road and bridge operations is recognized when services are rendered.

(iii) Port revenue

Port revenue from cargo, container handling and storage is recognized when services are rendered.

(iv) Service fee income

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

(v) Rental income

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

(vi) Insurance brokerage premium

Insurance brokerage premium is recognized over the period covered by each insurance policy on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (continued)

(vii) Sales of goods

Income from sales of goods is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(viii) Commission and profit or loss on trading of financial instruments

Commission on dealing in securities, futures, options and bullion contracts and the profit and loss on trading in securities, futures, options and bullion contracts, are recognized on the transaction dates when the relevant contract notes are executed.

(ix) Consultancy, financial advisory, fund management and related fees

Consultancy and financial advisory fees, placing, underwriting and sub-underwriting commissions, and commission income from the sale of savings plans are recognized on an accrual basis in accordance with the terms of the underlying agreements. Income from fund management, custodian and handling services are recognized when services are rendered.

(x) Income from leveraged foreign exchange transactions

Income from leveraged foreign exchange transactions are recognized on an accrual basis.

(xi) Interest income

Interest income is recognized on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

(xii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(h) Leases

(i) Finance leases

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

Assets held under finance leases are depreciated on the basis described in Note 2(k).

(ii) Operating leases

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leasehold land and land use rights

The upfront prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement.

(j) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined at each balance sheet date by professional valuation. Changes in fair values are recognized in the income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

(k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

No depreciation is provided in respect of construction in progress.

Depreciation of toll roads and bridges is calculated to write off their costs on an economic usage basis whereby the amount of depreciation is provided based on the ratio of actual traffic volume compared to the total projected traffic volume over the remaining toll collection periods. The projected traffic volume of toll roads and bridges is reviewed regularly with reference to both internal and external sources of information and adjusted if it is appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, plant and equipment (continued)

Depreciation of other property, plant and equipment is calculated to write off their cost less residual values over their estimated useful lives, using the straight-line method, at the following annual rates:

Properties	2.5% – 3%
Ports facilities and terminal equipment	2.25% – 15%
Other plant and equipment	4% – 50%

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the income statement.

(l) Property for development

Property for development comprises prepayments for leasehold land and land use rights, development expenditure and borrowing costs capitalized. In the course of property development, the amortization charge of leasehold land and land use rights is included as part of the costs of the property for development.

(m) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped as cash-generating units for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(n) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets (continued)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods and services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities more than twelve months after the balance sheet date which are classified as non-current assets. These are accounted for in accordance with the policy set out in Note 2(o).

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices. For unlisted securities and financial assets in an inactive market, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivable. Subsequent recoveries of amounts previously written off are credited in the income statement.

(p) Inventories and contracts in progress

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Contracts in progress is stated at cost plus attributable profits recognized on the basis set out in Note 2(g)(i) above, less provision for anticipated losses and progress payments received and receivable.

Cost comprises materials, direct labour and overheads attributable to bringing the inventories and work in progress to its present condition.

(q) Cash and cash equivalents

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

(r) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

(s) Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Contingent liabilities and contingent assets

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

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

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

A contingent asset is not recognized but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

(u) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, jointly controlled entities and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiary companies, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(v) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Translation differences on financial assets at fair value through profit or loss is reported as part of the fair value gain or loss. Translation differences on available-for-sale financial assets are included in equity.

(iii) *Group companies*

The results and financial position of all the entities of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates; and
- (c) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is sold, exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(x) Employee benefits

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

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

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Employee benefits (continued)

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by reference to market yields at the balance sheet date based on Exchange Fund Notes; which have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of the defined benefit obligation are recognized in the income statement over the employees' expected average remaining working lives.

Past-service costs are recognized immediately as income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Fair value of the option granted is determined at the date of grant. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(y) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, property, plant and equipment, investment properties, financial assets, other assets, inventories and receivables and exclude items such as bank balances and cash, and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to intangible assets, investment properties, property, plant and equipment, leasehold land and land use rights.

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

(aa) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period when the dividends become obligations of the Company.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign exchange risk, price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. It is the Group's policy not to enter into derivative transaction for speculative purposes.

The Group sets financial risk management policies in accordance with policies and procedures approved by its Board of directors. The Group's treasury function serves as a centralized unit for providing cost efficient funding to the Group's subsidiary companies and managing major risks, such as interest rate, foreign exchange and credit risk exposure.

(a) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Other than interest bearing bank deposits, long term receivables and amounts due from associated companies and jointly controlled entities, the Group has no significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's borrowings are principally on a floating rate basis, which will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. Management monitors the capital market conditions and where appropriate, interest rate swap contracts with financial institutions will be used to achieve optimum ratio between fixed and floating rates borrowings.

If interest rates had been 100 basis points higher / lower with all other variables held constant, the Group's profit for the year would have been HK\$9.9 million (2007: HK\$47.6 million) lower / higher.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(a) Interest rate risk (continued)

The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to calculate the exposure to interest rate risk for financial instruments in existence at the balance sheet date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the next annual balance sheet date. Changes in market interest rates affect the interest income or expense of non-derivative financial instruments bearing variable interest. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(b) Foreign exchange risk

The Group operates mainly in Hong Kong and Mainland China. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

At 30 June 2008, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK\$1,211.4 million (2007: HK\$1,092.0 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar. Management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2008, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in Renminbi of HK\$602.8 million (2007: HK\$659.8 million). If Hong Kong dollar had strengthened / weakened by 5% against Renminbi with all other variables unchanged, the Group's profit for the year would have been HK\$26.7 million (2007: HK\$28.4 million) lower / higher respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred throughout the year. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 30 June 2008 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Price risk

The Group is exposed to equity securities price risk because of the listed and unlisted equity investments held by the Group are stated at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are dealt with in equity and income statement respectively. The performance of the Group's listed and unlisted equity investments are monitored regularly, together with an assessment of their relevance to the Group's long term strategic plans. The Group is not exposed to commodity price risk.

If the price of listed and unlisted equity investments had been 25% higher / lower with all other variables held constant, the Group's profit for the year and investment revaluation reserve would have been HK\$69.4 million and HK\$165.8 million (2007: HK\$50.9 million and HK\$155.8 million) higher / lower respectively. This sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(d) Credit risk

The credit risk of the Group and the Company mainly arises from bank deposits, trade and other receivables and receivables from subsidiary companies, associated companies and jointly controlled entities. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses.

Deposits are mainly placed with high credit quality financial institutions. The Group and the Company carry out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade receivables from third party customers as there are a large number of customers. Under the current circumstances of the global financial turmoil, the Group will closely monitor its credit control procedures and policies.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiary companies, associated companies and jointly controlled entities through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

Except for the advances to customers which are secured fully by pledged securities, the maximum exposure to credit risk is represented by the carrying amount of other financial assets in the balance sheet after deducting any impairment allowance.

(e) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of the Group and the Company to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group and the Company also maintain undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(e) Liquidity risk (continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group At 30 June 2008

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years
Trade payables	33	4,462.4	4,462.4	4,462.4	–
Retention money payables and other payables		4,657.6	4,657.6	4,657.6	–
Amounts due to minority shareholders	33	77.8	77.8	77.8	–
Amounts due to associated companies	33	2.9	2.9	2.9	–
Amounts due to jointly controlled entities	20,33	86.9	86.9	86.9	–
Borrowings and contracted interest payment	31	8,790.9	9,171.1	3,883.6	5,287.5
Loans from minority shareholders	32	265.6	265.6	–	265.6
Total		18,344.1	18,724.3	13,171.2	5,553.1

Group At 30 June 2007

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years
Trade payables	33	3,473.0	3,473.0	3,473.0	–
Retention money payables and other payables		4,311.9	4,311.9	4,311.9	–
Amounts due to a fellow subsidiary company	33	117.0	117.0	117.0	–
Amounts due to minority shareholders	33	48.6	48.6	48.6	–
Amounts due to associated companies	33	2.7	2.7	2.7	–
Amounts due to jointly controlled entities	20,33	69.5	69.5	69.5	–
Borrowings and contracted interest payment	31	11,685.6	12,291.1	7,985.9	4,305.2
Loans from minority shareholders	32	375.7	375.7	–	375.7
Total		20,084.0	20,689.5	16,008.6	4,680.9

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(e) Liquidity risk (continued)

Company
At 30 June 2008

HK\$'m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
Other payables		39.5	39.5	39.5
Amount due to subsidiary companies	33	7,795.5	7,795.5	7,795.5
Total		7,835.0	7,835.0	7,835.0

At 30 June 2007

HK\$'m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
Other payables		37.9	37.9	37.9
Amount due to a fellow subsidiary company	33	117.0	117.0	117.0
Amount due to a subsidiary company	33	4,021.0	4,021.0	4,021.0
Borrowings and contracted interest payment	31	599.5	614.8	614.8
Total		4,775.4	4,790.7	4,790.7

(f) Capital risk management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern and seeking to maximize benefits to shareholders and other stakeholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group aims to maintain 50% dividend payout ratio. In order to maintain or adjust the capital structure, the Group may issue new shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and bank balances and short term deposits. The Group aims to maintain a manageable gearing ratio. In light of the recent global financial turmoil, the Group will continue to adopt a prudent approach in managing its capital.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(f) Capital risk management (continued)

The gearing ratios at 30 June 2008 and 30 June 2007 were as follows:

	Note	2008 HK\$'m	2007 HK\$'m
Borrowings	31	8,790.9	11,685.6
Less: Cash and bank balances and short term deposits	27	(4,124.2)	(3,247.2)
Net debt		4,666.7	8,438.4
Less: Borrowings for IPO financing		–	(5,644.0)
Net debt (excluding borrowings for IPO financing)		4,666.7	2,794.4
Total equity		22,414.5	18,198.5
Gearing ratio		21%	46%
Gearing ratio (excluding borrowings for IPO financing)		21%	15%

The increase in the gearing ratio (excluding borrowings for IPO financing) as at 30 June 2008 resulted primarily from increase in borrowings to finance certain investments in Hong Kong and Mainland China.

(g) Estimate of fair value of financial assets and liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

In assessing the fair value of other securities and other financial assets, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of long-term borrowings are estimated using the expected future payments discounted at market interest rates.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, debtors and prepayments, cash and cash equivalents, creditors and accruals and current borrowings approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Fair value of investment property

The fair value of each investment property is individually determined at each balance sheet date by independent valuers based on a market value assessment, on an existing use basis. The valuers have relied on the discounted cash flow analysis and the capitalisation of income approach as their primary methods, supported by the direct comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

(b) Impairment of assets

The Group tests at least annually whether goodwill or assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

(c) Estimate of revenue and costs of construction works

The Group recognizes its contract revenue according to the percentage of completion of the individual contract of construction works. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise sub-contracting charges and costs of materials are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the Group's management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the expectation of future taxable profit that will be available against which tax losses can be utilized. The outcome of their actual utilization may be different.

(e) Fair value of available-for-sale financial assets and financial assets at fair value through profit or loss

The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (such as discounted cash flow model and option pricing models) and make assumptions that are mainly based on market conditions existing at each balance sheet date.

5 REVENUE AND SEGMENT INFORMATION

The Group's revenue comprises revenue from ports, roads and bridges operation, facilities rental income, facilities management income, revenue from contracting business, financial services and sales of goods and rendering of other services.

	2008 HK\$m	2007 HK\$m
Ports	3.1	17.9
Roads and bridges	283.7	239.7
Facilities rental	918.2	890.6
Facilities management	3,540.7	2,467.9
Contracting	12,658.4	11,205.0
Financial services	1,409.3	148.0
Other services	76.1	78.0
	18,889.5	15,047.1

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.

NOTES TO THE FINANCIAL STATEMENTS

5 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
2008										
External sales	3.1	283.7	–	918.2	3,540.7	12,658.4	1,409.3	76.1	–	18,889.5
Inter-segment sales	–	–	–	0.3	101.7	688.2	12.4	5.8	(808.4)	–
Total revenue	3.1	283.7	–	918.5	3,642.4	13,346.6	1,421.7	81.9	(808.4)	18,889.5
Segment results	9.7	143.9	14.5	226.6	268.6	258.3	542.2	7.5	–	1,471.3
Gain on deemed disposal of interests in a subsidiary company	–	–	–	–	–	–	75.3	–	–	75.3
Profit on disposal of subsidiary companies	2.4	–	–	–	–	–	–	2.7	–	5.1
Write-back of provision for receivables or accruals	–	17.3	–	–	–	–	–	–	–	17.3
Fair value gains on investment properties	–	–	–	13.0	–	13.4	–	–	–	26.4
Loss on disposal of subsidiary companies	–	–	–	–	(27.0)	–	–	–	–	(27.0)
Assets impairment loss	–	(10.3)	–	–	–	–	(22.0)	–	–	(32.3)
Unallocated corporate expenses	–	–	–	–	–	–	–	–	–	(205.3)
Operating profit	–	–	–	–	–	–	–	–	–	1,330.8
Finance costs	–	–	–	–	–	–	–	–	–	(298.7)
Share of results of	–	–	–	–	–	–	–	–	–	–
Associated companies	36.1	(22.0)	157.8	–	0.2	101.9	66.4	(24.6)	–	315.8
Jointly controlled entities	45.5	665.2	266.2	249.2	0.4	14.9	–	1,660.3 ⁽ⁱ⁾	–	2,901.7
Profit before income tax	–	–	–	–	–	–	–	–	–	4,249.6
Income tax expenses	–	–	–	–	–	–	–	–	–	(215.4)
Profit for the year	–	–	–	–	–	–	–	–	–	4,034.2
Segment assets	58.9	1,990.6	–	2,146.7	1,078.8	6,077.4	6,206.1	201.8	–	17,760.3
Associated companies	335.7	454.1	422.2	–	1.4	1,045.6	379.3	754.3	–	3,392.6
Jointly controlled entities	748.4	4,603.7	3,789.7	2,362.0	10.5	88.0	–	4,272.5	–	15,874.8
Unallocated assets	–	–	–	–	–	–	–	–	–	5,436.9
Total assets	–	–	–	–	–	–	–	–	–	42,464.6
Segment liabilities	6.3	594.6	0.4	290.8	502.7	5,442.5	3,801.5	2.5	–	10,641.3
Unallocated liabilities	–	–	–	–	–	–	–	–	–	9,408.8
Total liabilities	–	–	–	–	–	–	–	–	–	20,050.1
Capital expenditure	0.2	3.7	–	925.5	55.0	17.8	49.7	8.8	–	1,060.7
Depreciation	0.7	95.5	–	23.8	32.3	35.5	26.2	7.9	–	221.9
Amortization of leasehold land and land use rights	–	–	–	–	0.2	1.5	–	0.4	–	2.1
Amortization of intangible assets	–	–	–	–	–	–	7.7	–	–	7.7

- (i) The share of results of jointly controlled entities included the Group's share of profit of HK\$1,632.6 million from a property development project, Harbour Place. The amount was included under other services segment.

5 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
2007										
External sales	17.9	239.7	–	890.6	2,467.9	11,205.0	148.0	78.0	–	15,047.1
Inter-segment sales	–	–	–	0.4	107.2	725.5	13.2	5.7	(852.0)	–
Total revenue	17.9	239.7	–	891.0	2,575.1	11,930.5	161.2	83.7	(852.0)	15,047.1
Segment results	1.1	130.2	13.5	229.7	247.4	137.3	60.4	10.9	–	830.5
Write-back of provision for receivables or accruals	–	58.0	–	–	–	–	–	–	–	58.0
Fair value gains on investment properties	–	–	–	7.0	–	16.2	–	–	–	23.2
Assets impairment loss	–	(14.4)	–	–	–	–	–	–	–	(14.4)
Unallocated corporate expenses	–	–	–	–	–	–	–	–	–	(79.7)
Operating profit										817.6
Finance costs	–	–	–	–	–	–	–	–	–	(221.1)
Share of results of										
Associated companies	25.6	(14.9)	272.0	–	0.2	103.3	107.5	48.9	–	542.6
Jointly controlled entities	53.0	493.8	144.2	214.4	0.2	33.8	–	95.4	–	1,034.8
Profit before income tax										2,173.9
Income tax expenses	–	–	–	–	–	–	–	–	–	(136.0)
Profit for the year										2,037.9
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
Capital expenditure	0.4	1.2	–	27.6	36.8	42.9	173.8	6.4	–	289.1
Depreciation	1.2	89.0	–	23.8	34.2	39.5	2.5	11.0	–	201.2
Amortization of leasehold land and land use rights	–	–	–	–	0.2	4.2	–	0.4	–	4.8

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format – geographical segments

HK\$'m	Segment revenue	Segment results	Capital expenditure	Segment assets
2008				
Hong Kong	11,496.9	1,128.7	1,035.6	12,754.2
Mainland China	1,671.4	137.1	11.6	2,837.6
Macau	5,716.8	198.6	13.5	2,161.8
Others	4.4	6.9	–	6.7
	18,889.5	1,471.3	1,060.7	17,760.3
2007				
Hong Kong	8,313.1	519.2	278.1	16,842.8
Mainland China	1,622.6	168.0	10.7	2,223.2
Macau	5,108.8	142.8	0.3	1,425.6
Others	2.6	0.5	–	5.9
	15,047.1	830.5	289.1	20,497.5

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

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

HK\$'m	Segment revenue	Segment results	Capital expenditure	Segment assets
2008				
Ports	–	3.5	–	–
Energy, water and waste management	–	15.0	–	–
Facilities rental	918.2	226.6	925.5	2,143.9
Facilities management	3,430.5	283.7	49.9	1,062.9
Contracting	5,706.4	55.2	1.7	3,140.1
Financial services	1,405.7	540.0	49.7	6,205.6
Other services	36.1	4.7	8.8	201.7
	11,496.9	1,128.7	1,035.6	12,754.2
2007				
Ports	–	0.9	–	–
Energy, water and waste management	–	14.1	–	–
Facilities rental	890.6	229.7	27.6	1,341.5
Facilities management	2,386.0	239.1	30.5	658.8
Contracting	4,853.9	(34.8)	39.8	3,637.4
Financial services	145.6	61.9	173.8	11,076.4
Other services	37.0	8.3	6.4	128.7
	8,313.1	519.2	278.1	16,842.8

NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING PROFIT

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

	Note	2008 HK\$m	2007 HK\$m
Crediting			
Gross rental income from investment properties		44.8	43.2
Less: Outgoings		(11.2)	(10.6)
		33.6	32.6
Exchange gains		44.1	23.2
Interest income from margin and other financing of securities business, included in revenue		308.8	17.3
Net income from leveraged foreign exchange trading		5.1	0.6
Commission on securities dealing		715.2	65.4
Commission on dealing in futures, options and commodities		70.5	4.3
Commission on dealing in bullion contracts		10.2	0.5
Net profit on futures, options and bullion contracts trading		22.0	1.2
Net profit on foreign exchange contracts trading		7.3	–
Other income			
Profit on disposal of subsidiary companies		5.1	–
Profit on disposal of available-for-sale financial assets		16.7	18.4
Net profit on disposal of financial assets at fair value through profit or loss		50.5	9.1
Fair value gains on financial assets at fair value through profit or loss		–	7.6
Fair value gains on investment properties	14	26.4	23.2
Write-back of provision for receivables or accruals		17.3	58.0
Gain on deemed disposal of interests in a subsidiary company		75.3	–
Interest income		188.2	115.5
Management fee income		60.6	35.9
Machinery hire income		17.7	12.2
Dividends and others		16.2	11.6
		474.0	291.5
Charging			
Auditor's remuneration		21.5	21.8
Cost of inventories sold		1,171.7	802.5
Impairment of trade and other receivables	24(a)	19.8	25.7
Write-down of inventories		0.5	0.7
Depreciation		221.9	201.2
Amortization of leasehold land and land use rights		2.1	4.8
Amortization of intangible assets		7.7	–
Operating lease rental expense			
Properties		111.6	66.6
Other equipment		8.3	2.8
Staff costs	7	2,835.4	1,966.3
Interest expense for securities broking and margin financing operations, included in cost of sales		167.1	11.2
Other charges			
Assets impairment loss		32.3	14.4
Fair value losses on financial assets at fair value through profit or loss		76.4	–
Loss on disposal of subsidiary companies		27.0	–
		135.7	14.4

7 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Note	2008 HK\$m	2007 HK\$m
Wages and salaries		2,916.5	2,197.0
Share-based payments		97.9	–
Long service payment obligations		–	1.7
Defined contribution plans	35(a)	107.2	86.9
Defined benefits plans	35(b)(ii)	(2.3)	(0.3)
		3,119.3	2,285.3
Less: capitalized under contracts in progress		(283.9)	(319.0)
		2,835.4	1,966.3

8 FINANCE COSTS

	2008 HK\$m	2007 HK\$m
Interest on borrowings wholly repayable within five years	280.9	199.4
Interest on loans from minority shareholders wholly repayable within five years	7.1	5.8
Interest on convertible bonds wholly repayable within five years	–	4.3
Other borrowing costs	10.7	11.6
	298.7	221.1

9 INCOME TAX EXPENSES

In 2008, the Government of the Hong Kong Special Administrative Region enacted to reduce the profit tax rate from 17.5% to 16.5% for the fiscal year 2008/2009.

Hong Kong profits tax is provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the year. Taxation on Mainland China and overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 3% to 33% (2007: 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. Accordingly, the relevant corporate income tax from 1 January 2008 have been accounted for by applying the relevant rates under the New CIT Law. The New CIT Law also has an impact on the deferred income tax assets and liabilities of the Group and accordingly, the amount of deferred taxation as at 30 June 2008 has been determined based on the best estimation of the applicable corporate income tax rates.

NOTES TO THE FINANCIAL STATEMENTS

9 INCOME TAX EXPENSES (CONTINUED)

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

	Note	2008 HK\$'m	2007 HK\$'m
Current income tax			
Hong Kong profits tax		154.4	85.3
Mainland China and overseas taxation		44.1	38.9
Deferred income tax	34	16.9	11.8
		215.4	136.0

Share of associated companies' and jointly controlled entities' taxation of HK\$50.7 million (2007: HK\$117.8 million) and HK\$495.6 million (2007: HK\$186.8 million) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2008 HK\$'m	2007 HK\$'m
Profit before income tax	4,249.6	2,173.9
Share of results of associated companies	(315.8)	(542.6)
Share of results of jointly controlled entities	(2,901.7)	(1,034.8)
	1,032.1	596.5
Tax calculated at domestic tax rates applicable to profits in the respective countries	171.9	104.9
Tax exemption granted	(7.7)	(9.5)
Income not subject to taxation	(70.8)	(46.8)
Expenses not deductible for taxation purposes	102.2	75.1
Unused tax losses not recognized	77.6	37.6
Utilization of previously unrecognized tax losses	(34.1)	(30.1)
Others	(23.7)	4.8
Income tax expenses	215.4	136.0

The weighted average applicable tax rate was 16.7% (2007: 17.6%). The decrease is caused by the reduction of Hong Kong profits tax rate and a change in the profitability of the Group's subsidiary companies in respective countries.

10 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$2,190.6 million (2007: HK\$969.4 million).

11 DIVIDENDS

	2008 HK\$m	2007 HK\$m
Interim dividend paid of HK\$0.55 (2007: HK\$0.25) per share	1,116.5	500.0
Final dividend proposed of HK\$0.40 (2007: paid of HK\$0.30) per share	822.8	604.4
	1,939.3	1,104.4

On 8 October 2008, the board of directors recommended a final dividend of HK\$0.40 per share. This dividend will be accounted for as an appropriation of the retained profits for the year ending 30 June 2009.

12 EARNINGS PER SHARE

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

	2008 HK\$m	2007 HK\$m
Profit attributable to shareholders of the Company	3,818.3	2,005.4
Effect of dilutive potential ordinary shares		
Interest on convertible bonds, net of tax	–	3.5
Adjustment on the effect of dilution in the results of a subsidiary company	(0.6)	–
Profit for calculation of diluted earnings per share	3,817.7	2,008.9

	Number of shares	
	2008	2007
Weighted average number of shares for calculating basic earnings per share	2,022,654,890	1,978,273,528
Effect of dilutive potential ordinary shares		
Share options	4,511,958	1,735,910
Convertible bonds	–	15,962,978
Weighted average number of shares for calculating diluted earnings per share	2,027,166,848	1,995,972,416

13 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

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

	2008 HK\$m	2007 HK\$m
Fees	2.8	2.5
Basic salaries, allowances and other benefits	42.5	31.9
Share option benefits	48.1	10.6
Employer's contribution to retirement benefits schemes	2.3	1.8
	95.7	46.8

NOTES TO THE FINANCIAL STATEMENTS

13 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

The remunerations of individual directors are set out below:

Name of director	Fees HK\$'m	Basic salaries, allowances and other benefits HK\$'m	Employer's contribution to retirement benefits schemes HK\$'m	Sub-total HK\$'m	Deemed share option benefits HK\$'m	2008 Total emoluments HK\$'m	2007 Total emoluments HK\$'m
Dr Cheng Kar Shun, Henry	0.28	7.71	0.30	8.29	8.39	16.68	4.51
Mr Doo Wai Hoi, William	0.15	4.20	0.22	4.57	5.60	10.17	3.21
Mr Chan Kam Ling	0.20	6.17	0.43	6.80	5.60	12.40	5.81
Mr Tsang Yam Pui	0.20	5.63	0.20	6.03	4.20	10.23	5.11
Mr Wong Kwok Kin, Andrew	0.15	5.07	0.31	5.53	4.20	9.73	4.37
Mr Lam Wai Hon, Patrick	0.20	5.04	0.33	5.57	4.20	9.77	4.39
Mr Cheung Chin Cheung	0.15	4.81	0.33	5.29	4.20	9.49	4.34
Mr William Junior Guilherme Doo	0.15	3.88	0.16	4.19	4.20	8.39	3.21
Mr Wilfried Ernst Kaffenberger #	0.15	–	–	0.15	0.84	0.99	10.83
Mr To Hin Tsun, Gerald #	0.15	–	–	0.15	0.84	0.99	0.16
Mr Dominic Lai #	0.20	0.01	–	0.21	0.84	1.05	0.15
Mr Kwong Che Keung, Gordon *	0.27	0.01	–	0.28	1.67	1.95	0.25
Mr Cheng Wai Chee, Christopher *	0.25	0.01	–	0.26	1.67	1.93	0.25
Mr Shek Lai Him, Abraham *	0.25	0.01	–	0.26	1.67	1.93	0.25
Total	2.75	42.55	2.28	47.58	48.12	95.70	46.84

(note c)

Non-executive director

* Independent non-executive director

Notes:

- Remuneration package, including basic salaries, allowances and other benefits, contribution to retirement benefits scheme and share option benefits, is determined according to individual performance, job responsibility and seniority, and is reviewed with reference to market conditions.
- There is no payment on inducement fees and compensation for loss of office as director.
- The deemed share option benefits are calculated in accordance with the requirement as stipulated in HKFRS 2 "Share-based Payment". None of the directors of the Company has exercised the share options granted during the year.

13 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2007: four) directors whose emoluments are reflected in the above analysis. The emoluments payable to the remaining three (2007: one) individuals during the year are as follows:

	2008 HK\$'m	2007 HK\$'m
Basic salaries, allowances and other benefits	34.81	4.39
Employer's contribution to retirement benefits schemes	0.48	0.01
Share option benefits	1.12	–
	36.41	4.40

The emoluments fell within the following bands:

	Number of individuals	
	2008	2007
Emolument bands (in HK\$)		
4,000,001 – 4,500,000	–	1
11,500,001 – 12,000,000	2	–
13,000,001 – 13,500,000	1	–

14 INVESTMENT PROPERTIES

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
At the beginning of year		1,103.3	1,043.6
Transfer from leasehold land and land use rights, property, plant and equipment	15,16	–	36.5
Fair value changes	6	26.4	23.2
At the end of year		1,129.7	1,103.3

The investment properties were revalued on 30 June 2008 and 30 June 2007 on a market value basis by Vigers Hong Kong Limited, independent professional property valuers.

NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT PROPERTIES (CONTINUED)

The Group's interests in investment properties are analyzed as follows:

	2008 HK\$'m	2007 HK\$'m
Held in Hong Kong, on leases of over 50 years	1,116.0	1,092.0
Held in Hong Kong, on leases of between 10 to 50 years	9.0	6.6
Held in Mainland China, on leases of over 50 years	4.7	4.7
	1,129.7	1,103.3

15 PROPERTY, PLANT AND EQUIPMENT

HK\$'m	Note	Group				Total	Company
		Properties	Roads and bridges	Port facilities and terminal equipment	Other plant and equipment		Other plant and equipment
Cost							
At 1 July 2007		152.9	1,944.8	11.8	1,649.8	3,759.3	19.4
Currency translation differences		1.1	239.4	0.6	9.4	250.5	–
Additions		–	–	–	174.9	174.9	7.8
Disposals		(16.0)	–	–	(57.6)	(73.6)	(0.4)
Disposal of subsidiary companies	39(b)	(5.1)	–	(6.4)	(42.9)	(54.4)	–
Deconsolidation of subsidiary companies	39(d)	–	(298.6)	–	(6.5)	(305.1)	–
At 30 June 2008		132.9	1,885.6	6.0	1,727.1	3,751.6	26.8
Accumulated depreciation and impairment							
At 1 July 2007		29.0	539.2	7.2	1,226.8	1,802.2	14.0
Currency translation differences		–	69.6	0.3	5.4	75.3	–
Depreciation		3.8	94.1	0.6	123.4	221.9	4.4
Disposals		(5.9)	–	–	(53.1)	(59.0)	(0.1)
Disposal of subsidiary companies	39(b)	(1.1)	–	(5.5)	(21.8)	(28.4)	–
Deconsolidation of subsidiary companies	39(d)	–	(120.4)	–	(5.3)	(125.7)	–
At 30 June 2008		25.8	582.5	2.6	1,275.4	1,886.3	18.3
Net book value							
At 30 June 2008		107.1	1,303.1	3.4	451.7	1,865.3	8.5
At 30 June 2007		123.9	1,405.6	4.6	423.0	1,957.1	5.4

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

HK\$m	Note	Group				Total	Company
		Properties	Roads and bridges	Port facilities and terminal equipment	Other plant and equipment		Other plant and equipment
Cost							
At 1 July 2006		185.8	1,823.3	11.1	1,361.3	3,381.5	16.6
Currency translation differences		–	121.5	0.7	6.0	128.2	–
Additions		3.2	–	–	113.3	116.5	2.8
Acquisition of a subsidiary company	39(f)	3.1	–	–	234.2	237.3	–
Disposals		(2.8)	–	–	(47.3)	(50.1)	–
Disposal of subsidiary companies	39(b)	–	–	–	(17.7)	(17.7)	–
Transfer to investment properties	14	(36.4)	–	–	–	(36.4)	–
At 30 June 2007		152.9	1,944.8	11.8	1,649.8	3,759.3	19.4
Accumulated depreciation and impairment							
At 1 July 2006		27.5	409.3	5.9	994.6	1,437.3	7.0
Currency translation differences		–	28.2	0.3	2.9	31.4	–
Acquisition of a subsidiary company	39(f)	0.8	–	–	162.6	163.4	–
Depreciation		3.8	87.3	1.0	109.1	201.2	7.0
Impairment		–	14.4	–	–	14.4	–
Disposals		(1.0)	–	–	(42.4)	(43.4)	–
Transfer to investment properties	14	(2.1)	–	–	–	(2.1)	–
At 30 June 2007		29.0	539.2	7.2	1,226.8	1,802.2	14.0
Net book value							
At 30 June 2007		123.9	1,405.6	4.6	423.0	1,957.1	5.4
At 30 June 2006		158.3	1,414.0	5.2	366.7	1,944.2	9.6

NOTES TO THE FINANCIAL STATEMENTS

16 LEASEHOLD LAND AND LAND USE RIGHTS

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Cost			
At the beginning of year		139.8	144.5
Currency translation differences		0.3	0.3
Additions		648.2	–
Disposals		–	(1.6)
Transfer to investment properties	14	–	(3.4)
At the end of year		788.3	139.8
Accumulated amortization and impairment			
At the beginning of year		40.7	37.5
Amortization		2.1	4.8
Disposals		–	(0.4)
Transfer to investment properties	14	–	(1.2)
At the end of year		42.8	40.7
Net book value			
At the end of year		745.5	99.1

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analyzed as follows:

	2008 HK\$'m	2007 HK\$'m
Held in Hong Kong, on		
Leases of over 50 years	17.5	17.6
Leases of between 10 to 50 years	697.6	50.7
Held in Mainland China and overseas, on		
Leases of over 50 years	12.1	12.2
Leases of between 10 to 50 years	18.0	18.3
Leases of below 10 years	0.3	0.3
	745.5	99.1

17 INTANGIBLE ASSETS

HK\$'m	Group			Total
	Goodwill	Trademark and licences	Operating right	
Cost				
At 1 July 2007	355.1	162.8	–	517.9
Additions	5.3	–	232.3	237.6
At 30 June 2008	360.4	162.8	232.3	755.5
Accumulated amortization and impairment				
At 1 July 2007	15.4	3.5	–	18.9
Amortization	–	7.7	–	7.7
At 30 June 2008	15.4	11.2	–	26.6
Net book value				
At 30 June 2008	345.0	151.6	232.3	728.9
At 30 June 2007	339.7	159.3	–	499.0

HK\$'m	Note	Group			Total
		Goodwill	Trademark and licences	Operating right	
Cost					
At 1 July 2006		345.3	–	–	345.3
Acquisition of a subsidiary company	39(f)	9.8	162.8	–	172.6
At 30 June 2007		355.1	162.8	–	517.9
Accumulated amortization and impairment					
At 1 July 2006		15.4	–	–	15.4
Acquisition of a subsidiary company	39(f)	–	3.5	–	3.5
At 30 June 2007		15.4	3.5	–	18.9
Net book value					
At 30 June 2007		339.7	159.3	–	499.0
At 30 June 2006		329.9	–	–	329.9

17 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segment. The recoverable amount of a CGU is determined based on value-in-use calculations. The key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management's best estimates. Discount rates used also reflect specific risks relating to the relevant segments. Growth rates are determined by considering both internal and external factors relating to the relevant segments and annualized growth rates range from 0% to 1%.

A segment-level summary of the goodwill allocation is presented below:

HK\$m	Hong Kong	Mainland China	Total
2008			
Contracting	136.8	–	136.8
Facilities management	89.6	–	89.6
Roads and bridges	–	19.4	19.4
Financial services	99.2	–	99.2
	325.6	19.4	345.0
2007			
Contracting	136.8	–	136.8
Facilities management	89.6	–	89.6
Roads and bridges	–	19.4	19.4
Financial services	93.9	–	93.9
	320.3	19.4	339.7

Discount rates used for value-in-use calculations range from 6.28% to 8.59%.

(b) Trademark and licences

Trademark as at 30 June 2008 primarily resulted from the acquisition of financial service business and are assessed to have a finite useful life. Trademark is tested for impairment when there is indication of impairment and amortized over their finite useful lives.

Licences represent the Group's eligibility rights to trade on or through the Hong Kong Stock Exchange and the Hong Kong Futures Exchange Limited, which are considered to have indefinite lives, and are not amortized.

(c) Operating right

Operating right as at 30 June 2008 primarily resulted from the acquisition of right to operate its facilities rental business. Operating right is tested for impairment when there is indication of impairment and amortized over the period of the operating right.

18 SUBSIDIARY COMPANIES

	Company	
	2008 HK\$m	2007 HK\$m
Unlisted shares, at cost	7,893.3	7,893.3

Particulars of principal subsidiary companies are given in Note 44.

19 ASSOCIATED COMPANIES

	Note	Group	
		2008 HK\$m	2007 HK\$m
Group's share of net assets			
Companies listed in Hong Kong	19(a)	889.6	731.1
Company listed in Mainland China	19(a)	252.4	183.5
Unlisted companies	19(b)	1,700.4	2,665.9
		2,842.4	3,580.5
Goodwill		201.1	267.5
Amounts receivable	19(c)	349.1	255.8
		3,392.6	4,103.8

- (a) The market value of the Group's listed associated companies in Hong Kong amounts to HK\$430.2 million (2007: HK\$756.4 million). The market value of the Group's listed associated company in Mainland China amounts to HK\$1,171.7 million (2007: HK\$1,125.7 million).
- (b) Included in the unlisted associated companies are three investment companies in which the Group has participating interests and held for investment purposes. For the year ended 30 June 2008, the Group's share of losses of these three investment companies amounted to HK\$24.7 million (2007: share of profits HK\$48.9 million). The Group's investment in these companies as at 30 June 2008 amounted to HK\$754.3 million (2007: HK\$405.5 million), which mainly represents the fair value of investments in various listed and unlisted securities.
- (c) The amounts receivable are unsecured, interest free and have no fixed terms of repayment except for an amount of HK\$104.7 million (2007: HK\$93.1 million) which bears interest at 8% per annum. The carrying amounts of the amounts receivable are not materially different from their fair values.
- (d) Dividend income from associated companies was HK\$148.3 million (2007: HK\$624.8 million).
- (e) Particulars of principal associated companies of the Group are disclosed under Note 45.
- (f) Contingent liabilities relating to the Group's interest in the associated companies are disclosed under Note 38.

NOTES TO THE FINANCIAL STATEMENTS

19 ASSOCIATED COMPANIES (CONTINUED)

(g) The Group's share of assets, liabilities, revenue and results of associated companies are summarized below:

	Group	
	2008 HK\$'m	2007 HK\$'m
Non-current assets	3,815.2	4,359.0
Current assets	1,004.8	1,509.6
Current liabilities	(1,072.8)	(1,187.7)
Non-current liabilities	(904.8)	(1,100.4)
Net assets	2,842.4	3,580.5
Revenue	1,766.8	2,415.2
Profit for the year	315.8	542.6

20 JOINTLY CONTROLLED ENTITIES

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Co-operative joint ventures			
Cost of investment less provision		1,223.5	1,366.0
Goodwill		98.3	98.3
Share of undistributed post-acquisition results		1,368.4	1,182.1
Amounts receivable	20(a)	767.9	984.6
		3,458.1	3,631.0
Equity joint ventures			
Group's share of net assets		3,036.8	1,003.0
Goodwill		159.3	–
		3,196.1	1,003.0
Companies limited by shares			
Group's share of net assets		5,318.5	4,539.4
Goodwill		363.0	363.0
Amounts receivable	20(a)	3,586.2	1,283.8
Amounts payable	20(b)	(47.1)	(32.7)
		9,220.6	6,153.5
		15,874.8	10,787.5

20 JOINTLY CONTROLLED ENTITIES (CONTINUED)

(a) Amounts receivable are analyzed as follows:

	Note	Group	
		2008 HK\$m	2007 HK\$m
Interest bearing			
Fixed rates	20(a)(i)	139.0	155.5
Variable rates	20(a)(ii)	125.8	128.7
Non-interest bearing		4,089.3	1,984.2
		4,354.1	2,268.4

(i) Represent fixed rates ranging from 6% to 10% per annum (2007: 6% to 10% per annum).

(ii) Represent variable rates ranging from 0.6% over one-month Hong Kong Interbank Offered Rate to Hong Kong prime rate.

The repayment terms of the amounts receivable are specified in the relevant joint venture agreements.

The carrying amounts of the amounts receivable are not materially different from their fair values.

(b) The amounts payable are unsecured, non-interest bearing and not repayable in twelve months. The carrying amounts are not materially different from their fair values.

(c) Dividend income from jointly controlled entities was HK\$3,199.1 million (2007: HK\$708.1 million).

(d) Particulars of principal jointly controlled entities are disclosed under Note 46.

(e) Contingent liabilities relating to the Group's interest in the jointly controlled entities are disclosed under Note 38.

(f) The Group's share of assets, liabilities, revenue and results of jointly controlled entities are summarized below:

	Group	
	2008 HK\$m	2007 HK\$m
Non-current assets	17,501.0	13,412.3
Current assets	6,577.5	3,802.4
Current liabilities	(8,158.2)	(4,163.8)
Non-current liabilities	(4,973.1)	(4,960.4)
Net assets	10,947.2	8,090.5
Revenue	9,989.5	4,186.4
Profit for the year	2,901.7	1,034.8

NOTES TO THE FINANCIAL STATEMENTS

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2008 HK\$'m	2007 HK\$'m
Listed securities		
Equity securities listed in Hong Kong	299.2	340.8
Equity securities listed in overseas	34.7	–
Unlisted securities		
Equity securities	290.4	243.5
Debt securities	39.0	39.0
	663.3	623.3
Market value of listed securities	333.9	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 cash flow 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:

	Group	
	2008 HK\$'m	2007 HK\$'m
Equity securities		
Public sector entities	33.3	33.3
Bank and other financial institutions	188.5	74.2
Corporate entities	402.5	476.8
Debt securities		
Public sector entities	29.0	29.0
Corporate entities	10.0	10.0
	663.3	623.3

The available-for-sale financial assets are denominated in the following currencies:

	Group	
	2008 HK\$'m	2007 HK\$'m
Hong Kong dollar	309.2	378.8
Renminbi	103.3	84.4
United States dollar	188.5	97.8
Others	62.3	62.3
	663.3	623.3

22 OTHER NON-CURRENT ASSETS

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Long term receivable	22(a)	116.7	194.6
Retirement benefit assets	35(b)(i)	13.6	11.1
Deferred tax assets	34	11.9	6.3
Property for development		113.4	–
Security deposits		377.6	–
Others		10.5	17.2
		643.7	229.2

(a) Long term receivable

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Long term receivable		194.4	272.3
Current portion included in trade and other receivables	24	(77.7)	(77.7)
		116.7	194.6

The Group disposed of a power plant in Mainland China and the consideration is receivable by 14 biannual installments up to 2010. The receivable is secured by certain property, plant and equipment of the debtor and bears interest at London Interbank Offered Rate plus 1.9% per annum.

The carrying amount of long term receivable approximates its fair value. It is denominated in United States dollar.

23 INVENTORIES

	Group	
	2008 HK\$'m	2007 HK\$'m
Raw materials	21.3	26.4
Work-in-progress	24.8	9.5
Finished goods	232.8	115.2
	278.9	151.1

NOTES TO THE FINANCIAL STATEMENTS

24 TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2008 HK\$'m	2007 HK\$'m	2008 HK\$'m	2007 HK\$'m
Trade receivables	24(a)	2,379.2	8,118.4	–	–
Retention money receivables		1,331.1	1,192.3	–	–
Current portion of long term receivable	22(a)	77.7	77.7	–	–
Amounts due from customers for contract works	28	449.8	506.3	–	–
Advances to customers	24(b)	1,863.6	2,205.6	–	–
Other receivables, deposits and prepayments		3,190.8	2,322.6	6.0	3.8
Amounts due from associated companies	24(c)	108.1	68.9	–	–
Amounts due from jointly controlled entities	24(c)	179.3	200.3	–	–
Amounts due from subsidiary companies	24(d)	–	–	14,072.7	9,528.3
		9,579.6	14,692.1	14,078.7	9,532.1

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

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Receivables arising from securities business	24(a)(i)	586.4	6,215.6
Other trade receivables		1,792.8	1,902.8
		2,379.2	8,118.4

- (i) The balance represents mainly 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, and accounts receivable attributable to dealing in new shares subscription on clients' behalf which are normally settled within one week.

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

The ageing analysis of trade receivables is as follows:

	Group	
	2008 HK\$m	2007 HK\$m
Under 3 months	1,994.5	7,803.5
4 to 6 months	119.3	104.0
Over 6 months	265.4	210.9
	2,379.2	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. Retention money receivables in respect of contracting services are settled in accordance with the terms of respective contracts.

Trade receivables arising from securities business represent the Group's major exposure to the credit risk associated with the default of the counterparty, with a maximum exposure equal to the carrying amounts of these balances.

An allowance for impairment of trade receivables is made based on the estimated irrecoverable amount determined by reference to past default experience and where there are indicators that the debtor is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payment are considered indicators that the debtor is impaired.

At 30 June 2008, trade receivables of HK\$657.3 million (2007: HK\$672.8 million) were past due but not impaired. The period of time since the due dates of these trade receivables is as follows:

	Group	
	2008 HK\$m	2007 HK\$m
Under 3 months	305.3	385.4
4 to 6 months	101.0	87.6
Over 6 months	251.0	199.8
	657.3	672.8

NOTES TO THE FINANCIAL STATEMENTS

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

At 30 June 2008, trade receivables of HK\$131.2 million (2007: HK\$146.9 million) were impaired. The period of time since the due dates of these trade receivables is as follows:

	Group	
	2008 HK\$m	2007 HK\$m
Under 3 months	13.7	0.7
4 to 6 months	2.9	0.3
Over 6 months	114.6	145.9
	131.2	146.9

Movements on provision for impairment of trade receivables are as follows:

	Note	Group	
		2008 HK\$m	2007 HK\$m
At the beginning of year		146.9	179.4
Additional provisions	6	19.8	25.7
Unused amounts reversed		(11.2)	(10.1)
Amounts written off		(24.3)	(48.1)
At the end of year		131.2	146.9

- (b) The Group has made loans to margin clients for its securities businesses. Such loans 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 30 June 2008, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK\$21,293.0 million (2007: HK\$15,942.2 million).
- (c) The amounts receivable are interest free, unsecured and have no fixed repayment terms (2007: HK\$17.7 million carried interest at Hong Kong Prime Rate).
- (d) The amounts due from subsidiary companies are unsecured, interest free and have no fixed repayment terms.

The Group has recognized a loss of HK\$19.8 million (2007: HK\$25.7 million) for the impairment of its trade and other receivables during the year ended 30 June 2008. The loss has been included in general and administrative expenses in the income statement.

Included in the Group's trade and other receivables are HK\$890.9 million (2007: HK\$603.9 million) denominated in Renminbi and HK\$1,819.1 million (2007: HK\$1,517.8 million) denominated in Macau Pataca. The remaining balances are mainly denominated in Hong Kong dollar.

The trade and other receivables of the Company are mainly denominated in Hong Kong dollar.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2008 HK\$'m	2007 HK\$'m
Listed securities		
Equity securities listed in Hong Kong	174.6	111.9
Equity securities listed overseas	42.7	9.7
	217.3	121.6
Unlisted securities		
Equity securities	61.9	54.7
Debt securities	53.1	70.6
	115.0	125.3
Total	332.3	246.9
Market value of listed securities	217.3	121.6

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 investments are determined using financial models, such as discounted cash flow 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:

	Group	
	2008 HK\$'m	2007 HK\$'m
Equity securities		
Bank and other financial institutions	87.0	73.5
Corporate entities	192.2	102.8
Debt securities		
Bank and other financial institutions	53.1	70.6
	332.3	246.9

The financial assets at fair value through profit or loss are denominated in the following currencies:

	Group	
	2008 HK\$'m	2007 HK\$'m
Hong Kong dollar	172.0	111.9
United States dollar	110.8	102.2
Others	49.5	32.8
	332.3	246.9

NOTES TO THE FINANCIAL STATEMENTS

26 CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its securities businesses. The Group has classified the clients' monies as cash held on behalf of customers 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.

27 CASH AND BANK BALANCES

	Group		Company	
	2008 HK\$'m	2007 HK\$'m	2008 HK\$'m	2007 HK\$'m
Time deposits	1,419.0	1,212.9	62.4	–
Other cash at bank and in hand	2,705.2	2,034.3	8.3	19.7
	4,124.2	3,247.2	70.7	19.7
Less: Short term deposits	(126.4)	(126.4)	–	–
Cash and bank balances	3,997.8	3,120.8	70.7	19.7

The short term deposits of HK\$126.4 million (2007: HK\$126.4 million) were pledged as securities for banking facilities.

The effective interest rate on time deposits was 1.94% (2007: 3.88%) per annum; these deposits have an average maturity of 10 days (2007: 23 days).

28 CONTRACTS IN PROGRESS

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Contract costs incurred plus attributable profits less foreseeable losses		29,267.8	23,871.3
Progress payments received and receivable		(29,712.7)	(24,163.7)
		(444.9)	(292.4)
Representing			
Gross amounts due from customers for contract works	24	449.8	506.3
Gross amounts due to customers for contract works	33	(894.7)	(798.7)
		(444.9)	(292.4)

29 SHARE CAPITAL

	Ordinary Shares	
	No. of shares	HK\$m
Authorized		
At 30 June 2007 and 30 June 2008	2,400,000,000	2,400.0
Issued and fully paid		
At 1 July 2006	1,943,752,725	1,943.8
Exercise of share options	1,061,926	1.0
Issued as scrip dividend	26,388,306	26.4
Conversion of convertible bonds	43,042,478	43.0
At 30 June 2007	2,014,245,435	2,014.2
Exercise of share options	770,125	0.8
Issued as scrip dividend	42,611,249	42.6
At 30 June 2008	2,057,626,809	2,057.6

Share Option Schemes

(a) The Company

A share option scheme which will be valid and effective for a period of ten years from the date of adoption was adopted by the Company on 6 December 2001 and amended on 12 March 2003 and 24 November 2006 (the "Share Option Scheme"). 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 year are as follows:

	Note	Number of options		Weighted average exercise price of each category (HK\$)	
		2008	2007	2008	2007
At the beginning of year	29(a)(i),(iv)	1,480,167	2,548,937	3.711	3.711
Exercised		(770,125)	(1,061,926)	3.711	3.711
Lapsed		(68)	(6,844)	3.711	3.711
Granted	29(a)(ii),(iii)	30,394,000	–	16.301	–
Adjusted	29(a)(iv)	13,158	–	0.354	–
At the end of year		31,117,132	1,480,167	16.007	3.711

- (i) 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 price of the Company's shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of grant. The exercise price per share was subsequently adjusted to HK\$3.711 on 6 January 2006. All outstanding share options expired on 21 July 2008.

29 SHARE CAPITAL (CONTINUED)

Share Option Schemes (continued)

(a) The Company (continued)

- (ii) On 21 August 2007 and 28 January 2008, 29,694,000 and 700,000 share options were granted to directors and / or certain eligible participants at the exercise price of HK\$16.2 and HK\$20.6 respectively, which represents the closing price of the Company's shares on the Hong Kong Stock Exchange on the dates of grant. Such share options will expire on 21 August 2012.
- (iii) The fair value of the share options granted during the year with exercise price per share of HK\$16.2 (subsequently being adjusted to HK\$16.193) and HK\$20.6 (subsequently being adjusted to HK\$20.591) are estimated at approximately HK\$5.23 and HK\$6.49 respectively, 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.
- (iv) Pursuant to the Share Option Scheme, the number of unexercised share options and exercise price may be subject to adjustment in case of alteration in the capital structure of the Company. The Company declared the interim dividend for the year ended 30 June 2008 in scrip form (with cash option) on 17 March 2008 which gave rise to an adjustment to the number of unexercised share options and the exercise price in accordance with the said scheme. The exercise price per share for the share options granted on 21 July 2003, 21 August 2007 and 28 January 2008 were adjusted from HK\$3.711 to HK\$3.709, from HK\$16.2 to HK\$16.193 and from HK\$20.6 to HK\$20.591 respectively, all with effect from 18 June 2008.

Share options outstanding at the end of year have the following terms:

	Expiry date	Number of options		Vested percentage	
		2008	2007	2008	2007
Exercise price		HK\$3.709	HK\$3.711		
Other eligible participants	21 July 2008	710,250	1,480,167	100%	100%

	Expiry Date	Number of options		Vested percentage	
		2008	2007	2008	2007
Exercise price		HK\$16.193	–		
Director	21 August 2012	17,207,315	–	0%	–
Other eligible participants	21 August 2012	12,499,272	–	0%	–
		29,706,587	–		

	Expiry Date	Number of options		Vested percentage	
		2008	2007	2008	2007
Exercise price		HK\$20.591	–		
Other eligible participants	21 August 2012	700,295	–	0%	–

29 SHARE CAPITAL (CONTINUED)

Share Option Schemes (continued)

(b) Taifook Securities

Taifook Securities, a subsidiary company of the Company, operates a share option scheme whereby options may be granted to eligible employees and directors, to subscribe for shares of Taifook Securities.

Details of Taifook Securities' share option scheme and the movements in the number of share options outstanding during the year are as follows:

Date of grant	Exercise price	Number of options					Exercisable period
		1 July 2007	Granted	Exercised	Lapsed	30 June 2008	
5 September 2003	HK\$1.20	1,300,000	-	(1,000,000)	-	300,000	5 March 2004 – 4 March 2009
10 February 2006	HK\$0.94	2,000,000	-	(1,950,000)	-	50,000	10 August 2006 – 9 August 2014
1 December 2007	HK\$6.09	-	28,700,000	-	(200,000)	28,500,000	1 June 2008 – 31 May 2016
		3,300,000	28,700,000	(2,950,000)	(200,000)	28,850,000	
Weighted average exercise price of each category (HK\$)		1.042	6.09	1.028	6.09	6.03	

The fair value of options granted during the year amounted to HK\$0.56. The fair value of the equity-settled share options granted during the year ended 30 June 2008 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 significant inputs to the model are dividend yield of 7.03%, expected volatility of 43.61%, risk free rate of 1.21%, expected life of option of 1 year and weighted average share price of 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.

- (c) The share options will be vested according to the share option schemes and the terms of grant provided that for the vesting to occur the grantee has to remain as an eligible participant on such vesting date.
- (d) The binomial pricing model and the Black-Scholes option pricing model require input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

NOTES TO THE FINANCIAL STATEMENTS

30 RESERVES

HK\$m	Group					Total
	Share premium	Special reserves	Investments revaluation reserve	Exchange reserve	Revenue reserve	
At 1 July 2007	9,630.0	282.3	211.5	524.1	4,534.4	15,182.3
Profit for the year	-	-	-	-	3,818.3	3,818.3
Dividends to shareholders of the Company	-	-	-	-	(1,720.9)	(1,720.9)
Fair value changes on available-for-sale financial assets, net of tax						
Group	-	-	(233.9)	-	-	(233.9)
Associated companies	-	-	(102.1)	-	-	(102.1)
Disposal of available-for-sale financial assets	-	-	(15.3)	-	-	(15.3)
Currency translation differences						
Group	-	-	-	137.3	-	137.3
Associated companies	-	-	-	202.3	-	202.3
Jointly controlled entities	-	-	-	753.1	-	753.1
Scrip dividends						
share premium on issue of new shares	972.6	-	-	-	-	972.6
Share options						
value of services provided						
Group	-	91.1	-	-	-	91.1
Associated companies	-	2.2	-	-	-	2.2
Jointly controlled entities	-	1.4	-	-	-	1.4
share premium on issue of new shares	2.1	-	-	-	-	2.1
Transfer	1.1	(1.5)	-	-	0.4	-
At 30 June 2008	10,605.8	375.5	(139.8)	1,616.8	6,632.2	19,090.5
Representing						
Balance at 30 June 2008	10,605.8	375.5	(139.8)	1,616.8	5,809.4	18,267.7
Proposed final dividend	-	-	-	-	822.8	822.8
	10,605.8	375.5	(139.8)	1,616.8	6,632.2	19,090.5

30 RESERVES (CONTINUED)

HK\$m	Group					Total
	Share premium	Special reserves	Investments revaluation reserve	Exchange reserve	Revenue reserve	
At 1 July 2006	8,596.2	336.8	43.2	123.5	3,422.8	12,522.5
Profit for the year	–	–	–	–	2,005.4	2,005.4
Dividends to shareholders of the Company	–	–	–	–	(894.4)	(894.4)
Fair value changes on available-for-sale financial assets	–	–	1,227.3	–	–	1,227.3
Deferred tax on fair value change on available-for-sale financial assets	–	–	(263.3)	–	–	(263.3)
Disposal of available-for-sale financial assets	–	–	(5.8)	–	–	(5.8)
Reclassification of available-for-sale financial assets to associated companies	–	–	(1,053.2)	–	–	(1,053.2)
Deferred tax on reclassification of available-for-sale financial assets to associated companies	–	–	263.3	–	–	263.3
Currency translation differences						
Group	–	–	–	84.2	–	84.2
Associated companies	–	–	–	137.5	–	137.5
Jointly controlled entities	–	–	–	178.9	–	178.9
Scrip dividends						
share premium on issue of new shares	489.2	–	–	–	–	489.2
Convertible bonds						
share premium on issue of new shares	519.1	–	–	–	–	519.1
equity component	–	(37.9)	–	–	–	(37.9)
deferred tax on equity component	–	6.6	–	–	–	6.6
Share options						
share premium on issue of new shares	2.9	–	–	–	–	2.9
Transfer	22.6	(23.2)	–	–	0.6	–
At 30 June 2007	9,630.0	282.3	211.5	524.1	4,534.4	15,182.3
Representing						
Balance at 30 June 2007	9,630.0	282.3	211.5	524.1	3,930.0	14,577.9
Proposed final dividend	–	–	–	–	604.4	604.4
	9,630.0	282.3	211.5	524.1	4,534.4	15,182.3

Special reserves include statutory reserves which are created in accordance with the terms of the joint venture agreements of subsidiary companies and jointly controlled entities established in Mainland China and are required to be retained in the financial statements of these subsidiary companies and jointly controlled entities for specific purposes. Special reserves also include capital redemption reserve and share option reserves.

NOTES TO THE FINANCIAL STATEMENTS

30 RESERVES (CONTINUED)

HK\$'m	Company				Total
	Share premium	Contributed surplus	Special reserves	Revenue reserve	
At 1 July 2006	8,596.2	237.3	25.7	713.0	9,572.2
New issue of shares	489.2	–	–	–	489.2
Profit for the year	–	–	–	969.4	969.4
Dividends	–	–	–	(894.4)	(894.4)
Share options					
share premium on issue of new shares	2.9	–	–	–	2.9
Convertible bonds					
share premium on issue of new shares	519.1	–	–	–	519.1
Transfer	22.6	–	(22.6)	–	–
At 30 June 2007	9,630.0	237.3	3.1	788.0	10,658.4
Representing					
Balance at 30 June 2007	9,630.0	237.3	3.1	183.6	10,054.0
Proposed final dividend	–	–	–	604.4	604.4
	9,630.0	237.3	3.1	788.0	10,658.4
At 1 July 2007	9,630.0	237.3	3.1	788.0	10,658.4
New issue of shares	972.6	–	–	–	972.6
Profit for the year	–	–	–	2,190.6	2,190.6
Dividends	–	–	–	(1,720.9)	(1,720.9)
Share options					
value of services provided	–	–	53.2	–	53.2
share premium on issue of new shares	2.1	–	–	–	2.1
Transfer	1.1	–	(1.1)	–	–
At 30 June 2008	10,605.8	237.3	55.2	1,257.7	12,156.0
Representing					
Balance at 30 June 2008	10,605.8	237.3	55.2	434.9	11,333.2
Proposed final dividend	–	–	–	822.8	822.8
	10,605.8	237.3	55.2	1,257.7	12,156.0

The contributed surplus of the Company represents the difference between the nominal value of the ordinary share capital issued by the Company and the consolidated net asset value of the subsidiary companies acquired at the date of acquisition pursuant to the group reorganization implemented in 1997. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of contributed surplus in certain circumstances.

Special reserves include capital redemption reserve and share option reserve.

31 BORROWINGS

	Note	Group		Company	
		2008 HK\$m	2007 HK\$m	2008 HK\$m	2007 HK\$m
Non-current					
Bank loans	31(a),(b)	5,068.6	3,937.9	–	–
Current					
Current portion of bank loans	31(a),(b)	2,047.9	1,287.4	–	599.5
Short term bank loans and overdrafts – secured	31(b),(c)	90.0	629.6	–	–
Short term bank loans and overdrafts – unsecured	31(b)	1,449.9	5,732.3	–	–
Other borrowings – unsecured	31(b),(d)	134.5	98.4	–	–
		3,722.3	7,747.7	–	599.5
		8,790.9	11,685.6	–	599.5

(a) Bank loans

	Group		Company	
	2008 HK\$m	2007 HK\$m	2008 HK\$m	2007 HK\$m
Bank loans, unsecured and wholly repayable within five years	7,116.5	5,225.3	–	599.5
Amounts repayable within one year included in current liabilities	(2,047.9)	(1,287.4)	–	(599.5)
	5,068.6	3,937.9	–	–

The maturity of bank loans is as follows:

	Group	
	2008 HK\$m	2007 HK\$m
Within one year	2,047.9	1,287.4
In the second year	1,838.3	950.1
In the third to fifth year	3,230.3	2,987.8
	7,116.5	5,225.3

NOTES TO THE FINANCIAL STATEMENTS

31 BORROWINGS (CONTINUED)

(b) The effective interest rates of borrowings at the balance sheet date were as follows:

	2008	2007
Bank overdraft	5.25%	5.69%
Bank loans	2.30%	4.83%
Other loans	2.15%	4.85%

The carrying amounts of the borrowings approximate their fair values.

The borrowings are mainly denominated in Hong Kong dollar.

As at 30 June 2008, the Group's long term borrowings of HK\$7.117 billion (2007: HK\$5.225 billion) are exposed to interest rate risk of contractual repricing dates falling within one year.

- (c) The secured bank loans and overdrafts of the Group are secured by the listed shares of customers held by a subsidiary company as security for advances to the customers (with the customers' consent). The market value of the shares pledged is HK\$1,819.0 million (2007: HK\$2,011.6 million).
- (d) During the year, Taifook Securities, a subsidiary company of the Company, obtained an unsecured loan from Chow Tai Fook Nominee Limited, a related company of the Group, with principal amount of HK\$131.0 million outstanding as at 30 June 2008. The loan bears interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 0.25% per annum.

32 OTHER NON-CURRENT LIABILITIES

	Note	Group		Company	
		2008 HK\$'m	2007 HK\$'m	2008 HK\$'m	2007 HK\$'m
Long service payment obligations		50.6	41.9	–	–
Deferred tax liabilities	34	142.2	111.3	–	–
Deferred interest income		169.7	154.9	–	–
Loans from minority shareholders	32(a)	265.6	375.7	–	–
		628.1	683.8	–	–
Amount due to a fellow subsidiary company	32(b)	–	117.0	–	117.0
Current portion included in current liabilities	33	–	(117.0)	–	(117.0)
		–	–	–	–
		628.1	683.8	–	–

- (a) The loans are interest free, unsecured and not repayable within one year except for an aggregate amount of HK\$34.0 million (2007: HK\$85.5 million) which carries interest at 10% per annum.
- (b) The amount was due to New World TMT Limited ("NWTMT") and represented the Company's undertaking of a bank loan of NWTMT as part of the consideration for acquisition of the infrastructure assets under the reorganisation of the Group which was completed in January 2003. Interest charged on the amount due to NWTMT was by reference to the actual interest charged on the bank loan. The amount has been fully repaid in the current year.

33 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2008 HK\$'m	2007 HK\$'m	2008 HK\$'m	2007 HK\$'m
Trade payables	33(a)	4,462.4	3,473.0	–	–
Retention money payables		977.6	817.3	–	–
Advance received from customers for contract works		31.6	35.1	–	–
Amounts due to customers for contract works	28	894.7	798.7	–	–
Amount due to a fellow subsidiary company	32(b)	–	117.0	–	117.0
Amounts due to minority shareholders	33(b)	77.8	48.6	–	–
Other payables and accruals		3,875.5	3,701.1	42.1	40.4
Amounts due to associated companies	33(b)	2.9	2.7	–	–
Amounts due to jointly controlled entities	33(b)	39.8	36.8	–	–
Amounts due to subsidiary companies	33(b)	–	–	7,795.5	4,021.0
		10,362.3	9,030.3	7,837.6	4,178.4

(a) Trade payables are further analyzed as follows:

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Payables arising from securities business	33(a)(i)	3,667.1	2,811.4
Other trade payables	33(a)(ii)	795.3	661.6
		4,462.4	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.

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

	Group	
	2008 HK\$'m	2007 HK\$'m
Under 3 months	686.4	566.1
4 to 6 months	42.8	32.9
Over 6 months	66.1	62.6
	795.3	661.6

NOTES TO THE FINANCIAL STATEMENTS

33 TRADE AND OTHER PAYABLES (CONTINUED)

- (b) The amounts payable are interest free, unsecured and have no fixed repayment terms.
- (c) Included in the Group's trade and other payables are HK\$781.1 million (2007: HK\$790.3 million) denominated in Renminbi and HK\$2,085.3 million (2007: HK\$1,501.1 million) denominated in Macau Pataca. The remaining balances are mainly denominated in Hong Kong dollar.
- (d) The Company's trade and other payables are mainly denominated in Hong Kong dollar.

34 DEFERRED INCOME TAX

	Note	Group	
		2008 HK\$m	2007 HK\$m
At the beginning of year		105.0	96.8
Currency translation differences		8.2	3.2
Net amount charged to income statement	9	16.9	11.8
Net credited to equity		–	(6.6)
Disposal of subsidiary companies	39(b)	–	(0.2)
Deconsolidation of subsidiary companies	39(d)	0.2	–
At the end of year		130.3	105.0

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2007: 17.5%).

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable. The Group has unrecognized tax losses of HK\$565.8 million (2007: HK\$555.4 million) to carry forward against future taxable income. These tax losses have no expiry date.

34 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax assets

		Group									
		Accelerated accounting depreciation		Provisions		Tax losses		Others		Total	
HK\$'m	Note	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
At the beginning of year		1.1	0.6	0.1	0.1	2.4	2.4	3.5	3.9	7.1	7.0
Deconsolidation of subsidiary companies	39(d)	(0.2)	–	–	–	–	–	–	–	(0.2)	–
(Charged) / credited to income statement	9	(0.9)	0.5	(0.1)	–	5.8	–	0.2	(0.4)	5.0	0.1
At the end of year		–	1.1	–	0.1	8.2	2.4	3.7	3.5	11.9	7.1

Deferred tax liabilities

		Group									
		Accelerated tax depreciation		Fair value gains		Convertible bonds		Others		Total	
HK\$'m	Note	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
At the beginning of year		99.1	86.5	12.8	8.8	–	8.3	0.2	0.2	112.1	103.8
Currency translation differences		8.2	3.2	–	–	–	–	–	–	8.2	3.2
Disposal of subsidiary companies	39(b)	–	(0.2)	–	–	–	–	–	–	–	(0.2)
Charged / (credited) to income statement	9	24.7	9.6	(2.8)	4.0	–	(1.7)	–	–	21.9	11.9
Credited to equity		–	–	–	–	–	(6.6)	–	–	–	(6.6)
At the end of year		132.0	99.1	10.0	12.8	–	–	0.2	0.2	142.2	112.1

Deferred income tax assets and liabilities are offset when the taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the balance sheet.

		Group	
		2008	2007
		HK\$'m	HK\$'m
	Note		
Deferred tax assets	22	(11.9)	(6.3)
Deferred tax liabilities	32	142.2	111.3
		130.3	105.0

NOTES TO THE FINANCIAL STATEMENTS

35 RETIREMENT BENEFITS

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

(a) Defined contribution plans

MPF was established in Hong Kong under the MPF Ordinance in December 2000. Since the Group has obtained exemption for its existing retirement schemes, all staff were offered the choice of switching to the MPF scheme or staying in existing schemes. Where staff elected to join the MPF scheme, both the Group and staff are required to contribute 5% of the employees' relevant income (capped at HK\$12,000 per annum).

Contributions to defined contribution plans and MPF scheme amounted to HK\$107.2 million (2007: HK\$86.9 million) during the year. Forfeited contributions totalling HK\$5.4 million (2007: HK\$4.6 million) were utilized during the year leaving HK\$1.3 million (2007: HK\$1.1 million) available at 30 June 2008 to reduce future contributions. Contributions totaling HK\$1.0 million (2007: HK\$1.1 million) were payable to the plans at the year end.

(b) Defined benefits plans

Defined benefits plans are valued by independent qualified actuaries annually using the projected unit credit method. The defined benefit plans were valued by Watson Wyatt Hong Kong Limited as at 30 June 2008.

(i) The amounts recognized in the balance sheet are as follows:

	Note	Group	
		2008 HK\$m	2007 HK\$m
Present value of funded obligations		(55.4)	(46.5)
Fair value of plan assets		88.8	78.0
		33.4	31.5
Unrecognized actuarial gains		(19.8)	(20.4)
Retirement benefits assets	22	13.6	11.1

(ii) Net expenses recognized in the income statement are as follows:

	Note	Group	
		2008 HK\$m	2007 HK\$m
Current service cost		2.0	2.6
Interest cost		2.3	2.0
Expected return on plan assets		(5.6)	(4.6)
Net actuarial gains recognized		(1.0)	(0.3)
Total, included in staff costs	7	(2.3)	(0.3)

35 RETIREMENT BENEFITS (CONTINUED)

(b) Defined benefits plans (continued)

(iii) Movements in the present value of funded obligations during the year are as follows:

	Group	
	2008 HK\$m	2007 HK\$m
At the beginning of year	46.5	47.2
Current service cost	2.0	2.6
Interest cost	2.3	2.0
Contributions by plan participants	1.2	1.1
Actuarial losses / (gains)	4.5	(3.7)
Benefits paid	(1.4)	(4.1)
Transfer from other plans	0.3	1.4
At the end of year	55.4	46.5

(iv) Movements in the fair value of plan assets during the year are as follows:

	Group	
	2008 HK\$m	2007 HK\$m
At the beginning of year	78.0	65.5
Expected return on plan assets	5.6	4.6
Actuarial gains	4.9	8.7
Employer contributions	0.2	0.8
Employee contributions	1.2	1.1
Benefits paid	(1.4)	(4.1)
Transfer from other plans	0.3	1.4
At the end of year	88.8	78.0

The principal actuarial assumptions used are as follows:

	2008	2007
Discount rates	3.5%	5%
Expected rate of return on plan assets	7%	7%
Expected rate of future salary increases	4%	4%

The actual return on plan assets was HK\$10.4 million (2007: HK\$13.3 million).

35 RETIREMENT BENEFITS (CONTINUED)

(b) Defined benefits plans (continued)

(iv) Movements in the fair value of plan assets during the year are as follows: (continued)

Fair value of the plan assets are analyzed as follows:

	2008	2007
Equity instruments	67%	71%
Debt instruments	26%	21%
Other assets	7%	8%
	100%	100%

The fair value of the plan assets does not include amounts relating to any of the Company's own financial instruments and property occupied by or other assets used by the Group.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(v) There are no expected contributions to defined benefit plans for the year ending 30 June 2009.

	2008 HK\$'m	2007 HK\$'m
Present value of defined benefit obligations	(55.4)	(46.5)
Fair value of plan assets	88.8	78.0
Surplus	33.4	31.5
Experience adjustments on defined benefit obligations	0.3	1.4
Experience adjustments on plan assets	5.0	8.7

36 MATURITY PROFILE OF ASSETS AND LIABILITIES

For the purpose of compliance with the Listing Rules, a maturity profile of financial assets and liabilities of the Group is analyzed by the remaining period at the balance sheet date to the contractual maturity date 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	After 5 years	Total
At 30 June 2008						
Assets						
Debt securities						
Available-for-sale financial assets	–	–	–	39.0	–	39.0
Financial assets at fair value through profit or loss	–	–	46.0	7.1	–	53.1
Advances to customers	1,863.6	–	–	–	–	1,863.6
Cash held on behalf of customers	3,105.8	–	–	–	–	3,105.8
Cash and bank balances	2,705.2	1,292.6	–	–	–	3,997.8
	7,674.6	1,292.6	46.0	46.1	–	9,059.3
Liabilities						
Borrowings	–	1,709.5	2,012.8	5,068.6	–	8,790.9
Current, fixed, savings and other deposits of customers	3,547.8	56.9	–	–	–	3,604.7
	3,547.8	1,766.4	2,012.8	5,068.6	–	12,395.6

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

NOTES TO THE FINANCIAL STATEMENTS

37 COMMITMENTS

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

	Note	Group	
		2008 HK\$'m	2007 HK\$'m
Contracted but not provided for			
Property, plant and equipment		12.2	3.8
Investment properties		292.8	210.0
Capital contributions to associated companies and jointly controlled entities	37(a)(i)	963.2	1,451.2
Other capital contributions	37(a)(i)	1,698.7	–
		2,966.9	1,665.0

(i) The Group has committed to provide sufficient funds in the form of capital and loan contributions to certain associated companies, jointly controlled entities 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\$2,661.9 million (2007: HK\$1,451.2 million) which represents the attributable portion of the capital and loan contributions to be made to the associated companies, jointly controlled entities and other projects.

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

	Group	
	2008 HK\$'m	2007 HK\$'m
Contracted but not provided for		
Property, plant and equipment	1,027.5	312.7
Capital contributions to jointly controlled entities	82.9	82.9
Properties under development and for sale	–	515.6
Authorized but not contracted for		
Property, plant and equipment	225.9	143.6
	1,336.3	1,054.8

37 COMMITMENTS (CONTINUED)

(c) Commitments under operating leases

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

	Group	
	2008 HK\$'m	2007 HK\$'m
Buildings		
In the first year	92.6	66.4
In the second to fifth year inclusive	110.5	89.2
After the fifth year	16.0	25.6
	219.1	181.2
Equipment		
In the first year	4.6	8.4
In the second to fifth year inclusive	3.2	7.3
	226.9	196.9

(d) Future minimum rental payment receivable

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

	Group	
	2008 HK\$'m	2007 HK\$'m
In the first year	7.9	9.8
In the second to fifth year inclusive	0.9	7.5
	8.8	17.3

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

NOTES TO THE FINANCIAL STATEMENTS

38 CONTINGENT LIABILITIES

(a) The Group's and the Company's contingent liabilities are as follows:

	Group		Company	
	2008 HK\$'m	2007 HK\$'m	2008 HK\$'m	2007 HK\$'m
Guarantees for credit facilities granted to				
Subsidiary companies	–	–	11,350.4	7,143.9
Associated companies	11.9	11.9	11.9	11.9
Jointly controlled entities	571.1	1,040.5	367.5	1,000.0
A related company	55.0	55.0	–	–
	638.0	1,107.4	11,729.8	8,155.8

(b) The Group's share of contingent liabilities of the jointly controlled entities not included above are as follows:

	Group	
	2008 HK\$'m	2007 HK\$'m
Share of contingent liabilities of jointly controlled entities	56.2	70.6

39 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	2008 HK\$'m	2007 HK\$'m
Operating profit	1,330.8	817.6
Depreciation and amortization	231.7	206.0
Share-based payments	97.9	–
Assets impairment loss	32.3	14.4
Net loss on disposal of subsidiary companies	21.9	–
Interest income	(188.2)	(115.5)
Fair value losses / (gains) of financial asset at fair value through profit or loss	76.4	(7.6)
Fair value gains on investment properties	(26.4)	(23.2)
Gain on deemed disposal of interests in a subsidiary company	(75.3)	–
Net profit on disposal of available-for-sale financial assets and financial assets at fair value through profit or loss	(67.2)	(27.5)
Dividend income from available-for-sale financial assets and financial assets at fair value through profit or loss	(10.7)	(8.4)
Write-back of provision for receivables or accruals	(17.3)	(58.0)
Other non-cash items	(20.6)	(5.9)
Operating profit before working capital changes	1,385.3	791.9
Increase in retirement benefit assets	(2.5)	(1.1)
Increase in inventories	(134.7)	(28.3)
Decrease / (increase) in trade and other receivables	5,737.4	(5,776.5)
(Increase) / decrease in cash held on behalf of customers	(1,063.4)	329.0
Increase in trade and other payables	1,262.3	138.7
Decrease in balances with associated companies and jointly controlled entities	23.0	86.2
Increase / (decrease) in long service payment obligations	8.7	(13.4)
(Decrease) / increase in amounts due to minority shareholders	(8.2)	15.5
(Decrease) / increase in IPO and margin financing loans of securities business	(5,682.9)	5,155.7
Net cash generated from operations	1,525.0	697.7

39 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Disposal of subsidiary companies

	Note	2008 HK\$'m	2007 HK\$'m
Net assets disposed			
Property, plant and equipment	15	26.0	17.7
Inventories		6.9	–
Trade and other receivables		29.4	0.1
Amount due from jointly controlled entity		0.4	–
Cash and bank balances		22.0	–
Trade and other payables		(16.2)	(0.8)
Deferred tax liabilities	34	–	(0.2)
Loans from minority shareholders		–	(0.7)
Minority interests		(9.2)	(6.2)
Exchange reserves		(1.4)	–
		57.9	9.9
Net loss on disposals		(21.9)	–
		36.0	9.9
Represented by			
Cash received		36.0	–
Trade and other receivables		–	9.9
		36.0	9.9

(c) Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiary companies

	2008 HK\$'m	2007 HK\$'m
Cash consideration	36.0	–
Cash and bank balances disposed of	(22.0)	–
	14.0	–

39 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Deconsolidation of subsidiary companies

	Note	2008 HK\$'m	2007 HK\$'m
Net assets deconsolidated			
Property, plant and equipment	15	179.4	–
Jointly controlled entities		938.2	–
Deferred tax assets	34	0.2	–
Trade and other receivables		1.0	–
Cash and bank balances		29.4	–
Trade and other payables		(21.3)	–
Loans from minority shareholders		(202.7)	–
Minority interests		(66.3)	–
Exchange reserves		(23.6)	–
		834.3	–
Included under jointly controlled entities		(824.0)	–
Included under associated companies		(10.3)	–
		–	–

In the current year, the Group entered into agreements with its joint venture partners in respect of certain subsidiary companies, in which the Group would not maintain the control of these subsidiary companies and have therefore deconsolidated these subsidiary companies.

(e) Analysis of net outflow of cash and cash equivalents in respect of the deconsolidation of subsidiary companies

	2008 HK\$'m	2007 HK\$'m
Cash and bank balances deconsolidated	29.4	–

39 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(f) Acquisition of a subsidiary company

	Note	2008 HK\$'m	2007 HK\$'m
Net assets acquired			
Property, plant and equipment	15	–	73.9
Jointly controlled entities		584.8	3.0
Intangible assets	17	–	169.1
Other non-current assets		–	141.8
Trade and other receivables		0.9	3,314.8
Financial assets at fair value through profit or loss		–	87.3
Cash held on behalf of customers		–	2,371.4
Cash and bank balances		1.7	429.7
Trade and other payables		(1.6)	(3,353.4)
Taxation		–	(39.8)
Borrowings		–	(1,733.4)
Amount due to minority interests		(36.2)	–
Loans from minority interests		(82.0)	–
Minority interests		–	(4.4)
		467.6	1,460.0
Minority interests thereon		–	(564.0)
		467.6	896.0
Interest originally held by the Group as an associated company		–	(288.9)
Interest originally held by the Group as a jointly controlled entity		(330.4)	–
Consideration		137.2	607.1
Represented by			
Cash paid		137.2	607.1

(g) Analysis of net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary company

	2008 HK\$'m	2007 HK\$'m
Cash consideration	137.2	607.1
Cash and bank balances acquired	(1.7)	(429.7)
	135.5	177.4

40 BUSINESS COMBINATIONS

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

On 30 July 2007, the Group further acquired 30% interest in SCI at a consideration of HK\$133.6 million. Accordingly, SCI became a subsidiary company of the Group. As the expressway is under construction, 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	133.6
Direct costs relating to the acquisition	3.6
Total purchase consideration	137.2
Fair value of net assets acquired – shown below	137.2

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 originally held by the Group as a jointly controlled entity	(330.4)	
Net assets acquired	137.2	
Purchase consideration settled in cash		137.2
Cash and bank balances in subsidiary company acquired		(1.7)
Cash outflow on acquisition		135.5

On 24 June 2008, the shareholders of SCI entered into an agreement, in which the shareholders agreed to jointly control SCI. As a result, SCI became a jointly controlled entity and the net assets were deconsolidated.

NOTES TO THE FINANCIAL STATEMENTS

41 RELATED PARTY TRANSACTIONS

- (a) In addition to those disclosed in other sections of the financial statements, the following is a summary of significant related party transactions during the year carried out in the normal course of the Group's business:

	Note	2008 HK\$'m	2007 HK\$'m
Transactions with affiliated companies	41(a)(i)		
Provision of contracting work service	41(a)(ii)	851.4	634.9
Provision of other services	41(a)(iii)	30.8	200.1
Interest income	41(a)(iv)	13.8	15.9
Management fee income	41(a)(v)	22.6	16.3
Rental and other related expenses	41(a)(vi)	(7.7)	(6.2)
Transactions with other related parties	41(a)(i)		
Provision of contracting work services	41(a)(ii)	2,102.5	1,457.0
Provision of other services	41(a)(iii)	158.3	148.7
Rental and other related expenses	41(a)(vi)	(59.9)	(24.8)

- (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") and Chow Tai Fook Enterprises Limited 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 the 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 the relevant contracts.
- (iv) Interest income was charged at interest rates as specified in Notes 19 and 20 on the outstanding balances due by the affiliated companies.
- (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.

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

No significant transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in Note 13 and loan to a director as disclosed in Note 41(d).

(c) The amounts of outstanding balances with associated companies, jointly controlled entities, a related company, minority shareholders and a fellow subsidiary company are disclosed in Notes 19, 20, 24, 31, 32 and 33. The amounts receivable are unsecured, of which HK\$369.5 million (2007: HK\$394.9 million) are interest bearing. The amounts payable are unsecured, of which HK\$165.0 million (2007: HK\$202.5 million) are interest bearing.

(d) Loan to director

	2008	2007
	HK\$m	HK\$m
Loan to a director of the Company	–	4.2

The loan was secured, bore interest at 3% per annum and had repayment terms as specified in the loan agreement. The loan has been fully repaid in the current year.

42 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

43 ULTIMATE HOLDING COMPANY

The directors regard NWD, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange, as being the ultimate holding company. The Company is immediately held by a number of subsidiary companies of NWD.

NOTES TO THE FINANCIAL STATEMENTS

44 PRINCIPAL SUBSIDIARY COMPANIES

As at 30 June 2008

	Issued share capital #		Approximate percentage		Principal activities
	Number	Par value per share HK\$	Company	Group	
Incorporated and operate in Hong Kong					
Anway Limited	1	1	–	100.0	Duty free operation and general trading
Barbican Construction Company, Limited	230,000	100	–	100.0	Civil engineering
	20,000 *	100	–	100.0	
Billionable Investment Limited	4,998	1	–	100.0	Investment holding
	2 *	1	–	100.0	
Broadway-Nassau Investments Limited	2	10,000	–	100.0	Property management
	3,000 *	10,000	–	100.0	
Care & Services Company Limited	15,000,000	1	–	100.0	Elderly care services
CiF Solutions Limited	10	100	–	100.0	Provision of information
	160,000 *	100	–	100.0	technology solutions
Companion Glory Limited	100	100	–	100.0	Retail trade of ceramic tiles
Environmental Pioneers & Solutions Limited	1,000	100	–	100.0	Environmental products and engineering
Extensive Trading Company Limited	8,500,000	1	–	100.0	Trading of building
	1,500,000 *	1	–	100.0	and engineering materials
Far East Engineering Services Limited	766,714	10	–	100.0	Mechanical and electrical engineering
	233,288 *	10	–	100.0	
General Security (H.K.) Limited	8,402	100	–	100.0	Security services
	11,600 *	100	–	99.7	
Hip Hing Builders Company Limited	40,000	1,000	–	100.0	Construction
	10,000 *	1,000	–	100.0	
Hip Hing Construction Company Limited	400,000	100	–	100.0	Construction and civil engineering
	600,000 *	100	–	100.0	
Hip Hing – Leader JV Limited	10,000	1	–	66.7	Construction
Hong Kong Convention and Exhibition Centre (Management) Limited	3	1	–	100.0	Management of Hong Kong Convention and Exhibition Centre (“HKCEC”)
	1 *	1	–	100.0	
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	–	100.0	Investment holding
Hong Kong Island Landscape Company Limited	1,980,000	10	–	100.0	Landscaping and project contracting
	20,000 *	10	–	100.0	
Hong Kong Ticketing Limited	11,481,580	1	–	100.0	Ticketing services
International Property Management Limited	450,000	10	–	99.0	Property management
	95,500 *	10	–	83.5	

44 PRINCIPAL SUBSIDIARY COMPANIES (CONTINUED)

As at 30 June 2008

	Issued share capital #		Approximate percentage of shares held		Principal activities
	Number	Par value per share HK\$	Company	Group	
Incorporated and operate in Hong Kong (continued)					
Kiu Lok Property Services (China) Limited	2	1	–	100.0	Property agency management
	2 *	1	–	100.0	and consultancy
Kiu Lok Service Management Company Limited	2	100	–	100.0	Property management
	1,002 *	100	–	100.0	
Kleaners Limited	5,000,000	1	–	100.0	Laundry services
KLPS Group Limited	20,000,000	1	–	100.0	Investment holding
Majestic Engineering Company Limited	30,000	1,000	–	100.0	Mechanical and electrical engineering
Millennium Engineering Limited	18,750,000	1	–	90.4	Supply and installation of aluminium windows and curtain wall
New China Laundry Limited	40,000,002	1	–	100.0	Laundry services
	704,000 *	1	–	100.0	
New World-Guangdong Highway Investments Co. Limited	100	100	–	100.0	Investment holding
	100 *	100	–	50.0	
New World Insurance Management Limited	100,000	1	–	100.0	Insurance broking
New World Port Investments Limited	2	1	–	100.0	Investment holding
Ngo Kee Construction Company Limited	670,000	100	–	100.0	Building construction
	1 **	1	–	–	
NWS (Finance) Limited	2	1	–	100.0	Financial services
NWS Hong Kong Investment Limited	1	1	100.0	100.0	Investment holding
NWS Holdings (Finance) Limited	1	1	100.0	100.0	Financing
Pollution & Protection Services Limited	18,057,780	1	–	100.0	Cleaning services
	500,020 *	1	–	85.0	
Polytown Company Limited	2	10	–	100.0	Property investment, operation, marketing, promotion and management of HKCEC
	100,000 *	10	–	100.0	
Sky Connection Limited	100	1	–	100.0	Duty free, liquor and tobacco sales
Team Deco International Limited	2	1	–	100.0	Interior design
True Hope Investment Limited	4,998	1	–	100.0	Investment holding
	2 *	1	–	100.0	
Try Force Limited	4,998	1	–	100.0	Investment holding
	2 *	1	–	100.0	
Uniformity Security Company Limited	2	100	–	100.0	Security services
	2,500 *	100	–	–	
Urban Parking Limited	10,000,000	1	–	100.0	Carpark management
Urban Property Management Limited	49,995,498	1	–	100.0	Property management
	4,502 *	1	–	66.7	

NOTES TO THE FINANCIAL STATEMENTS

44 PRINCIPAL SUBSIDIARY COMPANIES (CONTINUED)

As at 30 June 2008

	Issued share capital #		Approximate percentage		Principal activities
	Number	Par value per share HK\$	Company	Group	
Incorporated and operate in Hong Kong (continued)					
Vibro (H.K.) Limited	20,000,004	3	–	99.8	Piling, ground investigation and civil engineering
Waihong Environmental Services Limited	400,000	100	–	100.0	Cleaning and pest control services
Waking Builders, Limited	20,000	1,000	–	100.0	Construction
Young's Engineering Company Limited	4,000,000	10	–	100.0	Mechanical and electrical engineering
Incorporated in Bermuda and operate in Hong Kong					
Taifook Securities Group Limited	655,799,699	0.10	–	57.8	Investment holding
Incorporated in Cayman Islands and operate in Hong Kong					
NWS Service Management Limited	1,323,943,165	0.10	100.0	100.0	Investment holding
Incorporated in British Virgin Islands					
Beauty Ocean Limited	1	US\$1	–	100.0	Investment holding
Hetro Limited	101	US\$1	–	100.0	Investment holding
Ideal Global International Limited	1	US\$1	–	100.0	Investment holding
NWS CON Limited	1	1	–	100.0	Investment holding
NWS Construction Limited	1	US\$1	–	100.0	Investment holding
NWS Engineering Group Limited	50,000,000	1	–	100.0	Investment holding
NWS Financial Management Services Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Bridges Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Management Limited	2	US\$1	100.0	100.0	Investment holding
NWS Infrastructure Power Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Roads Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Water Limited	1	US\$1	–	100.0	Investment holding
NWS Ports Management Limited	2	US\$1	100.0	100.0	Investment holding
NWS Ports Management (Wenzhou) Limited	1,000	US\$1	–	100.0	Investment holding
Righteous Corporation	1	US\$1	–	100.0	Investment holding
Stockfield Limited	1	US\$1	–	100.0	Investment holding
Shine Fame Holdings Limited	1	US\$1	–	100.0	Investment holding

44 PRINCIPAL SUBSIDIARY COMPANIES (CONTINUED)

As at 30 June 2008

	Amount of registered capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Mainland China				
Foshan Gaoming Xinming Bridge Co., Ltd.	Rmb60,000,000	–	30.0	Operation of toll bridge
Guangxi Beiliu Xinbei Highways Co., Ltd.	Rmb99,200,000	–	60.0 (a)	Operation of toll road
Guangxi Cangwu Xincang Highways Limited	Rmb64,000,000	–	70.0 (a)	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	Rmb82,400,000	–	70.0 (a)	Operation of toll road
Guangxi Yulin Xinye Highways Co., Ltd.	Rmb63,800,000	–	60.0 (a)	Operation of toll road
Guangxi Yulin Xinyu Highways Co., Ltd.	Rmb96,000,000	–	60.0 (a)	Operation of toll road
Hip Hing Construction (China) Co., Ltd.	HK\$50,000,000	–	100.0	Construction
NWS Engineering Ltd	Rmb150,000,000	–	100.0	Mechanical and electrical engineering
Shanxi Xinda Highways Ltd.	Rmb49,000,000	–	90.0 (b)	Operation of toll road
Shanxi Xinhuang Highways Ltd.	Rmb56,000,000	–	90.0 (b)	Operation of toll road
Wuzhou Xinwu Highways Limited	Rmb72,000,000	–	100.0 (c)	Operation of toll road
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$5,000,000	–	100.0	Management consultation

	Issued share capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Macau				
Barbican (Macau) Limited	MOP25,000	–	100.0	Construction
Hip Hing Engineering (Macau) Company Limited	MOP100,000	–	100.0	Construction
Majestic Engineering (Macao) Company Limited	MOP25,000	–	100.0	Mechanical and electrical engineering
Ngo Kee (Macau) Limited	MOP25,000	–	100.0	Construction
Vibro (Macau) Limited	MOP1,000,000	–	99.8	Foundation works
Young's Engineering (Macao) Company Limited	MOP100,000	–	100.0	Mechanical and electrical engineering

Represented ordinary shares, unless otherwise stated

* Non-voting deferred shares

** Redeemable preference shares

(a) Percentage of interest in ownership and profit sharing

(b) Cash sharing ratio for the first 12 years and thereafter 60%

(c) Profit sharing percentage before the shareholder loan of PRC partner is fully repaid and thereafter 52%

NOTES TO THE FINANCIAL STATEMENTS

45 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 2008

	Issued share capital #		Approximate percentage of shares held		Principal activities
	Number	Par value per share	Company	Group	
Incorporated and operate in Hong Kong					
Joy Fortune Investments Limited	10,000	HK\$1	–	50.0	Investment holding
Quon Hing Concrete Company Limited	200,000	HK\$100	–	50.0	Production and sales of concrete
Yargoan Company Limited	150,000	HK\$100	–	42.0	Stone quarrying
Incorporated in British Virgin Islands and operate in Hong Kong					
VMS Private Investment Partners III Limited	1,500 *	US\$0.01	–	–	Securities investment
	430 **	US\$0.01	–	60.0	
Incorporated in British Virgin Islands					
East Asia Secretaries (BVI) Limited	300,000,000	HK\$1	–	24.4	Investment holding
Tricor Holdings Limited	7,001	US\$1	–	24.4	Investment holding
VMS Private Investment Partners II Limited	2,500 *	US\$0.01	–	–	Investment holding
	484 **	US\$0.01	–	100.0	
VMS Private Investment Partners IV Limited	1,500 *	US\$0.01	–	–	Investment holding
	230 **	US\$0.01	–	60.0	
Incorporated in Bermuda and operate in Hong Kong					
Build King Holdings Limited	821,408,494	HK\$0.10	–	22.3	Investment holding
	1,100,000,000 ***	HK\$0.01	–	–	
Wai Kee Holdings Limited	793,124,034	HK\$0.10	–	27.0	Investment holding

45 PRINCIPAL ASSOCIATED COMPANIES (CONTINUED)

As at 30 June 2008

	Amount of registered capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Mainland China				
Guangdong Baolihua New Energy Stock Co., Limited	Rmb1,127,295,000	–	9.31 (b)	Generation and supply of electricity
Tianjin Five Continents International Container Terminal Co., Ltd.	Rmb1,145,000,000	–	18.0(c)	Operation of container terminal
Zhaoqing Yuezhao Expressway Co., Ltd.	Rmb818,300,000	–	25.0(a)	Operation of toll road

Represented ordinary shares, unless otherwise stated

* Voting, non-participating, non-redeemable management shares

** Non-voting, redeemable participating shares

*** Preference shares

(a) Percentage of interest in ownership and profit sharing

(b) The directors of the Company considered the Group has significant influence over Guangdong Baolihua New Energy Stock Co., Limited ("Baolihua") through its representative on the board of directors of Baolihua

(c) The directors of the Company considered the Group has significant influence over Tianjin Five Continents International Container Terminal Co., Ltd. ("TFCI") through its representatives on the board of directors of TFCI

NOTES TO THE FINANCIAL STATEMENTS

46 PRINCIPAL JOINTLY CONTROLLED ENTITIES

As at 30 June 2008

	Amount of registered capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Mainland China				
ATL Logistics Centre Yantian (Shenzhen) Limited	HK\$3,500,000	–	46.2	Operation of cargo handling and storage facilities
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited	Rmb580,000,000	–	25.0(d)	Operation of toll road
China United International Rail Containers Co., Limited	Rmb2,800,000,000	–	22.0	Operation of rail container terminal and related business
Guangzhou City Chuangyue Transport Electronic Technology Company Limited	HK\$1,500,000	–	33.3	Development of transport electric technology
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	65.3(d)	Operation of toll road
Guangzhou Oriental Power Co., Ltd	Rmb990,000,000	–	25.0(a)	Generation and supply of electricity
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	Rmb359,676,800	–	35.0(a)	Wholesale assembling and storage of fuel
Guangzhou Pearl River Power Company Limited	Rmb420,000,000	–	50.0(f)	Generation and supply of electricity
Guodian Chengdu Jintang Power Generation Co., Ltd.	Rmb924,000,000	–	35.0(a)	Generation and supply of electricity

46 PRINCIPAL JOINTLY CONTROLLED ENTITIES (CONTINUED)

As at 30 June 2008

	Amount of registered capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Mainland China (continued)				
Huishen (Yantian) Expressway Huizhou Company Limited	Rmb139,980,000	–	33.3(d)	Operation of toll road
Huizhou City Huixin Expressway Company Limited	Rmb34,400,000	–	50.0(d)	Investment holding and operation of toll road
Tianjin Xindi Expressway Co., Ltd.	Rmb93,688,000	–	90.0(e)	Operation of toll road
Tianjin Xinlong Expressway Co., Ltd.	Rmb99,400,000	–	90.0(e)	Operation of toll road
Tianjin Xinlu Expressway Co., Ltd.	Rmb99,092,000	–	90.0(e)	Operation of toll road
Tianjin Xinming Expressway Co., Ltd.	Rmb85,468,000	–	90.0(e)	Operation of toll road
Tianjin Xinqing Expressway Co., Ltd.	Rmb99,368,000	–	90.0(e)	Operation of toll road
Tianjin Xinquan Expressway Co., Ltd.	Rmb92,016,000	–	90.0(e)	Operation of toll road
Tianjin Xinsen Expressway Co., Ltd.	Rmb87,300,000	–	90.0(e)	Operation of toll road
Tianjin Xinshi Expressway Co., Ltd.	Rmb99,388,000	–	90.0(e)	Operation of toll road
Tianjin Xinsi Expressway Co., Ltd.	Rmb96,624,000	–	90.0(e)	Operation of toll road
Tianjin Xintong Expressway Co., Ltd.	Rmb99,448,000	–	90.0(e)	Operation of toll road
Tianjin Xintuo Expressway Co., Ltd.	Rmb99,316,000	–	90.0(e)	Operation of toll road
Tianjin Xinxiang Expressway Co., Ltd.	Rmb90,472,000	–	90.0(e)	Operation of toll road
Tianjin Xinyan Expressway Co., Ltd.	Rmb89,028,000	–	90.0(e)	Operation of toll road
Tianjin Xinzhan Expressway Co., Ltd.	Rmb89,392,000	–	90.0(e)	Operation of toll road
Wenzhou Zhuangyuan Ao New World International Terminals Company Limited	Rmb436,000,000	–	55.0	Development, operation and management of pier and related business
Wuhan Airport Road Development Limited	Rmb60,000,000	–	40.0(d)	Operation of toll road
Xiamen New World Xiangyu Terminals Co., Ltd.	Rmb384,040,000	–	50.0(a)	Container handling and storage

NOTES TO THE FINANCIAL STATEMENTS

46 PRINCIPAL JOINTLY CONTROLLED ENTITIES (CONTINUED)

As at 30 June 2008

	Issued share capital #		Approximate percentage of shares held		Principal activities
	Number	Par value per share	Company	Group	
Incorporated and operate in Hong Kong					
ATL Logistics Centre Hong Kong Limited	100,000'A'	HK\$1	–	56.0	Operation of cargo handling and storage facilities
	20,000'B' **	HK\$1	–	79.6	
	54,918 *	HK\$1	–	–	
ATL Logistics Centre Yantian Limited	10,000	HK\$1	–	46.2	Investment holding
Far East Landfill Technologies Limited	1,000,000	HK\$1	–	47.0	Landfill
First Star Development Limited	100	HK\$1	–	50.0	Property development
Poly Rising Development Limited	1	HK\$1	–	50.0	Property development
Supertime Holdings Limited	100	HK\$1	–	50.0	Property development
Tate's Cairn Tunnel Company Limited	1,100,000	HK\$0.01	–	29.5	Operation of toll tunnel
	600,000,000 *	HK\$1	–	–	
United Asia Terminals (Yantian) Limited	52,000'A'	HK\$1	–	–	Operation of cargo handling and storage facilities
	52,000'B'	HK\$1	–	100.0	
	26,000'C'	HK\$1	–	–	
Incorporated in British Virgin Islands					
DP World New World Limited	2,000	US\$1	–	50.0	Investment holding
NWS Transport Services Limited	500,000,016	HK\$1	–	50.0	Investment holding
Success Concept Investments Limited	1,000	US\$1	–	80.0	Investment holding
Incorporated in Cayman Islands					
DP World New World (Tianjin) Limited	1,000	US\$1	–	50.0	Investment holding
Incorporated and operate in Thailand					
Hip Hing Construction (Thailand) Company Limited	10,000,000	10Baht	–	49.0	Building and construction

46 PRINCIPAL JOINTLY CONTROLLED ENTITIES (CONTINUED)

As at 30 June 2008

	Issued share capital #		Approximate percentage of shares held		Principal activities
	Number	Par value per share	Company	Group	
Incorporated in Hong Kong and operate in Macau and Mainland China					
Sino-French Holdings	1,850,680'A'	HK\$100	–	–	Investment holding and operation of water and electricity plants
(Hong Kong) Limited	3,559,000'B'	HK\$100	–	100.0	
	1,708,320'C'	HK\$100	–	–	
Unincorporated joint venture (Hong Kong)					
Gammon-Hip Hing Joint Venture	n/a	n/a	–	50.0	Construction

Represented ordinary shares, unless otherwise stated

* Non-voting deferred shares

** Non-voting preference shares

(a) Percentage of equity interest in equity joint venture

(b) Voting power percentage in equity joint venture

(c) Profit sharing percentage in equity joint venture

(d) Percentage of interest in ownership and profit sharing

(e) Cash sharing ratio for the first 15 years of the joint venture period, and thereafter 60%

(f) Percentage of equity interest in an equity joint venture for the 11th year and onwards of the joint venture period. For the first 10 years of the joint venture period, the Group is entitled to a fixed return

(g) Cash sharing ratio for the first 12 years of the joint venture period and thereafter 60%

FIVE-YEAR FINANCIAL SUMMARY

	2008	2007	2006	2005	2004
Earnings per share – Basic (HK\$)	1.89	1.01	0.89	1.60	0.86
Earnings per share – Diluted (HK\$)	1.88	1.01	0.85	1.52	0.86
Key ratios					
Gearing ratio	21%	46%	13%	17%	47%
Return on Shareholders' Funds	18%	12%	11%	22%	16%
Return on Capital Employed	14%	9%	9%	16%	9%
Income statement data					
HK\$'m					
Revenue	18,889.5	15,047.1	12,543.9	10,286.1	12,552.9
Revenue by activities					
Ports	3.1	17.9	16.3	13.4	17.3
Roads and bridges	283.7	239.7	239.2	221.1	368.4
Energy, water treatment and waste management	–	–	–	–	0.9
Facilities rental	918.2	890.6	858.0	776.5	751.3
Facilities management	3,540.7	2,467.9	2,629.4	2,588.2	2,250.3
Contracting	12,658.4	11,205.0	8,619.9	6,386.7	7,696.5
Financial services	1,409.3	148.0	15.0	14.9	16.9
Other services	76.1	78.0	166.1	285.3	1,451.3
Turnover by region					
Hong Kong	11,496.9	8,313.1	8,955.0	8,822.5	10,527.2
Macau	5,716.8	5,108.8	2,159.4	167.5	7.5
Mainland China and others	1,675.8	1,625.2	1,429.5	1,296.1	2,018.2
Profit attributable to shareholders of the Company	3,818.3	2,005.4	1,656.6	2,886.1	1,538.2
Attributable operating profit	2,723.1	2,291.1	1,937.6	1,411.9	1,903.3
Attributable operating profit / (loss) by activities					
Roads	744.7	566.4	469.1	372.3	291.0
Energy	383.5	402.8	487.8	489.9	463.1
Water	107.9	102.2	87.4	80.6	66.3
Ports	96.3	79.0	70.4	64.8	185.8
Facilities Rental	452.9	404.2	392.0	384.0	353.0
Contracting	347.8	255.9	163.0	(252.7)	253.6
Financial Services	335.1	141.6	65.8	54.4	59.1
Other Services	254.9	339.0	202.1	218.6	231.4

	2008	2007	2006	2005	2004
Income statement data (Continued)					
HK\$'m					
Attributable operating profit by region					
Hong Kong	1,264.8	1,003.5	738.6	463.9	1,045.0
Macau	311.6	250.5	208.2	129.4	149.7
Mainland China and others	1,146.7	1,037.1	990.8	818.6	708.6
Head office and non-operating items					
Net (loss) / profit on disposal of projects	(21.9)	–	152.5	2,030.2	378.7
Impairment loss, net of tax	(23.0)	(13.0)	(30.0)	(57.8)	(375.4)
Write-back of provision for receivable or accruals	17.3	58.0	–	–	–
Net gain on redemption of convertible bonds	–	–	39.6	–	–
Share of profit from Harbour Place	1,632.6	–	–	–	–
Net fair value gain on investment properties, net of tax	22.0	19.2	2.5	–	–
Net gain from securities investment	2.1	32.3	5.7	–	–
Amortization of net negative goodwill	–	–	–	–	70.8
Other interest income	43.7	78.2	74.3	56.8	4.4
Other finance costs	(284.3)	(208.0)	(227.6)	(196.9)	(170.8)
Share based payment	(81.8)	–	–	–	–
Gain on deemed disposal of interests in a subsidiary company	75.3	–	–	–	–
Others	(286.8)	(252.4)	(298.0)	(358.1)	(272.8)
Balance sheet data					
HK\$'m					
Total assets	42,464.6	39,782.0	25,587.6	25,165.5	23,915.1
Total liabilities and minority interests	21,316.5	22,585.5	11,121.3	12,140.6	14,364.5
Total debt	8,790.9	11,685.6	4,528.3	5,983.6	8,119.9
Shareholders' funds	21,148.1	17,196.5	14,466.3	13,024.9	9,550.6

Comparative figures for the year ended 30 June 2004 has not been restated to reflect the adoption of new / revised HKFRSs as the directors are of the opinion that it is impracticable to do so.

PROJECT KEY FACTS AND FIGURES

INFRASTRUCTURE



As at 30 June 2008

ROADS

GUANGDONG PROVINCE



	1. Guangzhou City Northern Ring Road	2. Beijing-Zhuhai Expressway (Guangzhou – Zhuhai Section)																										
Attributable Interest	65.29%	25%																										
Form of Investment	CJV	CJV																										
Length	22 km	Section I: 8.6 km Section II: 53.8 km																										
Lanes	Dual 3-Lane	Section I: Dual 3-Lane Section II: Dual 2 to 3-Lane																										
Location	Guangzhou City	Guangdong Province																										
Operation Date	January 1994	Section I: May 1997 Section II: December 1999																										
Expiry Date	2023	2030																										
Current Toll Rates	RMB2 – RMB65	Section I: RMB6 – RMB18.58 Section II: RMB3 – RMB160																										
Average Daily Traffic Flow	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>164,242</td> <td>159,580</td> <td>143,134</td> </tr> </tbody> </table>	2008	2007	2006	164,242	159,580	143,134	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> <th>2005</th> </tr> <tr> <th colspan="4">Jan-Jun Jul-Dec</th> </tr> </thead> <tbody> <tr> <td>* Combined: 100,667</td> <td>83,634</td> <td>72,368</td> <td>N/A</td> </tr> <tr> <td>Section I: N/A</td> <td>N/A</td> <td>N/A</td> <td>43,386</td> </tr> <tr> <td>Section II: N/A</td> <td>N/A</td> <td>N/A</td> <td>46,233</td> </tr> </tbody> </table> <p>* After the implementation of Unitoll System at the end of 2005, the calculation of traffic flow of Section I and II is combined.</p>	2008	2007	2006	2005	Jan-Jun Jul-Dec				* Combined: 100,667	83,634	72,368	N/A	Section I: N/A	N/A	N/A	43,386	Section II: N/A	N/A	N/A	46,233
2008	2007	2006																										
164,242	159,580	143,134																										
2008	2007	2006	2005																									
Jan-Jun Jul-Dec																												
* Combined: 100,667	83,634	72,368	N/A																									
Section I: N/A	N/A	N/A	43,386																									
Section II: N/A	N/A	N/A	46,233																									





	3. Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Northern Section)	4a. Guangzhou – Zhaoqing Expressway	4b. Guangzhou – Zhaoqing Expressway (Roadway No. 321)																		
Attributable Interest	15%	25%	25%																		
Form of Investment	CJV	CJV	CJV																		
Length	37 km*	48 km	60.37 km																		
Lanes	Dual 3-Lane	Dual 2-Lane	Dual 2 to 3-Lane																		
Location	Guangzhou City	Zhaoqing City	Zhaoqing City																		
Operation Date	December 2005	April 2005	April 2005																		
Expiry Date	2032	2031	2031																		
Current Toll Rates	RMB5 – RMB55	RMB5 – RMB75	RMB2 – RMB40																		
Average Daily Traffic Flow	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>14,238</td> <td>7,341</td> <td>6,450</td> </tr> </tbody> </table>	2008	2007	2006	14,238	7,341	6,450	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>24,442</td> <td>20,422</td> <td>17,458</td> </tr> </tbody> </table>	2008	2007	2006	24,442	20,422	17,458	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>19,229</td> <td>26,670</td> <td>22,414</td> </tr> </tbody> </table>	2008	2007	2006	19,229	26,670	22,414
2008	2007	2006																			
14,238	7,341	6,450																			
2008	2007	2006																			
24,442	20,422	17,458																			
2008	2007	2006																			
19,229	26,670	22,414																			

*Seeking approval to change to 27 km.

	5a. Shenzhen – Huizhou Expressway (Huizhou Section)	5b. Shenzhen – Huizhou Roadway (Huizhou Section)	6. Gaoming Bridge																		
Attributable Interest	33.33%	50%	30% / 80%																		
Form of Investment	CJV	CJV	CJV																		
Length	34.7 km	21.8 km	1.1 km																		
Lanes	Dual 2-Lane	Dual 2-Lane	Dual 1-Lane																		
Location	Huizhou City	Huizhou City	Gaoming District, Foshan City																		
Operation Date	June 1993	December 1997	November 1996																		
Expiry Date	2027	2023	2021																		
Current Toll Rates	RMB2 – RMB75	RMB1 – RMB21	N/A (annual toll ticket system has been implemented since March 2003)																		
Average Daily Traffic Flow	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>28,869</td> <td>23,731</td> <td>19,735</td> </tr> </tbody> </table>	2008	2007	2006	28,869	23,731	19,735	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>11,344</td> <td>10,989</td> <td>10,890</td> </tr> </tbody> </table>	2008	2007	2006	11,344	10,989	10,890	<table border="1"> <thead> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	2008	2007	2006	N/A	N/A	N/A
2008	2007	2006																			
28,869	23,731	19,735																			
2008	2007	2006																			
11,344	10,989	10,890																			
2008	2007	2006																			
N/A	N/A	N/A																			

PROJECT KEY FACTS AND FIGURES

	7. Guangzhou Dongxin Expressway			8. Conghua-Dongguan Expressway (Huizhou Section)			9. Guangzhou Chuangyue Transport Electronic Technology		
Attributable Interest	40.8%			15%			33.3%		
Form of Investment	Equity			Equity			EJV		
Length	46.22 km			32 km			N/A		
Lanes	Dual 3 to 4-Lane			Dual 3-Lane			N/A		
Location	Guangzhou City			Huizhou City			Guangzhou City		
Operation Date	Early 2009 (partial operation)			December 2012			November 2007		
Expiry Date	2033			2048			2037		
Current Toll Rates	N/A			N/A			N/A		
Average Daily Traffic Flow	2008	2007	2006	2008	2007	2006	2008	2007	2006
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

GUANGXI PROVINCE					10. Beiliu City Roadways			
 Roads  Grade 1 Highway  Grade 2 Highway								
		Attributable Interest			60%			
Form of Investment			CJV					
Length			Phase I: 18.2 km Phase II: 21.6 km					
Lanes			Dual 1 to 2-Lane					
Location			Beiliu City					
Operation Date			Phase I: August 1997 Phase II: May 1998					
Expiry Date			2022					
Current Toll Rates			RMB1 – RMB30					
Average Daily Traffic Flow			2008	2007	2006	2008	2007	2006
			3,750	4,485	4,617	3,750	4,485	4,617

	11. Rongxian Roadways			12. Yulin – Shinan Roadway			13. Yulin Shinan – Dajiangkou Roadway		
Attributable Interest	70%			60%			60%		
Form of Investment	CJV			CJV			CJV		
Length	Phase I: 9.2 km Phase II: 16.8 km			27.8 km			Phase I: 8.7 km Phase II: 30 km		
Lanes	Dual 1 to 2-Lane			Dual 2-Lane			Dual 1 to 2-Lane		
Location	Rongxian			Yulin City			Yulin City		
Operation Date	Phase I: October 1997 Phase II: May 1998			May 1998			Phase I: August 1997 Phase II: January 1999		
Expiry Date	2022			2022			2022		
Current Toll Rates	RMB1 – RMB30			RMB1 – RMB30			RMB1 – RMB30		
Average Daily Traffic Flow	2008	2007	2006	2008	2007	2006	2008	2007	2006
	3,807	4,500	4,481	8,156	7,831	7,624	3,225	3,089	3,091

	14. Roadway No. 321 (Wuzhou Section)			15. Cangwu County Roadway		
Attributable Interest	52% / 100%			70%		
Form of Investment	CJV			CJV		
Length	Phase I: 8.7 km Phase II: 4.3 km			10.1 km		
Lanes	Dual 2-Lane			Dual 2 to 3-Lane		
Location	Wuzhou City			Cangwu County		
Operation Date	Phase I: March 1997 Phase II: December 1998			January 1999		
Expiry Date	2022			2022		
Current Toll Rates	RMB1 – RMB35			RMB1 – RMB25		
Average Daily Traffic Flow	2008	2007	2006	2008	2007	2006
	5,955	5,155	4,688	4,110	3,955	4,135

SHANXI PROVINCE



Roads

Grade 1 Highway

Grade 2 Highway



16. Shanxi Taiyuan – Gujiao Roadway (Taiyuan Section)

Attributable Interest	60% / 90%						
Form of Investment	CJV						
Length	23.18 km						
Lanes	Dual 1-Lane						
Location	Taiyuan City						
Operation Date	July 2000						
Expiry Date	2025						
Current Toll Rates	RMB10 – RMB60						
Average Daily Traffic Flow	<table border="1"> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> <tr> <td>806</td> <td>298</td> <td>235</td> </tr> </table>	2008	2007	2006	806	298	235
2008	2007	2006					
806	298	235					

	17. Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	18. Roadway No. 309 (Changzhi Section)	19. Taiyuan – Changzhi Roadway (Changzhi Section)																		
Attributable Interest	60% / 90%	60% / 90%	60% / 90%																		
Form of Investment	CJV	CJV	CJV																		
Length	36.02 km	22.2 km	18.3 km																		
Lanes	Dual 1-Lane	Dual 1 to 2-Lane	Dual 1 to 2-Lane																		
Location	Gujiao City	Changzhi City	Changzhi City																		
Operation Date	April 1999	July 2000	August 2000																		
Expiry Date	2025	2023	2023																		
Current Toll Rates	RMB10 – RMB60	RMB10 – RMB60	RMB10 – RMB70																		
Average Daily Traffic Flow	<table border="1"> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> <tr> <td>967</td> <td>774</td> <td>966</td> </tr> </table>	2008	2007	2006	967	774	966	<table border="1"> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> <tr> <td>2,738</td> <td>1,957</td> <td>2,381</td> </tr> </table>	2008	2007	2006	2,738	1,957	2,381	<table border="1"> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> <tr> <td>2,718</td> <td>3,122</td> <td>3,202</td> </tr> </table>	2008	2007	2006	2,718	3,122	3,202
2008	2007	2006																			
967	774	966																			
2008	2007	2006																			
2,738	1,957	2,381																			
2008	2007	2006																			
2,718	3,122	3,202																			

WUHAN CITY



Roads




Expressway






20. Wuhan Airport Expressway

Attributable Interest	40%						
Form of Investment	CJV						
Length	18 km						
Lanes	Dual 2-Lane						
Location	Wuhan City						
Operation Date	April 1995						
Expiry Date	2025						
Current Toll Rates	RMB5 – RMB50						
Average Daily Traffic Flow	<table border="1"> <tr> <th>2008</th> <th>2007</th> <th>2006</th> </tr> <tr> <td>15,266</td> <td>12,610</td> <td>11,405</td> </tr> </table>	2008	2007	2006	15,266	12,610	11,405
2008	2007	2006					
15,266	12,610	11,405					

PROJECT KEY FACTS AND FIGURES

TIANJIN MUNICIPALITY				21. Tangjin Expressway (Tianjin North Section)			
 Roads  Expressway	Attributable Interest	90% distributable cash for the first 15 years; 60% distributable cash for the last 15 years					
	Form of Investment	CJV					
	Length	Section I: 43.4 km Section II: 17 km					
	Lanes	Dual 2 to 3-Lane					
	Location	Tianjin Municipality					
	Operation Date	Section I: December 1998 Section II: December 2000					
	Expiry Date	Section I: 2028 Section II: 2028					
	Current Toll Rates	RMB5 – RMB137					
	Average Daily Traffic Flow	2008	2007	2006			
		22,763	21,095	17,723			

HONG KONG				22. Tate's Cairn Tunnel			
 Roads  Expressway	Attributable Interest	29.5%					
	Form of Investment	Equity					
	Length	4 km					
	Lanes	Dual 2-Lane					
	Location	Hong Kong					
	Operation Date	June 1991					
	Expiry Date	2018					
	Current Toll Rates	HK\$10 – HK\$26					
	Average Daily Traffic Flow	2008	2007	2006			
		56,285	55,619	55,333			

ENERGY

	1. Zhujiang Power Station – Phase I			2. Zhujiang Power Station – Phase II			3. Macau Power		
Attributable Interest	50%			25%			19%		
Form of Investment	EJV			EJV			Equity		
Installed Capacity	600 MW			600 MW			472 MW		
Location	Nansha Economic Development Zone, Guangzhou City			Nansha Economic Development Zone, Guangzhou City			One in Macau and two in Coloane		
Type of Power	Coal-Fired Thermal			Coal-Fired Thermal			Oil & Gas-Fired Thermal		
Operation Date	January 1994			April 1996			November 1985		
Expiry Date	2017			2020			2010		
Electricity Sales (GWh)	2008	2007	2006	2008	2007	2006	2008	2007	2006
	3,707	3,677	3,940	3,999	3,793	4,408	3,160	2,572	2,213

	4. Chengdu Jintang Power Plant	5. Guangdong Baolihua New Energy Stock Co., Ltd.	6. Guangzhou Fuel Company
Attributable Interest	35%	9.31%	35%
Form of Investment	Equity	Equity	EJV
Installed Capacity	1,200 MW	Phase 1: 2 x 135 MW Phase 2: 2 x 300 MW	Throughput: 7 million tonnes / year Capacity
Location	Huakou Industrial Zone, Jintang, Chengdu City, Sichuan Province	Meixian, Guangdong	Nansha Economic Development Zone, Guangzhou City
Type of Power	Coal-Fired Thermal	Coal Gange Inferior Coal-Fired Thermal	Nature of: Wholesale, assembling and storage of coal Business
Operation Date	Generator #1(600 MW): June 2007 Generator #2(600 MW): October 2007	Phase 1: September 2005 Phase 2: September 2008	January 2008
Expiry Date	2040	N/A	2033
Electricity Sales (GWh)	2008 4,832	2007 185	2006 N/A

WATER

	1. Macau Water Plant	2. Lianjiang Water Plant	3. Zhongshan Tanzhou Water Plant
Attributable Interest	42.5%	30%	29%
Form of Investment	Equity	Equity	Equity
Capacity	330,000m ³ / day	100,000m ³ / day	Phase 1: 60,000m ³ / day Phase 2: 90,000m ³ / day
Location	Macau	Lianjiang, Guangdong Province	Zhongshan, Guangdong Province
Operation Date	1985	N/A	Phase 1: January 1994 Phase 2: May 2007
Expiry Date	2010	2027	2027
Average Daily Volume Sold (m ³)	2008 185,029	2007 172,744	2006 157,581
		N/A	2008 88,799
			2007 79,816
			2006 67,877

	4. Zhongshan Dafeng Water Plant	5. Zhongshan Quanlu Water Plant	6. Nanchang Water Plant
Attributable Interest	33.06%	33.06%	25%
Form of Investment	Equity	Equity	Equity
Capacity	Phase 1: 200,000m ³ / day Phase 2: 300,000m ³ / day	500,000m ³ / day	Phase 1: 50,000m ³ / day Phase 2: 50,000m ³ / day
Location	Zhongshan, Guangdong Province	Zhongshan, Guangdong Province	Nanchang, Jiangxi Province
Operation Date	Phase 1: April 1998 Phase 2: November 2008 (Estimate)	April 1998	Phase 1: January 1996 Phase 2: September 2008
Expiry Date	2020	2020	2023
Average Daily Volume Sold (m ³)	2008 622,789	2007 610,473	2006 591,852
			2008 68,572
			2007 56,922
			2006 58,959

PROJECT KEY FACTS AND FIGURES

	7. Baoding Water Plant			8. Siping Water Plant			9. Zhengzhou Water Plant		
Attributable Interest	27.5%			25%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	260,000m ³ / day			118,000m ³ / day			360,000m ³ / day		
Location	Baoding, Hebei Province			Siping, Jilin Province			Zhengzhou, Henan Province		
Operation Date	June 2000			September 2000			August 2001		
Expiry Date	2020			2030			2031		
Average Daily Volume Sold (m³)	2008	2007	2006	2008	2007	2006	2008	2007	2006
	234,000	234,000	234,000	69,973	59,781	52,479	240,367	288,000	288,000

	10. Xinchang Water Plant			11. Changtu Water Plant			12. Panjin Water Plant		
Attributable Interest	25%			35%			30%		
Form of Investment	Equity			Equity			Equity		
Capacity	100,000m ³ / day			50,000m ³ / day			110,000m ³ / day		
Location	Xinchang, Zhejiang Province			Tieling, Liaoning Province			Panjin, Liaoning Province		
Operation Date	March 2002			December 2000			April 2002		
Expiry Date	2032			2029			2032		
Average Daily Volume Sold (m³)	2008	2007	2006	2008	2007	2006	2008	2007	2006
	68,811	64,000	71,058	21,516	20,142	18,284	78,077	78,113	75,580

	13. Shanghai Spark Water Plant			14. Shanghai SCIP Water Treatment Plants			15. Qingdao Water Plant			
Attributable Interest	25%			25%			25%			
Form of Investment	Equity			Equity			Equity			
Capacity	100,000m ³ / day			Waste Water: 50,000m ³ / day Industrial Water: 200,000m ³ / day Demineralized Water: 4,800m ³ / day			Phase 1: 543,000m ³ / day Phase 2: 183,000m ³ / day			
Location	Shanghai			Shanghai			Qingdao, Shandong Province			
Operation Date	January 2002			Waste Water & Industrial Water: April 2005 Demineralized Water: February 2008			Phase 1: August 2002 Phase 2: September 2006			
Expiry Date	2031			2052			2027			
Average Daily Volume Sold (m³)	2008	2007	2006		2008	2007	2006	2008	2007	2006
	48,670	43,311	44,155	Waste Water	40,325	45,289	27,467	509,373	531,231	495,357
				Industrial Water	99,184	97,900	70,015			
				Demineralized Water	226	N/A	N/A			

	16. Chongqing Water Plant			17. Sanya Water Plant			18. Tanggu Water Plant		
Attributable Interest	30%			25%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	Phase 1: 380,000m ³ / day Phase 2: 160,000m ³ / day			235,000m ³ / day			310,000m ³ / day		
Location	Chongqing			Sanya, Hainan Province			Tanggu, Tianjin		
Operation Date	Phase 1: November 2002 Phase 2: July 2006			January 2004			April 2005		
Expiry Date	2052			2033			2039		
Average Daily Volume Sold (m³)	2008	2007	2006	2008	2007	2006	2008	2007	2006
	260,874	237,153	199,192	147,964	129,910	122,187	169,214	156,983	154,794

	19. Changshu Water Plant	20. Chongqing Tangjiatuo Waste Water Plant	21. Chongqing Construction Company
Attributable Interest	24.5%	25%	19.275%
Form of Investment	Equity	Equity	Equity
Capacity	675,000m ³ / day	300,000m ³ / day	Waste Water : 100,000m ³ / day Sludge Treatment : 240 tonnes/ day
Location	Changshu, Jiangsu Province	Chongqing	Chongqing
Operation Date	December 2006	January 2007	Waste Water : June 2010 (Estimate) Sludge Treatment : June 2009 (Estimate)
Expiry Date	2036	2036	2038
Average Daily Volume Sold (m ³)	2008 413,578 2007 332,508 2006 N/A	Average Daily Volume Treated (m ³) 2008 236,487 2007 236,533 2006 N/A	N/A

	22. Shanghai SCIP Waste Incineration Plant	23. Far East Landfill Technologies Limited
Attributable Interest	10%	47%
Form of Investment	Equity	Equity
Capacity	60,000 tonnes/ year	35 million m ³
Location	Shanghai	Hong Kong
Operation Date	August 2006	June 1995
Expiry Date	2053	2045
Annual Treated Volume (tonnes)	2008 26,737 2007 30,186 2006 N/A	N/A

PORTS

	1. Xiamen New World Xiangyu Terminals Co., Ltd.	2. Tianjin Orient Container Terminals Co., Ltd.	3. Tianjin Five Continents International Container Terminal Co., Ltd.
Attributable Interest	50%	24.5%	18%
Form of Investment	EJV	EJV	EJV
Handling Capacity	1 million TEUs pa	1.4 million TEUs pa	1.5 million TEUs pa
Total Area	483,000 sq m	469,000 sq m	517,000 sq m
Location	Huli Industrial Zone, Xiamen, Fujian	Xingang Dongtudi South Terminal, Tanggu, Tianjin	Xingang Dongtudi North Terminal, Tanggu, Tianjin
Operation Date	April 1997	January 1999	November 2005
Expiry Date	2052	2027	2035
Length of Berths	976 m	1,136 m	1,202 m
No. of Cranes	9	10	12
Throughput Achieved (TEUs)	2008 745,000 2007 794,000 2006 736,000	2008 1,129,000 2007 1,136,000 2006 1,145,000	2008 1,991,000 2007 1,988,000 2006 831,000

	4. Dalian Container Terminal Co., Ltd.	5. Xiamen New World Xiangyu Warehouse & Processing Zone Limited
Attributable Interest	4.8%	Attributable Interest 100%
Form of Investment	EJV	Form of Investment WFOE
Handling Capacity	2.2 million TEUs pa	Location Huli Industrial Zone, Xiamen, Fujian
Total Area	740,000 sq m	Operation Date January 1998
Location	Berths 3 to 7, 9 and 10, Dayaowan, Dalian	Expiry Date 2045
Operation Date	June 2002	Yearly Average Occupancy Rate 2008 N/A 2007 N/A 2006 N/A
Expiry Date	2046	
Length of Berths	1,856 m	
Throughput Achieved (TEUs)	2008 1,853,000 2007 1,859,000 2006 1,906,000	

PROJECT KEY FACTS AND FIGURES

	6. Wenzhou Zhuangyuan Ao New World International Terminals Company Limited		
Attributable Interest	55%		
Form of Investment	EJV		
Handling Capacity	2.3 million tonnes pa (Phase 1)		
Total Area	563,000 sq m		
Location	Zhuangyuan Ao Port Area, Wenzhou		
Operation Date	2nd half of 2008 (Estimate)		
Expiry Date	2056		
Length of Berths	683 m		
No. of Quay Cranes	2		
No. of Portal Cranes	2		
Throughput Achieved (Tonnes)	2008 N/A	2007 N/A	2006 N/A

SERVICE & RENTAL



FACILITIES RENTAL

- HKCEC (Management)
- ATL Logistics Centre Hong Kong (56%)
- ATL Logistics Centre Yantian (46.17%)
- United Asia Terminals (Yantian) (40%)
- China United International Rail Containers (22%)



CONTRACTING

- Hip Hing Construction
- Extensive Trading
- Team Deco
- Quon Hing (50%)
- Wai Kee (26.97%)
- Build King (22.28%)
- NWS Engineering Group
- Young's Engineering
- Majestic Engineering
- Far East Engineering
- NWS Engineering



FINANCIAL SERVICES

- New World Insurance
- Taifook Securities (57.82%)
- Tricor (24.39%)



OTHER SERVICES

- New World First Bus (50%)
- Citybus (50%)
- New World First Bus (China) (50%)
- New World First Ferry (50%)
- New World First Ferry (Macau) (50%)
- New World First Travel (50%)
- Guangzhou New World Bus (30.32%)
- Kwoon Chung Bus (14.95%)
- Urban Property
- International Property (99%)
- KLPS
- Urban Parking
- General Security
- Uniformity
- Pollution & Protection Services
- Waihong Environmental Services
- New China Laundry
- Sky Connection
- Care & Services
- CiF Solutions
- Hong Kong Island Landscape



PROJECT KEY FACTS AND FIGURES

FACILITIES RENTAL

	Hong Kong Convention and Exhibition Centre (Management) Limited		ATL Logistics Centre Hong Kong Limited		
Services Offered	Management and operation of venues for exhibitions, conventions, meetings, entertainment, banquets and catering events etc	Attributable Interest	56%		
Gross Rentable Space	70,398 sq m	Form of Investment	Equity		
No. of Events Held This Year	1,345	Lettable Area	5.9 million sq ft		
No. of Attendants This Year	Over 4.6 million	Location	Berth 3, Kwai Chung Container Terminals, Hong Kong		
Expansion	Expansion to Halls 1, 2 & 3 to be completed in 2009 adds a further 19,400 sq m of rentable space	Operation Dates	Phase I: February 1987 Phase II: March 1988 Phase III: February 1992 Phase IV: January 1994 Phase V: November 1994		
		Expiry Date	2047		
		Yearly Average Occupancy Rate	2008	2007	2006
		CFS Handling Volume (cb m)	823,000	895,000	918,000

	ATL Logistics Centre Yantian Limited		United Asia Terminals (Yantian) Limited		
Attributable Interest	46.17%	Attributable Interest	40%		
Form of Investment	Equity	Form of Investment	Equity		
Handling Capacity	600,000 cb m pa	Handling Capacity	700,000 cb m pa		
Total Area	26,000 sq m	Total Area	33,000 sq m		
Location	Yantian, Shenzhen	Location	Yantian, Shenzhen		
Operation Date	January 2002	Operation Date	February 1997		
Expiry Date	2019	Expiry Date	2009		
CFS Handling Volume (cb m)	2008 357,000	2007 392,000	2006 320,000	CFS Handling Volume (cb m)	2008 697,000
					2007 594,000
					2006 504,000

CONTRACTING

	Hip Hing Construction Company Limited		Extensive Trading Company Limited		
Service offered	Construction engineering service	Service offered	Trading and environmental engineering		
Total contract sum this year	HK\$8,542 million	Types of Products	Building, mechanical and environmental engineering		
Contract on hand	HK\$25,845 million (remaining work: HK\$12,269 million)	No. of Retail Shops	5		
Major projects	Design and construction of Tamar Government Complex Development Project; construction of Hotel Cityplaza at Quarry Bay; management contract for MGM Grand Paradise Phase II, Macau; management contract for Niceline Villa Phase II, Beijing; conservation works for historical buildings at Justive Drive, Admiralty; management contract for One Central Macau; design and build contract for Hong Kong Convention and Exhibition Centre Atrium Link Extension, etc				

	Team Deco International Limited		NWS Engineering Group Limited
Service Offered	Interior design	Major Operating Companies	Young's Engineering Company Limited, Majestic Engineering Company Limited, Far East Engineering Services Limited and NWS Engineering Limited
Major Projects	Qingdao Kempinski Hotel; Hui Zhou Kempinski Hotel; Anhui Jin Jiu Hua Resort Hotel; Philippines Eton Properties - Baypark Residence & Greenbelt Residence; Discovery Bay Shopping Centre Development in Area N2	Services Offered	Mechanical and electrical engineering services
		Total Contract Sum This Year	HK\$2,391 million
		Contract on Hand	HK\$5,971 million (remaining work: HK\$3,560 million)
		Major Projects	Tamar Development Project; Area 86 Tseung Kwan O Town Lot No. 70 (Package One); Venetian Hotel Tower 5 and Serviced Apartments (Parcel 2) in Cotai, Macau; Beijing China World Trade Centre Phase 3, Shanghai IFC, etc

FINANCIAL SERVICES

	New World Insurance Management Limited		Taifook Securities Group Limited
Service Offered	Risk and insurance management consultancy services	Service Offered	Provision of capital markets, asset management and brokerage services to institutional, corporate investors and individual investors
Annual Premium Handled	HK\$558 million	Network	12 branches in Hong Kong and Macau; 6 investment consultancy centres in Mainland China
Major Clients	Asia Television Ltd, CALYON Corporate and Investment Bank, Embry Holdings Ltd, GlaxoSmithKline Ltd, Hong Kong Productivity Council, Linfox Holdings Hong Kong Ltd, Societe Generale, Whirlpool (Hong Kong) Ltd, Yue Yuen Industrial (Holdings) Ltd, etc.	Client Assets under Custody	Over HK\$50 billion

OTHER SERVICES

	New World First Bus Services Limited	Citybus Limited
Service Offered	Franchised bus service in Hong Kong	Franchised bus service in Hong Kong
Fleet Size	694 buses	921 buses
No. of Routes	95	111
Average Daily Patronage	474,000	569,000
Average Fleet Age	9.4 years	11.2 years

New World First Bus Services (China) Limited

	Kunming New World First Bus Services Ltd		Guangzhou New World Bus Services Ltd
Service Offered	Public bus service in Kunming	Service Offered	Public bus service in Guangzhou
Fleet Size	941 buses	Fleet Size	286 buses
No. of Routes	56	No. of Routes	16
Daily Patronage	About 669,000	Daily Patronage	About 95,000
Average Fleet Age	5.5 years	Average Fleet Age	4.1 years

PROJECT KEY FACTS AND FIGURES

	New World First Ferry Services Limited		New World First Ferry Services (Macau) Limited
Service Offered	Passenger ferry service within Hong Kong waters	Service Offered	Passenger ferry service between Tsim Sha Tsui, Hong Kong and Macau
Fleet Size	20 vessels	Fleet Size	9 vessels
No. of Routes	7	Average Daily Patronage	About 12,000
Average Daily Patronage	About 41,000		

	New World First Travel Services Limited		Urban Property Management Limited
Service Offered	Macau packages and vessel chartering	Service Offered	Real estate and facility management
		No. of Properties Managed	230
		Gross Floor Area Managed	11.3 million sq m
		Major Projects	Grand Millennium Plaza, Parklane Shopper's Boulevard, 33 Island Road, Parc Palais and City One Shatin, etc

	KLPS Group Limited		Urban Parking Limited
Service Offered	Property sales and leasing agency, commercial planning, property and facilities management	Service Offered	Carpark management and Octopus carpark system management
Gross Floor Area Managed	5.01 million sq m	No. of Parking Spaces	Over 6,200
Major Projects	New World Centre, Convention Plaza, Beijing Shadow Creek, Beijing Chateau Regalia, Beijing Jing Guang Centre, Beijing Eastern International Apartment, Beijing Park Way Court No. 9 Apartment, Beijing Yi Dong Yang Fang, Shanghai Royal Garden, Guangzhou Huadu Royal Island, etc	Major Projects	Hong Kong Convention and Exhibition Centre, New World Centre, Prince Wales Hospital, Tai Po Plaza, New World Times Centre (Beijing), Solana (Beijing), etc

	General Security (H.K.) Limited		Uniformity Security Company Limited
Service Offered	Security and guarding services; gurkha guard services; armed and armoured transportation; special events security management; tele-protection services through computerized tele-recording system; supply, installation and maintenance of security systems	Service Offered	Security guard services; exhibition, flat sale activities and special event security management; security consultancy; VIP protection; key-holding service; mobile patrol; security training; security system installation and maintenance, etc
Security Force	About 1,800	Security Force	About 1,100
No. of Guarding Locations	110	No. of Guarding Locations	73
Major Clients	Hong Kong Jockey Club, Jones Lang LaSalle, City One Shatin, Hong Kong Convention and Exhibition Centre, Cyberport etc.	Major Clients	MTR Corporation Ltd., Sino Estates Management Ltd., Kai Shing Management Services Ltd., The Kowloon Motor Bus Co. (1933) Ltd., Hang Yick Properties Management Ltd., Hospital Authority, etc

	Pollution & Protection Services Limited		Waihong Environmental Services Ltd.
Service Offered	Cleaning management, service apartment maid service, marble and granite protection and restoration, curtain wall cleaning, carpet/fabric protection treatment, etc	Service Offered	Cleaning services management, pest and termite control services, waste collection, disposal and recycling, etc.
No. of Projects Managed	About 200	No. of Projects Managed	About 200
Major Clients	Airport Authority Hong Kong, Island Shangri-La Hong Kong, Conrad Hong Kong, Craigenpower Cricket Club, etc.	Major Clients	Airport Authority Hong Kong, MTR Corporation Ltd, Hong Kong University of Science and Technology, Standard Chartered Bank, Taikoo Shing (Management) Ltd, etc

	New China Laundry Limited		Sky Connection Limited
Service Offered	Laundry and dry cleaning, linen product trading, maintenance and replenishment services to major hotels, restaurants and retail clients in Hong Kong; laundry and dry cleaning services for hotels and restaurants and industrial textile wash for clients in Guangdong Province	Service Offered	Retail of duty free liquor, tobacco, perfume, cosmetics and general merchandise
		Locations of Shops	Hong Kong International Airport, Hong Kong-Macau Ferry Terminal, China Ferry Terminal and Kowloon-Canton Railway Hung Hom, Lo Wu and Lok Ma Chau Stations

	Care & Services Company Limited		CiF Solutions Limited
Service Offered	Provision of 24-hour residential and nursing care for the elderly	Service Offered	Packaged IT applications, enterprise solutions and professional IT consultancy services
No. of Elderly under Care	297	Major Clients	Convoy Financial Group Ltd, OTIS Elevator Co., (HK) Ltd, etc
Total No. of Beds	330		

	Hong Kong Island Landscape Company Limited
Service Offered	Sale and hiring of plant products; design, building and maintenance of soft landscape work
Total Area of Nurseries	2.9 million sq ft
Major Clients	Hotel Inter-Continental, The Peninsula, Grand Hyatt Hong Kong, Hong Kong Convention and Exhibition Centre, etc

GLOSSARY OF TERMS

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

GENERAL TERMS

“Board”	the board of directors of NWS Holdings
“FY2007”	the financial year ended 30 June 2007
“FY2008”	the financial year ended 30 June 2008
“GDP”	gross domestic product
“Group”	NWS Holdings and its subsidiary companies
“HK\$”	the lawful currency of Hong Kong
“Hong Kong” or “HKSAR”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Macau”	The Macau Special Administrative Region of the PRC
“Mainland China”	the PRC excluding Hong Kong, Macau and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
“MOP”	the lawful currency of Macau
“MPF”	Mandatory Provident Fund
“NWD”	New World Development Company Limited
“NWS Holdings” or “Company”	NWS Holdings Limited
“PRC”	The People’s Republic of China
“RMB” or “Rmb”	the lawful currency of the PRC
“US\$”	the lawful currency of the United States of America

TECHNICAL TERMS

“cbm(s)”	cubic metre(s)
“CJV”	co-operative joint venture company
“EJV”	equity joint venture company
“ft”	feet
“GW”	gigawatt(s), equal to 1,000,000 kilowatts
“ha”	hectare(s), equal to 10,000 square metres
“km”	kilometre(s)
“kWh”	kilowatt hour(s), a unit of measurement of electric energy, which is equal to the work done by one kilowatt of electric power in one hour

TECHNICAL TERMS

"m"	metre(s)
"MW"	megawatt(s), equal to 1,000 kilowatts
"PMPH(s)"	productive moves per hour, a measure of the productivity of quay cranes
"sq ft"	square feet
"sq km"	square kilometre(s)
"sq m"	square metre(s)
"TEU(s)"	twenty-foot equivalent unit, a standard measurement unit of a container. It is based on the dimensions of a container 20 feet long by 8 feet wide by 8.5 feet high with an average load of approximately nine tonnes
"tonne(s)"	equal to 1,000 kilograms

FINANCIAL TERMS

"Attributable Operating Profit" or "AOP"	Profit available for appropriation before head office and non-operating items
"Earnings per Share – Basic"	$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Weighted average number of shares in issue during the year}}$
"Gearing Ratio"	$\frac{\text{Net Debt}}{\text{Total equity}}$
"Net Assets"	Total assets less total liabilities
"Net Assets per Share"	$\frac{\text{Net Assets}}{\text{Number of issued shares at the end of year}}$
"Net Debt"	Total Debt less cash and bank balances and short term deposits
"Net Tangible Assets"	Total tangible assets less total liabilities
"Return on Capital Employed"	$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Total equity + Non-current liabilities}}$
"Return on Shareholders' Funds"	$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Shareholders' Funds}}$
"Shareholders' Funds"	Capital and reserves attributable to shareholders of the Company
"Total Debt"	The aggregate of bank loans, other loans, overdrafts and finance leases

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

BOARD 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 William Junior Guilherme Doo
Mr Dominic Lai
Mr Kwan Chuk Fai
Ms Lam Yuet Wan, Elina

QUALIFIED ACCOUNTANT

Mr Lam Wai Hon, Patrick

COMPANY SECRETARY

Mr Chow Tak Wing

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28/F, New World Tower
18 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

WEBSITE

www.nws.com.hk

This annual report was produced by Corporate Communication Department.

Where the English and the Chinese texts conflict, the English text prevails.

This annual report is also available at www.nws.com.hk.

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新創建 NWS

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NWS Holdings Limited takes every practicable measure to conserve resources and minimize waste.

This annual report is printed on FSC certified paper using vegetable oil-based inks. Pulp used are elemental chlorine-free.

The FSC logo identifies product group from well-managed forests and other controlled sources in accordance with the rules of the Forest Stewardship Council.

