



新創建 NWS

**Sustaining Growth
Striving for Excellence**

NWS HOLDINGS LIMITED

ANNUAL REPORT 2009

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 the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 17). Listed on the Hong Kong Stock Exchange, NWS Holdings has built up a diversified business portfolio across Hong Kong, Mainland China and Macau.

Infrastructure

As one of the major infrastructure investors in Mainland China, NWS Holdings has established a strong foundation with 62 projects in the four segments of Roads, Energy, Water as well as Ports & Logistics.



Roads

NWS Holdings operates 20 road and related projects in Hong Kong and Mainland China’s strategic locations, for example, Guangdong and Tianjin, covering approximately 578 km in length.



Water

NWS Holdings has invested in the vast water markets of Mainland China and Macau via its joint venture company, Sino-French Holdings (Hong Kong) Limited for over 20 years. The Group operates 25 water treatment and waste treatment projects etc, treating up to 6.62 million cubic metres of water and waste water per day, 540 tonnes of sludge per day and 60,000 tonnes of waste per year. Also, the Group holds stake in a 61-hectare landfill in Hong Kong.



Energy

The Energy portfolio comprises 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 annual capacity of seven million tonnes.



Ports & Logistics

NWS Holdings has seven port projects in the major coastal cities of Mainland China such as Xiamen and Tianjin, with a container handling capacity of 7.1 million TEUs per year. Through its joint venture company, China United International Rail Containers Co., Limited, the Group develops 18 important rail container terminals across Mainland China. ATL Logistics Centre, operated by the Group in Kwai Chung, also provides world-class logistics services for local and overseas clients.

NWS Holdings' Infrastructure portfolio encompasses Roads, Energy, Water as well as Ports & Logistics projects, while its Services division comprises Facilities Management, Contracting & Transport and Financial Services. With a 42,000-strong workforce, NWS Holdings is committed to striving for excellence in its two dynamic core businesses.

Services

NWS Holdings offers an all-inclusive range of top quality services in Hong Kong, Mainland China and Macau, leveraging its expertise to capture the tremendous business opportunities across the regions.



Facilities Management

NWS Holdings' Facilities Management segment includes the management of the Hong Kong Convention and Exhibition Centre, Free Duty and facility services such as property management, security and guarding, cleaning and laundry.



Contracting & Transport

The Group offers one-stop professional construction, electrical and mechanical engineering services for many leading clients and developers in Hong Kong, Mainland China and Macau. By jointly operating with Chow Tai Fook Enterprises Limited, NWS Holdings also provides bus and ferry transport services across the region.



Financial Services

With ample experience in financial services, NWS Holdings provides full expertise from corporate finance, asset management, brokerage service, risk and insurance management consultancy, to corporate administration and business support for corporate clients, institutional and individual investors.

MILESTONES



AUGUST



SEPTEMBER



NOVEMBER



NOVEMBER



FEBRUARY

2008

July

Taifook Securities Group Limited celebrated its 35th anniversary.

August

New World First Bus Services Limited celebrated its 10th anniversary.

Hip Hing Construction Company Limited was awarded **2007 Proactive Safety Contractor Award** and **Construction Safety Innovation Award 2008** by Hong Kong Construction Association while Hip Hing Engineering Company Limited (formerly Ngo Kee Construction Company Limited) won **2007 Proactive Safety Contractor Award**.

September

The Main Storage Reservoir Water Treatment Plant II of Macao Water Supply Company Limited was officially opened.

The Macao Water Supply Company Limited won **the first place of Interlaboratory Tests Clean Water 2008 within SUEZ**.

Hip Hing Construction Company Limited, Vibro (H.K.) Limited and Barbican Construction Company, Limited won the **Safety Performance Awards** in the **Seventh Hong Kong Occupational Safety and Health Award** organized by Occupational Safety & Health Council.

Urban Property Management Limited received the **2008 Best Brand Enterprise Award (Greater China)** from Hong Kong Productivity Council.

October

At the **Web Care Award of e-Inclusion Campaign 2008**, NWS Holdings' website won an **Excellence Award**. Besides, websites of New World First Bus Services Limited and Citybus Limited garnered a **Gold Award** while the website of Urban Property Management Limited also received an **Excellence Award** and 52 property websites under the i-Urban™ Portal obtained **Silver Awards**.

Tangjin Expressway (Tianjin North Section) was granted the **Tianjin Science and Technology Achievement Awards** by Tianjin Science and Technology Committee.

November

NWS Holdings' Corporate Song garnered a **Silver Award** under the "Internal Communication" category in the **Eighth China Golden Awards for Excellence in Public Relations (2006-2007)** organized by China International Public Relations Association.

In the **19th International Galaxy Awards**, the Annual Report 2007 of NWS Holdings received a **Silver Award** in the category "Annual Report – Conglomerate" and the TV commercials produced for the "HK • Love • Trees" programme, co-organized by NWS Charities Foundation and Green Power, also won a **Bronze Award** in the category "Television Ads – Campaign".

Xiamen New World Xiangyu Terminals Co., Ltd. was granted the **Best Container Terminal Award** in the **Sixth China Freight Industry Awards 2008** by China Shipping Gazette.



FEBRUARY



MARCH



APRIL

December

Zhongshan Tanzhou Water Supply Co. Ltd. was awarded as one of the **2008 Best Top 10 Customers of Power Consumption in Zhongshan** by the Guangdong Power Grid Zhongshan Power Supply Bureau.

Guangzhou City Northern Ring Road was awarded the **2008 Safety Culture Demonstrative Enterprise of Guangdong Province** by the Bureau of Work Safety of Guangdong Province.

2009

January

Urban Property Management Limited was honoured with **2008 Hong Kong Awards for Industries: Customer Service Certificate of Merit** by Hong Kong Retail Management Association.

February

NWS Holdings was awarded the **Total Caring Award** and the **5 Years Plus Caring Company Logo** by The Hong Kong Council of Social Service while its eight member companies received the **5 Years Plus Caring Company Logo**, five received the **5 Consecutive Years Caring Company Logo** and eight received the **Caring Company Logo**.

NWS Holdings Annual Report 2008 won a **Bronze Award** in Annual Reports – Overall Presentation: Conglomerate in the **22nd International Mercury Awards**. Besides, for the NWS Hong Kong Geo Wonders Hike, sponsored by NWS Holdings, and co-organized by The Agriculture, Fisheries and Conservation Department, the Association for Geoconservation, Hong Kong and Friends of the Country Parks, its campaign logo, representing a cluster of hexagonal rock pillars, also won a **Bronze Award** in the Logo category.

March

The Tamar Development Project of Gammon-Hip Hing Joint Venture was awarded a **Gold Award** in Building Sites (Public Sector) category and a **Silver Award** in Safety Team category of **Construction Industry Safety Award Scheme 2008/2009**.

Sino-French Holdings (Hong Kong) Limited was named one of the **Top Ten Most Influential Enterprises in Mainland China's Water Supply Industry 2008** by www.h2o-china.com.

An equity transfer between Sino French Water Development Company Limited ("SFWD") and Earth Tech for a water supply joint venture in Tianjin was effective. A joint venture, Tianjin Sino French Jieyuan Water Co., Ltd., was set up between SFWD and Tianjin Water Works Group. The equity transfer represents an investment of RMB117 million.

April

The TV commercials series of NWS Holdings won a **Bronze Award** in Advertisements – Television: Corporate category in the **19th International Astrid Awards**.

Hong Kong Convention and Exhibition Centre has completed its expansion, bringing the centre's total rental space to 91,500 sq m and the total purpose-built exhibition hall space to 66,000 sq m.

May

In recognition of its over 10,000 hours devoted to social service in 2008, NWS Volunteer Alliance received the **Gold Award for Volunteer Service** from the Social Welfare Department for the eighth consecutive year.

FINANCIAL HIGHLIGHTS

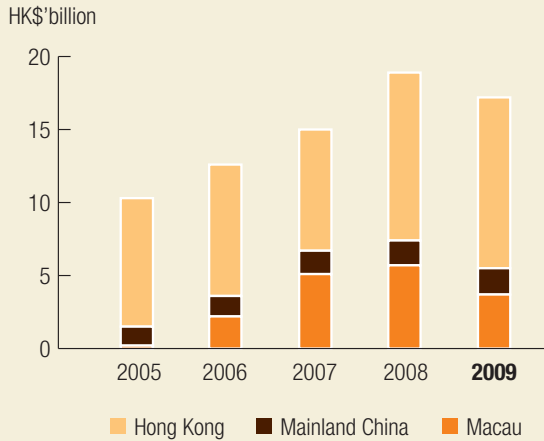
	2009 HK\$'m	2008 HK\$'m (restated)
Revenue	17,250.9	18,889.5
Profit Attributable to Shareholders of the Company	2,528.8	3,836.9
Net Debt	3,600.9	4,666.7
Net Debt (excluding borrowings for IPO financing)	1,955.9	4,666.7
Total Assets	44,278.6	42,593.9
Net Assets	24,259.4	22,513.1
Shareholders' Funds	23,175.2	21,246.7

	2009 HK\$	2008 HK\$ (restated)
Earnings per Share – Basic	1.23	1.90
Net Assets per Share	11.71	10.94

	2009	2008
Gearing Ratio	15%	21%
Gearing Ratio (excluding borrowings for IPO financing)	8%	21%
Return on Equity	11%	18%
Return on Capital Employed	9%	14%
Dividend Payout Ratio	51%	51%

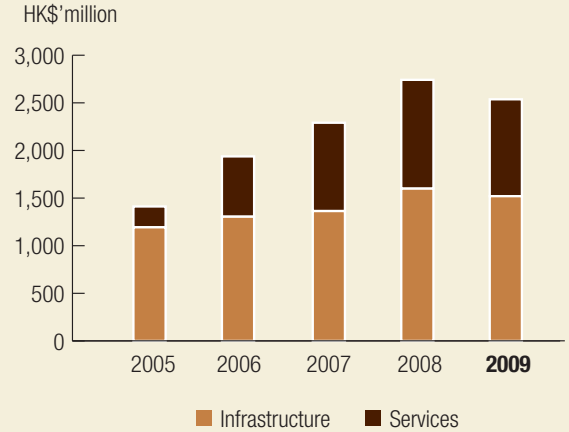
REVENUE BY REGION

for the year ended 30 June



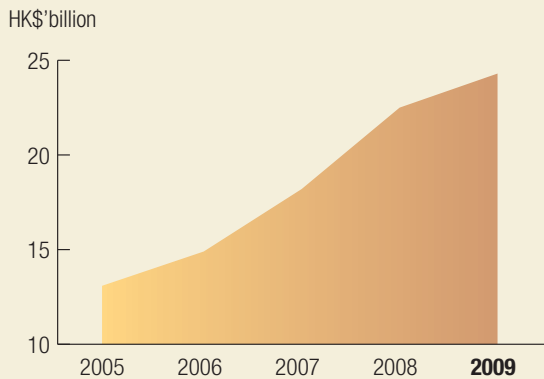
AOP BY DIVISION

for the year ended 30 June



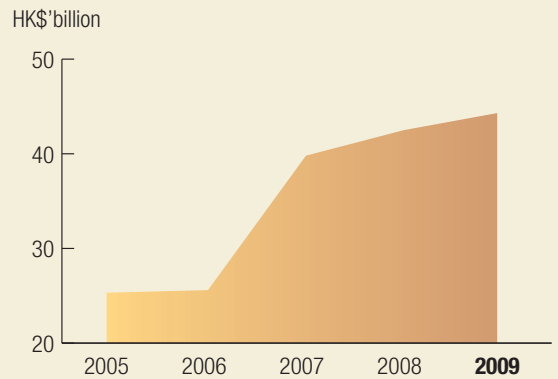
TOTAL EQUITY

as at 30 June



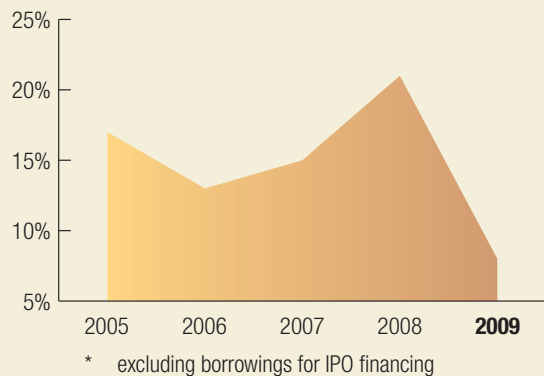
TOTAL ASSETS

as at 30 June



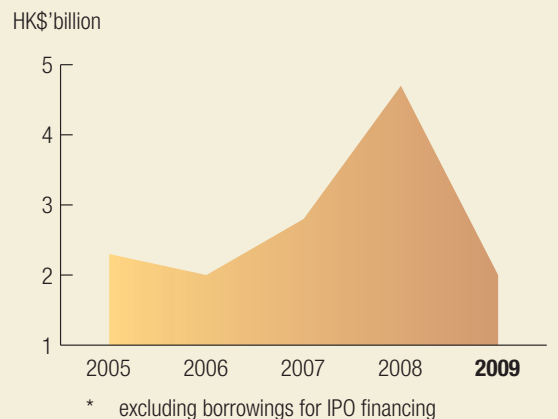
GEARING RATIO*

as at 30 June



NET DEBT*

as at 30 June



“ Safe and steady does it. Staying the course through thick and thin, the Group succeeded in leveraging on its cautious management approach to weather the global financial crisis. ”



Dear Shareholders,

On behalf of the Board, I am delighted to report that the Group put in strong performance during the year and recorded solid results despite the financial tsunami that struck the international markets in 2008. The Group's core businesses, including Roads, Water and Facilities Management, were buoyed by the improving growth prospects as the global economy seemed on track to regain some lost ground. Our Energy and Transport segments, benefiting from a substantial drop in oil and coal prices, were in a better position to withstand the negative impact of the economic downturn. It is also encouraging to see an exceptional gain of HK\$338 million from the sale of the Harbour Place units. To share the better-than-expected results with our shareholders, a final dividend of HK\$0.42 per share was declared, representing a payout ratio of 50.7%.

Focusing attention on the bright spots for growth

Overall market confidence received a further boost from Mainland China's economic recovery, thanks to the state's effective fiscal stimulus policy and the resulting strong domestic spending, including consumption and investment. Hong Kong is set to gain from the internationalization of RMB and the sustained capital flow from the Mainland. Given much room for investing in infrastructural development and service businesses, growth prospects in these two sectors look particularly promising for the Group as both the domestic and overseas markets are showing signs of further improvement.

Capitalizing on the upside potential of the Mainland market, the Group's plan to build a network of rail container terminals in 18 coastal and inland cities is well under way, with seven terminals undergoing construction. Roads and Water segments being the Group's another strategic targets for promising returns, the Tangjin Expressway (Tianjin North Section) recorded a significant rise of over 25% in toll income

while three new projects in Water segment were secured during the year in Chongqing, Tianjin and the Suzhou Industrial Park.

Balancing nicely across a broad business spectrum

To further highlight the infrastructure-driven strategic direction of the Group, our business segments have been re-grouped under the twin core divisions of Infrastructure and Services, providing our investors with a clearer picture of our corporate structure.

A consistently strong cash flow from our diversified operations was made possible by the Group's comprehensive business portfolio. During the year, while our Financial Services segment experienced an inevitable setback due to the shrinking stock market turnover, the Facilities Management segment posted notable gains. Thanks to the completion of its Atrium Link expansion in April 2009, the total rental space of the Hong Kong Convention and Exhibition Centre has increased to 91,500 sq m.

As a result of improving market sentiment, additional revenue is anticipated from the sale of the remaining units of the Harbour Place project in FY2010. Looking ahead, with ongoing positive performance in our Contracting business, the Group is well positioned to take on mega-sized projects in Hong Kong.

Planning our business moves with typical discretion

Although we have succeeded in maintaining a strong capital structure and a healthy balance sheet on top of a diversified yet balanced business profile, there is no room for complacency in light of the current market volatility. With a commitment to enhance shareholder value, we will maintain our prudent approach to risk management, which has been conducive to tiding the Group over the recent global credit crisis. While envisioning a global market recovery

in the foreseeable future, the Group will continue to closely monitor its risk profile and implement proactive and timely measures to maximize its market potential.

In this respect the Group will leverage on the robust cash flow contributed by its recurring businesses, as well as the corporate resources and management expertise at its disposal to stay focused on identifying quality assets and potential areas for growth. Not only will continuous efforts be made to maintain a clean bill of corporate health, but, in sticking to our well-established dividend payout policy, the interests of our investors will also be safeguarded.

Making the most of our human assets

Of all the assets in our possession, human resources are what we cherish the most. Our corporate growth goes hand in hand with our staff development. To nurture our home-grown talent, we have in place a broad-based platform for staff training, development as well as the transfer of knowledge among them. Subscribing to the lifelong learning philosophy, not only do we offer our valued staff members various regular training programmes to hone their work skills, but we also place a special emphasis on the interpersonal and communication aspects to facilitate their personal as well as professional development.

In much the same vein, our employees are encouraged to take an active part in the wide range of staff wellness programmes and recreational activities organized for their enjoyment. A successful team is a happy team. The implementation of five-day week and the three-day paternity leave system is just another example of our continuous efforts in promoting work-life balance among our colleagues.

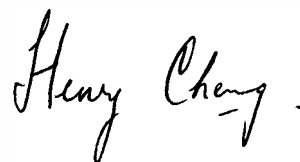
Reaping our fruits of labour for the community

As a civic-minded corporate citizen, the value we place on human assets extends to the community at large. I am most gratified that, in recognition of our volunteering efforts and corporate social responsibility commitment across our different business segments, the Group had the honour to receive the Total Caring Award from The Hong Kong Council of Social Service at the Caring Company Recognition Ceremony 2008/09.

During the year, the NWS Hong Kong Geo Wonders Hike, which is fully supported by NWS Charities Foundation, continued to raise public awareness of the importance of geological conservation. Our dress-down policy to help our staff cool down in summer is also part of our eco-friendly initiatives. In addition, I am pleased that the NWS Volunteer Alliance Award Programme was launched to honour in our own way our staff's dedication to volunteering services.

A word of thanks

A review of the Group's performance in these uncertain times cannot be complete without an acknowledgement of appreciation for the concerted efforts of our staff and management teams, and my fellow members of the Board. Without their dedication and contributions, it would not have been possible for the Group to rise to the challenge and take advantage of the re-emerging market opportunities. May we continue to count on their unswerving support in the years to come.



Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 7 October 2009

BOARD OF DIRECTORS



Dr Cheng Kar Shun, Henry



Mr Doo Wai Hoi, William



Mr Tsang Yam Pui



Mr Wong Kwok Kin, Andrew

Dr Cheng Kar Shun, Henry *GBS* **Chairman**

Dr Cheng (62) was appointed as Executive Director in March 2000 and became the Chairman in March 2001. He is also a member of the Executive Committee of the Company. 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 as well as an independent non-executive director of HKR International Limited and a non-executive director of Lifestyle International Holdings Limited, all being listed public companies in Hong Kong. He had been the Chairman of New World Mobile Holdings Limited (a listed public company in Hong Kong) during the last three years. In addition, Dr Cheng is also the Managing Director of New World Hotels (Holdings) Limited and a director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited, Chow Tai Fook Enterprises Limited and Mombasa 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 father of Mr Cheng Chi Ming, Brian, the brother-in-law of Mr Doo Wai Hoi, William and the uncle of Mr William Junior Guilherme Doo.

Mr Doo Wai Hoi, William *JP* **Deputy Chairman**

Mr Doo (65) was appointed as Executive Director in March 2000 and became the Deputy Chairman in January 2003. He was re-designated to Non-executive Director with effect from 8 October 2009. 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 and was appointed as an Independent Non-executive Director of The Bank of East Asia, Limited on 10 January 2008, all being listed public companies in Hong Kong. Moreover, he had been the Vice Chairman of New World Mobile Holdings Limited (a listed public company in Hong Kong) during the last three years. He is also a director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company 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 father of Mr William Junior Guilherme Doo, the brother-in-law of Dr Cheng Kar Shun, Henry and the uncle of Mr Cheng Chi Ming, Brian.

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

Mr Tsang (63) was appointed as Executive Director in June 2004 and is also a member of the Executive Committee and the Chairman of the Corporate Social Responsibility Committee of the Company. He was appointed as the Chairman of the Remuneration Committee of the Company on 15 October 2009. Mr Tsang 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 (63) was appointed as Executive Director in January 2003 and is also a member of the Executive Committee of the Company. Mr Wong is an executive director of Sky Connection Limited and several subsidiaries 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 and New World Telephone Holdings Limited. In addition, he is a non-executive director of Taifook Securities Group Limited, a listed public company in Hong Kong. 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



Mr Cheung Chin Cheung



Mr William Junior Guilherme Doo



Mr Cheng Chi Ming, Brian

Mr Lam Wai Hon, Patrick
Executive Director

Mr Lam (47) was appointed as Executive Director in January 2003 and is also a member of each of the Executive Committee, the Remuneration Committee and the Corporate Social Responsibility Committee of the Company. He is also a non-executive director of Taifook Securities Group Limited and Wai Kee Holdings Limited as well as the Assistant General Manager of New World Development Company Limited, a substantial shareholder of the Company, both being listed public companies in Hong Kong. He is mainly responsible for overseeing the services 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 also a director of Guangdong Baolihua New Energy Stock Co., Ltd., a listed company in the PRC. Moreover, he had been a non-executive director of Build King Holdings Limited (a listed public company in Hong Kong) during the last three years. 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 (53) was appointed as Executive Director in October 2003 and is also a member of the Executive Committee of the Company. 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, Sino-French Holdings (Hong Kong) Limited, Far East Landfill Technologies Limited and a number of companies in Mainland China. He is the Vice Chairman of Companhia de Electricidade de Macau – CEM, S.A. and the Managing Director of The Macao Water Supply Company Limited. He is mainly responsible for managing the infrastructure business of the Group. Mr Cheung had been a member of the Infrastructure Development Advisory Committee and the China Trade Advisory Committee of the Hong Kong Trade Development Council. He has more than 18 years of experience in business development, investment and management in the infrastructure business in Mainland China. Mr Cheung is a member of the Hebei Province Committee of the Tenth Chinese People's Political Consultative Conference of The People's Republic of China.

Mr William Junior Guilherme Doo
Executive Director

Mr Doo (35) was appointed as Director in December 2005 and is also a member of each of the Executive Committee and the Corporate Social Responsibility Committee of the Company. 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, the nephew of Dr Cheng Kar Shun, Henry and the cousin of Mr Cheng Chi Ming, Brian.

Mr Cheng Chi Ming, Brian
Executive Director

Mr Cheng (26) was appointed as Executive Director on 1 July 2009 and is also a member of the Executive Committee of the Company. He has been with the Company since January 2008 and is mainly responsible for overseeing the infrastructure business and the merger and acquisition affairs of the Group. Mr Cheng is an executive director of Taifook Securities Group Limited, a listed public company in Hong Kong. He is also a director of Sino-French Holdings (Hong Kong) Limited, Sino-French Energy Development Company Limited, The Macao Water Supply Company Limited and a director of a number of companies in Mainland China. Before joining the Company, Mr Cheng had been working as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets. Mr Cheng holds a Bachelor of Science degree from Babson College in Massachusetts, U.S.A. Mr Cheng is the son of Dr Cheng Kar Shun, Henry, the nephew of Mr Doo Wai Hoi, William and the cousin of Mr William Junior Guilherme Doo.

BOARD OF DIRECTORS



Mr Wilfried Ernst Kaffenberger



Mr To Hin Tsun, Gerald



Mr Dominic Lai



Mr Yeung Kun Wah, David

Mr Wilfried Ernst Kaffenberger

Non-executive Director

Mr Kaffenberger (65) was appointed 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 (“the Fund”), 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 the International Finance Corporation (“IFC”), a World Bank affiliate. His career at IFC covered 25 years. Mr Kaffenberger is, since August 2009, a director of AEI, a Houston, USA, based energy infrastructure company operating in Latin America, Central and Eastern Europe and Asia. Mr Kaffenberger is, with effect from September 2009, a director of the BAA Airports Limited, which owns and operates airports throughout the United Kingdom. Moreover, he had been a director of Hanaro Telecom, a listed company in Korea, during the last three years.

Mr To Hin Tsun, Gerald

Non-executive Director

Mr To (60) 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. Moreover, he had been a director of New World Mobile Holdings Limited (a listed public company in Hong Kong) during the last three years.

Mr Dominic Lai

Non-executive Director

Mr Lai (62) was appointed as Independent Non-executive Director in August 2002 and was re-designated to Non-executive Director in September 2004. He is also a member of each of the Audit Committee and the Corporate Social Responsibility Committee of the Company. 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 35 years. He is also a non-executive director of Midas International Holdings Limited, Oriental Press Group Limited and Winfoong International Limited, all being listed public companies in Hong Kong.

Mr Yeung Kun Wah, David

Alternate Director to Mr Wilfried Ernst Kaffenberger

Mr Yeung (59) 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 of AIG Investment Group (“AIGI”). He is concurrently the Managing Director and Head of AIGI’s emerging markets infrastructure group. He represents AIG on AIG-sponsored emerging market infrastructure funds with total committed capital of US\$4.7 billion and sits on the various Investment Committees of other AIG sponsored 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



Mr Cheng Wai Chee, Christopher



The Honourable Shek Lai Him, Abraham

Mr Kwong Che Keung, Gordon
Independent Non-executive Director

Mr Kwong (60) was appointed as Independent Non-executive Director in October 2002 and is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is also an independent non-executive director of a number of Hong Kong listed public companies including Agile Property Holdings Limited, Beijing Capital International Airport Company Limited, CITIC 1616 Holdings Limited, COSCO International Holdings Limited, China Chengtong Development Group Limited, China Oilfield Services Limited, China Power International Development Limited, Frasers Property (China) Limited, Global Digital Creations Holdings Limited, Henderson Investment Limited, Henderson Land Development Company Limited, OP Financial Investments Limited, Quam Limited and Tianjin Development Holdings Limited. Moreover, he had been an independent non-executive director of New World Mobile Holdings Limited and Ping An Insurance (Group) Company of China, Limited, both being listed public companies in Hong Kong during the last three years. 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.

Mr Cheng Wai Chee, Christopher *GBS, OBE, JP*
Independent Non-executive Director

Mr Cheng (61) was appointed as Independent Non-Executive Director in January 2003 and is a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr Cheng is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited. He is an independent non-executive director of New World China Land Limited, PICC Property and Casualty Company Limited, Kingboard Chemical Holdings Limited, all being listed public companies in Hong Kong and an independent director of DBS Group Holdings Limited, a public listed company in Singapore. He is also a non-executive director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust). Mr Cheng has a keen interest in the public services. He is currently the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service, a member of the Exchange Fund Advisory Committee, an independent non-executive director of the Securities and Futures Commission, and a steward of the Hong Kong Jockey Club. He also serves as a member of the honorary court of the Hong Kong University of Science and Technology, Council of the University of Hong Kong, the board of Overseers at Columbia Business School, the board of Temasek Foundation CLG Limited, and a charter member on the President's Council on International Activities of the Yale University. Mr Cheng is the former Chairman of the Hong Kong General Chamber of Commerce, and council member of the Board of Hong Kong Trade Development Council. 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 (64) was appointed as Independent Non-executive Director in September 2004 and is a member of each of the Audit Committee and the Remuneration Committee of the Company. 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 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, 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. Moreover, he had been a director of See Corporation Limited (a listed public company in Hong Kong) during the last three years. 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 (42) 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 over 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.

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. During the past year, the Group made further inroads towards building a good corporate governance culture through adopting the best practices, ensuring full compliance of laid-down rules and regulations and updating members on the latest developments on the corporate governance front.

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. These guidelines and manuals were reviewed in depth during the year and revised to include the latest regulatory requirements, market practices and our own experience in this regard.

The establishment of the Corporate Governance Steering Committee (the “CG Committee”) in 2007 was a proactive step taken by the Company to further enhance the effectiveness of the Group’s corporate governance practices. Under the supervision of the CG Committee, three “*Corporate Governance Newsletters*” (the “CG Newsletter”) have been issued since 2007. Every CG Newsletter carries a specific theme using real life examples to convey the messages the CG Committee wishes to deliver. It also includes the latest regulatory requirements and market practices. During FY2009, we issued two CG Newsletters, using the topics of “Duties and liabilities of directors and officers” and “Business fraud” to address the concerns arising from the global financial crisis which occurred in the second half of 2008 and early 2009. Case examples were given to illustrate the issues involved. The latest amendments to the Listing Rules and relevant legal provisions were also included in these newsletters to bring our management up to date on these matters. The feedback from our staff on the CG Newsletters has been very positive.

Compliance with the CG Code

Throughout the year ended 30 June 2009, the Company has fully complied with all the applicable code provisions in the CG Code.

In addition, the Company has made much effort in following recommendations as set out in the recommended best practices contained in the CG Code. Listed below is a brief summary of the work done by the Company for implementing some of the recommended best practices within the Group. This is not an exhaustive list of actions taken by the Company to comply with the recommended best practices:

Recommended best practices	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	Every board committee 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 played an active role in facilitating the effective operation of the Board. Draft agenda of each Board meeting have 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 for the shareholders of the Company as well as the general public.

Recommended best practices	Actions taken
A.4.3	The Company included in the CG Manual a provision to govern the tenure in re-election of independent non-executive directors. Any appointment of such independent non-executive directors, who have served more than nine years, shall be subject to a separate resolution to be approved by the shareholders of the Company.
A.5.5	For continuous professional development of the Company's directors and senior executives, the Company has organized training courses and seminars for them from time to time. The Training and Development Department of the Company provides a wide range of training courses, in particular courses relating to corporate governance including business law, contract law and risk management, etc. A seminar on corporate governance issues was organized by the Company for its directors and senior executives during FY2009.
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 consisted of at least one non-executive director and they have made significant contribution of their skills and expertise to these committees.
D.1.4	The Company provides 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, the Company is satisfied that 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 Directors on pages 49 to 67 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 year ended 30 June 2009.

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.

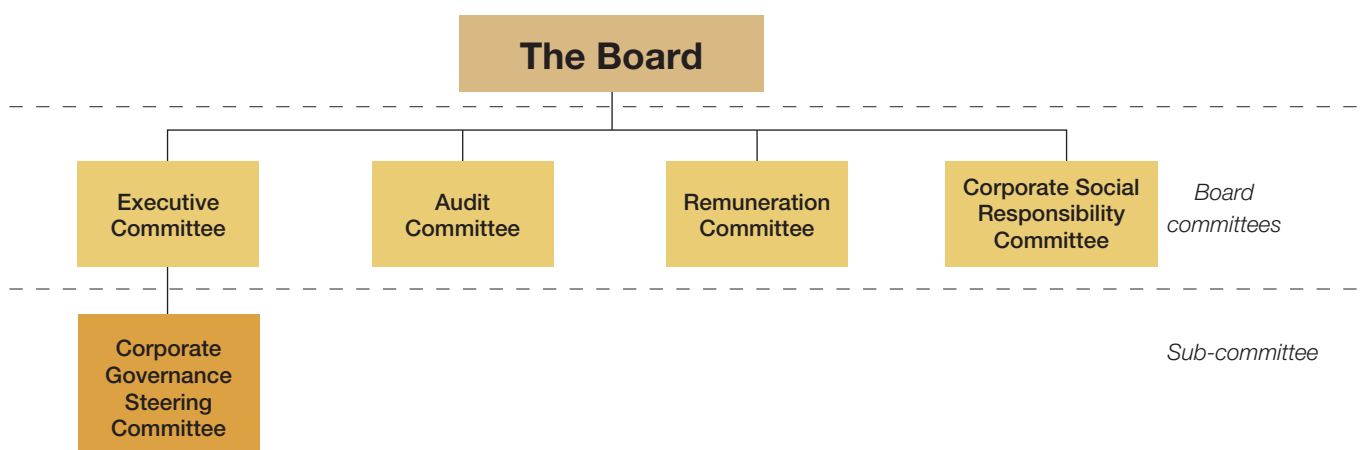
The Board currently comprises 14 members whose biographical details are set out on pages 10 to 13 of this annual report. The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate.

During the year, four board meetings were held and the Company has given to the directors of not less than 14 days' notices for regular board meetings. 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 are also invited to visit the Group’s operational facilities from time to time and to meet with the management for gaining better understanding of business operations of the Group. Furthermore, 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.

Board committees

The Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and specific issues are being handled by relevant expertise. Four board committees and a sub-committee have been established and each of them has its specific duties and authorities setting out in its own terms of reference. The organizational structure, the members and functions of the said committees are presented as follows:



Executive Committee	
Members	Dr Cheng Kar Shun, Henry (Chairman), Mr Tsang Yam Pui, Mr Wong Kwok Kin, Andrew, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo and Mr Cheng Chi Ming, Brian
Duties	<ul style="list-style-type: none"> to develop and recommend to the Board overall strategy for the Group to consider and approve investments and divestments to review the Group’s performance and manage its assets and liabilities in accordance with the policies and directives of the Board

Audit Committee

Members	Mr Kwong Che Keung, Gordon (Chairman), Mr Dominic Lai, Mr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham
Duties	<ul style="list-style-type: none"> • to make recommendations to the Board on the appointment, re-appointment and removal of external auditor and to approve its remuneration and terms of engagement • to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standard • 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 therein • to review the Company's financial control, internal control and risk management systems • to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and reporting function, and their training programmes and budget • 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 • to review the Group's financial and accounting policies and practices • to report to the Board on the matters set out in code provision C.3.3 of the CG Code
Work performed during the year	<ul style="list-style-type: none"> • review of the audited financial statements of the Company for the year ended 30 June 2008 • review of the interim results of the Company for the year ended 30 June 2009 • approval of internal audit plan for the year ended 30 June 2009 • review of the internal audit reports prepared by Group Audit & Management Services Department ("GAMS") • review of the system of internal control of the Company • review of the audit plan from external auditor • review of the remuneration of external auditor • meeting with the external auditor in the absence of the Company's management

Remuneration Committee	
Members	Mr Tsang Yam Pui (Chairman), Mr Lam Wai Hon, Patrick, Mr Kwong Che Keung, Gordon, Mr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham
Duties	<ul style="list-style-type: none"> • to make recommendations 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 • 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 • to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time • 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 • 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
Work performed during the year	<ul style="list-style-type: none"> • review of the remuneration policy, structure and packages for directors and senior management • making of recommendations to the Board of the directors' fee and other allowances for the year ended 30 June 2009 • making of recommendations to the Board of the remuneration package of executive directors • review of the performance-based remuneration
Corporate Social Responsibility Committee	
Members	Mr Tsang Yam Pui (Chairman), Mr Lam Wai Hon, Patrick, Mr. William Junior Guilherme Doo, Mr Dominic Lai, Mr Kwan Chuk Fai and Ms Lam Yuet Wan, Elina
Duties	<ul style="list-style-type: none"> • to formulate the social responsibilities strategies and policies of the Group • to oversee 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

Corporate Governance Steering Committee

Members	Mr Tsang Yam Pui (Chairman), Mr Cheung Chin Cheung, Mr Kwong Che Keung, Gordon and department head from each of the Finance Department, Company Secretarial Department, GAMS and Risk Management Department (“RMD”)
Duties	<ul style="list-style-type: none"> to identify the corporate governance standards and practices applicable to the Company to review the existing corporate governance practices of the Group to consider promotion and enhancement on the corporate governance of the Group

The attendance record of each of the directors for the Board meetings, the board committees meetings and general meeting held during the year ended 30 June 2009 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	–	–	–	1/1
Mr Doo Wai Hoi, William*	4/4	–	–	–	1/1
Mr Chan Kam Ling	1/4	–	0/2	–	0/1
Mr Tsang Yam Pui	4/4	–	–	2/2	1/1
Mr Wong Kwok Kin, Andrew	4/4	–	–	–	1/1
Mr Lam Wai Hon, Patrick	4/4	–	2/2	2/2	1/1
Mr Cheung Chin Cheung	4/4	–	–	–	1/1
Mr William Junior Guilherme Doo	4/4	–	–	2/2	1/1
Non-executive directors:					
Mr Wilfried Ernst Kaffenberger	4/4	–	–	–	0/1
Mr To Hin Tsun, Gerald	4/4	–	–	–	0/1
Mr Dominic Lai	4/4	3/3	–	2/2	0/1
Independent non-executive directors:					
Mr Kwong Che Keung, Gordon	4/4	3/3	2/2	–	1/1
Mr Cheng Wai Chee, Christopher	4/4	3/3	2/2	–	0/1
Mr Shek Lai Him, Abraham	4/4	3/3	2/2	–	0/1

* Re-designated as non-executive director with effect from 8 October 2009.

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 level of the market benchmarks.

The amount of remuneration paid to each director for FY2009 is set out on Note 15 to the financial statements.

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 were separated during the year and the areas of their respective responsibilities 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 the 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 the 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 includes:

- (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.

Since the absence of office of Mr Chan Kam Ling, the former CEO of the Company, due to health reason, the day-to-day management responsibilities of the CEO are vested in the Executive Committee of the Board, which comprises all the executive directors of the Company. After an illness, Mr Chan passed away on 15 August 2009. The Company mourns his passing.

Internal control and risk management

The Board is responsible for ensuring that a sound and effective internal control is maintained, while management ensures the sufficient and effective operational controls over the key business processes are properly implemented with regular review and update.

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

The Company has in place an integrated framework of internal control which is consistent with the principles outlined in the “*Internal Control and Risk Management – A Basic Framework*” issued by the Hong Kong Institute of Certified Public Accountants as illustrated below:



We have the IC Guidelines for enhancing the internal control and risk management within the Group. Under the IC Guidelines, key aspects of internal control are identified and guidelines and procedures are provided for helping subsidiaries to conduct the control works.

The Board has conducted a review on the effectiveness of the system of internal control of the Group for the year ended 30 June 2009. The review covers the areas of control environment, risk assessment, control activities, information and communication and monitoring within the Group. Management of all subsidiaries are required to submit to GAMS an Internal Control Compliance Certificate and an Internal Control Assessment Checklist for reporting the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations half-yearly. Executive directors of the Company would also submit a written report on the effectiveness of the Group's internal control system to the Audit Committee for review half-yearly.

In addition to the above, the Board also monitors the Group's internal control through the GAMS. Staffed by 12 professionals, GAMS is responsible for reviewing the major operational, financial, compliance and risk management control of the Group on a continuous basis. GAMS schedules its work in an annual audit plan which is reviewed by the Audit Committee annually. The audit plan is derived from risk assessment basis and is aimed at covering each significant unit in which the Group involves in day-to-day management within a reasonable period.

Internal audit reports are submitted to the Audit Committee regularly. Key audit findings are presented in Executive Committee meetings and diligently followed up. Management is responsible for ensuring appropriate actions are taken to rectify any control deficiencies highlighted in the audit reports within a reasonable period. GAMS reports the status of internal audit findings to the Audit Committee half-yearly. Besides, GAMS also follows up the implementation progress of internal control recommendations given by the external auditor to the Group to ensure any issues noted are properly resolved within a reasonable period.

Risk management is an integral part of corporate governance. Effective risk management facilitates the Group's business development and operation by setting the appropriate risk appetite, maintaining an optimal risk level and most importantly, proactively responding to risks.

While the Group's risk management is the responsibility of every management and embedded in daily operation of every business unit and staff, RMD acts as a central promoter, facilitator and communicator on areas concerning the Group's risk management.

The Group identifies and assesses risks both at Group and individual business unit levels. In FY2009, RMD oversaw the Group's risks in actual and potential legal cases, insurance coverage and claims, business performance, tendering, Capex transactions and investment. It reviewed relevant information from business units and submitted reports to the Executive Committee on a regular basis. Recommendations on risk responses were provided as well.

The Group also performed risk reviews and produced reports on identified risk areas like fraud, crisis readiness and re-organization of certain business units. Guidelines and assistance were provided accordingly.

RMD and GAMS monitor and update the Group's risk profile and exposure, and review the effectiveness of the Group's system of internal control in mitigating risks. They collaborate to enhance the risk resilience of business units by assuring proper execution of risk management measures set up following risk assessment exercises.

On top of this, RMD provided various risk management tools like "*Business Continuity Management Implementation Guide*" as well as a Risk Assessment Checklist, which supplements the Group's Internal Control Assessment Checklist, to substantiate the Group and its business units' compliance with the Listing Rules' requirements on risk management.

The Group strives to enhance risk awareness and resilience of business units through education and promotion. To achieve this, about 20 classes on risk management related topics were conducted for over 380 management staff in FY2009. Besides, an internal publication on risk management were produced and distributed quarterly to over 450 staff members. Knowledge on risk management was communicated in various Group seminars and the Group's staff newsletter.

Furthermore, market news, management tools, training materials and other information useful for the Group's risk management are shared with staff via the Group's intranet. Alerts on upcoming risk issues like those related to new legislations and possible currency fluctuation were prompted to relevant businesses and personnel as well.

External auditor

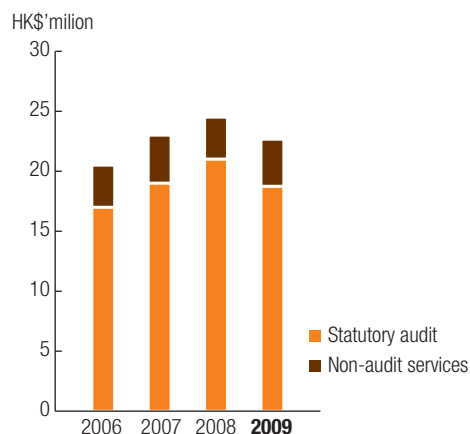
The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditor subject to endorsement by the Board and final approval and authorization by the shareholders of the Company in general meetings. The existing auditor of the Company, who is also the Group's principal auditor, is PricewaterhouseCoopers who was first appointed in 2000. Its reporting responsibilities are stated in the Independent Auditor's Report on page 68 of this annual report.

Total auditors' remuneration in relation to statutory audit work of the Group amounted to HK\$19.90 million (2008: HK\$21.5 million), of which a sum of HK\$18.90 million was paid to PricewaterhouseCoopers. The remuneration paid to PricewaterhouseCoopers and its affiliated firms for services rendered is listed as follows:

	2009 HK\$m	2008 HK\$m
Statutory audit	18.9	21.1
Non-audit services	3.9	3.6
	22.8	24.7

REMUNERATION PAID TO EXTERNAL AUDITOR

for the year ended 30 June



Review of audited financial statements

The Audit Committee reviewed the audited financial statements of the Group for the year ended 30 June 2009 and the accounting principles and practices adopted by the Group.

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 welcome 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. Any vote of shareholders at a general meeting must be taken by poll and the Company will announce the results of the poll in the manner prescribed under the Listing Rules.

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

With a commitment to sound investor relations and a high standard of corporate governance, NWS Holdings is dedicated to maintain an open and regular communication with shareholders and investment community.

The Company's investor relations team comprising directors and senior management keeps an ongoing dialogue with interested parties such as institutional investors and analysts. The team held 232 meetings with local and overseas institutional investors and analysts and hosted road-shows in London, Edinburgh, Singapore, Shanghai and Hong Kong in FY2009. Analysts meetings were also held in connection with the results announcement.

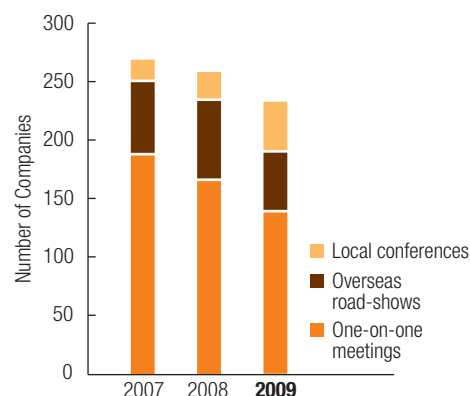
The engagement in transparent disclosure has generated wide coverage among leading research institutions such as Nomura International, Credit Suisse, CLSA, Citigroup, BNP Paribas, Macquarie Securities and UOB Kay Hian.

To ensure all shareholders have equal and timely access to the Company's information, the corporate website www.nws.com.hk contains an Investor World section which offers timely and detailed financial and operational performances of the Company. Interim and annual reports, announcements, annual general meetings, e-news alert and press releases are other important channels to keep investors abreast of the Company's business developments and strategic directions.

The Company greatly values fair disclosure, corporate transparency and clear communication in upholding effective investor relations. To this end, the Company will continue to interact with investors to promote thorough understanding of its business strategies and developments.

COMPANY VISITS

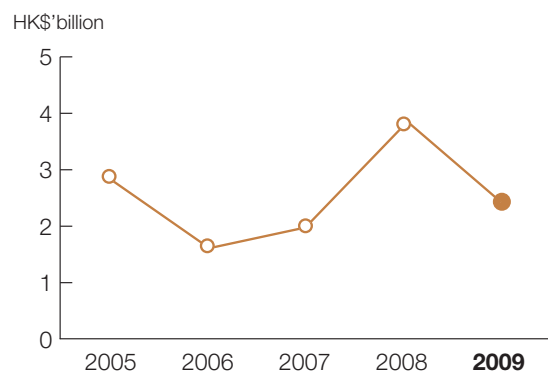
for the year ended 30 June



KEY INFORMATION FOR SHAREHOLDERS

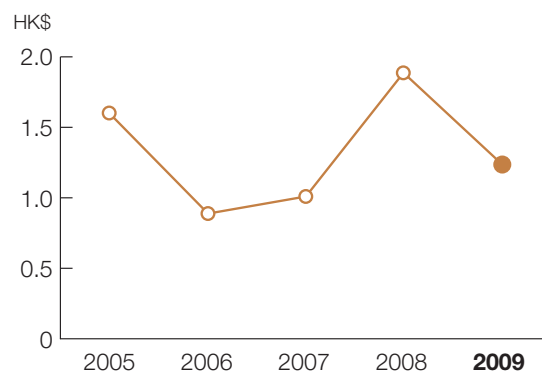
Profit Attributable to Shareholders

for the year ended 30 June



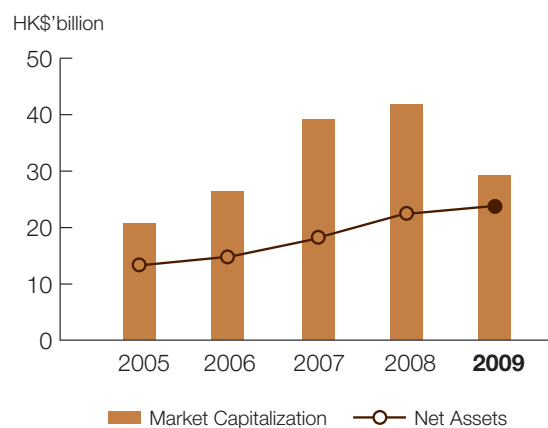
Earnings Per Share – Basic

for the year ended 30 June



Market Capitalization and Net Assets

as at 30 June



Share Price Movement

for the period from 1 July 2005 to 30 June 2009



Analysis of Shareholding Structure

as at 30 June 2009

Category	Number of shares	Percentage of total issued share capital	Percentage of number of shareholders
New World Development Company Limited and its subsidiaries	1,185,382,122	57.23%	0.62%
Chow Tai Fook Enterprises Limited	59,831,893	2.89%	0.12%
Directors	44,345,978	2.14%	1.00%
Individuals	15,029,888	0.73%	94.28%
Institutions, corporates and nominees	766,717,979	37.01%	3.98%
Total	2,071,307,860	100%	100%

Note: The total number of registered shareholders of the Company as at 30 June 2009 was 804.

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 registrar 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%.

Dividend per share (in HK\$)

Year	Interim	Final	Total	Payout ratio
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%
2009	0.20	0.42	0.62	50.7%

Financial Calendar

Announcement of 2009 final results	7 October 2009
Last day to register for 2009 final dividend	2 December 2009
Closure of register of members	3 December 2009 to 8 December 2009 (both days inclusive)
2009 annual general meeting	8 December 2009
2009 final dividend payment date	22 January 2010

Annual Report

To ensure all shareholders have equal and timely access to important company information, the Company makes extensive use of its 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 registrar, Tricor Standard Limited.

Annual General Meeting

The 2009 annual general meeting ("AGM") will be held on Tuesday, 8 December 2009. 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.

CORPORATE SOCIAL RESPONSIBILITY



Shaping splendid metropolises with commitment

CORPORATE SOCIAL RESPONSIBILITY

NWS Holdings is proud to be at the service of the community we operate in. We highly value our human assets. Also, we are committed to ensuring the well-being of the community by extending a helping hand to those in need and contributing to conserving our environment, with social harmony as our ultimate goal.



HUMAN CAPITAL

Capitalizing on our people power

NWS Holdings believes that to bring out the best in its people, we should realize that all thoughtful acts come from the heart. The message of thoughtfulness and care is loud and clear, and our staff's well-being means our success. We reward performance and care for our people. In this caring culture, NWS Holdings has nurtured a strong team of 42,000 dedicated individuals to grow and strive for excellence as one.

Towards a healthy and balanced work life

Our principle is simple – trust the people and empower them, be sincere and genuine, and they will take care of the company. It's a mutually beneficial and win-win situation. Towards this end, new initiatives are introduced this year:

Flexibility and compassion

With our extended Dress Casual Policy, our staff can now dress smart casual on any given day of the week in the summer months. It introduces greater flexibility for staff, fosters a more environmental-friendly workplace, and unleashes their potential to the greatest extent. Our flexibility and compassion extend beyond work to our staff's families. We now offer three-day paternity leave to fathers of newborn babies, to temporarily release their work obligations so they can take care of their new family members in the transition period.

Fun and caring

Our fundamental principles have never changed. We want our staff to achieve

work-life balance and care about their well-being. Lunch Time Integration for staff is just one example. Staff members are provided with an innovative and playful environment which leads to greater energy, enthusiasm and creativity. During the lunch hour, staff can enjoy Wii video games, watch television, or read newspapers or magazines in our meeting rooms. We also organize monthly birthday greetings and celebrations for our "birthday stars" because we treat staff like friends or family members. All these little gestures mean a lot to them.

Bond-building

To bond with staff and member companies, we run various leisure classes like Taekwondo and paper clay, and organize sports activities including hiking, bowling, basketball and football competitions. The annual Corporate Outing is yet another chance for our staff members to enjoy a day out together. Together with our five-day week policy, these activities go a long way towards creating an environment for staff to attain work-life balance.



"Birthday stars" enjoy their celebration and blessings with other colleagues

The Group regularly holds a wide range of leisure activities for staff, including Taekwondo classes



Reward and nurture

Competitive rewards and staff development

We reward staff's successes and share our success with them. The Group offers a competitive remuneration package, including salary and annually reviewed fringe benefits such as medical and dental schemes. For senior management, share options are available to reward their contributions to our business growth. Furthermore, our three-year Management Officer Training Programme has entered its sixth year and we continue to groom talent for future managerial positions within the Group.

Rewarding success

It has become our tradition to celebrate those top performers who have made significant contributions to our success through the NWS Outstanding Employee Grand Award. Diamond, gold and silver awards are presented to managerial, office, and frontline staff working in Hong Kong, Macau and Mainland China. These rewards reflect the equal importance we place on our talent across the geographical boundaries.



The annual NWS Outstanding Employee Grand Award rewards all levels of staff for their excellent performance

Fostering a learning culture

We believe that staff improvement will help to drive the development of the company as a whole. Therefore, we regularly conduct training courses in different areas for staff. In FY2009, over 2,200 employees participated in 98 training classes organized by our Training and Development Department. Over 9,100 of these training hours covered various topics, including management development, language and customer service.

All-round development

Apart from work-related training, the Group also emphasizes the importance of our staff development in other areas. Luncheon talks on stress management, health awareness and other topics are arranged for our staff and renowned speakers are invited to share their valuable experiences. Outward Bound was also introduced as part of our Corporate Teambuilding Programme which aims to foster a greater sense of collaboration and teamwork among our staff.



Apart from enhancing teamwork and collaboration, Outward Bound also helped our staff to achieve personal breakthroughs

Communication as the key to success

We believe that continuous communication is the key to building mutual trust between the Group and its staff members. It forms the basis of the Group's sustainable development to achieve future success.

Sense of belonging and understanding

Effective internal communication enables our staff to understand their contributions to the Group, which we believe are of vital importance to enhancing their sense of belonging and job satisfaction. Through our staff newsletters, *New Voice* and 《創建集》, and Intranet, our staff can understand more about the diversified operations of the Group and also keep abreast with its latest developments.

Two-way communication

We believe that communication within a company should never be unidirectional. Therefore, our employees are urged to voice their opinions and suggestions regarding the Group. For example, the annual NWS Management Conference provides an interactive platform where senior management from our Corporate Office and member companies can exchange insights and establish best practice benchmarks.

Looking ahead, we will continue to treat our staff caringly, strengthen their talents and communicate with them openly, so that they will grow together with the Group for continual success and a rewarding career.

COMMUNITY CARE

Keeping communal harmony at heart

Being a responsible corporate citizen, NWS Holdings strives to pursue corporate social responsibility (“CSR”) with all the expertise and resources at our disposal despite the challenging business environment. The Total Caring Award bestowed on us by The Hong Kong Council of Social Service (“HKCSS”) is not only a mark of recognition, but also a strong driving force for us to continue our good deeds on diverse fronts.

At our community’s service

It has always been a core value of the Group to care for the community while striving for business growth. During the year, NWS Charities Foundation donated over HK\$2.5 million in benefiting various meaningful causes. The territory-wide NWS Hong Kong Geo Wonders Hike campaign drawing public attention to geo-conservation is but one example of our commitment to environmental protection.

Our tradition to celebrate the Group’s First Trading Day anniversary by conducting community services on NWS Caring Day continued during the year. Joining hands with our member companies, a first-ever public charity sale was held on NWS Caring Day 2009. Apart from an encouraging amount of over HK\$120,000 raised for the Hans Andersen Club for supporting children and youth development, over 400 volunteers from the Group carried out services for the children beneficiaries.

Joining forces with various partners

In addition to one-off services, we also engage in developing long-term projects together with our community partners to bring lasting contributions to the well-being of our beneficiaries. Launched in 2002, the long-term Life Rejuvenation Scheme provides a platform for volunteers to develop a caring relationship with beneficiaries.

Run in conjunction with Ho-Sum Organisation Limited, Life Rejuvenation Scheme 2009 was launched on the theme of DIY Tote Bag. Members of the corporate volunteer team NWS Volunteer Alliance

paid visits to charitable organizations and designed tote bags with various beneficiaries, with the aim of nourishing their creativity and promoting the message of environmental protection by reusing tote bags.



The DIY Tote Bag programme enabled beneficiaries to design their own unique bags

Volunteers carrying out house improvement works for the elderly residents



In 2008, we joined forces with Hong Kong Young Women's Christian Association to launch the Family Harmony programme. Volunteers promoted the message of family harmony to the underprivileged families through magic, clown performance and home visits in various districts.

Volunteering with innovation

Apart from running ongoing services for the elderly, psychiatric patients and the mentally-handicapped during the year, the Group started new initiatives to answer current social needs. To help lessen the underprivileged's burden in times of economic downturn, the Group started a recycling scheme, which called on our staff to donate hotel bathroom amenities and rain gear items to the underprivileged students of Fresh Fish Traders' School.

To help the elderly affected by the demolish project in Lower Ngau Tau Kok Estate to move to their new homes, our volunteers utilized their professional skills and conducted improvement works in the elderly residents' new homes. We are pleased to see volunteers make use of their unique skills to serve the needy, while some of them attained new knowledge in the process.

In 2008, in celebration of the seventh anniversary of NWS Volunteer Alliance, the volunteer team paid a visit to Guangzhou and visited local elderly people. The chance to share experiences with volunteers from New World China Land Limited was an eye-opening experience for the team members.

We're all for fair trade

To support trade justice and sustainability, a Fair Trade Tea Break was held in response to the Fair Trade Week organized by Fair Trade Hong Kong. Fair trade coffee, tea bags and cookies were provided for our staff to instil the idea of fair trade in them.

Caring through sharing

We believe experience sharing is essential to promoting a caring culture in the community. To put our beliefs into practice, the Group joined the Caring Company Patron's Club of HKCSS to share our CSR experiences with other business organizations.

Mentorship programmes were launched to share our good practices with the younger generation. The School Business Mentorship Programme provided opportunities for executives from the Group to share their work experiences with matriculating students. The Fairy Mentorship programme co-organized with the Hans Andersen Club encourages volunteers to share their volunteering experiences with children through participating in community services together.

Reaping rewards for our good deeds

Our ceaseless CSR efforts have paid off handsomely. Most significant of all was the Total Caring Award bestowed upon us by HKCSS in recognition of our all-round good practices in corporate citizenship. The Group was also honoured with a 5 Years Plus Caring Company Logo.

For the eighth year in a row, NWS Volunteer Alliance received the Gold Award for Volunteer Service from the Social Welfare Department for achieving over 10,000 service hours in 2008. Besides, our Life Rejuvenation Scheme 2007 — Art for More co-organized with Tung Wah Group of Hospitals' Fong Shu Chuen Day Activity Centre cum Hostel won the Merit Award in the Best Corporate Volunteer Service Project Competition 2007-08 from the Social Welfare Department, honouring our collaborative efforts with our community partner.

We are fully aware that such fruitful results would not have been possible without our enthusiastic volunteers' selfless devotion. On top of the Outstanding Volunteer Awards, the Group has recently launched the NWS Volunteer Alliance Award Programme to reward our volunteers according to the number of service hours they have put in. Looking ahead, NWS Charities Foundation will continue to support meaningful projects in the areas of community welfare, environmental protection, education and health care, which will benefit society in the long run.



Our multi-talented volunteers were recognized under the NWS Volunteer Alliance Award Programme

Staff members enjoying a Fair Trade Tea Break



ENVIRONMENTAL FRIENDLINESS

Spearheading development towards sustainability

Ever mindful of its responsibility towards the natural environment, NWS Holdings has incorporated a wide range of conservation initiatives into its business operations so as to address climate change and other environmental issues.

Shaping a greener future

The diversity and scope of businesses pose a challenge to NWS Holdings on actualizing the environmental responsibility across the board, yet we made concerted efforts in overcoming it by carefully measuring our footprints and setting long-term goals for each operation. Established in 2007, our NWS Environmental Committee has picked the brains of the management in different business segments on environmental issues that they face in their operations. The group-wide Green Office Campaign launched in FY2009 is in full swing. Member companies have all appointed their Green Managers to set measurable green targets and report progress throughout the year.

In recognition of their exemplary contributions towards building a better environment, recipients of our Environmental Grand Award, Most Innovative Award and Best Improvement Award of the companies were honoured at the Group's annual Environmental Seminar.

Highlighting star performance areas

NWS Holdings strives to ensure that its environmental policy and practices are enforced across the broad spectrum of

its businesses. The Group is proud to have scored the following environmental performance achievements:

- New China Laundry, the winner of the internal Environmental Grand Award, has devised its eco-friendly bags which could save three million plastic bags per year and has installed a high-temperature water-sourced heat pump, reducing carbon dioxide emissions by over 1,500 tonnes per year.
- Champion of the Big Units Cuts Award in the 2008 Power Smart Contest organized by Friends of the Earth (HK), Hong Kong Convention and Exhibition Centre adopts energy-efficient appliances and switches off unnecessary lights, resulting in a remarkable reduction of 600,248kWh within a three-month period.
- Honoured with a Green Medal from The Federation of Hong Kong Industries, New World First Bus and Citybus have been deploying 38 Euro IV green buses in its services, bringing a total of 66 Euro IV green buses by the end of 2009; and 66 Euro V green buses have been purchased to start serving commuters in 2010.
- The precast facade construction method adopted by Hip Hing



New China Laundry has introduced vacuum transfer system to shorten the drying time and reduce hot air dissipation

NWS Environmental Committee formulates sustainable strategies across the Group



Construction has largely reduced timber formwork, water consumption and dust pollution over the years.

- Our road projects have planted trees and bushes along roads while lighting intensity have been adjusted in accordance with illumination needs to conserve energy.
- Our water treatment plants, power stations and port investment projects fully support innovative solutions conducive to environmental conservation.
- The Group's Corporate Office took the lead in dressing down in summer to promote an environmental-friendly workplace for our staff members.

Communicating green messages to stakeholders

NWS Holdings is willing to play its leadership role in influencing its stakeholders to be environmental-friendly citizens. In FY2009, a group-wide environmental seminar, talks and site visits were organized to give our staff a wider environmental perspective. All the Group's publications are also printed on eco-friendly papers while shareholders are encouraged to receive corporate communications electronically. Apart from ensuring that our suppliers conform to the Group's green purchasing policy, the Group has also become one of the Founding Members of the Hong Kong Green Purchasing Charter.

Raising green awareness in the community

To promote environmental conservation in community, NWS Charities Foundation lends regular support to the conservation



NWS Hong Kong Geo Wonders Hike promotes the appreciation for and preservation of natural landscapes in Hong Kong



The Group's Green Managers on a site visit to the research green roof established by Professor C.Y. Jim, Chair Professor of Geography of the University of Hong Kong



programmes of various green groups. In 2008, NWS Charities Foundation sponsored the NWS Hong Kong Geo Wonders Hike co-organized with the Association for Geoconservation, Hong Kong and Friends of the Country Parks, and fully supported by Agriculture, Fisheries and Conservation Department. This event is aimed at protecting natural landscapes and promoting the establishment of national geological park in Hong Kong.

Spurring us on to exert greater green efforts

The Group received various accolades in the year, reflecting its tireless efforts towards environmental conservation:

- 14 and seven member companies garnered Wastewi\$e and Energywi\$e labels of the Hong Kong Awards for Environmental Excellence respectively.

- 11 member companies were accredited ISO14001 certification.
- The logo of NWS Hong Kong Geo Wonders Hike won a Bronze Award in the Annual International Mercury Awards.
- On the theme of "Grow Solid Go Eco-friendly", NWS Holdings Annual Report 2008 was honoured with a Bronze Award in both International Mercury Awards and International ARC Awards.
- The TV commercials of HK • Love • Trees programme sponsored by NWS Charities Foundation won a Bronze Award in the International Galaxy Awards.

As we move forward, we will strive to reduce our carbon footprint and urge all members of the Group to provide a low-carbon environment for our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS





Constructing our vision for future development

INFRASTRUCTURE AND SERVICES

FY2009 saw NWS Holdings succeed in delivering solid performance from its Infrastructure and Services divisions amid the financial turmoil. We remain committed to tapping opportunities to sustain long-term development and believe that the Group is well-placed to consolidate its leadership position and maximize returns for our shareholders.

Group Overview

To further highlight the infrastructure-driven strategic direction of the Group, our business segments have been re-grouped under the twin core divisions of Infrastructure and Services, providing our investors with a clearer picture of our corporate structure. Comparative figures have been reclassified to conform with the current year's presentation.

The recent period of economic uncertainty has posed only a limited negative effect on the Group's well-managed portfolio which has proved to be highly sustainable. Despite the worldwide economic downturn, and excluding the standalone effect from the sale of the Harbour Place residential flats, the Group's profit attributable to shareholders for FY2009 stood at a healthy HK\$2.191 billion, representing a mild decrease of less than 1% as compared to HK\$2.204 billion for FY2008. Attributable Operating Profit ("AOP") was reduced by 7% from HK\$2.742 billion in FY2008 to HK\$2.537 billion in FY2009. Infrastructure division generated an AOP of

HK\$1.520 billion, marking a decrease of 5% as compared to HK\$1.599 billion in FY2008. The AOP of Services division experienced a decline of 11% from HK\$1.142 billion in FY2008 to HK\$1.017 billion in FY2009.

Sale of residential flats of Harbour Place continued during the year, contributing a profit of HK\$338.0 million in FY2009.

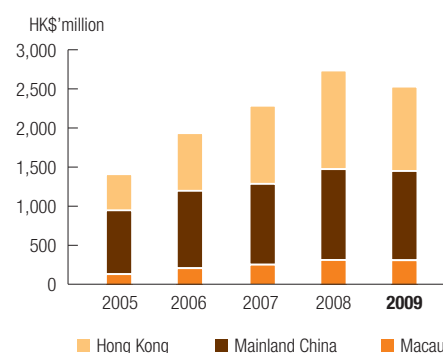
A series of restructuring initiatives were accomplished in several roadways in Guangxi Province, Wuhan Airport Expressway and Wenzhou Zhuangyuan Ao New World International Terminals Company Limited during the year, resulting in a net gain of HK\$215.7 million.

As a prudent approach adopted by the Group during uncertain times, we opted to dispose of and write down part of our securities investments to their market values, leading to a net loss of HK\$37.8 million.

Contributions from operations in Hong Kong accounted for 43% of AOP in FY2009 as compared to 46% in FY2008. Mainland China and Macau contributed 45% and 12% of AOP respectively, as compared to 42% and 12% respectively in FY2008.

AOP BY REGION

for the year ended 30 June



CONTRIBUTION BY DIVISION

for the year ended 30 June

	2009 HK\$m	2008 HK\$m (restated)
Infrastructure	1,520.1	1,599.3
Services	1,017.0	1,142.4
Attributable operating profit	2,537.1	2,741.7
<i>Head office and non-operating items</i>		
Share of profit from Harbour Place	338.0	1,632.6
Net gain / (loss) on disposal and restructuring of projects	215.7	(21.9)
Gain on deemed acquisition or disposal of interests in a subsidiary	32.6	75.3
Net loss from securities investments	(37.8)	(35.3)
Assets impairment loss	(4.8)	(10.3)
Fair value (loss) / gain on investment properties, net of tax	(10.0)	22.0
Write-back of provision for receivables or accruals	-	17.3
Other interest income	16.1	43.7
Other finance costs	(214.1)	(284.3)
Share-based payment	(41.2)	(81.8)
Others	(302.8)	(262.1)
	(8.3)	1,095.2
Profit attributable to shareholders	2,528.8	3,836.9

Earnings per Share

The basic earnings per share decreased from HK\$1.90 in FY2008 to HK\$1.23 in FY2009.

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 except for a listed subsidiary which arranges its financing and treasury affairs on a standalone basis and in a manner consistent with the overall policies of the Group. The Group's treasury function regularly reviews the funding requirements in order to enhance the cost-efficiency of funding initiatives. With adequate cash deposits and available banking facilities, the Group maintains a strong liquidity position to provide sufficient financial resources to finance its operations and potential investments.

Liquidity

As at 30 June 2009, the Group's total cash and bank balances amounted to HK\$5.205 billion, as compared to HK\$4.124 billion as at 30 June 2008. Net Debt decreased from HK\$4.667 billion at the end of FY2008 to HK\$3.601 billion at the end of FY2009 despite the inclusion of HK\$1.645 billion short-lived IPO loans for the clients of Taifook Securities Group Limited ("Taifook Securities") as at 30 June 2009. The Group's Gearing Ratio

decreased from 21% as at 30 June 2008 to 15% as at 30 June 2009. The IPO loans included in Net Debt as at 30 June 2009 were borrowed back-to-back from banks and were repaid in early July 2009 following the allotment of the corresponding new issues. The Gearing Ratio at the end of FY2009 would be only 8% after taking out these IPO loans. The proceeds from the sale of the residential flats of Harbour Place was the major contributor to the significant decrease in Net Debt and Gearing Ratio. In order to continually develop our core businesses, the Group is prepared to increase the Gearing Ratio when necessary. The capital structure of the Group was 27% debt and 73% equity as at 30 June 2009, as compared to 28% debt and 72% equity as at 30 June 2008.

Debt Profile and Maturity

As at 30 June 2009, the Group's Total Debt increased to HK\$8.806 billion from HK\$8.791 billion as at 30 June 2008. Long-term bank loans and borrowings increased from HK\$5.069 billion as at 30 June 2008 to HK\$5.467 billion as at 30 June 2009, with HK\$1.464 billion maturing in the second year and the remaining in the third to fifth year. Secured bank loans and overdrafts amounted to HK\$266.7 million as at 30 June 2009 and were secured by the securities clients' listed shares pledged to the Group. Bank loans were mainly denominated in Hong Kong dollars and were mainly floating rate interest-bearing. The Group did not have any material exposure in exchange risk other than RMB during FY2009. No property, plant and equipment, investment properties nor leasehold land and land use rights were pledged as at 30 June 2009.

Commitments

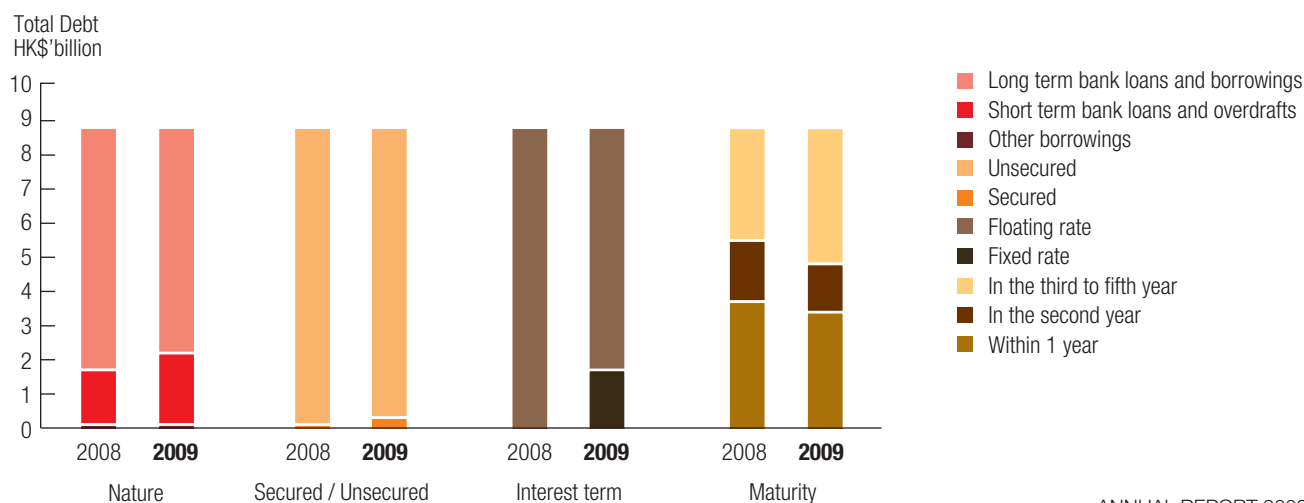
The Group's commitments for capital expenditure were HK\$1.974 billion as at 30 June 2009 as compared to HK\$2.967 billion as at 30 June 2008. This represented commitments for capital contributions in certain associated companies, jointly controlled entities and other projects of HK\$1.251 billion as at 30 June 2009 as compared to HK\$2.662 billion as at 30 June 2008, and commitments for properties and equipment of HK\$27.6 million as at 30 June 2009 as compared to HK\$305.0 million as at 30 June 2008. The share of commitments for capital expenditure committed by jointly controlled entities was HK\$1.429 billion as at 30 June 2009 as compared to HK\$1.336 billion as at 30 June 2008. Sources of funding for capital expenditure include internally generated resources and banking facilities.

Contingent Liabilities

Contingent liabilities of the Group were HK\$347.5 million as at 30 June 2009 as compared to HK\$638.0 million as at 30 June 2008. 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\$223.9 million and HK\$111.7 million respectively as at 30 June 2009 as compared to HK\$11.9 million, HK\$571.1 million and HK\$55.0 million respectively as at 30 June 2008. The share of contingent liabilities of jointly controlled entities was HK\$2.6 million as at 30 June 2009 as compared to HK\$56.2 million as at 30 June 2008.

DEBT PROFILE

as at 30 June



Tangjin Expressway (Tianjin North Section)



INFRASTRUCTURE

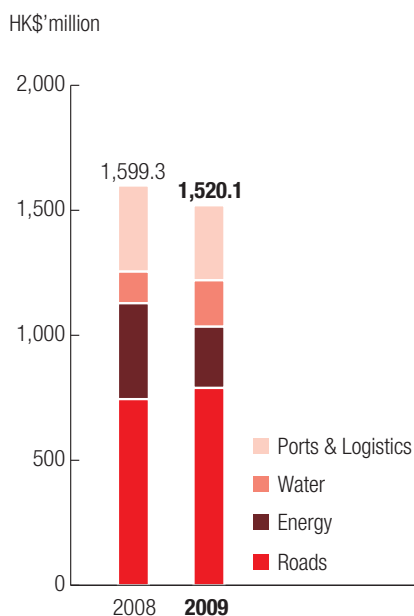
NWS Holdings' infrastructural projects are in place to serve long-term goals. With an all-round portfolio covering Hong Kong, Mainland China and Macau, we are strategically positioned to not only contribute to our country's infrastructural development, but also leverage on the booming and highly resilient Chinese economy for our future growth prospects.

Operational Review

AOP CONTRIBUTION BY SEGMENT

for the year ended 30 June

HK\$'million	2009	2008 (restated)	Change % Fav./Unfav.
Roads	789.4	744.7	6
Energy	245.0	383.5	(36)
Water	185.6	126.5	47
Ports & Logistics	300.1	344.6	(13)
Total	1,520.1	1,599.3	(5)



Roads

The AOP of the Roads segment for FY2009 was HK\$789.4 million, representing a growth of HK\$44.7 million or 6% from FY2008.

The global financial tsunami has adversely impacted on the economic activities of Mainland China, especially within the Pearl River Delta Region. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) decreased by 2% and 11% respectively. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway maintained fairly stable while its AOP dropped mainly due to higher repair and maintenance costs incurred in FY2009.

Combined average daily traffic flow of Guangxi Roadways Network dropped by 17% in FY2009, mainly due to revocation of toll stations of certain roadways in December 2007 and competition from a newly opened expressway in December 2008.

Toll income of Tangjin Expressway (Tianjin North Section) grew by 25% with an increase of 28% in average daily traffic flow, which was partly due to the diversion of traffic to the expressway during the Olympic period and partly due to the economic development of the Bohai Rim region.



Zhujiang Power Plants

AOP contribution from Wuhan Airport Expressway jumped significantly in FY2009, mainly due to the recognition of additional interest income during the year.

The average daily traffic flow of Tate's Cairn Tunnel decreased by 9% due to the opening of Route 8 in March 2008. The negative effect was offset by the increase in average toll per vehicle during FY2009 as a result of a toll hike in November 2008.

Energy

AOP of the Energy segment fell by 36% from HK\$383.5 million to HK\$245.0 million in FY2009.

The combined AOP of Zhujiang Power Plants dropped by 50% in FY2009. The combined electricity sales fell by 17% during the year due to the economic downturn. Although there were two tariff hikes in FY2009, the results of the power plants were severely impaired by the soaring fuel costs during the year.

Electricity sales of Macau Power grew by 4% despite the delay and suspension of works of some mega-sized construction projects in Macau.

Chengdu Jintang Power Plant reported a growth of 19% in electricity sales for FY2009, as the two generation units commenced operation in June and October 2007 respectively.

Contribution from Guangdong Baoliuhua New Energy Stock Co., Limited dropped in FY2009 as a result of the Group's partial disposal of its investment in this company during the year. The investment ceased to be accounted for as an associated company and was reclassified as assets held for sale accordingly.

Water

AOP contribution from the Water segment increased by HK\$59.1 million to HK\$185.6 million in FY2009, representing a growth of 47%. The acquisition of 7.5% interest in Chongqing Water Group was completed in August 2008 and has contributed positively to the overall AOP in FY2009.



Macau Water Plant



Xiamen New World Xiangyu Terminals

Average daily sales volume of Macau Water Plant remained stable in FY2009. Water sales volume of Zhongshan Water Plant and Changshu Water Plant were reduced by 6% and 3% respectively during the year, while Chongqing Water Plant and Sanya Water Plant reported a volume growth of 9% and 8% respectively. The Group acquired an effective interest of 26.03% in Tianjin Jieyuan Water Plant in March 2009 leading to a corresponding AOP contribution since then.

Ports & Logistics

AOP contribution from the Ports & Logistics segment reduced by 13% to HK\$300.1 million in FY2009.

Xiamen New World Xiangyu Terminals Co., Ltd. reported a 7% reduction in throughput volume to 696,000 TEUs mainly due to sluggish trade. As a result of competition from new terminals and the economic downturn, the throughputs of Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents International Container Terminal Co., Ltd. fell by 24% to 857,000 TEUs and by 4% to 1,920,000 TEUs respectively in FY2009.

ATL Logistics Centre (“ATL”) recorded a steady profit with a staggering average occupancy rate at 99% in FY2009. Owing to the time lag effect of its leasing business, an increase in overall average rental was observed as the impact of global freight market downturn was not fully reflected during this year. However, both container freight station revenue and gate charge revenue were reduced when compared to FY2008 as a result of a significant drop in sea-freight and air-freight cargo volumes in Hong Kong. As the world’s largest multi-storey warehousing and logistics facility, ATL continues to provide professional warehousing and terminal services for an ever-growing global clientele.

China United International Rail Containers Co., Ltd. (“CUIRC”), the joint venture company that develops 18 rail container terminals in Mainland China, was established in March 2007. The current standalone facility in Kunming is operating smoothly with a total throughput of 159,000 TEUs handled in FY2009. The construction of terminals in Zhengzhou, Chongqing and Dalian is expected to be completed in late 2009. The construction works on the next batch of terminals in Qingdao, Chengdu, Xian and Wuhan are also underway and expected to be completed in 2010. Upon the completion of these new terminals, an initial railway terminal network for CUIRC will be established, serving strategic locations at major seaports and inland cities in Mainland China.

Business Outlook

Compared to other countries, Mainland China has suffered less from the financial tsunami. It has also implemented various initiatives to stimulate the economy. China’s GDP growth in the first half 2009 was 7.1% including a second quarter growth of 7.9%.

Roads

The slowdown of the local economy in the major cities in Mainland China led to a drop in overall traffic volume. The continued implementation of the Green Passage Policy granting free passage to trucks transporting livestock, poultry and fresh agricultural products in 2009 also had an adverse impact on toll road performance. However, the adoption of toll-by-weight policy in a growing

number of provinces is generating a growth momentum for road business.

Road transportation facilitated 60% of the economy in Mainland China. Owing to the flexibility of the business and the improving networks, road transportation will continue to contribute significantly to the domestic economy. Under the 85,000 km national expressway network plan, an annual average of 3,000 km expressway involving an annual investment of RMB140 billion will be constructed up to 2010. Investment opportunities for investors will be positive in the years ahead.

Energy

The operating environment for power industry in Mainland China remains challenging. Coal prices in the first half of 2009 were relatively stable and are expected to stay at this similar level for the rest of 2009. Although two on-grid tariff hikes were announced by the Central Government in mid-2008, most major listed



Guangzhou City Northern Ring Road



Macau Power

The electricity demand in Macau is expected to be stable in 2009. The Government of Macau has indicated that it would open up the market for the upstream business (i.e. transmission and generation) while the current operator will be in a position to retain its existing investment. The negotiation for the renewal of concession rights of Macau Power Plant is expected to kick off soon.

Water

Although the impact of the global financial tsunami is showing signs of abatement in the third quarter of 2009, a strong recovery in Mainland China's export is not yet in sight. The water demand of the industrial sector is still negatively affected albeit not to a significant extent. The overall impact on the water market to date has been relatively small although growth of demand may slow down.

Environmental issue remains a top priority on the government's agenda. The Central Government has increased spending on various environmental initiatives, covering waste water treatment in particular.

Despite the slow down in construction activities and falling number of tourists from the Mainland China, Macau Water's daily sales volume will remain fairly stable in 2009.

Ports & Logistics

Shipping industry has been severely impacted in the global economic doldrums. Shipping companies have either cancelled direct services or consolidated services. As a result, the throughput of Mainland China ports in the first half of 2009 continued to shrink, reporting a negative growth rate of 11.1% and is



Kunming Rail Container Logistics Centre

expected to remain sluggish throughout 2009.

Although the logistics business will likely be affected by the global freight market turmoil in the coming year, we still consider the long-term business outlook to be promising. Construction works of a new logistics warehouse in Kwai Chung with a total leasable area of approximately 920,000 sq ft are currently in good progress and expected to be completed by mid 2011.

power producers suffered operating losses in 2008. The softening coal prices in 2009 will lessen their financial burden to a certain extent.

The slowdown of electricity demand also put severe pressure on power producers while the increase in awareness of environmental protection is putting pressure on investment return and capital expenditure. Meanwhile, the new renewable energy promotion policies rolled out lately will support the development of power industry in Mainland China.



Chongqing Tangjiatuo Waste Water Plant

Hong Kong Convention and Exhibition Centre
Photo by Mr Cliff Wallace

SERVICES

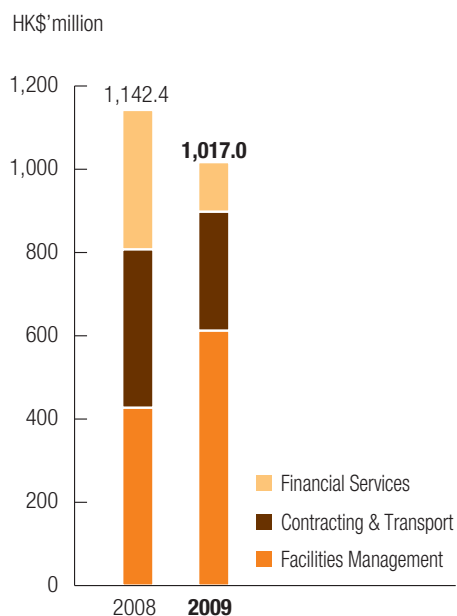
NWS Holdings' Services division covers a broad spectrum of customer-centric service areas, including Facilities Management, Contracting & Transport and Financial Services. Our services mean customer delight and satisfaction. The key to keeping our customers happy lies in the meticulous care and premium services we offer.

Operational Review

AOP CONTRIBUTION BY SEGMENT

for the year ended 30 June

HK\$'million	2009	2008	Change % Fav./Unfav.)
Facilities Management	612.1	427.0	43
Contracting & Transport	285.7	380.3	(25)
Financial Services	119.2	335.1	(64)
Total	1,017.0	1,142.4	(11)



Facilities Management

The Facilities Management segment comprises various service businesses including the Hong Kong Convention and Exhibition Centre ("HKCEC"), Free Duty and facility services such as property management, security and guarding, cleaning and laundry. This segment scored an outstanding performance with an AOP of HK\$612.1 million for FY2009, an increase of 43% over FY2008.

HKCEC continued to provide a steady source of income and cash inflow to the Group. A total of 1,076 events were held during the year and total patronage served exceeded 4.2 million. Construction works for the extension were substantially completed in April 2009 and its total rental space has been increased to 91,500 sq m. The purpose-built exhibition hall space of 66,000 sq m enables HKCEC to host bigger and better mega-sized exhibitions and maintain its leading position in the market.

Free Duty, the duty free tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong, achieved very satisfactory results in FY2009. Benefiting from the steady traffic growth via railway between Hong Kong and Mainland China, Free Duty in Lo Wu and Hung Hom MTR Stations, which commenced in January 2008, produced outstanding results in FY2009.



Provision of property management services under the Facilities Management segment

However, the ongoing global economic recession together with the human swine influenza outbreak have caused a decline in patronage at the Hong Kong International Airport and hence compromised the contributions from its operations.

The facility services business continued to contribute a stable profit and cashflow to the Group in FY2009. Our property management portfolio covers over 16.5 million sq m of commercial, industrial and residential areas in Hong Kong and Mainland China.

Contracting & Transport



K11/The Masterpiece, a project undertaken by the Contracting business

The Contracting & Transport segment achieved an AOP of HK\$285.7 million for FY2009, marking a decrease of 25% over FY2008.

The Contracting business achieved an AOP of HK\$184.3 million for FY2009, representing a 47% decrease over FY2008. Macau projects still remained to be the major profit contributor. Contributions from Hong Kong projects decreased as a result of an additional

provision of approximately HK\$180.0 million made for a major project due to potential claims for liquidated damages and foreseeable loss. As at 30 June 2009, the gross value of contracts on hand for the Construction Group was approximately HK\$20.5 billion. During the year, through joint ventures with partners, we succeeded in securing the design and construction project of expansion of Tseung Kwan O Hospital in Hong Kong and the Masdar Institute of Science and Technology project in Abu Dhabi. Although the impact of the global financial tsunami is yet to be fully reflected, the management is cautiously optimistic about the medium to long term prospects in Hong Kong and the Group is well positioned to take advantage of the mega-sized projects.

The performance of the Group's mechanical and engineering business remained satisfactory with an improved gross profit margin. The mechanical and engineering contracts awarded for FY2009 totalled HK\$1.3 billion in which 38% was secured from Mainland China and 62% was secured from Hong Kong and Macau while the total contracts on hand as at 30 June 2009 amounted to approximately HK\$6.0 billion.

The Group's Transport business achieved an AOP of HK\$101.4 million for FY2009, representing a 212% increase over FY2008. The sharp increase was primarily due to the gain on disposal of fixed assets and the drop in fuel costs during the year. The improved results were also because of a one-off

impairment provision made for an investment in Mainland China last year. Without the aforementioned disposal gain and impairment provision, the Transport business in effect recorded only a 22% increase in profit over FY2008.

The performance of the local bus and ferry operations improved as a result of the decline in fuel price since September 2008. However, the performance of the Macau ferry services was less than satisfactory during the year due to a substantial drop in patronage in the face of fierce competition in the market and the stringent visa endorsement policy of the Central Government for Mainland Chinese residents travelling to Macau via Hong Kong. To meet the capital expenditure and operational needs of the Transport business in the years ahead, the Group's Transport business has recently refinanced its banking facility of HK\$1.35 billion with a syndicate of banks.

Financial Services

The Financial Services segment mainly comprises the results of Taifook Securities and Tricor Holdings Limited ("Tricor").

A significant drop in AOP contribution from Taifook Securities was chiefly due to the substantial decline in earnings from its core operations including brokerage service, corporate finance and margin finance for FY2009. Its businesses seriously deteriorated due to the lack of turnover volume in the equity markets and contraction in fund-

raising activities from IPOs as a consequence of the global financial tsunami. Even though the equity trading activities turned slow during FY2009, the demand for brokering services for futures and other commodities remained strong and helped to mitigate the decline in earnings. Moreover, the market has shown clear signs of rebound since March 2009 with increased turnover and significant improvement in the segment's AOP contribution recorded in the second quarter of 2009. It is expected that the financial market will remain volatile until concrete signs of global economic recovery emerge.

As a global professional services provider specializing in integrated business, corporate and investor services, Tricor has successfully expanded into 21 cities in 12 countries/territories throughout Asia and worldwide. Caught in the global financial market slowdown, Tricor's revenue for FY2009 dropped slightly as compared to FY2008.

Business Outlook

As the global financial market continues to stabilize and sentiments in the world's major economies continue to improve, the Hong Kong economy has emerged from the worst recession with a real GDP rise of 3.3% in the second quarter of 2009 on a quarter-



New World
First Bus
and Citybus

Tricor





Tamar Development Project, a joint venture project with the participation of Hip Hing Construction

to-quarter basis, after contracting for four consecutive quarters. The year-on-year decline of GDP in real terms also narrowed notably from 7.8% in the first quarter to 3.8% in the second quarter. Despite the encouraging signs of recovery, the Hong Kong economy is still projected to shrink in the second half of 2009. Amidst fear of a relatively high unemployment rate, the human swine influenza outbreak and the uncertain global economic environment, we remain cautiously optimistic about the future prospects of the Services division. Through the streamlining of our Group structure and the ongoing implementation of cost-saving measures, we will continue to improve our service quality and cost efficiency wherever possible to ensure the long-term sustainability of our business.

The Facilities Management segment is expected to deliver solid profit contributions as a result of HKCEC's position as a market leader in the region. While the newly expanded

space is in great demand among our existing clients, the revenue will be further improved following the opening of new food and beverage outlets. To consolidate its position as Asia's distinguished international exhibition centre and Hong Kong exhibitors' venue of choice, HKCEC will continue to enhance its service quality, facilities and equipment.

Passenger traffic in the near future at all selling locations of Free Duty is expected to be affected by the economic downturn and human swine influenza. To further stimulate passenger spending, a series of measures will be implemented, such as improving shop layouts and diversifying our sales mix with new merchandise categories.

Since it is expected to take longer for large-scale infrastructural developments undertaken by the government to reach the building stage, and the slowdown of Macau gaming and tourism sectors has caused certain related

development projects to be temporarily suspended, the overall operating environment of the Contracting business is likely to undergo market consolidation in the coming year. On the other hand, we are planning to gradually scale down our presence in Mainland China as prices are extremely competitive while various new legislations and policies further increase our costs.

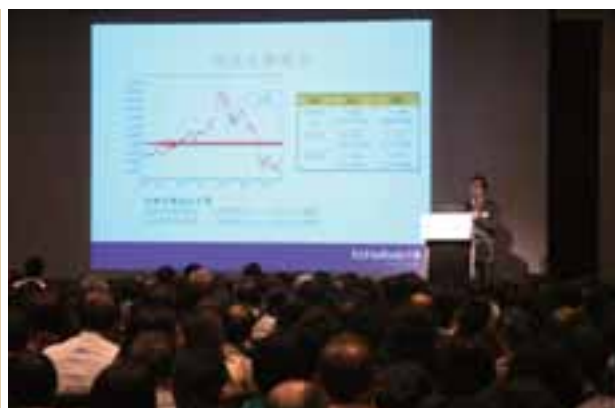
For the Transport business, the overall business environment continues to be challenging. The volatile fuel prices, intense competition from railway and the construction of new rail lines on Hong Kong Island are some of the major issues which the management has to contend within the next few years. We will therefore continue to strive for better operational efficiency through further streamlining, bus utilization through route rationalization and exercising greater overall cost control.

Although the global financial market is expected to remain erratic, we will continue to strengthen the Financial Services segment by diversifying its business exposure and customer mix to achieve an overall stable growth. As we anticipate Mainland China to be a major investment focus in the long term, we will take advantage of suitable opportunities to acquire or form joint ventures with domestic entities to facilitate market penetration. Diversified client base and product offerings with comprehensive service coverage have helped mitigate the negative impact of the financial turmoil.



Free Duty at Hong Kong International Airport

Investment seminar organized by Taifook Securities



The background of the entire page is a photograph of numerous stacks of golden-brown hay bales. The bales are arranged in neat rows and columns, filling the frame. The lighting is warm, highlighting the texture of the hay. The title 'REPORTS AND FINANCIAL STATEMENTS' is overlaid in large, white, bold, sans-serif capital letters on the left side of the image.

REPORTS AND FINANCIAL STATEMENTS

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71	BALANCE SHEET
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75	NOTES TO THE FINANCIAL STATEMENTS

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 2009.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries 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 ports and logistics facilities.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 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 2009 are set out in the financial statements on pages 69 to 149.

The Board has resolved to recommend a final dividend for the year ended 30 June 2009 in scrip form equivalent to HK\$0.42 per share (2008: HK\$0.40 per share) with a cash option to shareholders registered on 8 December 2009. Together with the interim dividend of HK\$0.20 per share (2008: HK\$0.55 per share) paid in June 2009, total distributions for the year ended 30 June 2009 would thus be HK\$0.62 per share (2008: HK\$0.95 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\$0.42 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 8 December 2009.

Subsidiaries

Particulars of the Company's principal subsidiaries are set out in Note 48 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 49 and 50 to the financial statements respectively.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 34 to the financial statements.

Distributable reserves

At 30 June 2009, the Company's reserves available for distribution amounted to HK\$1,613.6 million (2008: HK\$1,550.2 million).

Donations

During the year, the Group made charitable donations amounting to HK\$10.2 million (2008: HK\$7.5 million).

Investment properties

Details of movements in the investment properties of the Group during the year are set out in Note 16 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 17 to the financial statements.

Share capital

Details of movements in the share capital of the Company during the year are set out in Note 33 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.

REPORT OF THE DIRECTORS

Purchase, sale or redemption of the Company's listed securities

The Company repurchased a total of 4,712,000 shares of the Company on the Hong Kong Stock Exchange during the year ended 30 June 2009, details of which are summarized as follows:

Month	Number of shares repurchased	Repurchase price per share		Aggregate purchase price HK\$
		Highest price HK\$	Lowest price HK\$	
August 2008	308,000	17.20	16.00	5,244,680
September 2008	528,000	17.60	16.30	9,000,480
October 2008	3,876,000	10.58	7.07	32,532,320
	4,712,000			46,777,480

The repurchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value thereof. The directors considered that the shares were repurchased for the purpose of enhancing the net asset value per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

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 2009.

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 Tsang Yam Pui

Mr Wong Kwok Kin, Andrew

Mr Lam Wai Hon, Patrick

Mr Cheung Chin Cheung

Mr William Junior Guilherme Doo

Mr Cheng Chi Ming, Brian

(Appointed on 1 July 2009)

Mr Chan Kam Ling

(Passed away on 15 August 2009)

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 86(2) of the Company's bye-laws, Mr Cheng Chi Ming, Brian will retire by rotation at the forthcoming annual general meeting and being eligible, will offer himself for re-election.

In accordance with bye-law 87 of the Company's bye-laws, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo, Mr Wilfried Ernst Kaffenberger and Mr Cheng Wai Chee, Christopher 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 subsidiaries, its holding company or its fellow subsidiaries 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.

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
	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 merchandized goods	Director
	Certain subsidiaries 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 subsidiaries
Mr Wilfried Ernst Kaffenberger	AEI	Investment in power plants	Director

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, subsidiaries or fellow subsidiaries 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 2009, the directors and their respective associates had the following interests in the shares, underlying shares and debentures 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			Total	Approximate percentage of issued share capital as at 30.06.09
	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	364,622	–	10,254,321 ⁽³⁾	10,618,943	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	–	–	61,279 ⁽⁵⁾	61,279	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	762,337	–	–	762,337	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	257,510	–	–	257,510	0.01%
Mr Wong Kwok Kin, Andrew	150,000	50,000 ⁽⁷⁾	–	200,000	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 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%

Directors' interests in securities (continued)

(a) Long position in shares (continued)

	Number of shares			Total	Approximate percentage of issued share capital as at 30.06.09
	Personal interests	Family interests	Corporate interests		
HH Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr Chan Kam Ling	15,000	–	–	15,000	2.50%
Mega Choice Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	–	3,710 ⁽¹⁾	3,710	34.61%
Taifook Securities Group Limited					
(Ordinary shares of HK\$0.10 each)					
Mr Doo Wai Hoi, William	–	–	5,000,000 ⁽²⁾	5,000,000	0.71%
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 / companies wholly owned by Dr Cheng Kar Shun, Henry.
- (2) The shares are held by a company / 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 companies 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.

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 30.06.09	Exercise price per share HK\$
			Balance as at 01.07.08	Granted during the year	Exercised during the year		
Dr Cheng Kar Shun, Henry	21 August 2007	(1)	3,001,277	–	–	3,001,277	16.193
Mr Doo Wai Hoi, William	21 August 2007	(1)	2,000,851	–	–	2,000,851	16.193
Mr Chan Kam Ling	21 August 2007	(1)	2,000,851	–	–	2,000,851	16.193
Mr Tsang Yam Pui	21 August 2007	(1)	1,500,638	–	–	1,500,638	16.193
Mr Wong Kwok Kin, Andrew	21 August 2007	(1)	1,500,638	–	–	1,500,638	16.193
Mr Lam Wai Hon, Patrick	21 August 2007	(1)	1,500,638	–	–	1,500,638	16.193
Mr Cheung Chin Cheung	21 August 2007	(1)	1,500,638	–	–	1,500,638	16.193
Mr William Junior Guilherme Doo	21 August 2007	(1)	1,500,638	–	–	1,500,638	16.193
Mr Wilfried Ernst Kaffenberger	21 August 2007	(1)	300,127	–	–	300,127	16.193
Mr To Hin Tsun, Gerald	21 August 2007	(1)	300,127	–	–	300,127	16.193
Mr Dominic Lai	21 August 2007	(1)	300,127	–	–	300,127	16.193
Mr Kwong Che Keung, Gordon	21 August 2007	(1)	600,255	–	–	600,255	16.193
Mr Cheng Wai Chee, Christopher	21 August 2007	(1)	600,255	–	–	600,255	16.193
Mr Shek Lai Him, Abraham	21 August 2007	(1)	600,255	–	–	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) The cash consideration paid by each of the directors for the grant of share options is HK\$10.

(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			Balance as at 30.06.09	Exercise price per share ⁽¹⁾ HK\$
			Balance as at 01.07.08	Adjusted during the year ⁽¹⁾	Exercised during the year		
Dr Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	36,500,000	210,652	–	36,710,652	17.654

Notes:

(1) NWD declared final dividend for the year ended 30 June 2008 and interim dividend for the six months ended 31 December 2008 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of NWD's share options was adjusted from HK\$17.756 to HK\$17.659 on 21 January 2009, and further to HK\$17.654 on 15 June 2009.

(2) The cash consideration paid by the director for the grant of the share options is HK\$10.

Directors' interests in securities (continued)

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

(iii) *New World China Land Limited*

Under the share option scheme of New World China Land Limited (“NWCL”, a fellow subsidiary 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			Balance as at 30.06.09	Exercise price per share HK\$
			Balance as at 01.07.08	Granted during the year	Exercised during the year		
Dr Cheng Kar Shun, Henry	7 January 2008	(1)	2,000,000	–	–	2,000,000	6.972
	29 December 2008	(2)	–	1,600,000	–	1,600,000	1.500
Mr Doo Wai Hoi, William	7 January 2008	(1)	800,000	–	–	800,000	6.972
	29 December 2008	(2)	–	650,000	–	650,000	1.500
Mr Cheng Wai Chee, Christopher	7 January 2008	(1)	300,000	–	–	300,000	6.972
	29 December 2008	(2)	–	300,000	–	300,000	1.500

Notes:

- (1) Divided into 3 tranches exercisable from 8 February 2008, 8 February 2009 and 8 February 2010 respectively to 7 February 2011.
- (2) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012 respectively to 29 January 2013.
- (3) The cash consideration paid by each of the directors for each grant of the share options is HK\$10.

(iv) *New World Department Store China Limited*

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

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 01.07.08	Exercised during the year	Balance as at 30.06.09	
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 provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) The cash consideration paid by the director for the grant of share options is HK\$1.

Directors' interests in securities (continued)

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

(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			Exercise price per share HK\$
			Balance as at 01.07.08	Exercised during the year	Balance as at 30.06.09	
Mr Lam Wai Hon, Patrick	9 July 2007	9 July 2008 to 8 July 2011	330,000	–	330,000	3.39

(c) Long position in debentures

The following directors have interests in the debentures issued by New World China Land Finance Limited (“NWCLF”), an indirect wholly owned subsidiary of NWCL. Details of the debentures of NWCLF held by them are as follows:

Name	Amount of debentures in RMB			Total	Percentage to the total debentures in issue as at 30.06.09
	Personal interests	Family interests	Corporate interests		
Mr Doo Wai Hoi, William	10,000,000 ⁽¹⁾	36,000,000 ⁽²⁾	87,700,000 ⁽³⁾	133,700,000	5.24%
Mr Wong Kwok Kin, Andrew	26,000,000 ⁽⁴⁾	–	–	26,000,000	1.02%
Mr William Junior Guilherme Doo	–	–	5,000,000 ⁽⁵⁾	5,000,000	0.20%

Notes:

- (1) These debentures are convertible into 1,300,172 shares of HK\$0.1 each of NWCL, representing approximately 0.03% of its issued share capital as at 30 June 2009, for the period from 26 June 2007 to 26 May 2012.
- (2) These debentures are convertible into 4,680,619 shares of HK\$0.1 each of NWCL, representing approximately 0.12% of its issued share capital as at 30 June 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by a company owned by the spouse of Mr Doo Wai Hoi, William.
- (3) These debentures are convertible into 11,402,509 shares of HK\$0.1 each of NWCL, representing approximately 0.30% of its issued share capital as at 30 June 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by companies wholly owned by Mr Doo Wai Hoi, William.
- (4) These debentures are convertible into 3,380,447 shares of HK\$0.1 each of NWCL, representing approximately 0.09% of its issued share capital as at 30 June 2009, for the period from 26 June 2007 to 26 May 2012.
- (5) These debentures are convertible into 650,086 shares of HK\$0.1 each of NWCL, representing approximately 0.02% of its issued share capital as at 30 June 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by a company wholly owned by Mr William Junior Guilherme Doo.

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.

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	Eligible participant may be a person or an entity belonging to any of the following classes: <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 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 108,390,774 representing approximately 5.23% 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.
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.

Share option schemes (continued)

(a) The Company (continued)

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 2009, 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 30.06.09	Exercise price per share HK\$
		Balance as at 01.07.08	Granted during the year	Exercised during the year	Lapsed during the year		
21 July 2003	(1)	710,250	–	(254,128) ⁽³⁾	(456,122)	–	3.709
21 August 2007	(2)	12,499,272	–	(60,000) ⁽⁴⁾	(538,228)	11,901,044	16.193
28 January 2008	(2)	700,295	–	–	–	700,295	20.591

Notes:

- (1) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008.
- (2) 40% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (3) The weighted average closing price of the share immediately before the dates on which share options were exercised was HK\$20.035.
- (4) The weighted average closing price of the share immediately before the dates on which share options were exercised was HK\$17.160.
- (5) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.

Share option schemes (continued)

(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 subsidiaries 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 subsidiaries or associates.
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 report	<p>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.</p> <p>As at the date of this report, the total number of shares available for issue under the Taifook Scheme was 33,523,747 shares, which represented approximately 4.75% of the issued share capital of Taifook Securities at that day.</p>
Maximum entitlement of each participant under the Taifook Scheme	<p>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.</p> <p>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 of Taifook Securities) 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.</p>

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 2009, 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 30.06.09	Exercise price per share HK\$
		Balance as at 01.07.08	Granted during the year	Adjusted during the year	Exercised during the year	Lapsed during the year		
5 September 2003	(1)	300,000	–	10,985 ⁽⁴⁾	–	(310,985)	–	1.158 ⁽⁴⁾
10 February 2006	(2)	50,000	–	1,830 ⁽⁵⁾	(51,830) ⁽⁷⁾	–	–	0.907 ⁽⁵⁾
1 December 2007	(3)	28,500,000	–	1,000,223 ⁽⁶⁾	–	(2,807,235)	26,692,988	5.875 ⁽⁶⁾

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) Taifook Securities declared a final dividend for the year ended 31 December 2007 in scrip form (with a cash option) on 17 March 2008 and an interim dividend for the six months ended 30 June 2008 in scrip form (with a cash option) on 11 September 2008, which gave rise to adjustments to the number of unexercised share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$1.200 to HK\$1.175 on 17 July 2008, and further to HK\$1.158 on 28 November 2008.
- (5) Taifook Securities declared a final dividend for the year ended 31 December 2007 in scrip form (with a cash option) on 17 March 2008 and an interim dividend for the six months ended 30 June 2008 in scrip form (with a cash option) on 11 September 2008, which gave rise to adjustments to the number of unexercised share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$0.940 to HK\$0.920 on 17 July 2008, and further to HK\$0.907 on 28 November 2008.

Share option schemes (continued)

(b) Taifook Securities Group Limited (continued)

Notes: (continued)

(6) Taifook Securities declared a final dividend for the year ended 31 December 2007 in scrip form (with a cash option) on 17 March 2008 and an interim dividend for the six months ended 30 June 2008 in scrip form (with a cash option) on 11 September 2008, which gave rise to adjustments to the number of unexercised share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$6.090 to HK\$5.961 on 17 July 2008, and further to HK\$5.875 on 28 November 2008.

(7) The closing price per share immediately before the date on which the share options were exercised was HK\$2.11.

(8) The cash consideration paid by each eligible participant for each grant of share options is HK\$1.

Substantial shareholders' interest in securities

As at 30 June 2009, 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	–	1,245,214,015 ⁽¹⁾	1,245,214,015	60.12%
Centennial Success Limited	–	1,245,214,015 ⁽²⁾	1,245,214,015	60.12%
Chow Tai Fook Enterprises Limited	59,831,893	1,185,382,122 ⁽³⁾	1,245,214,015	60.12%
NWD	779,909,657	405,472,465 ⁽⁴⁾	1,185,382,122	57.23%
Mombasa Limited	355,897,327	–	355,897,327	17.18%

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 subsidiaries, 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, 15,393,385 shares held by Hing Loong Limited, 15,393,385 shares held by Fine Reputation Incorporated, 13,493,674 shares held by New World Hotels Corporation Limited and 3,308,181 shares held by Hong Kong Island Development Limited, all of them are subsidiaries 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 2009.

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 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)

As at the date of signing of the Tenancy Agreement, UPML was an indirect wholly owned subsidiary of the Company. The Leasehold Premises, the subject of the Tenancy Agreement, was owned by NDL which was an indirect wholly owned subsidiary of NWD. Given that NWD was the holding company of the Company and accordingly, NDL was 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\$4.9 million.

- (2) 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 subsidiaries, (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, 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 signing 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 2009, the contract amount for each category of services under the NWST Master Services Agreement are summarized as follows:

Category of services	Approximate total	Annual cap
	contract amount HK\$'000	HK\$'000
Contracting services	12.7	13,000.0
Facility management services	1,047.9	7,500.0
Security and guarding services	839.3	7,000.0
Cleaning and landscaping services	15,584.4	35,000.0
Financial services	418.5	1,000.0
Property management services	362.9	1,000.0
Rental or licensing of spare spaces	3,632.7	9,000.0

Connected transactions (continued)

- (3) 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 held approximately 56.37% of the total issued share capital of the Company as at the date of signing of the abovesaid agreements, it was a substantial shareholder of the Company and hence a connected person of the Company. CTF held approximately 37.02% of the total issued share capital of NWD as at the date of signing of the abovesaid agreements, it was a controlling shareholder of NWD and was 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 constituted continuing connected transactions to the Company pursuant to Rule 14A.14 of the Listing Rules.

Moreover, on the same day, Mr Lo Lin Shing, 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 was the then 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 constituted 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 year ended 30 June 2009, the contract amount 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	2,493.5	4,135.7
– General services	136.3	198.4
– Rental services	2.6	5.0
Services provided by members of CTF Group to members of the Group:		
– General services	5.2	8.3
– Rental services	54.8	63.5

Connected transactions (continued)

(3) (continued)

In addition, during the year ended 30 June 2009, the contract amount 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	3.9	96.1
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

(4) On 6 November 2008, a shareholder's loan agreement (the "Shareholder's Loan Agreement") was entered into between NWS Service Management Limited ("NWSS", an indirect wholly owned subsidiary of the Company) and NWST under which NWSS agreed to lend to NWST a shareholder's loan for the sum of HK\$222.5 million (the "Shareholder's Loan") for the period from the date of granting of the Shareholder's Loan by NWSS to NWST to 31 October 2009 (both days inclusive) or for such other period as the parties may agree from time to time. Subject to the terms of the Shareholder's Loan Agreement, interest shall accrue on any outstanding amount of the Shareholder's Loan at a rate of Hong Kong Interbank Offered Rate plus 1.1% per annum. The Shareholder's Loan, together with all interest accrued thereon shall be repaid by NWST to NWSS on either the expiry of the aforementioned term or NWST goes into liquidation or any petition for its winding up is presented.

Each of CTF and the Company indirectly owned 50% of the total issued share capital of NWST. Given that, as at the date of signing of the Shareholder's Loan Agreement, CTF held approximately 37.9% of the total issued share capital of NWST which, in turn, held approximately 56.9% of the total issued share capital of the Company. CTF was a substantial shareholder of the Company and thus, NWST, being an associate of CTF, was a connected person of the Company. The transaction contemplated under the Shareholder's Loan Agreement constituted a connected transaction for the Company under the Listing Rules.

The Shareholder's Loan was fully repaid by NWST during the year.

(5) On 10 March 2009, an agreement (the "Agreement") was entered into between ProPlus Limited ("ProPlus", an indirect wholly owned subsidiary of the Company) and Bransfield Assets Limited (the "Purchaser") under which ProPlus agreed to sell and the Purchaser agreed to purchase 18,057,780 ordinary shares of HK\$1.00 each and 425,017 non-voting deferred shares of HK\$1.00 each of Pollution & Protection Services Limited ("PPS") and 2 ordinary shares of HK\$100 each and 12,257 non-voting deferred shares of HK\$100 each of Pollution & Protection Consultant Limited ("PPC") (collectively, the "Sale Shares") which represented the shares beneficially held by ProPlus in each of PPS and PPC, both were the then subsidiaries of the Company which engaged in the provision of cleaning services. The consideration for the Sale Shares was HK\$34.5 million. The completion of the Agreement took place on 9 April 2009.

The Purchaser was jointly owned by Mr Fan Shek Cheong, Allan ("Mr Fan", a director of each of PPS and PPC as at the date of signing of the Agreement) and his daughter. As both PPS and PPC were the then subsidiaries of the Company, Mr Fan and the Purchaser were connected persons of the Company and the transaction contemplated under the Agreement constituted a connected transaction for the Company under the Listing Rules.

Connected transactions (continued)

(6) On 16 July 2009, the following agreements in respect of the provision of project management services were entered into by the Group:

- (a) an agreement (the “Shanghai Agreement”) was entered into among 上海三聯物業發展有限公司 Shanghai Trio Property Development Co., Ltd. (“Shanghai Trio”), 新創機電工程有限公司 NWS Engineering Ltd. (“NWS Engineering”, an indirect wholly owned subsidiary of the Company) and the branch office of NWS Engineering in Shanghai for the provision of project management services by NWS Engineering to Shanghai Trio in respect of the electrical and mechanical engineering works of the property development project situated at Hongqiao Development Zone, Shanghai, the PRC (the “Shanghai Zhongshan Square (Phase III) Project”); and
- (b) an agreement (the “Li Yuen Street East Agreement”) was entered into among Dragon Plaza (H.K.) Limited (“DPHKL”), Great City Developments Limited (“GCDL”) and Hip Hing Builders Company Limited (“Hip Hing Builders”, an indirect wholly owned subsidiary of the Company) for the provision of project management services by Hip Hing Builders to DPHKL and GCDL for the development of the property development project situated at No. 39 Queen’s Road Central and Nos. 19-28 Li Yuen Street East, Hong Kong (the “Li Yuen Street East Project”).

Under the Shanghai Agreement, NWS Engineering was entitled to a service fee of RMB19.0 million (equivalent to approximately HK\$21.6 million). If the aggregate of the final total construction cost incurred in respect of the electrical and mechanical engineering works of the Shanghai Zhongshan Square (Phase III) Project was less than RMB197.0 million (being the estimated total construction costs in respect of the entire electrical and mechanical engineering works of the Shanghai Zhongshan Square (Phase III) Project which was subject to final determination), NWS Engineering would be entitled to a bonus in the amount to be agreed between the contracting parties.

Moreover, under the Li Yuen Street East Agreement, Hip Hing Builders was entitled to a management fee which would be calculated as follows:

- (a) 2% of the part of the cost in relation to the execution and completion of mechanical and electrical installations of the Li Yuen Street East Project; and
- (b) 6% of the cost of the Li Yuen Street East Project other than that in paragraph (a) above.

Under the estimation based on the budget of the project, the maximum management fee in respect of the Li Yuen Street East Project was expected to be approximately HK\$18.67 million.

As at the date of signing of the Shanghai Agreement and the Li Yuen Street East Agreement, each of NWS Engineering and Hip Hing Builders was an indirect wholly owned subsidiary of the Company. Mr Doo Wai Hoi, William (“Mr Doo”), an executive director of the Company, beneficially owned 52.5% interest in Shanghai Trio and 50% interest in each of DPHKL and GCDL and thus, Shanghai Trio, DPHKL and GCDL were associates of Mr Doo and in turn connected persons of the Company. The transactions contemplated under the Shanghai Agreements and the Li Yuen Street East Agreement constituted connected transactions for the Company under the Listing Rules.

Furthermore, certain members of the Group had entered into the following transactions (the “Previous Transactions”) with 上海局一房地產發展有限公司 Shanghai Juyi Real Estate Development Co., Ltd. (“Shanghai Juyi”) prior to the signing of the Shanghai Agreement and the Li Yuen Street East Agreement:

- (a) the provision of project management services by 協興建築(中國)有限公司 (Hip Hing Construction (China) Company Limited, an indirect wholly owned subsidiary of the Company), to Shanghai Juyi pursuant to the relevant project management agreement dated 16 January 2009 in relation to the construction works of a property development project situated at Shanghai, the PRC at a service fee of 2.7% of the total estimated construction cost which amounted to approximately RMB81.0 million (equivalent to approximately HK\$92.0 million); and
- (b) the provision of project management services by NWS Engineering to Shanghai Juyi pursuant to the relevant project management agreement dated 28 February 2009 in relation to the electrical and mechanical engineering works of a property development project situated at Shanghai, the PRC at a service fee of approximately RMB40.35 million (equivalent to approximately HK\$45.85 million).

At the time when the relevant agreements for the Previous Transactions were entered into, apart from the participating interest held by Mr Doo (in which he was entitled to 30% of the returns received by NWCL in respect of Shanghai Juyi), he did not have any equity interest or voting right in Shanghai Juyi. He also did not have any power to control the composition of a majority of the board of directors of Shanghai Juyi. Shanghai Juyi was therefore not a connected person of the Company and the Previous Transactions did not constitute connected transactions for the Company on the date of execution of the relevant agreements. However, at the date of signing of the Shanghai Agreement and the Li Yuen Street East Agreement, Shanghai Juyi was owned as to 50% by Mr Doo and being an associate of Mr Doo and therefore a connected person of the Company. Thus, the Previous Transactions then also constituted connected transactions for the Company and were further aggregated together with the transactions contemplated under the Shanghai Agreement and the Li Yuen Street East Agreement upon the disclosure made by the Company pursuant to the Listing Rules.

Connected transactions (continued)

- (7) On 30 September 2009, an agreement (the “S&P Agreement”) was entered into between 溫州港集團有限公司 Wenzhou Port Group Co., Ltd. (the “PRC Party”) and NWS Ports Management (Wenzhou) Limited (“NWSPMWZ”, an indirect 63.6% subsidiary of the Company), pursuant to which NWSPMWZ agreed to sell, and the PRC Party agreed to purchase and procure its nominee(s) to purchase, 55% equity interest in 溫州狀元嶼新創建國際碼頭有限公司 Wenzhou Zhuangyuan Ao New World International Terminals Company Limited (“WZNWT”) for the consideration of RMB282.0 million (equivalent to approximately HK\$320.5 million). Upon completion of the S&P Agreement, which shall take place within 6 months upon signing of the S&P Agreement, the said 55% equity interest in WZNWT will be transferred by NWSPMWZ to the PRC Party and its nominee(s). The identity of the nominee(s) will be determined by the PRC Party later.

As at the date of signing of the S&P Agreement, WZNWT was 55% owned by NWSPMWZ which was a non-wholly owned subsidiary of the Company. The PRC Party owned 45% equity interest in WZNWT and thus, the PRC Party was a connected person of the Company. The disposal contemplated under the S&P Agreement constituted a connected transaction for the Company under the Listing Rules,

The continuing connected transactions mentioned in (1) to (3) 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 press announcement or circular.

In accordance with Rule 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 (3) above in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board that:

- (a) the transactions were approved by the Board of the Company;
- (b) the transactions selected were entered into in accordance with the terms of the relevant agreements governing such transactions; and
- (c) the transactions were within the caps set out in the relevant press 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 45 to the financial statements.

Disclosure pursuant to Rule 13.22 of the Listing Rules

As at 30 June 2009, the Group has provided financial assistance, by way of shareholders' loans / advances, in an aggregate amount of HK\$2,180.8 million to its affiliated companies (included in amounts disclosed in Notes 22, 23 and 27 of the financial statements), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$235.8 million (included in the amounts disclosed in Note 43 of the financial statements) and contracted to provide an aggregate amount of HK\$1,250.6 million in capital and loans to affiliated companies. The said amounts, in aggregate, represents approximately 8.4% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Disclosure pursuant to Rule 13.22 of the Listing Rules (continued)

The advances are unsecured, interest free and have no definite repayment terms except for an aggregate amount of HK\$118.9 million which carries interest ranging from 6% to 8% per annum and an amount of HK\$11.3 million which carries interest at Hong Kong prime rate per annum. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities 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 2009 are presented as follows:

	Proforma combined balance sheet HK\$m	Group's attributable interest HK\$m
Non-current assets	36,435.0	15,325.6
Current assets	9,171.0	3,670.3
Current liabilities	(13,105.6)	(5,875.6)
Non-current liabilities	(9,640.4)	(4,041.9)
	22,860.0	9,078.4

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 2009.

Employees and remuneration policies

As at 30 June 2009, over 42,000 staff were employed by entities under the Group's management of which approximately 23,000 were employed in Hong Kong. Total staff related costs, excluding directors' remunerations, were HK\$2.743 billion (2008: HK\$3.024 billion), in which provident funds and staff bonuses were included. Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according 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 150 and 151.

Auditor

The financial statements for the year ended 30 June 2009 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, 7 October 2009

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 consolidated financial statements of NWS Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 69 to 149, which comprise the consolidated and Company balance sheets as at 30 June 2009, 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2009 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, 7 October 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	Note	2009 HK\$m	2008 HK\$m (restated)
Revenue	6	17,250.9	18,889.5
Cost of sales		(15,407.3)	(16,519.4)
Gross profit		1,843.6	2,370.1
Other income (net)	7	609.3	338.3
General and administrative expenses		(1,202.1)	(1,377.6)
Operating profit	8	1,250.8	1,330.8
Finance costs	10	(224.3)	(298.7)
Share of results of Associated companies Jointly controlled entities		(63.5) 1,780.6	315.8 2,920.3
Profit before income tax		2,743.6	4,268.2
Income tax expenses	11	(162.9)	(215.4)
Profit for the year		2,580.7	4,052.8
Attributable to Shareholders of the Company Minority interests	12	2,528.8 51.9	3,836.9 215.9
		2,580.7	4,052.8
Dividends	13	1,281.0	1,937.8
Earnings per share attributable to shareholders of the Company	14		
Basic		HK\$1.23	HK\$1.90
Diluted		HK\$1.23	HK\$1.89

CONSOLIDATED BALANCE SHEET

As at 30 June

	Note	2009 HK\$m	2008 HK\$m (restated)
ASSETS			
Non-current assets			
Investment properties	16	1,117.7	1,129.7
Property, plant and equipment	17	719.7	562.2
Leasehold land and land use rights	18	727.7	745.5
Intangible concession rights	19	977.3	1,303.1
Intangible assets	20	1,046.8	728.9
Associated companies	22	3,162.8	3,392.6
Jointly controlled entities	23	15,152.7	16,004.1
Available-for-sale financial assets	24	600.5	663.3
Other non-current assets	25	601.7	643.7
		24,106.9	25,173.1
Current assets			
Inventories	26	250.2	278.9
Trade and other receivables	27	10,725.4	9,579.6
Financial assets at fair value through profit or loss	28	63.3	332.3
Cash held on behalf of customers	29	3,661.9	3,105.8
Short term deposits	30	–	126.4
Cash and bank balances	30	5,205.1	3,997.8
		19,905.9	17,420.8
Non-current assets classified as assets held for sale	31	265.8	–
		20,171.7	17,420.8
Total assets			
		44,278.6	42,593.9
EQUITY			
Share capital	33	2,071.3	2,057.6
Reserves	34	20,234.0	18,366.3
Proposed final dividend	34	869.9	822.8
Shareholders' funds		23,175.2	21,246.7
Minority interests		1,084.2	1,266.4
Total equity		24,259.4	22,513.1
LIABILITIES			
Non-current liabilities			
Borrowings	35	5,466.5	5,068.6
Other non-current liabilities	36	319.7	658.8
		5,786.2	5,727.4
Current liabilities			
Trade and other payables	37	10,671.7	10,362.3
Taxation		221.8	268.8
Borrowings	35	3,339.5	3,722.3
		14,233.0	14,353.4
Total liabilities			
		20,019.2	20,080.8
Total equity and liabilities			
		44,278.6	42,593.9
Net current assets			
		5,938.7	3,067.4
Total assets less current liabilities			
		30,045.6	28,240.5

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

BALANCE SHEET

As at 30 June

	Note	2009 HK\$'m	2008 HK\$'m
ASSETS			
Non-current assets			
Property, plant and equipment	17	5.3	8.5
Subsidiaries	21	7,893.3	7,893.3
		7,898.6	7,901.8
Current assets			
Trade and other receivables	27	11,513.4	14,078.7
Cash and bank balances	30	1,116.1	70.7
		12,629.5	14,149.4
Total assets		20,528.1	22,051.2
EQUITY			
Share capital	33	2,071.3	2,057.6
Reserves	34	11,558.3	11,333.2
Proposed final dividend	34	869.9	822.8
Total equity		14,499.5	14,213.6
LIABILITIES			
Current liabilities			
Trade and other payables	37	6,028.6	7,837.6
Total liabilities		6,028.6	7,837.6
Total equity and liabilities		20,528.1	22,051.2
Net current assets		6,600.9	6,311.8
Total assets less current liabilities		14,499.5	14,213.6

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

HK\$m	Note	Shareholders' funds			Minority interests	Total
		Share capital	Reserves	Total		
Balance at 1 July 2008, as previously reported		2,057.6	19,090.5	21,148.1	1,266.4	22,414.5
Prior year adjustments	2,34	-	98.6	98.6	-	98.6
Balance at 1 July 2008, as restated		2,057.6	19,189.1	21,246.7	1,266.4	22,513.1
Fair value changes on available-for-sale financial assets, net of tax		-	260.4	260.4	(1.9)	258.5
Disposal of non-current assets classified as assets held for sale	31	-	(9.4)	(9.4)	-	(9.4)
Release of investment revaluation deficit to the income statement		-	154.0	154.0	2.2	156.2
Disposal of subsidiaries	44(b)	-	(20.2)	(20.2)	(21.3)	(41.5)
Currency translation differences		-	(7.0)	(7.0)	0.3	(6.7)
Net gains recognized directly in equity		-	377.8	377.8	(20.7)	357.1
Profit for the year		-	2,528.8	2,528.8	51.9	2,580.7
Total recognized income for the year		-	2,906.6	2,906.6	31.2	2,937.8
Dividends paid to shareholders of the Company		-	(1,232.4)	(1,232.4)	-	(1,232.4)
minority interests		-	-	-	(92.1)	(92.1)
Repurchase of shares						
nominal value		(4.7)	-	(4.7)	-	(4.7)
share premium		-	(42.2)	(42.2)	-	(42.2)
Scrip dividends						
nominal value of new shares issued		18.1	-	18.1	-	18.1
share premium on new shares issued		-	249.1	249.1	-	249.1
Share options						
value of services provided		-	40.3	40.3	-	40.3
nominal value of new shares issued		0.3	-	0.3	-	0.3
share premium on new shares issued		-	1.6	1.6	-	1.6
Share of changes in other reserve of a jointly controlled entity		-	(8.2)	(8.2)	-	(8.2)
Deemed acquisition of interests in a subsidiary		-	-	-	(121.3)	(121.3)
Balance at 30 June 2009		2,071.3	21,103.9	23,175.2	1,084.2	24,259.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

HK\$m	Note	Shareholders' funds			Minority interests	Total
		Share capital	Reserves	Total		
Balance at 1 July 2007, as previously reported		2,014.2	15,182.3	17,196.5	1,002.0	18,198.5
Prior year adjustments	2,34	–	80.0	80.0	–	80.0
Balance at 1 July 2007, as restated		2,014.2	15,262.3	17,276.5	1,002.0	18,278.5
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)
Disposal / deconsolidation of subsidiaries	44(b),(d)	–	(25.0)	(25.0)	(75.5)	(100.5)
Currency translation differences		–	1,117.7	1,117.7	58.3	1,176.0
Net gains recognized directly in equity		–	741.4	741.4	(33.6)	707.8
Profit for the year, as restated		–	3,836.9	3,836.9	215.9	4,052.8
Total recognized income for the year		–	4,578.3	4,578.3	182.3	4,760.6
Dividends paid to shareholders of the Company		–	(1,720.9)	(1,720.9)	–	(1,720.9)
minority interests		–	–	–	(71.9)	(71.9)
Scrip dividends						
nominal value of new shares issued		42.6	–	42.6	–	42.6
share premium on new shares issued		–	972.6	972.6	–	972.6
Share options						
value of services provided		–	94.7	94.7	6.8	101.5
nominal value of new shares issued		0.8	–	0.8	–	0.8
share premium on new shares issued		–	2.1	2.1	–	2.1
Deemed disposal of interests in a subsidiary		–	–	–	147.2	147.2
Balance at 30 June 2008, as restated		2,057.6	19,189.1	21,246.7	1,266.4	22,513.1

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June

	Note	2009 HK\$'m	2008 HK\$'m
Cash flows from operating activities			
Net cash generated from operations	44(a)	1,388.5	1,525.0
Finance costs paid		(214.2)	(289.1)
Interest received		93.3	188.2
Hong Kong profits tax paid		(166.0)	(81.0)
Mainland China and overseas tax paid		(70.3)	(32.4)
Net cash generated from operating activities		1,031.3	1,310.7
Cash flows from investing activities			
Dividends received from associated companies		55.1	133.8
Dividends received from jointly controlled entities		1,398.2	1,535.0
Disposal of an associated company		2.1	–
Disposal of jointly controlled entities		10.2	11.2
Settlement of proceeds from disposal of subsidiaries in previous years		–	148.6
Disposal of subsidiaries	44(c)	117.5	14.0
Cash and bank balances of subsidiaries deconsolidated	44(e)	–	(29.4)
Acquisition of additional interests in a subsidiary		(12.8)	(13.2)
Acquisition of a subsidiary	44(g)	–	(135.5)
Increase in investments in associated companies		(51.6)	(466.5)
Decrease / (increase) in investments in jointly controlled entities		1,087.2	(1,422.3)
Additions of property, plant and equipment, investment properties, leasehold land and land use rights and operating rights		(630.7)	(1,055.4)
Disposal of property, plant and equipment, investment properties, leasehold land and land use rights		11.2	14.6
Addition of available-for-sale financial assets and financial assets at fair value through profit or loss		(196.9)	(1,441.0)
Disposal of available-for-sale financial assets and financial assets at fair value through profit or loss		465.9	936.3
Disposal of non-current assets classified as assets held for sale		446.4	–
Deposits paid for investments		–	(609.4)
Dividends received from available-for-sale financial assets and financial assets at fair value through profit or loss		4.0	10.7
Decrease in short term deposits		126.4	–
Decrease / (increase) in other non-current assets		49.2	(407.8)
Net cash generated from / (used in) investing activities		2,881.4	(2,776.3)
Cash flows from financing activities			
New bank loans and other borrowings		3,464.3	4,998.8
Repayment of bank loans and other borrowings		(5,092.3)	(2,141.2)
Issuance of new shares		1.9	2.9
Repurchase and cancellation of shares		(46.9)	–
Decrease in loans from minority shareholders		(20.3)	(29.8)
Capital contribution from minority shareholders		–	230.4
Dividends paid to shareholders		(965.1)	(705.7)
Dividends paid to minority shareholders		(78.8)	(71.9)
Net cash (used in) / generated from financing activities		(2,737.2)	2,283.5
Net increase in cash and cash equivalents		1,175.5	817.9
Cash and cash equivalents at the beginning of year		3,996.9	3,040.8
Currency translation differences		–	138.2
Cash and cash equivalents at the end of year		5,172.4	3,996.9
Analysis of cash and cash equivalents			
Cash and bank balances	30	5,205.1	3,997.8
Bank overdrafts		(32.7)	(0.9)
		5,172.4	3,996.9

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 subsidiaries 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 ports and logistics facilities.

The Company has its listing on the Main Board of the Hong Kong Stock Exchange.

The financial statements have been approved for issuance by the Board on 7 October 2009.

2 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements 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 at fair value through profit or loss, which are measured at fair value.

The preparation of financial statements in conformity with HKFRS 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 consolidated financial statements, are disclosed in Note 5 below.

(a) Adoption of new or revised standards

For the year ended 30 June 2009, the Group has adopted the following amendments to standards and interpretations which are mandatory for the financial year ended 30 June 2009:

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
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
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Embedded Derivatives

Except for HK(IFRIC) – Int 12, the adoption of these new amendments to standards and interpretations does not have significant change to the accounting policies or any significant effect on the results and financial position of the Group. The effect of applying HK(IFRIC) – Int 12 is set out below.

HK(IFRIC) – Int 12 applies to contractual service concession arrangements (“Service Concessions”) whereby the Group participates in the development, financing, operation and maintenance of infrastructures for public services, such as toll roads and bridges, power plants and water treatment plants (the “Infrastructures”). Prior to the adoption of HK(IFRIC) – Int 12, the costs incurred for the construction or upgrade work or the acquisition of the Infrastructures under the Service Concessions were accounted for as property, plant and equipment. On adoption of HK(IFRIC) – Int 12, these Service Concessions are accounted for as intangible assets to the extent that the Group receives a right to charge users of the respective Infrastructures, or as financial assets to the extent that the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the granting authorities under the service concession arrangement.

Intangible assets resulting from the application of HK(IFRIC) – Int 12 are recorded in the balance sheet as “Intangible concession rights”. The intangible concession rights are amortized, where applicable, on an economic usage basis for roads and bridges or on a straight-line basis for water treatment plants over the periods which the Group is granted the rights to operate these Infrastructures.

Financial assets held by jointly controlled entities resulting from the application of HK(IFRIC) – Int 12 are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2 Basis of preparation (continued)

(a) Adoption of new or revised standards (continued)

Furthermore, the Group recognizes income and expenses associated with construction services and upgrade services provided under the Service Concessions in accordance with the Group's accounting policy on construction revenue.

The adoption of HK(IFRIC) – Int 12 resulted in a change in the Group's principal accounting policies, which has been applied retrospectively and the comparative figures have been restated accordingly. The financial impact which is primarily due to the adoption of HK(IFRIC) – Int 12 is summarised as follows:

Consolidated Balance Sheet

	At 30 June 2009 HK\$m	At 30 June 2008 HK\$m
Decrease in property, plant and equipment	977.3	1,303.1
Increase in intangible concession rights	977.3	1,303.1
Increase in jointly controlled entities	147.6	129.3
Increase in other non-current liabilities	30.7	30.7
Increase in reserves	116.9	98.6
Increase in exchange reserve	43.8	43.8
Increase in revenue reserve	73.1	54.8

Consolidated Income Statement

	For the year ended 30 June	
	2009 HK\$m	2008 HK\$m
Increase in share of results of jointly controlled entities	18.3	18.6
Increase in amortization of intangible concession rights	75.6	94.1
Decrease in depreciation of property, plant and equipment	75.6	94.1
Increase in profit for the year	18.3	18.6
Increase in basic earnings per share	HK\$0.01	HK\$0.01
Increase in diluted earnings per share	HK\$0.01	HK\$0.01

2 Basis of preparation (continued)

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

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2010

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statements
HKFRS 7 Amendments	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 Amendment	Eligible Hedged Items
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs Amendments	Improvements to HKFRSs

Effective for the year ending 30 June 2011

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	First-time Adoption of HKFRS – Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

3 Principal accounting policies

The principal accounting policies adopted for the preparation of the financial statements, which have been consistently applied to all the years presented except for adoption of HK(IFRIC) – Int 12, are set out as below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June.

(i) Subsidiaries

Subsidiaries 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. Subsidiaries 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 subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, 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 Group's 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 acquired, the difference is recognized directly in the income statement.

Inter-company 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 in the consolidated financial statements, to ensure consistency with the policies adopted by the Group.

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

The Company's investments in subsidiaries are carried at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Associated companies

An associated company is a company other than a subsidiary or a jointly controlled entity, in which the Group has significant influence 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. The Group's 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 that, in substance, form part of the Group's net investment in associated companies.

The Group's share of its associated companies' post acquisition profits or losses is recognized in the consolidated 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 Group's interest in the associated companies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

3 Principal accounting policies (continued)

(a) Consolidation (continued)

(iii) 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 established a contractual arrangement among themselves to define their joint control over the economic activity of the entity.

Interests in jointly controlled entities are stated in the consolidated financial statements at cost including goodwill on acquisition plus the share of post-acquisition results and reserves less provision for impairment losses. The interests in jointly controlled entities also include long term interests that, in substance, form part of the Group's net investment in the 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 set out as follows:

(1) Equity joint ventures

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

(2) Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers 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.

(3) 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.

The Group recognizes the portion of gains or losses on the disposal 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 profit or loss 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.

For equity accounting purpose, accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Minority interests

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 which are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary being acquired.

(c) 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 subsidiaries, associated companies or jointly controlled entities at the date of acquisition.

Goodwill on acquisition of subsidiaries 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 and is tested for impairment as part of overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. 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 is allocated to cash-generating units ("CGU") for the purpose of testing for impairment. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

3 Principal accounting policies (continued)

(c) Intangible assets (continued)

(ii) *Trademark and licences*

Acquired trademark and licences are shown at historical cost. 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 its estimated useful life.

Licences have indefinite useful lives and are carried at cost less impairment. Such licences are not amortized. The useful lives of licences are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(iii) *Operating right*

Operating right is primarily resulted from the acquisition of right to operate facilities management 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.

(iv) *Intangible concession rights*

The Group has entered into Service Concessions with local government authorities for its participation in the development, financing, operation and maintenance of Infrastructures. The Group carries out the construction or upgrade work of Infrastructures from the granting authorities in exchange for the right to operate the Infrastructures concerned and the right to charge users of the respective Infrastructures. The fees collected during the operating periods are attributable to the Group. The relevant Infrastructures are required to be returned to the local government authorities upon the expiry of the operating rights without significant compensation to the Group.

The Group applies the intangible asset model to account for the Infrastructures where they are paid by the users of the Infrastructures and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

Amortization of intangible concession rights is calculated to write off their costs, where applicable, on an economic usage basis for roads and bridges whereby the amount of amortization is provided based on the ratios of actual volume compared to the total projected volume or on a straight-line basis for water treatment plant over the periods which the Group is granted the rights to operate these Infrastructures. The total projected volume of the respective Infrastructures is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments will be made should there be a material change.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added 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) *Port revenue*

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

(ii) *Toll revenue*

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

(iii) *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.

(iv) *Rental income*

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

3 Principal accounting policies (continued)

(d) Revenue recognition (continued)

(v) *Construction and engineering revenue*

Revenue from construction and engineering service contract is recognized using the percentage of completion method when the contracts have progressed to a stage where an outcome can be estimated reliably. Revenue from construction and engineering service contracts is measured by reference to the proportion of costs incurred for work performed to the balance sheet date as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when it is probable that total contract costs will exceed total contract revenue.

When the outcome of construction and engineering service contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

(vi) *Financial services income*

Financial services income represents commission and profit or loss on trading of financial instruments, consultancy, financial advisory, fund management and related fees and income from leveraged foreign exchange transactions.

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

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.

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

(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 been passed.

(viii) *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 the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(ix) *Dividend income*

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

(e) Leases

(i) *Finance leases*

Leases that transfer to the Group substantially all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalized at the lease's commencement date at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balances outstanding. The corresponding rental obligations net of finance charges are included in liabilities as trade and other payables. The finance charges are charged to the income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified 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 period of the lease.

3 Principal accounting policies (continued)

(f) 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, except for upfront prepayments made for the leasehold land and land use rights for property development as stated in note 3(i).

(g) 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 by professional valuation conducted at each balance sheet date. Changes in fair values are recognized in the income statement.

Subsequent expenditure is included in the carrying amount of the asset 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.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, when it is reclassified to investment property and stated at fair value.

If a property becomes an investment property because its use has been changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognized in equity as a revaluation of property, plant and equipment. However, if a fair value gives rise to a reversal of the previous impairment loss, the write-back is recognized in the income statement.

(h) 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 carrying amount of the assets or recognized as a separate asset as appropriate, and 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. The carrying amount of replaced part is derecognized. All other repairs and maintenance costs are charged in the income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Assets under construction

All direct and indirect costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalized as the costs of the assets.

(ii) Depreciation

No depreciation is provided in respect of construction in progress.

Depreciation of other property, plant and equipment is calculated to allocate their cost to their estimated 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 residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(iii) Gain or loss on disposal

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

3 Principal accounting policies (continued)

(i) 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 under development.

The carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount. The recoverable amount is the higher of its fair value less cost to sell and value in use.

(j) Impairment of investments in subsidiaries, associated companies, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life (e.g. goodwill) or have not yet been available for use are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognized in the income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and value in use. Impairment losses on goodwill are not reversed. 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.

(k) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the investments are acquired.

(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 and those designated as at fair value through profit or loss at inception.

(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 and are included in current assets, except for those with maturities of 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 3(l).

(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.

Regular purchases and sales of financial assets are recognized on the trade date, which is 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 carried at fair value through profit or loss are initially recognized at fair value and transaction cost are expensed in the income statement. 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. Loans and receivables are carried at amortized cost using the effective interest method. 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 financial period in which they arise. Changes in the fair value of available-for-sale financial assets are recognized in equity. When available-for-sale financial assets are sold, the accumulated fair value adjustments are included in the income statement as gains or losses from financial assets. Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the financial asset and other changes in the carrying amount of the financial asset. The translation differences on monetary financial assets are recognized in the income statement; translation differences on non-monetary financial assets are recognized in equity.

3 Principal accounting policies (continued)

(k) Financial assets (continued)

The fair values of listed investments are based on current bid prices. If the market for a financial asset is not active and for unlisted financial assets, 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 instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the assets are impaired. In the case of debt instruments, objective evidence of impairment includes significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organization. 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 classified as available-for-sale are not reversed through the income statement.

(l) 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 or 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 to the income statement.

(m) Inventories

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.

(n) Contracts in progress

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

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included under current assets.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for progress billings exceed costs incurred plus recognized profits (less recognized losses).

(o) Non-current assets classified as assets held for sale

Non-current assets classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(p) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the balance sheet.

(q) Trade payables

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

3 Principal accounting policies (continued)

(r) Provisions

Provisions are recognized when the Group has 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 the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

(s) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(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, it 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, associated companies and jointly controlled entities 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 subsidiaries, 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 construction period when the asset is being prepared for its intended use. Other borrowing costs are expensed as incurred.

3 Principal accounting policies (continued)

(w) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities 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 of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date are recognized in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in income statement, and other changes in the carrying amount are recognized in equity.

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 non-monetary 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 exchange rate prevailing at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at the average exchange rate during the period covered by the income statement; 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 and of borrowings 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.

(x) Employee benefits

(i) *Employee leave entitlements*

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.

(ii) *Bonus plans*

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.

(iii) *Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays 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. Contributions to defined contribution plans including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

3 Principal accounting policies (continued)

(x) Employee benefits (continued)

(iv) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation. Defined benefit costs under defined benefit plans, which are assessed using the projected unit credit method, are charged to the income statement. Under this method, plan assets are measured at fair value and defined benefit obligations are measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability. The actuarial gains and losses to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets are recognized in the income statement using the excess amount divided by the expected average remaining service lives of the participating employees.

(v) 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 share 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 at the date of grant, excluding the impact of any non-market vesting conditions. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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. 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 or capitalized as stated in note 3(v) 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.

(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 segments operating in other economic environments.

The primary reporting format is by business segments and the secondary reporting format is by geographical segments.

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, property, plant and equipment, leasehold land and land use rights, intangible concession rights, investment properties, financial assets, other non-current assets, inventories and receivables. 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 and intangible concession 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 financial period when the dividends are approved by the Company's shareholders / directors.

(ab) Insurance contracts

The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognized in the income statement.

The Group and the Company accounts for its financial guarantee contracts as insurance contracts.

4 Financial risk management and fair value estimation

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk.

The Group has centralized treasury function for all of its subsidiaries except for a listed subsidiary which arranges its financial and treasury affairs on a standalone basis and in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) 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. The Group's interest-bearing assets mainly include cash deposits, advances to customers, long term receivables and amounts due from associated companies and jointly controlled entities.

For financial services business, the financing and interest rate risk exposure of advances to customers are correlated with the Group's loans and other borrowings. Management actively monitors the Group's net interest rate exposure through setting limits on the level of mismatch of interest rate re-pricing and duration gap and aims at maintaining an interest rate spread such that the Group is in a net interest-bearing asset position and derives net interest income.

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.

The Group's interest rate risk concentrates on fluctuations of HIBOR as the Group's interest-bearing assets and liabilities are mainly Hong Kong dollar denominated.

Interest bearing financial assets and liabilities are mainly subject to an interest re-pricing risk of 3 months or below.

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\$43.4 million (2008: HK\$9.9 million) lower / higher.

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 points 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 variable-interest financial instruments. As a consequence, they are included in the calculation of profit for the year sensitivities.

(ii) 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 entering into forward foreign exchange contracts to reduce the exposure should the need arises.

At 30 June 2009, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK\$630.3 million (2008: HK\$1,211.4 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 is no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2009, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in Renminbi of HK\$676.2 million (2008: HK\$602.8 million). If Hong Kong dollar had strengthened / weakened by 5% against Renminbi with all other variables held constant, the Group's profit for the year would have been HK\$26.8 million (2008: HK\$26.7 million) lower / higher.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. 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 2009 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.

4 Financial risk management and fair value estimation (continued)

(a) Market risk (continued)

(iii) Price risk

The Group is exposed to equity securities price risk because the Group held listed and unlisted equity investments of which the fair values are subject to changes in market prices. Gains and losses arising from changes in the fair values 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 strategic plans. The Group is not exposed to commodity price risk.

At 30 June 2009, if the price of listed and unlisted equity investments had been 25% higher with all other variables held constant, the Group's profit for the year and investment revaluation reserve would have been HK\$13.2 million and HK\$150.1 million higher respectively (2008: HK\$69.4 million and HK\$165.8 million). If the price of listed and unlisted equity investments had been 25% lower with all other variables held constant, the Group's profit for the year and investment revaluation reserve would have been HK\$42.7 million and HK\$117.4 million lower respectively (2008: HK\$69.4 million and HK\$165.8 million). The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(b) Credit risk

The credit risk of the Group and the Company mainly arises from deposits with banks, trade and other receivables and balances receivables from group companies, including amounts due from subsidiaries, 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 reviews and follow-up actions 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 the customer bases are widely dispersed in different industries. Under the current circumstances of the global financial turmoil, the Group closely monitors 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 subsidiaries, 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 and long term receivable as stated in note 25(a) which are secured by the underlying pledged securities and certain property, plant and equipment of the debtor respectively, 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.

4 Financial risk management and fair value estimation (continued)

(c) 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.

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 2009

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	37	5,147.3	5,147.3	5,147.3	–
Retention money payables and other payables		4,730.6	4,730.6	3,855.4	875.2
Amounts due to minority shareholders	37	62.6	62.6	62.6	–
Amounts due to associated companies	37	1.3	1.3	0.4	0.9
Amounts due to jointly controlled entities	37	21.4	21.4	14.4	7.0
Borrowings and contracted interest payment	35	8,806.0	9,065.4	3,456.7	5,608.7
Loans from minority shareholders	36	98.0	98.0	78.0	20.0
		18,867.2	19,126.6	12,614.8	6,511.8

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	37	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	37	77.8	77.8	77.8	–
Amounts due to associated companies	37	2.9	2.9	2.9	–
Amounts due to jointly controlled entities	23,37	86.9	86.9	86.9	–
Borrowings and contracted interest payment	35	8,790.9	9,171.1	3,883.6	5,287.5
Loans from minority shareholders	36	265.6	265.6	–	265.6
		18,344.1	18,724.3	13,171.2	5,553.1

4 Financial risk management and fair value estimation (continued)

(c) Liquidity risk (continued)

Company
At 30 June 2009

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
Other payables		36.3	36.3	36.3
Amount due to subsidiaries	37	5,989.7	5,989.7	5,989.7
		6,026.0	6,026.0	6,026.0

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 subsidiaries	37	7,795.5	7,795.5	7,795.5
		7,835.0	7,835.0	7,835.0

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 or repurchase shares, or raise new debt financing. In light of the recent global financial turmoil, the Group continues to adopt a prudent approach in managing its capital.

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 gearing ratios at 30 June were as follows:

	Note	2009 HK\$m	2008 HK\$m (restated)
Total borrowings	35	8,806.0	8,790.9
Less: Cash and bank balances and short term deposits	30	(5,205.1)	(4,124.2)
Net debt		3,600.9	4,666.7
Less: Borrowings for IPO financing		(1,645.0)	–
Net debt (excluding borrowings for IPO financing)		1,955.9	4,666.7
Total equity		24,259.4	22,513.1
Gearing ratio		15%	21%
Gearing ratio (excluding borrowings for IPO financing)		8%	21%

The decrease in the gearing ratio (excluding borrowings for IPO financing) as at 30 June 2009 was primarily contributed by the proceeds from the sale of residential flats of Harbour Place.

4 Financial risk management and fair value estimation (continued)

(e) Fair value estimation

The carrying amounts and fair value disclosures of the financial instruments of the Group are as follows:

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the balance sheet date. Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.
- (ii) The fair value of long term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- (iii) The carrying value of bank balances, receivables, payables and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Group 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 effect on carrying amounts of assets and liabilities are as follows:

(a) 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 evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and short-term business outlook for the investee and historical price volatility of these investments. The key assumptions adopted on projected cashflow are based on management's best estimates. Sensitivity analysis of changes in fair value of available-for-sale financial assets and financial assets at fair value through profit or loss is detailed in note 4(a)(iii).

(b) Valuation of investment properties

The fair value of each investment property is individually determined at each balance sheet date by independent valuers based on a market value assessment. The valuers have relied on the discounted cash flow analysis and the capitalisation of income approach as their primary method, 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 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.

At 30 June 2009, if the market value of investment properties had been 8% higher / lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK\$89.4 million (2008: HK\$90.4 million) higher / lower.

(c) Estimated useful lives and impairment of property, plant and equipment

Property, plant and equipment are long-lived but may be subject to technical obsolescence. The annual depreciation charges are affected by the estimated useful lives that the Group allocates to each type of property, plant and equipment. Management performs annual reviews to assess the appropriateness of the estimated useful lives. Such reviews take into account the technological changes, prospective economic utilization and physical condition of the assets concerned.

Management also regularly reviews whether there are any indications of impairment and will recognize an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

5 Critical accounting estimates and judgements (continued)

(d) Impairment of assets other than property, plant and equipment

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the cash-generating units based on value in use calculations and detailed in note 20(a). These calculations require the use of estimates which are subject to changes of economic environment in future.

The Group determines whether an available-for-sale financial asset is impaired by the duration or extent to which the fair value of an investment is less than its original cost.

The Group assesses whether there is objective evidence as stated in note 3(l) that deposits, loans and receivables are impaired. It recognized impairment based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment required.

(e) 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 expenses and deferred tax provisions in the period when such determination is made.

(f) 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 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.

(g) Estimated volume of infrastructures of public services

The amortization for intangible concession rights and impairment assessment of infrastructures for public services using discounted cash flow model are affected by the estimated volume for public services, such as toll roads and bridges. Management performs annual reviews to assess the appropriateness of estimated volume by making reference to actual volume and current market conditions.

6 Revenue and segment information

The Group's revenue comprises revenue from infrastructure operations, facilities management, contracting, financial services and consumer and related services. Revenue from financial services mainly represents revenue arising from securities business which mainly includes commission and profit or loss on trading of financial instruments, consultancy, financial advisory, fund management and related fees and income from leveraged foreign exchange transactions.

	2009 HK\$m	2008 HK\$m
Ports and logistics	–	3.1
Roads and bridges	247.6	283.7
Facilities management	2,169.0	2,317.6
Contracting	10,904.0	12,658.4
Financial services	687.0	1,409.3
Consumer and related services	3,243.3	2,217.4
	17,250.9	18,889.5

The primary reporting format is by business segments and the secondary reporting format is by geographical segments.

6 Revenue and segment information (continued)
(a) Primary reporting format – business segments

HK\$m	Ports and logistics	Roads and bridges	Energy, water treatment and waste management	Facilities management	Contracting	Financial services	Consumer and related services	Eliminations	Consolidated
2009									
External	-	247.6	-	2,169.0	10,904.0	687.0	3,243.3	-	17,250.9
Inter-segment	-	-	-	97.9	767.7	11.8	-	(877.4)	-
Revenue	-	247.6	-	2,266.9	11,671.7	698.8	3,243.3	(877.4)	17,250.9
Segment results	2.2	216.6	15.4	362.4	116.8	79.0	323.5	-	1,115.9
Gain from extinguishment of financial liabilities	-	105.0	-	-	-	-	-	-	105.0
Gain on deemed acquisition of interests in a subsidiary	-	-	-	-	-	32.6	-	-	32.6
Net profit / (loss) on disposal of subsidiaries	27.4	29.3	-	(5.8)	(11.5)	-	-	-	39.4
Net profit / (loss) on disposal of jointly controlled entities and an associated company	(1.5)	72.3	-	-	0.5	-	-	-	71.3
Profit on disposal of non-current assets classified as assets held for sale									274.5
Impairment of available-for-sale financial assets									(145.5)
Unallocated corporate expenses									(242.4)
Operating profit									1,250.8
Finance costs									(224.3)
Share of results of									
Associated companies	33.4	(39.5)	15.6	1.3	39.1	60.3	(173.7) (i)	-	(63.5)
Jointly controlled entities	266.6	665.2	362.9	1.8	48.1	-	436.0 (ii)	-	1,780.6
Profit before income tax									2,743.6
Income tax expenses									(162.9)
Profit for the year									2,580.7
Capital expenditure	142.8	2.2	-	386.1	14.8	58.6	26.5	-	631.0
Depreciation	0.6	1.8	-	46.1	28.5	29.6	14.1	-	120.7
Amortization of leasehold land and land use rights	-	-	-	0.2	1.4	-	0.4	-	2.0
Amortization of intangible concession rights	-	75.6	-	-	-	-	-	-	75.6
Amortization of intangible assets	-	-	-	7.8	-	7.7	-	-	15.5

(i) The share of results of associated companies included the Group's share of losses of HK\$173.7 million from three investment companies as detailed in note 22(c).

(ii) The share of results of jointly controlled entities included the Group's share of profit of HK\$338.0 million from a property development project, Harbour Place. The amount was included under consumer and related services segment.

6 Revenue and segment information (continued)

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

HK\$'m	Ports and logistics	Roads and bridges	Energy, water treatment and waste management	Facilities management	Contracting	Financial services	Consumer and related services	Eliminations	Consolidated
2009									
Segment assets	1,008.2	1,591.3	2.0	2,318.3	5,264.2	8,644.7	721.5	-	19,550.2
Associated companies	333.5	422.9	-	1.9	1,050.8	437.3	916.4	-	3,162.8
Jointly controlled entities	2,861.7	5,417.0	5,174.1	18.6	116.4	-	1,564.9	-	15,152.7
Unallocated assets									6,412.9
Total assets									44,278.6
Segment liabilities	2.4	285.8	1.1	422.8	4,895.4	4,811.8	280.4	-	10,699.7
Unallocated liabilities									9,319.5
Total liabilities									20,019.2

6 Revenue and segment information (continued)
(a) Primary reporting format – business segments (continued)

HK\$m	Ports and logistics	Roads and bridges	Energy, water treatment and waste management	Facilities management	Contracting	Financial services	Consumer and related services	Eliminations	Consolidated
2008 (restated)									
External	3.1	283.7	–	2,317.6	12,658.4	1,409.3	2,217.4	–	18,889.5
Inter-segment	–	–	–	107.8	688.2	12.4	–	(808.4)	–
Revenue	3.1	283.7	–	2,425.4	13,346.6	1,421.7	2,217.4	(808.4)	18,889.5
Segment results	10.2	133.6	14.5	376.1	271.7	520.2	139.1	–	1,465.4
Gain on deemed disposal of interests in a subsidiary	–	–	–	–	–	75.3	–	–	75.3
Net profit / (loss) on disposal of subsidiaries	2.4	–	–	(24.3)	–	–	–	–	(21.9)
Write-back of provision for receivables or accruals	–	17.3	–	–	–	–	–	–	17.3
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) (i)	–	315.8
Jointly controlled entities	293.3	665.2	284.8	1.8	14.9	–	1,660.3 (ii)	–	2,920.3
Profit before income tax	–	–	–	–	–	–	–	–	4,268.2
Income tax expenses	–	–	–	–	–	–	–	–	(215.4)
Profit for the year	–	–	–	–	–	–	–	–	4,052.8
Capital expenditure	648.4	3.7	–	309.5	17.8	49.7	31.6	–	1,060.7
Depreciation	0.7	1.4	–	50.2	35.5	26.2	13.8	–	127.8
Amortization of leasehold land and land use rights	–	–	–	0.2	1.5	–	0.4	–	2.1
Amortization of intangible concession rights	–	94.1	–	–	–	–	–	–	94.1
Amortization of intangible assets	–	–	–	–	–	7.7	–	–	7.7

(i) The share of results of associated companies included the Group's share of losses of HK\$24.7 million from three investment companies as detailed in note 22(c).

(ii) 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 consumer and related services segment.

6 Revenue and segment information (continued)

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

HK\$m	Ports and logistics	Roads and bridges	Energy, water treatment and waste management	Facilities management	Contracting	Financial services	Consumer and related services	Eliminations	Consolidated
2008 (restated)									
Segment assets	709.9	1,990.6	–	1,866.5	6,077.4	6,206.1	909.8	–	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	3,102.9	4,603.7	3,919.0	18.0	88.0	–	4,272.5	–	16,004.1
Unallocated assets									5,436.9
Total assets									42,593.9
Segment liabilities	6.5	594.6	0.4	534.4	5,442.5	3,801.5	261.4	–	10,641.3
Unallocated liabilities									9,439.5
Total liabilities									20,080.8

6 Revenue and segment information (continued)
(b) Secondary reporting format – geographical segments

HK\$m	Segment revenue	Segment results	Capital expenditure	Segment assets
2009				
Hong Kong	11,672.5	672.6	623.2	14,793.8
Mainland China	1,832.1	253.3	7.8	3,177.2
Macau	3,742.4	187.8	–	1,571.9
Others	3.9	2.2	–	7.3
	17,250.9	1,115.9	631.0	19,550.2
2008				
Hong Kong	11,496.9	1,133.1	1,035.6	12,754.2
Mainland China	1,671.4	126.8	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	1,465.4	1,060.7	17,760.3

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

HK\$m	Segment revenue	Segment results	Capital expenditure	Segment assets
2009				
Ports and logistics	–	0.5	142.8	791.0
Energy, water treatment and waste management	–	16.1	–	–
Facilities management	2,094.5	362.5	384.9	2,307.8
Contracting	5,659.3	(106.8)	10.3	2,329.5
Financial services	683.6	76.7	58.7	8,644.0
Consumer and related services	3,235.1	323.6	26.5	721.5
	11,672.5	672.6	623.2	14,793.8
2008 (restated)				
Ports and logistics	–	3.5	648.2	648.2
Energy, water treatment and waste management	–	15.0	–	–
Facilities management	2,184.3	390.2	304.2	1,850.6
Contracting	5,706.4	68.6	1.7	3,140.1
Financial services	1,405.7	518.0	49.8	6,205.6
Consumer and related services	2,200.5	137.8	31.7	909.7
	11,496.9	1,133.1	1,035.6	12,754.2

7 Other income (net)

	Note	2009 HK\$'m	2008 HK\$'m
Net profit / (loss) on disposal of subsidiaries	44(b)	39.4	(21.9)
Net profit on disposal of jointly controlled entities and an associated company		71.3	–
Profit on disposal of non-current assets classified as assets held for sale		274.5	–
Profit on disposal of available-for-sale financial assets		54.1	16.7
Write-back of provision for receivables or accruals		–	17.3
Gain from extinguishment of financial liabilities		105.0	–
Gain on deemed acquisition or disposal of interests in a subsidiary		32.6	75.3
Interest income		200.2	188.2
Management fee income		40.1	60.6
Machinery hire income		43.0	17.7
Dividends and other income		7.2	16.2
Net (loss) / profit on disposal of financial assets at fair value through profit or loss		(71.0)	50.5
Fair value (loss) / gain on investment properties	16	(12.0)	26.4
Fair value loss on financial assets at fair value through profit or loss		(19.4)	(76.4)
Impairment loss on available-for-sale financial assets		(145.5)	–
Assets impairment loss		(10.2)	(32.3)
		609.3	338.3

8 Operating profit

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

	Note	2009 HK\$'m	2008 HK\$'m (restated)
Crediting			
Gross rental income from investment properties		44.5	44.8
Less: outgoings		(11.5)	(11.2)
		33.0	33.6
Exchange gains		0.4	44.1
Items included as revenue for financial services			
Interest income from margin and other financing of securities business		85.3	308.8
Net income from leveraged foreign exchange trading		19.6	12.4
Commission on securities dealing and broking		300.9	715.2
Commission on dealing in futures, options and commodities		128.8	70.5
Commission on dealing in bullion contracts		6.4	10.2
Net profit on futures, options, commodities and bullion contracts trading		28.5	22.0
Charging			
Auditor's remuneration		19.9	21.5
Cost of inventories sold		1,525.8	1,171.7
Depreciation	17	120.7	127.8
Amortization of leasehold land and land use rights	18	2.0	2.1
Amortization of intangible concession rights	19	75.6	94.1
Amortization of intangible assets	20	15.5	7.7
Operating lease rental expense			
Properties		124.7	111.6
Other equipment		6.4	8.3
Staff costs (including directors' emoluments)	9	2,567.9	2,835.4
Item included as cost of sales for financial services			
Interest expense for securities broking and margin financing operations		9.8	167.1

9 Staff costs (including directors' emoluments)

	Note	2009 HK\$m	2008 HK\$m
Wages, salaries and other benefits		2,672.9	2,916.5
Share-based payments	33	41.2	97.9
Pension costs – defined contribution plans	39(a)	105.6	107.2
Pension costs – defined benefits plans	39(b)(ii)	(3.1)	(2.3)
		2,816.6	3,119.3
Less: capitalized under contracts in progress		(248.7)	(283.9)
	8	2,567.9	2,835.4

10 Finance costs

	2009 HK\$m	2008 HK\$m
Interest on borrowings wholly repayable within five years	208.6	280.9
Interest on loans from minority shareholders wholly repayable within five years	5.8	7.1
Other borrowing costs	9.9	10.7
	224.3	298.7

11 Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of tax prevailing in the countries in which the Group operates. These rates range from 9% to 25% (2008: 3% to 33%).

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

	Note	2009 HK\$m	2008 HK\$m
Current income tax			
Hong Kong profits tax		84.7	154.4
Mainland China and overseas taxation		83.5	44.1
Deferred income tax (credit) / charge	38	(5.3)	16.9
		162.9	215.4

Share of taxation of associated companies and jointly controlled entities of HK\$27.4 million (2008: HK\$50.7 million) and HK\$296.6 million (2008 restated: HK\$501.8 million) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

11 Income tax expenses (continued)

The tax expenses on the Group's profit before income tax differ from the theoretical amount that would arise using the profits tax rate of Hong Kong as follows:

	2009 HK\$m	2008 HK\$m (restated)
Profit before income tax	2,743.6	4,268.2
Excluding share of results of associated companies	63.5	(315.8)
Excluding share of results of jointly controlled entities	(1,780.6)	(2,920.3)
	1,026.5	1,032.1
Calculated at a tax rate of 16.5% (2008: 16.5%)	169.4	170.3
Effect of different tax rates in other countries	(6.6)	1.6
Tax exemption granted	(5.0)	(7.7)
Income not subject to tax	(139.1)	(70.8)
Expenses not deductible for tax purposes	95.0	102.2
Tax losses not recognized	69.7	77.6
Utilization of previously unrecognized tax losses	(28.1)	(34.1)
Others	7.6	(23.7)
Income tax expenses	162.9	215.4

12 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\$1,269.5 million (2008: HK\$2,190.6 million).

13 Dividends

	2009 HK\$m	2008 HK\$m
Interim dividend paid of HK\$0.2 (2008: HK\$0.55) per share	411.1	1,116.5
Final dividend proposed of HK\$0.42 (2008: paid of HK\$0.4) per share	869.9	821.3
	1,281.0	1,937.8

At a meeting held on 7 October 2009, the Board recommended a final dividend of HK\$0.42 per share in scrip form with a cash option. This proposed dividend is not reflected as a dividend payable in the financial statements but will be reflected as an appropriation of the retained profits for the year ending 30 June 2010.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") granting the listing 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 to elect to receive payment in cash of HK\$0.42 per share instead of the allotment of shares. Full details of the final scrip dividend will be set out in circular to be sent to shareholders together with a form of election for cash on or about 8 December 2009.

14 Earnings per share

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

	2009 HK\$'m	2008 HK\$'m (restated)
Profit attributable to shareholders of the Company	2,528.8	3,836.9
Effect of dilutive potential ordinary shares		
Adjustment on the effect of dilution in the results of a subsidiary	–	(0.6)
Profit for calculation of diluted earnings per share	2,528.8	3,836.3

	Number of shares	
	2009	2008
Weighted average number of shares for calculating basic earnings per share	2,056,499,872	2,022,654,890
Effect of dilutive potential ordinary shares		
Share options	21,972	4,511,958
Weighted average number of shares for calculating diluted earnings per share	2,056,521,844	2,027,166,848

15 Emoluments of directors and senior management

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

	Note	2009 HK\$'m	2008 HK\$'m
Fees		3.0	2.8
Basic salaries, allowances and other benefits		44.2	42.5
Employer's contribution to retirement benefits schemes		2.5	2.3
Share option benefits	15(a) 15(b)	49.7 24.2	47.6 48.1
		73.9	95.7

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.

During the year, the Group did not pay the directors or the five highest paid individuals any inducement to join or upon joining the Group, or as compensation for loss of office. No director waived or agreed to waive any emoluments during the year.

15 Emoluments of directors and senior management (continued)

(a) 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	2009 Total emoluments HK\$m	2008 Total emoluments HK\$m
Dr Cheng Kar Shun, Henry	0.30	8.61	0.38	9.29	8.29
Mr Doo Wai Hoi, William	0.15	4.25	0.21	4.61	4.57
Mr Chan Kam Ling	0.25	6.28	0.44	6.97	6.80
Mr Tsang Yam Pui	0.25	5.74	0.22	6.21	6.03
Mr Wong Kwok Kin, Andrew	0.15	5.15	0.34	5.64	5.53
Mr Lam Wai Hon, Patrick	0.25	5.12	0.34	5.71	5.57
Mr Cheung Chin Cheung	0.15	4.89	0.34	5.38	5.29
Mr William Junior Guilherme Doo	0.18	4.04	0.21	4.43	4.19
Mr Wilfried Ernst Kaffenberger [#]	0.15	0.01	–	0.16	0.15
Mr To Hin Tsun, Gerald [#]	0.15	0.01	–	0.16	0.15
Mr Dominic Lai [#]	0.25	0.03	–	0.28	0.21
Mr Kwong Che Keung, Gordon [*]	0.30	0.02	–	0.32	0.28
Mr Cheng Wai Chee, Christopher [*]	0.25	0.02	–	0.27	0.26
Mr Shek Lai Him, Abraham [*]	0.25	0.02	–	0.27	0.26
	3.03	44.19	2.48	49.70	47.58

Non-executive director

* Independent non-executive director

15 Emoluments of directors and senior management (continued)

(b) The deemed share option benefits of individual directors are set out below:

Name of director	2009 HK\$'m	2008 HK\$'m
Dr Cheng Kar Shun, Henry	4.22	8.39
Mr Doo Wai Hoi, William	2.82	5.60
Mr Chan Kam Ling	2.82	5.60
Mr Tsang Yam Pui	2.11	4.20
Mr Wong Kwok Kin, Andrew	2.11	4.20
Mr Lam Wai Hon, Patrick	2.11	4.20
Mr Cheung Chin Cheung	2.11	4.20
Mr William Junior Guilherme Doo	2.11	4.20
Mr Wilfried Ernst Kaffenberger [#]	0.42	0.84
Mr To Hin Tsun, Gerald [#]	0.42	0.84
Mr Dominic Lai [#]	0.42	0.84
Mr Kwong Che Keung, Gordon [*]	0.84	1.67
Mr Cheng Wai Chee, Christopher [*]	0.84	1.67
Mr Shek Lai Him, Abraham [*]	0.84	1.67
	24.19	48.12

Non-executive director

* Independent non-executive 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 during the year.

15 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 four (2008: two) directors whose emoluments are reflected above. The emoluments payable to the remaining one (2008: three) individual during the year is as follows:

	2009 HK\$m	2008 HK\$m
Basic salaries, allowances and other benefits	13.03	34.81
Employer's contribution to retirement benefits schemes	0.01	0.48
Share option benefits	-	1.12
	13.04	36.41

The emoluments of the individual fell within the following bands:

Emolument band (HK\$)	Number of individuals	
	2009	2008
11,500,001 – 12,000,000	-	2
13,000,001 – 13,500,000	1	1

16 Investment properties

	Group	
	2009 HK\$m	2008 HK\$m
At beginning of year	1,129.7	1,103.3
Fair value changes	(12.0)	26.4
At end of year	1,117.7	1,129.7

The investment properties were revalued on 30 June 2009 and 30 June 2008 by independent, professionally qualified valuers, Vigers Hong Kong Limited. Valuations were based on market value assessment as stated in note 5(b).

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

	2009 HK\$m	2008 HK\$m
Held in Hong Kong, on Leases of over 50 years	1,104.5	1,116.0
Leases of between 10 to 50 years	8.5	9.0
Held in Mainland China and overseas, on Leases of over 50 years	4.7	4.7
	1,117.7	1,129.7

17 Property, plant and equipment

HK\$m	Note	Group					Company	
		Properties	Roads and bridges	Port facilities and terminal equipment	Construction in progress	Other plant and equipment	Total	Other plant and equipment
Cost								
At 1 July 2008, as previously reported		132.9	1,885.6	6.0	–	1,727.1	3,751.6	26.8
Prior year adjustments	2,19	–	(1,885.6)	–	–	–	(1,885.6)	–
At 1 July 2008, as restated		132.9	–	6.0	–	1,727.1	1,866.0	26.8
Additions		1.9	–	–	142.8	151.2	295.9	0.4
Amortization from leasehold land and land use rights capitalized	18	–	–	–	13.0	–	13.0	–
Disposals		(0.7)	–	(6.0)	–	(101.8)	(108.5)	(1.5)
Disposal of subsidiaries	44(b)	–	–	–	–	(37.3)	(37.3)	–
At 30 June 2009		134.1	–	–	155.8	1,739.2	2,029.1	25.7
Accumulated depreciation and impairment								
At 1 July 2008, as previously reported		25.8	582.5	2.6	–	1,275.4	1,886.3	18.3
Prior year adjustments	2,19	–	(582.5)	–	–	–	(582.5)	–
At 1 July 2008, as restated		25.8	–	2.6	–	1,275.4	1,303.8	18.3
Depreciation	8	3.6	–	0.6	–	116.5	120.7	3.6
Impairment		3.4	–	–	–	–	3.4	–
Disposals		(0.2)	–	(3.2)	–	(95.3)	(98.7)	(1.5)
Disposal of subsidiaries	44(b)	–	–	–	–	(19.8)	(19.8)	–
At 30 June 2009		32.6	–	–	–	1,276.8	1,309.4	20.4
Net book value								
At 30 June 2009		101.5	–	–	155.8	462.4	719.7	5.3
At 30 June 2008, as restated		107.1	–	3.4	–	451.7	562.2	8.5

17 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 2007, as previously reported		152.9	1,944.8	11.8	1,649.8	3,759.3	19.4
Prior year adjustments	2,19	–	(1,944.8)	–	–	(1,944.8)	–
At 1 July 2007, as restated		152.9	–	11.8	1,649.8	1,814.5	19.4
Currency translation differences		1.1	–	0.6	9.4	11.1	–
Additions		–	–	–	174.9	174.9	7.8
Disposals		(16.0)	–	–	(57.6)	(73.6)	(0.4)
Disposal of subsidiaries	44(b)	(5.1)	–	(6.4)	(42.9)	(54.4)	–
Deconsolidation of subsidiaries	44(d)	–	–	–	(6.5)	(6.5)	–
At 30 June 2008		132.9	–	6.0	1,727.1	1,866.0	26.8
Accumulated depreciation and impairment							
At 1 July 2007, as previously reported		29.0	539.2	7.2	1,226.8	1,802.2	14.0
Prior year adjustments	2,19	–	(539.2)	–	–	(539.2)	–
At 1 July 2007, as restated		29.0	–	7.2	1,226.8	1,263.0	14.0
Currency translation differences		–	–	0.3	5.4	5.7	–
Depreciation	8	3.8	–	0.6	123.4	127.8	4.4
Disposals		(5.9)	–	–	(53.1)	(59.0)	(0.1)
Disposal of subsidiaries	44(b)	(1.1)	–	(5.5)	(21.8)	(28.4)	–
Deconsolidation of subsidiaries	44(d)	–	–	–	(5.3)	(5.3)	–
At 30 June 2008		25.8	–	2.6	1,275.4	1,303.8	18.3
Net book value							
At 30 June 2008, as restated		107.1	–	3.4	451.7	562.2	8.5
At 30 June 2007, as restated		123.9	–	4.6	423.0	551.5	5.4

18 Leasehold land and land use rights

	Note	Group	
		2009 HK\$m	2008 HK\$m
Cost			
At beginning of year		788.3	139.8
Currency translation differences		–	0.3
Additions		–	648.2
Disposals		(2.8)	–
At end of year		785.5	788.3
Accumulated amortization and impairment			
At beginning of year		42.8	40.7
Amortization	8	2.0	2.1
Impairment		1.4	–
Disposals		(1.4)	–
Capitalized on construction in progress	17	13.0	–
At end of year		57.8	42.8
Net book value			
At end of year		727.7	745.5

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:

	2009 HK\$m	2008 HK\$m
Held in Hong Kong, on		
Leases of over 50 years	17.4	17.5
Leases of between 10 to 50 years	683.5	697.6
Held in Mainland China and overseas, on		
Leases of over 50 years	11.3	12.1
Leases of between 10 to 50 years	15.3	18.0
Leases of below 10 years	0.2	0.3
	727.7	745.5

19 Intangible concession rights

	Note	Group	
		2009 HK\$m	2008 HK\$m (restated)
Cost			
At beginning of year, as previously reported		–	–
Prior year adjustments	2,17	1,885.6	1,944.8
At beginning of year, as restated		1,885.6	1,944.8
Currency translation differences		–	239.4
Disposals		(193.1)	–
Disposal of subsidiaries	44(b)	(186.6)	–
Deconsolidation of subsidiaries	44(d)	–	(298.6)
At end of year		1,505.9	1,885.6
Accumulated amortization and impairment			
At beginning of year, as previously reported		–	–
Prior year adjustments	2,17	582.5	539.2
At beginning of year, as restated		582.5	539.2
Currency translation differences		–	69.6
Amortization	8	75.6	94.1
Disposals		(58.8)	–
Disposal of subsidiaries	44(b)	(70.7)	–
Deconsolidation of subsidiaries	44(d)	–	(120.4)
At end of year		528.6	582.5
Net book value			
At end of year		977.3	1,303.1

20 Intangible assets

HK\$'m	Note	Group			Total
		Goodwill	Trademark and licences	Operating right	
Cost					
At 1 July 2008		360.4	162.8	232.3	755.5
Additions		–	–	335.1	335.1
Disposal of subsidiaries	44(b)	(1.7)	–	–	(1.7)
At 30 June 2009		358.7	162.8	567.4	1,088.9
Accumulated amortization and impairment					
At 1 July 2008		15.4	11.2	–	26.6
Amortization	8	–	7.7	7.8	15.5
At 30 June 2009		15.4	18.9	7.8	42.1
Net book value					
At 30 June 2009		343.3	143.9	559.6	1,046.8
At 30 June 2008		345.0	151.6	232.3	728.9

HK\$'m	Note	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	8	–	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

20 Intangible assets (continued)

(a) Goodwill

Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to country of operation and business segment. For the purpose of impairment test, the recoverable amount of the business unit 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 and past experience. Growth rates with range from 0% to 1% are determined by considering both internal and external factors relating to the relevant segments. Projected cashflow periods range from 15 to 20 years. Discount rates used range from 4.3% to 7.8% also reflect specific risks relating to the relevant segments. Assuming no growth rate is applied and the discount rates increase by 100 basis points, there is still enough headroom and no impairment charge is required.

A summary of the goodwill allocation to segments is presented below:

HK\$m	Hong Kong	Mainland China	Total
2009			
Contracting	136.8	–	136.8
Facilities management	89.6	–	89.6
Roads and bridges	–	17.7	17.7
Financial services	99.2	–	99.2
	325.6	17.7	343.3
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

(b) Trademark and licences

Trademark as at 30 June 2009 primarily resulted from the acquisition of financial services business and is assessed to have a finite useful life of 20 years. Trademark is tested for impairment when there is indication of impairment and amortized over its finite useful life.

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 2009 primarily resulted from the acquisition of right to operate its facilities management business. Operating right is tested for impairment when there is indication of impairment and amortized over the period of the operating right.

21 Subsidiaries

	Company	
	2009 HK\$m	2008 HK\$m
Unlisted shares, at cost	7,893.3	7,893.3

Particulars of principal subsidiaries are given in Note 48.

22 Associated companies

	Note	Group	
		2009 HK\$'m	2008 HK\$'m
Group's share of net assets			
Listed shares in Hong Kong	22(a)	900.8	889.6
Listed shares in Mainland China	22(b)	–	252.4
Unlisted shares	22(c)	1,761.5	1,700.4
		2,662.3	2,842.4
Goodwill		31.4	201.1
Amounts receivable	22(d)	469.1	349.1
		3,162.8	3,392.6

- (a) The market value of the Group's listed associated companies in Hong Kong amounts to HK\$286.6 million (2008: HK\$430.2 million).
- (b) The market value of the Group's listed associated company in Mainland China amounts to HK\$Nil (2008: HK\$1,171.7 million). The associated company as at 30 June 2008 represented the Group's investment in Guangdong Baolihua New Energy Stock Co., Ltd. It has been reclassified to assets held for sale during the year following the approval by the Group's management to dispose. The shares will be disposed in the stock market within the twelve months following the date of reclassification.
- (c) 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 2009, the Group's share of losses of these three investment companies amounted to HK\$173.7 million (2008: HK\$24.7 million). The Group's investment in these companies as at 30 June 2009 amounted to HK\$916.4 million (2008: HK\$754.3 million), which mainly represents the fair value of investments in various listed and unlisted securities.
- (d) The amounts receivable are unsecured, interest free and have no fixed terms of repayment except for an amount of HK\$104.7 million (2008: HK\$104.7 million) which bears interest at 8% per annum. As at 30 June 2009, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.
- (e) Dividend income from associated companies for the year was HK\$51.9 million (2008: HK\$148.3 million).
- (f) Details of principal associated companies are given in Note 49.
- (g) Contingent liabilities relating to the Group's interests in the associated companies are disclosed under Note 43.
- (h) The Group's share of revenue, results, assets and liabilities of associated companies are summarized below:

	Group	
	2009 HK\$'m	2008 HK\$'m
Revenue	849.5	1,766.8
(Loss) / profit for the year	(63.5)	315.8
Non-current assets	3,731.0	3,815.2
Current assets	584.4	1,004.8
Current liabilities	(956.1)	(1,072.8)
Non-current liabilities	(697.0)	(904.8)
Net assets	2,662.3	2,842.4

23 Jointly controlled entities

	Note	Group	
		2009 HK\$'m	2008 HK\$'m (restated)
Co-operative joint ventures			
Cost of investment less provision		1,190.0	1,223.5
Goodwill		90.0	98.3
Share of undistributed post-acquisition results		1,275.1	1,368.4
Amounts receivable	23(a)	537.8	767.9
		3,092.9	3,458.1
Equity joint ventures			
Group's share of net assets		3,100.2	3,036.8
Goodwill		159.3	159.3
		3,259.5	3,196.1
Companies limited by shares			
Group's share of net assets		6,408.9	5,447.8
Goodwill		578.2	363.0
Amounts receivable	23(a)	727.9	3,586.2
Amounts payable	23(b)	–	(47.1)
		7,715.0	9,349.9
Deposit paid for a joint venture	23(c)	1,085.3	–
		15,152.7	16,004.1

(a) Amounts receivable are analyzed as follows:

	Note	Group	
		2009 HK\$'m	2008 HK\$'m
Interest bearing			
Fixed rates	23(a)(i)	14.2	139.0
Variable rates	23(a)(ii)	11.3	125.8
Non-interest bearing		1,240.2	4,089.3
		1,265.7	4,354.1

(i) Represent fixed rate at 6% per annum (2008: 6% to 10% per annum).

(ii) Represent variable rate at Hong Kong prime rate (2008: ranging from 0.6% over one-month Hong Kong Interbank Offered Rate ("HIBOR") to Hong Kong prime rate).

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

As at 30 June 2009, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.

23 Jointly controlled entities (continued)

- (b) The amounts payable are unsecured, non-interest bearing and not repayable within twelve months. The carrying amounts are not materially different from their fair values.
- (c) This represents deposit paid in respect of proposed joint venture for which conditions to the joint venture contracts have not been fulfilled. Upon fulfillment of the relevant joint venture contracts, the relevant amount will be reclassified to the respective class of jointly controlled entities.
- (d) Dividend income from jointly controlled entities for the year was HK\$1,467.8 million (2008: HK\$3,199.1 million).
- (e) Details of principal jointly controlled entities are given in Note 50.
- (f) Contingent liabilities relating to the Group's interests in the jointly controlled entities are disclosed under Note 43.
- (g) The Group's share of revenue, results, assets and liabilities of jointly controlled entities are summarized below:

	Group	
	2009 HK\$'m	2008 HK\$'m (restated)
Revenue	10,372.4	9,989.5
Profit for the year	1,780.6	2,920.3
Non-current assets	17,697.0	17,630.3
Current assets	4,666.4	6,577.5
Current liabilities	(5,952.2)	(8,158.2)
Non-current liabilities	(4,437.0)	(4,973.1)
Net assets	11,974.2	11,076.5

24 Available-for-sale financial assets

	Group	
	2009 HK\$'m	2008 HK\$'m
Listed securities		
Equity securities listed in Hong Kong	201.3	299.2
Equity securities listed overseas	38.9	34.7
Unlisted securities		
Equity securities	350.3	290.4
Debt securities	10.0	39.0
	600.5	663.3
Market value of listed securities	240.2	333.9

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.

24 Available-for-sale financial assets (continued)

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

	Group	
	2009 HK\$m	2008 HK\$m
Equity securities		
Public sector entities	62.3	33.3
Bank and other financial institutions	173.1	188.5
Corporate entities	355.1	402.5
Debt securities		
Public sector entities	–	29.0
Corporate entities	10.0	10.0
	600.5	663.3

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

	Group	
	2009 HK\$m	2008 HK\$m
Hong Kong dollar	224.3	309.2
Renminbi	140.8	103.3
United States dollar	173.1	188.5
Others	62.3	62.3
	600.5	663.3

25 Other non-current assets

	Note	Group	
		2009 HK\$m	2008 HK\$m
Long term receivable	25(a)	39.0	116.7
Retirement benefits assets	39(b)(i)	17.2	13.6
Deferred tax assets	38	17.3	11.9
Property for development		143.8	113.4
Security deposits		377.6	377.6
Others		6.8	10.5
		601.7	643.7

25 Other non-current assets (continued)

(a) Long term receivable

	Note	Group	
		2009 HK\$'m	2008 HK\$'m
Long term receivable		116.7	194.4
Current portion included in trade and other receivables	27	(77.7)	(77.7)
		39.0	116.7

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.

As at 30 June 2009, the carrying amount of long term receivable approximates its fair value and it is fully performing. It is denominated in United States dollar.

26 Inventories

	Group	
	2009 HK\$'m	2008 HK\$'m
Raw materials	25.2	21.3
Work-in-progress	14.6	24.8
Finished goods	210.4	232.8
	250.2	278.9

27 Trade and other receivables

	Note	Group		Company	
		2009 HK\$'m	2008 HK\$'m	2009 HK\$'m	2008 HK\$'m
Trade receivables	27(a)	3,963.9	2,379.2	–	–
Retention money receivables		1,335.7	1,331.1	–	–
Current portion of long term receivable	25(a)	77.7	77.7	–	–
Amounts due from customers for contract works	32	185.6	449.8	–	–
Advances to customers	27(b)	1,726.7	1,863.6	–	–
Other receivables, deposits and prepayments		2,989.8	3,190.8	4.3	6.0
Amounts due from associated companies	27(c)	62.1	108.1	–	–
Amounts due from jointly controlled entities	27(c)	383.9	179.3	–	–
Amounts due from subsidiaries	27(c)	–	–	11,509.1	14,072.7
		10,725.4	9,579.6	11,513.4	14,078.7

27 Trade and other receivables (continued)

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

	Note	Group	
		2009 HK\$'m	2008 HK\$'m
Receivables arising from securities business	27(a)(i)	2,746.0	586.4
Other trade receivables		1,217.9	1,792.8
		3,963.9	2,379.2

(i) Receivables arising from securities business mainly represent accounts receivable from clients, brokers, dealers and clearing houses which are mainly aged under 3 months and accounts receivable from subscription of new shares in IPO amounted to HK\$1,646.9 million (2008: nil) which are to be settled within one week after 30 June 2009.

The ageing analysis of trade receivables is as follows:

	Group	
	2009 HK\$'m	2008 HK\$'m
Under 3 months	3,737.5	1,994.5
4 to 6 months	80.3	119.3
Over 6 months	146.1	265.4
	3,963.9	2,379.2

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

The maximum exposure of receivables arising from securities business and other trade receivables equals their carrying amounts.

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 debt 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 debt is impaired.

At 30 June 2009, over 85% (2008: 68%) of trade receivables is neither past due nor impaired, and trade receivables of HK\$553.7 million (2008: HK\$657.3 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2009 HK\$'m	2008 HK\$'m
Under 3 months	355.7	305.3
4 to 6 months	71.4	101.0
Over 6 months	126.6	251.0
	553.7	657.3

27 Trade and other receivables (continued)

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

At 30 June 2009, trade receivables of HK\$25.2 million (2008: HK\$131.2 million) were impaired, which were related to customers that were in financial difficulties. The ageing analysis of these trade receivables is as follows:

	Group	
	2009 HK\$m	2008 HK\$m
Under 3 months	0.1	13.7
4 to 6 months	1.5	2.9
Over 6 months	23.6	114.6
	25.2	131.2

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

	Group	
	2009 HK\$m	2008 HK\$m
At beginning of year	131.2	146.9
Increase in provision recognized in income statement	0.5	19.8
Amounts recovered	(2.1)	(11.2)
Amounts written off during the year	(104.4)	(24.3)
At end of year	25.2	131.2

(b) The Group has made loans to margin clients for its securities business. The majority of the loans to margin clients 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 2009, the total undiscounted market value of securities pledged as collateral in respect of the loans to margin clients was HK\$10,759.3 million (2008: HK\$21,293.0 million).

The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call upon which the customers are required to make good the shortfall.

Among the advances to customers, HK\$1,604.1 million, HK\$122.6 million and HK\$7.7 million represent advances that are neither past due nor impaired, advances being past due but not impaired and impaired loans respectively. The amount that is past due but not impaired represents 7.1% of the advances to customers. An impairment allowance of HK\$7.7 million has been provided (2008: HK\$7.8 million).

Advances to customers classified under past due but not impaired represent those receivables from customers who have outstanding unfilled margin call positions.

At 30 June 2009, approximately 5.1%, 0.3% and 1.7% of the entire advances to customers are overdue for 0 – 30 days, 31 – 90 days and above 90 days respectively. All the above overdue advances to customers are fully secured by listed securities held by the Group as collateral with undiscounted market value of HK\$1,434.0 million.

(c) The amounts receivable are interest free, unsecured, have no fixed repayment terms and are fully performing as at 30 June 2009.

The Group has recognized a loss of HK\$0.5 million (2008: HK\$19.8 million) for the impairment of its trade and other receivables during the year ended 30 June 2009. 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\$1,607.4 million (2008: HK\$890.9 million) denominated in Renminbi and HK\$1,259.2 million (2008: HK\$1,819.1 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.

28 Financial assets at fair value through profit or loss

	Group	
	2009 HK\$'m	2008 HK\$'m
Listed securities		
Equity securities listed in Hong Kong	24.9	174.6
Equity securities listed overseas	–	42.7
Unlisted securities		
Equity securities	34.0	61.9
Debt securities	4.4	53.1
	63.3	332.3
Market value of listed securities	24.9	217.3
Held for trading	58.9	279.2
Held for designation	4.4	53.1
	63.3	332.3

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.

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

	Group	
	2009 HK\$'m	2008 HK\$'m
Equity securities		
Bank and other financial institutions	32.1	87.0
Corporate entities	26.8	192.2
Debt securities		
Bank and other financial institutions	4.4	53.1
	63.3	332.3

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

	Group	
	2009 HK\$'m	2008 HK\$'m
Hong Kong dollar	27.4	172.0
United States dollar	35.9	110.8
Others	–	49.5
	63.3	332.3

29 Cash held on behalf of customers

The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the SFO. Accordingly, the Group maintains segregated trust accounts with authorized institutions to hold clients' monies arising from its securities business. The Group has classified the clients' monies as cash held on behalf of customers and recognized the corresponding accounts payable to respective clients in trade and other payables on the grounds that it is liable for any loss or misappropriation of clients' monies.

30 Cash and bank balances

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Time deposits	1,836.7	1,419.0	1,082.1	62.4
Other cash at bank and in hand	3,368.4	2,705.2	34.0	8.3
	5,205.1	4,124.2	1,116.1	70.7
Less: short term deposits	-	(126.4)	-	-
Cash and bank balances	5,205.1	3,997.8	1,116.1	70.7

No short term deposits (2008: HK\$126.4 million) were pledged as securities for banking facilities.

The effective interest rate on time deposits was 0.13% (2008: 1.94%) per annum; these deposits have an average maturity of 23 days (2008: 10 days).

31 Non-current assets classified as assets held for sale

	Note	Group	
		2009 HK\$m	2008 HK\$m
Listed securities			
Equity securities listed in Hong Kong		10.8	-
Equity securities listed overseas	22(b)	255.0	-
		265.8	-

As at 30 June 2009, balance represents the carrying amount of assets previously classified as associated companies.

32 Contracts in progress

	Note	Group	
		2009 HK\$m	2008 HK\$m
Contract costs incurred plus attributable profits less foreseeable losses		38,053.4	29,267.8
Progress payments received and receivable		(38,459.1)	(29,712.7)
		(405.7)	(444.9)
Representing			
Gross amount due from customers for contract works	27	185.6	449.8
Gross amount due to customers for contract works	37	(591.3)	(894.7)
		(405.7)	(444.9)

33 Share capital

	Ordinary Shares	
	No. of shares	HK\$m
Authorized		
At 30 June 2008 and 30 June 2009	2,400,000,000	2,400.0
Issued and fully paid		
At 1 July 2007	2,014,245,435	2,014.2
Exercise of share options	770,125	0.8
Issued as scrip dividends	42,611,249	42.6
At 30 June 2008	2,057,626,809	2,057.6
Exercise of share options	314,128	0.3
Issued as scrip dividends	18,078,923	18.1
Repurchase of shares	(4,712,000)	(4.7)
At 30 June 2009	2,071,307,860	2,071.3

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\$)	
	2009	2008	2009	2008
At beginning of year	31,117,132	1,480,167	16.007	3.711
Exercised	(314,128)	(770,125)	6.094	3.711
Lapsed	(994,350)	(68)	10.466	3.711
Granted	33(a)(ii) -	30,394,000	-	16.301
Adjusted	33(a)(iv) -	13,158	-	0.354
At end of year	29,808,654	31,117,132	16.296	16.007

- (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.
- (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 on 21 August 2007 and 28 January 2008 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 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.

33 Share capital (continued)

Share Option Schemes (continued)

(a) *The Company (continued)*

- (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 was adjusted from HK\$3.711 to HK\$3.709, from HK\$16.20 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	
		2009	2008	2009	2008
Exercise price		–	HK\$3.709		
Other eligible participants	21 July 2008	–	710,250	–	100%

	Expiry date	Number of options		Vested percentage	
		2009	2008	2009	2008
Exercise price		HK\$16.193	HK\$16.193		
Director	21 August 2012	17,207,315	17,207,315	40%	0%
Other eligible participants	21 August 2012	11,901,044	12,499,272	40%	0%
		29,108,359	29,706,587		

	Expiry date	Number of options		Vested percentage	
		2009	2008	2009	2008
Exercise price		HK\$20.591	HK\$20.591		
Other eligible participants	21 August 2012	700,295	700,295	40%	0%

33 Share capital (continued)

Share Option Schemes (continued)

(b) *Taifook Securities*

Taifook Securities, a subsidiary 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				30 June 2009	Exercisable period
		1 July 2008	Adjusted	Exercised	Lapsed		
5 September 2003	HK\$1.158	300,000	10,985	–	(310,985)	–	5 March 2004 – 4 March 2009
10 February 2006	HK\$0.907	50,000	1,830	(51,830)	–	–	10 August 2006 – 9 August 2014
1 December 2007	HK\$5.875	28,500,000	1,000,223	–	(2,807,235)	26,692,988	1 June 2008 – 31 May 2016
		28,850,000	1,013,038	(51,830)	(3,118,220)	26,692,988	
Weighted average exercise price of each category (HK\$)		6.03	5.866	0.907	5.487	5.875	

The fair value of option granted on 1 December 2007 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.

34 Reserves

HK\$m	Note	Group					Total
		Share premium	Special reserves	Investments revaluation reserve	Exchange reserve	Revenue reserve	
At 1 July 2008, as previously reported	2	10,605.8	375.5	(139.8)	1,616.8	6,632.2	19,090.5
Prior year adjustments		-	-	-	43.8	54.8	98.6
At 1 July 2008, as restated		10,605.8	375.5	(139.8)	1,660.6	6,687.0	19,189.1
Profit for the year		-	-	-	-	2,528.8	2,528.8
Dividends to shareholders of the Company		-	-	-	-	(1,232.4)	(1,232.4)
Fair value changes on available-for-sale financial assets, net of tax							
Group		-	-	(24.5)	-	-	(24.5)
Associated companies		-	-	284.9	-	-	284.9
Disposal of non-current assets classified as assets held for sale		-	(0.3)	3.5	(12.6)	-	(9.4)
Disposal of subsidiaries	44(b)	-	-	-	(20.2)	-	(20.2)
Release of investment revaluation deficit to the income statement – Group		-	-	154.0	-	-	154.0
Currency translation differences							
Group		-	-	-	(3.0)	-	(3.0)
Associated companies		-	-	-	(4.9)	-	(4.9)
Jointly controlled entities		-	-	-	0.9	-	0.9
Repurchases of shares		(42.2)	-	-	-	-	(42.2)
Scrip dividends							
share premium on new shares issued		249.1	-	-	-	-	249.1
Share options							
value of services provided							
Group		-	41.2	-	-	-	41.2
Associated companies		-	(1.4)	-	-	-	(1.4)
Jointly controlled entities		-	0.5	-	-	-	0.5
share premium on new shares issued		1.6	-	-	-	-	1.6
Share of changes in other reserve of a jointly controlled entity		-	(8.2)	-	-	-	(8.2)
Transfer		0.6	1.7	-	-	(2.3)	-
At 30 June 2009		10,814.9	409.0	278.1	1,620.8	7,981.1	21,103.9
Representing							
Balance at 30 June 2009		10,814.9	409.0	278.1	1,620.8	7,111.2	20,234.0
Proposed final dividend		-	-	-	-	869.9	869.9
		10,814.9	409.0	278.1	1,620.8	7,981.1	21,103.9

34 Reserves (continued)

HK\$m	Note	Group					Total
		Share premium	Special reserves	Investments revaluation reserve	Exchange reserve	Revenue reserve	
At 1 July 2007, as previously reported		9,630.0	282.3	211.5	524.1	4,534.4	15,182.3
Prior year adjustments	2	–	–	–	43.8	36.2	80.0
At 1 July 2007, as restated		9,630.0	282.3	211.5	567.9	4,570.6	15,262.3
Profit for the year, as restated		–	–	–	–	3,836.9	3,836.9
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)
Disposal / deconsolidation of subsidiaries	44(b),(d)	–	–	–	(25.0)	–	(25.0)
Currency translation differences							
Group		–	–	–	162.3	–	162.3
Associated companies		–	–	–	202.3	–	202.3
Jointly controlled entities		–	–	–	753.1	–	753.1
Scrip dividends							
share premium on new shares issued		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 new shares issued		2.1	–	–	–	–	2.1
Transfer		1.1	(1.5)	–	–	0.4	–
At 30 June 2008, as restated		10,605.8	375.5	(139.8)	1,660.6	6,687.0	19,189.1
Representing							
Balance at 30 June 2008		10,605.8	375.5	(139.8)	1,660.6	5,864.2	18,366.3
Proposed final dividend		–	–	–	–	822.8	822.8
		10,605.8	375.5	(139.8)	1,660.6	6,687.0	19,189.1

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

34 Reserves (continued)

HK\$m	Company				Total
	Share premium	Contributed surplus	Special reserves	Revenue reserve	
At 1 July 2007	9,630.0	237.3	3.1	788.0	10,658.4
New issuance 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 new shares issued	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
At 1 July 2008	10,605.8	237.3	55.2	1,257.7	12,156.0
New issuance of shares	249.1	–	–	–	249.1
Repurchase of shares	(42.2)	–	–	–	(42.2)
Profit for the year	–	–	–	1,269.5	1,269.5
Dividends	–	–	–	(1,232.4)	(1,232.4)
Share options					
value of services provided	–	–	26.6	–	26.6
share premium on new shares issued	1.6	–	–	–	1.6
Transfer	0.3	–	(0.9)	0.6	–
At 30 June 2009	10,814.6	237.3	80.9	1,295.4	12,428.2
Representing					
Balance at 30 June 2009	10,814.6	237.3	80.9	425.5	11,558.3
Proposed final dividend	–	–	–	869.9	869.9
	10,814.6	237.3	80.9	1,295.4	12,428.2

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 subsidiaries acquired at the date of acquisition pursuant to the group reorganization implemented in 1997. Under the Companies Act 1981 of Bermuda, 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.

35 Borrowings

		Group	
	Note	2009 HK\$'m	2008 HK\$'m
Non-current			
Bank loans	35(a),(b)	5,466.3	5,068.6
Other borrowings – unsecured	35(b)	0.2	–
		5,466.5	5,068.6
Current			
Current portion of bank loans	35(a),(b)	1,118.3	2,047.9
Short term bank loans and overdrafts – secured	35(b),(c)	266.7	90.0
Short term bank loans and overdrafts – unsecured	35(b)	1,854.4	1,449.9
Other borrowings – unsecured	35(b),(d)	100.1	134.5
		3,339.5	3,722.3
		8,806.0	8,790.9

(a) Bank loans

		Group	
		2009 HK\$'m	2008 HK\$'m
Bank loans, unsecured and wholly repayable within five years			
Bank loans, unsecured and wholly repayable within five years		6,584.6	7,116.5
Amounts repayable within one year included in current liabilities		(1,118.3)	(2,047.9)
		5,466.3	5,068.6

The maturity of bank loans is as follows:

		Group	
		2009 HK\$'m	2008 HK\$'m
Within one year			
Within one year		1,118.3	2,047.9
In the second year			
In the second year		1,464.4	1,838.3
In the third to fifth year			
In the third to fifth year		4,001.9	3,230.3
		6,584.6	7,116.5

35 Borrowings (continued)

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

	2009	2008
Bank overdraft	1.02%	5.25%
Bank loans	1.22%	2.30%
Other loans	4%	2.15%

The carrying amounts of the borrowings approximate their fair values and are mainly denominated in Hong Kong dollar.

As at 30 June 2009, the Group's long term borrowings of HK\$6.585 billion (2008: HK\$7.117 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 as security for advances to the customers (with the customers' consent). The market value as at 30 June 2009 of the shares pledged is HK\$578.0 million (2008: HK\$1,819.0 million).
- (d) At 30 June 2008, an amount of HK\$131.0 million represented an unsecured loan from Chow Tai Fook Nominee Limited, a related company of the Group. The loan was interest-bearing at HIBOR plus 0.25% per annum and was fully repaid during the current year.

36 Other non-current liabilities

	Note	Group	
		2009 HK\$'m	2008 HK\$'m
Long service payment obligations		40.3	50.6
Deferred tax liabilities	38	166.6	172.9
Deferred interest income		14.8	169.7
Loans from minority shareholders	36(a)	98.0	265.6
		319.7	658.8

- (a) The loans are interest free, unsecured and not repayable within one year except for an amount of HK\$2.1 million which carries interest at 6% per annum (2008: an aggregate amount of HK\$34.0 million which carries interest at 10% per annum).

37 Trade and other payables

	Note	Group		Company	
		2009 HK\$'m	2008 HK\$'m	2009 HK\$'m	2008 HK\$'m
Trade payables	37(a)	5,147.3	4,462.4	–	–
Retention money payables		1,043.7	977.6	–	–
Advance received from customers for contract works		35.4	31.6	–	–
Amounts due to customers for contract works	32	591.3	894.7	–	–
Amounts due to minority shareholders	37(b)	62.6	77.8	–	–
Other payables and accruals		3,768.7	3,875.5	38.9	42.1
Amounts due to associated companies	37(b)	1.3	2.9	–	–
Amounts due to jointly controlled entities	37(b)	21.4	39.8	–	–
Amounts due to subsidiaries	37(b)	–	–	5,989.7	7,795.5
		10,671.7	10,362.3	6,028.6	7,837.6

37 Trade and other payables (continued)

(a) Trade payables are further analyzed as follows:

	Note	Group	
		2009 HK\$'m	2008 HK\$'m
Payables arising from securities business	37(a)(i)	4,694.1	3,667.1
Other trade payables	37(a)(ii)	453.2	795.3
		5,147.3	4,462.4

(i) Payables arising from securities business mainly represent accounts payable to clients, brokers, dealers and clearing houses. The majority of accounts payable balances are repayable on demand except where certain accounts payable to clients represent those required margin deposits received from clients for their trading activities under normal course of business.

Except for the accounts payable to clients which bear interest at 0.001% (2008: 0.01%) per annum, all the accounts payable to brokers, dealers and clearing houses are non-interest bearing.

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

	Group	
	2009 HK\$'m	2008 HK\$'m
Under 3 months	355.9	686.4
4 to 6 months	40.3	42.8
Over 6 months	57.0	66.1
	453.2	795.3

(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\$1,027.8 million (2008: HK\$781.1 million) denominated in Renminbi and HK\$1,575.4 million (2008: HK\$2,085.3 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.

38 Deferred income tax

	Note	Group	
		2009 HK\$'m	2008 HK\$'m (restated)
At beginning of year, as previously reported		130.3	105.0
Prior year adjustments	2	30.7	30.7
At beginning of year, as restated		161.0	135.7
Currency translation differences		–	8.2
Net amount (credited) / charged to income statement	11	(5.3)	16.9
Disposal of subsidiaries	44(b)	(6.4)	–
Deconsolidation of subsidiaries	44(d)	–	0.2
At end of year		149.3	161.0

38 Deferred income tax (continued)

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2008: 16.5%).

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\$1,489.0 million (2008: HK\$565.8 million) to carry forward against future taxable income. These tax losses have no expiry date.

As at 30 June 2009, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized totalled approximately HK\$154.0 million (2008: HK\$303.2 million).

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

Deferred tax assets

		Group											
HK\$'m	Note	Accelerated accounting depreciation		Tax losses		Amortization of concession rights		Dividend income withholding tax		Others		Total	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
At beginning of year, as previously reported		-	1.1	8.2	2.4	-	-	-	-	3.7	3.6	11.9	7.1
Prior year adjustments	2	-	(1.1)	-	-	-	1.1	0.5	0.5	-	-	0.5	0.5
At beginning of year, as restated		-	-	8.2	2.4	-	1.1	0.5	0.5	3.7	3.6	12.4	7.6
Deconsolidation of subsidiaries	44(d)	-	-	-	-	-	(0.2)	-	-	-	-	-	(0.2)
Credited / (charged) to income statement		4.7	-	1.8	5.8	2.2	(0.9)	-	-	(2.0)	0.1	6.7	5.0
At end of year		4.7	-	10.0	8.2	2.2	-	0.5	0.5	1.7	3.7	19.1	12.4

Deferred tax liabilities

		Group											
HK\$'m	Note	Accelerated tax depreciation		Fair value gains		Amortization of concession rights		Dividend income withholding tax		Others		Total	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
At beginning of year, as previously reported		132.0	99.1	10.0	12.8	-	-	-	-	0.2	0.2	142.2	112.1
Prior year adjustments	2	(93.9)	(71.5)	-	-	93.9	71.5	31.2	31.2	-	-	31.2	31.2
At beginning of year, as restated		38.1	27.6	10.0	12.8	93.9	71.5	31.2	31.2	0.2	0.2	173.4	143.3
Currency translation differences		-	-	-	-	-	8.2	-	-	-	-	-	8.2
Disposal of subsidiaries	44(b)	(0.2)	-	-	-	(6.2)	-	-	-	-	-	(6.4)	-
(Credited) / charged to income statement		9.9	10.5	(2.1)	(2.8)	(6.5)	14.2	-	-	0.1	-	1.4	21.9
At end of year		47.8	38.1	7.9	10.0	81.2	93.9	31.2	31.2	0.3	0.2	168.4	173.4

38 Deferred income tax (continued)

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

	Note	Group	
		2009 HK\$m	2008 HK\$m (restated)
Deferred tax assets	25	(17.3)	(11.9)
Deferred tax liabilities	36	166.6	172.9
		149.3	161.0

39 Retirement benefits

The Group operates various retirement benefits 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 schemes or staying in existing schemes. Where staff elected to join the MPF schemes, both the Group and staff are required to contribute 5% of the employees' relevant income (capped at HK\$12,000 per annum).

Contributions made by the Group to defined contribution plans and MPF schemes amounted to HK\$105.6 million (2008: HK\$107.2 million) during the year. Forfeited contributions totalling HK\$1.6 million (2008: HK\$5.4 million) were utilized during the year leaving HK\$0.6 million (2008: HK\$1.3 million) available at 30 June 2009 to reduce future contributions. Contributions totalling HK\$0.1 million (2008: HK\$1.0 million) were payable to the plans at the year end.

The Group also contributes to employee pension schemes established by municipal government in respect of certain subsidiaries and joint ventures in the PRC. The municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group.

(b) Defined benefits plans

The Group's defined benefits plans are valued by independent qualified actuaries annually using the projected unit credit method. Defined benefit plans were valued by Watson Wyatt Hong Kong Limited.

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

	Note	Group	
		2009 HK\$m	2008 HK\$m
Present value of defined benefit obligations		(63.0)	(55.4)
Fair value of plan assets		76.9	88.8
		13.9	33.4
Unrecognized actuarial losses / (gains)		3.3	(19.8)
Retirement benefits assets	25	17.2	13.6

39 Retirement benefits (continued)

(b) Defined benefits plans (continued)

(ii) The amount recognized in the income statement, under general and administrative expenses, are as follows:

	Note	Group	
		2009 HK\$'m	2008 HK\$'m
Current service cost		3.1	2.0
Interest cost		2.9	2.3
Expected return on plan assets		(8.0)	(5.6)
Net actuarial gains recognized		(1.1)	(1.0)
Total included in staff costs	9	(3.1)	(2.3)

(iii) The movements in the present value of defined benefit obligations are as follows:

	Group	
	2009 HK\$'m	2008 HK\$'m
At beginning of year	55.4	46.5
Current service cost	3.1	2.0
Interest cost	2.9	2.3
Contributions by plan participants	1.5	1.2
Actuarial losses	2.4	4.5
Benefits paid	(2.5)	(1.4)
Net transfer in	0.2	0.3
At end of year	63.0	55.4

(iv) The movements in the fair value of plan assets are as follows:

	Group	
	2009 HK\$'m	2008 HK\$'m
At beginning of year	88.8	78.0
Expected return on plan assets	8.0	5.6
Actuarial (losses) / gains	(19.6)	4.9
Employer contributions	0.5	0.2
Employee contributions	1.5	1.2
Benefits paid	(2.5)	(1.4)
Net transfer in	0.2	0.3
At end of year	76.9	88.8

39 Retirement benefits (continued)

(b) Defined benefits plans (continued)

The principal actuarial assumptions used are as follows:

	2009	2008
Discount rates	2.8-3.5%	3.5%
Expected rate of return on plan assets	7%	7%
Expected rate of future salary increases	0-4%	4%

The actual return on plan assets was HK\$12.1 million (2008: HK\$10.4 million).

Fair value of the plan assets are analyzed as follows:

	2009	2008
Equity instruments	65%	67%
Debt instruments	31%	26%
Other assets	4%	7%
	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 instruments 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 2010.

	2009 HK\$'m	2008 HK\$'m	2007 HK\$'m	2006 HK\$'m
Present value of defined benefit obligations	(63.0)	(55.4)	(46.5)	(47.2)
Fair value of plan assets	76.9	88.8	78.0	65.5
Surplus	13.9	33.4	31.5	18.3
Experience adjustments on defined benefit obligations	0.4	0.3	1.4	(1.1)
Experience adjustments on plan assets	(18.2)	5.0	8.7	3.9

40 Financial instruments by category

Financial assets in the balance sheet include available-for-sale financial assets, financial assets at fair value through profit or loss, trade receivables, loan and other receivables, short term deposits and cash and bank balances. All these financial assets are carried at amortized cost using the effective interest method as "loans and receivables" except for the "available-for-sale financial assets" and "financial assets at fair value through profit or loss" which are both carried at fair value.

Financial liabilities in the balance sheet include borrowings, trade payables, loan and other payables. All these financial liabilities are carried at amortized cost using the effective interest method.

41 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	Total
At 30 June 2009					
Assets					
Debt securities					
Available-for-sale financial assets	-	-	-	10.0	10.0
Financial assets at fair value through profit or loss	-	-	4.4	-	4.4
Advances to customers	1,726.7	-	-	-	1,726.7
Receivable from subscription of new shares in IPO	-	1,646.9	-	-	1,646.9
Cash held on behalf of customers	3,661.9	-	-	-	3,661.9
Cash and bank balances	3,368.4	1,836.7	-	-	5,205.1
	8,757.0	3,483.6	4.4	10.0	12,255.0
Liabilities					
Borrowings	132.7	2,221.6	937.7	5,514.0	8,806.0
Current, fixed, savings and other deposits of customers	4,295.6	351.4	-	-	4,647.0
	4,428.3	2,573.0	937.7	5,514.0	13,453.0
HK\$m	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Total
At 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

42 Commitments

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

	Note	Group	
		2009 HK\$m	2008 HK\$m
Contracted but not provided for			
Property, plant and equipment		27.6	12.2
Investment properties		–	292.8
Capital contributions to associated companies and jointly controlled entities	42(a)(i)	1,250.6	963.2
Other capital contributions	42(a)(i)	–	1,698.7
Authorized but not provided for			
Property, plant and equipment		695.7	–
		1,973.9	2,966.9

(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\$1,250.6 million (2008: HK\$2,661.9 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	
	2009 HK\$m	2008 HK\$m
Contracted but not provided for		
Property, plant and equipment	756.5	1,027.5
Capital contributions to jointly controlled entities	–	82.9
Authorized but not contracted for		
Property, plant and equipment	672.4	225.9
	1,428.9	1,336.3

(c) Commitments under operating leases

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

	Group	
	2009 HK\$m	2008 HK\$m
Buildings		
In the first year	105.5	92.6
In the second to fifth year inclusive	76.1	110.5
After the fifth year	10.2	16.0
	191.8	219.1
Equipment		
In the first year	2.4	4.6
In the second to fifth year inclusive	–	3.2
	194.2	226.9

42 Commitments (continued)

- (d) Future minimum rental payment receivable

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

	Group	
	2009 HK\$m	2008 HK\$m
In the first year	7.9	7.9
In the second to fifth year inclusive	4.3	0.9
	12.2	8.8

The Group's operating leases terms range from one to five years.

43 Contingent liabilities and financial guarantee contracts

- (a) The Group's and the Company's financial guarantee contracts are as follows:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Guarantees for credit facilities granted to				
Subsidiaries	–	–	12,519.4	11,350.4
Associated companies	11.9	11.9	11.9	11.9
Jointly controlled entities	223.9	571.1	–	367.5
A related company	111.7	55.0	–	–
	347.5	638.0	12,531.3	11,729.8

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

	Group	
	2009 HK\$m	2008 HK\$m
Share of contingent liabilities of jointly controlled entities	2.6	56.2

44 Notes to consolidated cash flow statement
(a) Reconciliation of operating profit to net cash generated from operations

	2009 HK\$'m	2008 HK\$'m
Operating profit	1,250.8	1,330.8
Depreciation and amortization	213.8	231.7
Share-based payments	41.2	97.9
Assets impairment loss	10.2	32.3
Impairment loss on available-for-sale financial assets	145.5	–
Net (gain) / loss on disposal of subsidiaries	(39.4)	21.9
Interest income	(200.2)	(188.2)
Fair value loss of financial assets at fair value through profit or loss	19.4	76.4
Fair value loss / (gain) on investment properties	12.0	(26.4)
Net gain on disposal of jointly controlled entities and an associated company	(71.3)	–
Gain on deemed acquisition or disposal of interests in a subsidiary	(32.6)	(75.3)
Profit on disposal of non-current assets classified as assets held for sale	(274.5)	–
Gain from extinguishment of financial liabilities	(105.0)	–
Net loss / (gain) on disposal of available-for-sale financial assets and financial assets at fair value through profit or loss	16.9	(67.2)
Dividend income from available-for-sale financial assets and financial assets at fair value through profit or loss	(4.0)	(10.7)
Write-back of provision for receivables or accruals	–	(17.3)
Other non-cash items	11.1	(20.6)
Operating profit before working capital changes	993.9	1,385.3
Increase in retirement benefits assets	(3.6)	(2.5)
Decrease / (increase) in inventories	20.9	(134.7)
(Increase) / decrease in trade and other receivables	(1,073.4)	5,737.4
Increase in cash held on behalf of customers	(556.1)	(1,063.4)
Increase in trade and other payables	465.5	1,262.3
(Increase) / decrease in balances with associated companies and jointly controlled entities	(18.8)	23.0
(Decrease) / increase in long service payment obligations	(10.4)	8.7
Decrease in amounts due to minority shareholders	(23.1)	(8.2)
Increase / (decrease) in IPO and margin financing loans of securities business	1,593.6	(5,682.9)
Net cash generated from operations	1,388.5	1,525.0

44 Notes to consolidated cash flow statement (continued)

(b) Disposal of subsidiaries

	Note	2009 HK\$'m	2008 HK\$'m
Net assets disposed			
Property, plant and equipment	17	17.5	26.0
Intangible concession rights	19	115.9	–
Intangible assets	20	1.7	–
Jointly controlled entities		289.2	–
Inventories		6.5	6.9
Trade and other receivables		70.8	29.4
Amount due from jointly controlled entity		–	0.4
Amounts due from minority shareholders		4.8	–
Cash and bank balances		39.3	22.0
Trade and other payables		(127.5)	(16.2)
Taxation		(0.6)	–
Deferred tax liabilities	38	(6.4)	–
Loans from minority shareholders		(14.9)	–
Minority interests		(21.3)	(9.2)
Exchange reserves	34	(20.2)	(1.4)
		354.8	57.9
Net gain / (loss) on disposals		39.4	(21.9)
Included under trade and other receivables		(183.5)	–
		210.7	36.0
Represented by			
Cash received		156.8	36.0
Trade and other receivables		53.9	–
		210.7	36.0

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

	2009 HK\$'m	2008 HK\$'m
Cash consideration	156.8	36.0
Cash and bank balances disposed of	(39.3)	(22.0)
	117.5	14.0

44 Notes to consolidated cash flow statement (continued)

(d) Deconsolidation of subsidiaries

	Note	2009 HK\$'m	2008 HK\$'m (restated)
Net assets deconsolidated			
Property, plant and equipment	17	-	1.2
Intangible concession rights	19	-	178.2
Jointly controlled entities		-	938.2
Deferred tax assets	38	-	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)
		-	-

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

	2009 HK\$'m	2008 HK\$'m
Cash and bank balances deconsolidated	-	(29.4)

44 Notes to consolidated cash flow statement (continued)

(f) Acquisition of a subsidiary

	2009 HK\$m	2008 HK\$m
Net assets acquired		
Jointly controlled entities	-	584.8
Trade and other receivables	-	0.9
Cash and bank balances	-	1.7
Trade and other payables	-	(1.6)
Amount due to minority interests	-	(36.2)
Loans from minority shareholders	-	(82.0)
	-	467.6
Interest already held by the Group as a jointly controlled entity	-	(330.4)
Consideration	-	137.2
Represented by		
Cash paid	-	137.2

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

	2009 HK\$m	2008 HK\$m
Cash consideration	-	137.2
Cash and bank balances acquired	-	(1.7)
	-	135.5

45 Related party transactions

- (a) 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	2009 HK\$m	2008 HK\$m
Transactions with affiliated companies			
Provision of contracting work services	45(a)(i)		
Provision of other services	45(a)(ii)	101.1	851.4
Interest income	45(a)(iii)	17.8	30.8
Management fee income	45(a)(iv)	157.3	13.8
Rental and other related expenses	45(a)(v)	21.1	22.6
	45(a)(vi)	(11.0)	(7.7)
Transactions with other related parties			
Provision of contracting work services	45(a)(i)		
Provision of other services	45(a)(ii)	2,502.9	2,102.5
Rental and other related expenses	45(a)(iii)	143.6	158.3
Interest expenses	45(a)(vi)	(65.1)	(59.2)
	45(a)(vii)	(0.9)	(0.7)

- (i) Affiliated companies include associated companies and jointly controlled entities of the Group. Related parties are subsidiaries, 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 22 and 23 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.
- (vii) Interest expenses were charged at interest rates as specified in Note 45(b) on the outstanding balances due to a related company.
- (b) During current year, Taifook Securities, a subsidiary of the Company, obtained an unsecured loan of HK\$20.0 million (2008: HK\$131.0 million) from Chow Tai Fook Nominee Limited, a related company of the Group. The entire loan of HK\$151.0 million was repaid during the current year and it carried interest at HIBOR plus 0.25% per annum.
- (c) Key management compensation
No significant transaction has 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 15.
- (d) The amounts of outstanding balances with associated companies, jointly controlled entities, a related company, minority shareholders and a fellow subsidiary are disclosed in Notes 22, 23, 27, 35, 36 and 37. The amounts receivable are unsecured, of which HK\$130.2 million (2008: HK\$369.5 million) are interest bearing. The amounts payable are unsecured, of which HK\$2.1 million (2008: HK\$165.0 million) are interest bearing.

46 Comparative figures

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

47 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 subsidiaries of NWD.

48 Principal subsidiaries

As at 30 June 2009

	Issued share capital #		Approximate percentage of shares held		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 technology solutions
	160,000*	100	–	100.0	
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 and engineering materials
	1,500,000*	1	–	100.0	
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	
Kiu Lok Property Services (China) Limited	2	1	–	100.0	Property agency management and consultancy
	2*	1	–	100.0	
Kiu Lok Service Management Company Limited	2	100	–	100.0	Property management
	1,002*	100	–	100.0	

48 Principal subsidiaries (continued)

As at 30 June 2009

	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)					
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 Waly Interior Products Limited	1,000,000	1	–	100.0	Trading of interior products
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
Hip Hing Engineering Company Limited (formerly 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
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
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	
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

48 Principal subsidiaries (continued)

As at 30 June 2009

	Issued share capital #		Approximate percentage of shares held		Principal activities
	Number	Par value per share HK\$	Company	Group	
Incorporated in Bermuda and operate in Hong Kong					
Taifook Securities Group Limited	706,448,228	0.10	–	61.86	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 and operate in Hong Kong					
Hetro Limited	101	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 Management Limited	2	US\$1	100.0	100.0	Investment holding
NWS Ports Management Limited	2	US\$1	100.0	100.0	Investment holding
Shine Fame Holdings Limited	1	US\$1	–	100.0	Development of logistic centre
Incorporated in British Virgin Islands					
Beauty Ocean Limited	1	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 Infrastructure Bridges Limited	1	US\$1	–	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
Right Heart Associates Limited	4	US\$1	–	100.0	Investment holding
Righteous Corporation	1	US\$1	–	100.0	Investment holding
Stockfield Limited	1	US\$1	–	100.0	Investment holding

48 Principal subsidiaries (continued)

As at 30 June 2009

	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(a)	Operation of toll bridge
Guangxi Beiliu Xinbei Highways Co., Ltd.	Rmb59,520,000	–	100.0(b)	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	Rmb57,680,000	–	100.0(b)	Operation of toll road
Guangxi Yulin Xinye Highways Co., Ltd.	Rmb63,800,000	–	60.0(b)	Operation of toll road
Guangxi Yulin Xinyu Highways Co., Ltd.	Rmb96,000,000	–	65.0(b)	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(c)	Operation of toll road
Shanxi Xinhuang Highways Ltd.	Rmb56,000,000	–	90.0(c)	Operation of toll road
Wuzhou Xinwu Highways Limited	Rmb72,000,000	–	52.0(d)	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)	Profit sharing percentage in co-operative joint venture			
(b)	Percentage of interest in ownership and profit sharing			
(c)	Cash sharing ratio for the first 12 years and thereafter 60%			
(d)	Profit sharing percentage before the shareholder's loan of PRC partner is fully repaid and thereafter 52%			

49 Principal associated companies

As at 30 June 2009

	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					
Wai Kee Holdings Limited	793,124,034	HK\$0.10	–	27.0	Investment holding
	Amount of registered capital		Approximate percentage of attributable interest		Principal activities
			Company	Group	
Incorporated and operate in Mainland China					
Tianjin Five Continents International Container Terminal Co., Ltd.	Rmb1,145,000,000		–	18.0(a)	Operation of container terminal
Zhaoqing Yuezhao Expressway Co., Ltd.	Rmb818,300,000		–	25.0(b)	Operation of toll road

Represented ordinary shares, unless otherwise stated

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

** Non-voting, redeemable participating shares

(a) 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 board of directors of TFCI.

(b) Percentage of interest in ownership and profit sharing

50 Principal jointly controlled entities

As at 30 June 2009

	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(a)	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
Chongqing Suyu Business Development Company Limited	Rmb650,000,000	–	50.0	Investment holding
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(a)	Operation of toll road
Guangzhou Oriental Power Co., Ltd.	Rmb990,000,000	–	25.0(b)	Generation and supply of electricity
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	Rmb359,676,800	–	35.0(b)	Wholesale assembling and storage of fuel
Guangzhou Pearl River Power Company Limited	Rmb420,000,000	–	50.0(a)	Generation and supply of electricity
Guodian Chengdu Jintang Power Generation Co., Ltd.	Rmb924,000,000	–	35.0(b)	Generation and supply of electricity
Huishen (Yantian) Expressway Huizhou Company Limited	Rmb139,980,000	–	33.3(a)	Operation of toll road
Huizhou City Huixin Expressway Company Limited	Rmb34,400,000	–	50.0(a)	Investment holding and operation of toll road
Tianjin Xindi Expressway Co., Ltd.	Rmb93,688,000	–	90.0(c)	Operation of toll road
Tianjin Xinlong Expressway Co., Ltd.	Rmb99,400,000	–	90.0(c)	Operation of toll road
Tianjin Xinlu Expressway Co., Ltd.	Rmb99,092,000	–	90.0(c)	Operation of toll road
Tianjin Xinming Expressway Co., Ltd.	Rmb85,468,000	–	90.0(c)	Operation of toll road
Tianjin Xinqing Expressway Co., Ltd.	Rmb99,368,000	–	90.0(c)	Operation of toll road
Tianjin Xinquan Expressway Co., Ltd.	Rmb92,016,000	–	90.0(c)	Operation of toll road
Tianjin Xinsen Expressway Co., Ltd.	Rmb87,300,000	–	90.0(c)	Operation of toll road
Tianjin Xinshi Expressway Co., Ltd.	Rmb99,388,000	–	90.0(c)	Operation of toll road
Tianjin Xinsi Expressway Co., Ltd.	Rmb96,624,000	–	90.0(c)	Operation of toll road
Tianjin Xintong Expressway Co., Ltd.	Rmb99,448,000	–	90.0(c)	Operation of toll road
Tianjin Xintuo Expressway Co., Ltd.	Rmb99,316,000	–	90.0(c)	Operation of toll road
Tianjin Xinxiang Expressway Co., Ltd.	Rmb90,472,000	–	90.0(c)	Operation of toll road
Tianjin Xinyan Expressway Co., Ltd.	Rmb89,028,000	–	90.0(c)	Operation of toll road
Tianjin Xinzhan Expressway Co., Ltd.	Rmb89,392,000	–	90.0(c)	Operation of toll road
Xiamen Haicang Xinhaida Container Terminals Co., Ltd.	Rmb226,800,000	–	40.0	Operation of container terminal
Xiamen New World Xiangyu Terminals Co., Ltd.	Rmb384,040,000	–	50.0(b)	Operation of container terminal
Guangzhou Development Nansha Power Co., Ltd.	Rmb300,000,000	–	22.0	Generation and supply of electricity

50 Principal jointly controlled entities (continued)

As at 30 June 2009

	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	–	–	
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 and operate in Thailand					
Hip Hing Construction (Thailand) Company Limited	10,000,000	10Baht	–	49.0	Building and construction
Incorporated in Hong Kong and operate in Macau and Mainland China					
Sino-French Holdings (Hong Kong) Limited	1,850,680'A'	HK\$100	–	–	Investment holding and operation of water and electricity plants
	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 interest in ownership and profit sharing

(b) Percentage of equity interest in equity joint venture

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

FIVE-YEAR FINANCIAL SUMMARY

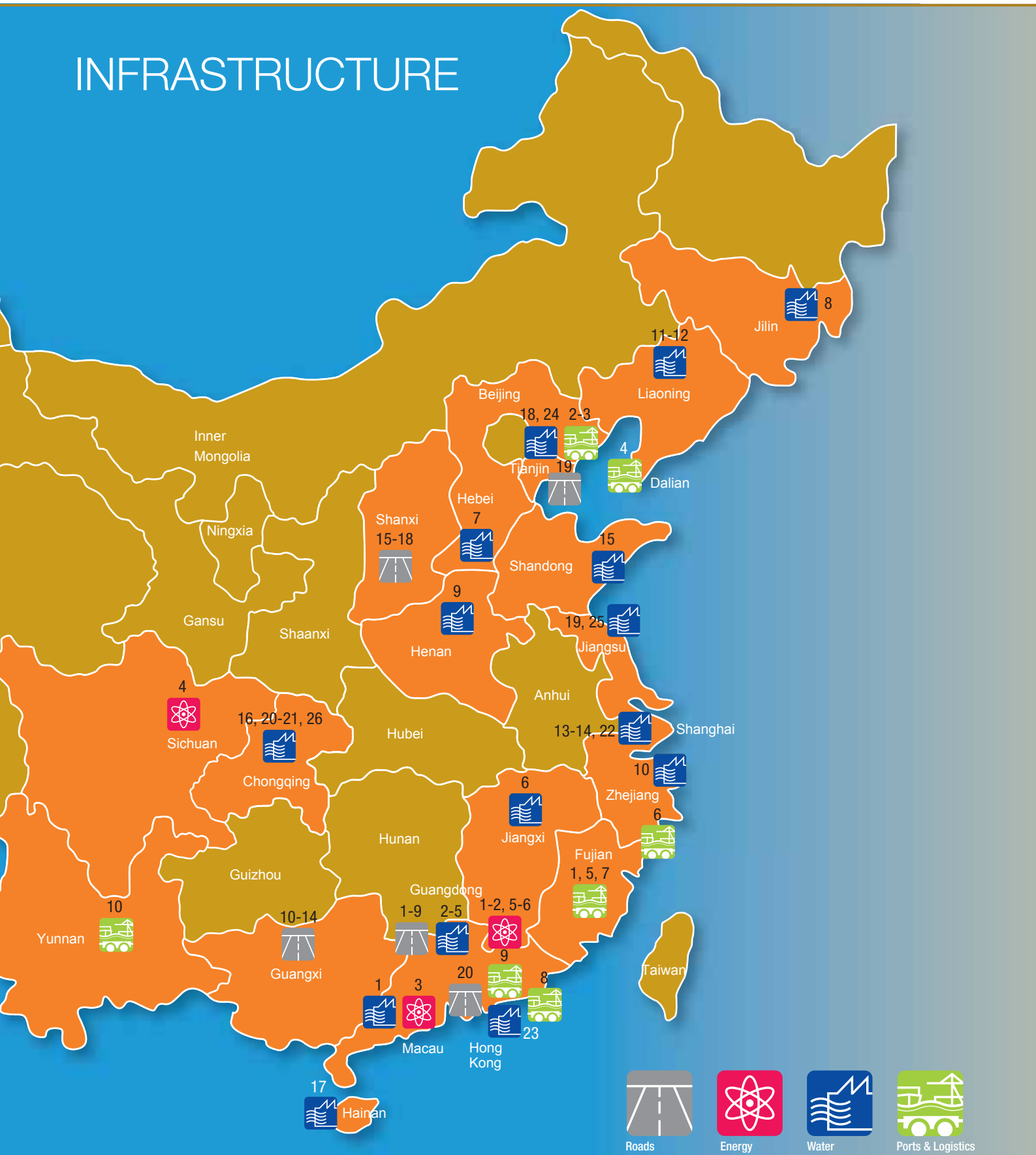
	2009	2008 (restated)	2007	2006	2005
Earnings per share – Basic (HK\$)	1.23	1.90	1.01	0.89	1.60
Earnings per share – Diluted (HK\$)	1.23	1.89	1.01	0.85	1.52
Key ratios					
Gearing ratio	15%	21%	46%	13%	17%
Return on Equity	11%	18%	11%	11%	22%
Return on Capital Employed	9%	14%	9%	9%	16%
Income statement data (HK\$'m)					
Revenue	17,250.9	18,889.5	15,047.1	12,543.9	10,286.1
Revenue by activities					
Ports & logistics	–	3.1	17.9	16.3	13.4
Roads and bridges	247.6	283.7	239.7	239.2	221.1
Facilities management	2,169.0	2,317.6	2,234.0	2,506.6	2,439.4
Contracting	10,904.0	12,658.4	11,205.0	8,619.9	6,386.7
Financial services	687.0	1,409.3	148.0	15.0	14.9
Consumer and related services	3,243.3	2,217.4	1,202.5	1,146.9	1,210.6
Revenue by region					
Hong Kong	11,672.5	11,496.9	8,313.1	8,955.0	8,822.5
Macau	3,742.4	5,716.8	5,108.8	2,159.4	167.5
Mainland China and others	1,836.0	1,675.8	1,625.2	1,429.5	1,296.1
Profit attributable to shareholders of the Company	2,528.8	3,836.9	2,005.4	1,656.6	2,886.1
Attributable operating profit	2,537.1	2,741.7	2,291.1	1,937.6	1,411.9
Attributable operating profit / (loss) by activities					
Roads	789.4	744.7	566.4	469.1	372.3
Energy	245.0	383.5	402.8	487.8	489.9
Water	185.6	126.5	102.2	87.4	80.6
Ports & Logistics	300.1	344.6	292.5	260.3	250.5
Facilities Management	612.1	427.0	428.3	318.6	352.5
Contracting & Transport	285.7	380.3	357.3	248.6	(188.3)
Financial Services	119.2	335.1	141.6	65.8	54.4

	2009	2008 (restated)	2007	2006	2005
Income statement data (continued) (HK\$'m)					
Attributable operating profit by region					
Hong Kong	1,083.5	1,264.8	1,003.5	738.6	463.9
Macau	309.6	311.6	250.5	208.2	129.4
Mainland China and others	1,144.0	1,165.3	1,037.1	990.8	818.6
Head office and non-operating items					
Net gain / (loss) on disposal and restructuring of projects	215.7	(21.9)	–	152.5	2,030.2
Assets impairment loss	(4.8)	(10.3)	(13.0)	(30.0)	(57.8)
Write-back of provision for receivables or accruals	–	17.3	58.0	–	–
Net gain on redemption of convertible bonds	–	–	–	39.6	–
Share of profit from Harbour Place	338.0	1,632.6	–	–	–
Fair value (loss) / gain on investment properties, net of tax	(10.0)	22.0	19.2	2.5	–
Net (loss) / gain from securities investment	(37.8)	(35.3)	32.3	5.7	–
Other interest income	16.1	43.7	78.2	74.3	56.8
Other finance costs	(214.1)	(284.3)	(208.0)	(227.6)	(196.9)
Share-based payment	(41.2)	(81.8)	–	–	–
Gain on deemed acquisition or disposal of interests in a subsidiary	32.6	75.3	–	–	–
Others	(302.8)	(262.1)	(252.4)	(298.0)	(358.1)
Balance sheet data (HK\$'m)					
Total assets	44,278.6	42,593.9	39,782.0	25,587.6	25,165.5
Total liabilities and minority interests	21,103.4	21,347.2	22,585.5	11,121.3	12,140.6
Total debt	8,806.0	8,790.9	11,685.6	4,528.3	5,983.6
Shareholders' funds	23,175.2	21,246.7	17,196.5	14,466.3	13,024.9

Comparative figures for the year ended 30 June 2005, 30 June 2006 and 30 June 2007 have 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



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"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>160,231</td> <td>164,242</td> <td>159,580</td> </tr> </table>	2009		2008	2007	160,231	164,242	159,580	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>90,076</td> <td>100,667</td> <td>83,634</td> </tr> </table>	2009	2008	2007	90,076	100,667
2009	2008	2007												
160,231	164,242	159,580												
2009	2008	2007												
90,076	100,667	83,634												

	3. Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Northern Section)	4. Guangzhou – Zhaoqing Expressway	5a. Shenzhen – Huizhou Expressway (Huizhou Section)	5b. Shenzhen – Huizhou Roadway (Huizhou Section)																								
Attributable Interest	15%	25%	33.33%	50%																								
Form of Investment	CJV	CJV	CJV	CJV																								
Length	27 km*	Phase 1: 48 km Phase 2: 6.1km	34.7 km	21.8km																								
Lanes	Dual 3-Lane	Phase 1: Dual 2-Lane Phase 2: Dual 3-Lane	Dual 2-Lane	Dual 2-Lane																								
Location	Guangzhou City	Zhaoqing & Foshan City	Huizhou City	Huizhou City																								
Operation Date	December 2005	Phase 1: April 2005 Phase 2: end of 2010 (Estimate)	June 1993	December 1997																								
Expiry Date	2032	2031	2027	2023																								
Current Toll Rates	RMB5 – RMB55	RMB5 – RMB75	RMB2 – RMB75	RMB1 – RMB21																								
Average Daily Traffic Flow	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>12,757</td> <td>14,238</td> <td>7,341</td> </tr> </table> <p>* Seeking approval to change from 37 km.</p>	2009	2008	2007	12,757	14,238	7,341	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>26,142</td> <td>24,442</td> <td>20,422</td> </tr> </table>	2009	2008	2007	26,142	24,442	20,422	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>30,505</td> <td>28,869</td> <td>23,731</td> </tr> </table>	2009	2008	2007	30,505	28,869	23,731	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>9,716</td> <td>11,344</td> <td>10,989</td> </tr> </table>	2009	2008	2007	9,716	11,344	10,989
2009	2008	2007																										
12,757	14,238	7,341																										
2009	2008	2007																										
26,142	24,442	20,422																										
2009	2008	2007																										
30,505	28,869	23,731																										
2009	2008	2007																										
9,716	11,344	10,989																										

	6. Gaoming Bridge	7. Guangzhou Dongxin Expressway	8. Conghua-Dongguan Expressway (Huizhou Section)	9. Guangzhou Chuangyue Transport Electronic Technology																								
Attributable Interest	30% / 80%	40.8%	15%	33.3%																								
Form of Investment	CJV	Equity	Equity	EJV																								
Length	1.1 km	46.22 km	32 km	N/A																								
Lanes	Dual 1-Lane	Dual 3 to 4-Lane	Dual 3-Lane	N/A																								
Location	Gaoming District, Foshan City	Guangzhou City	Huizhou City	Guangzhou City																								
Operation Date	November 1996	mid 2010 (Estimate)	December 2012 (Estimate)	November 2007																								
Expiry Date	2021	2033	2048	2037																								
Current Toll Rates	N/A (annual toll ticket system has been implemented since March 2003)	N/A	N/A	N/A																								
Average Daily Traffic Flow	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </table>	2009	2008	2007	N/A	N/A	N/A	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </table>	2009	2008	2007	N/A	N/A	N/A	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </table>	2009	2008	2007	N/A	N/A	N/A	<table border="1"> <tr> <th>2009</th> <th>2008</th> <th>2007</th> </tr> <tr> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </table>	2009	2008	2007	N/A	N/A	N/A
2009	2008	2007																										
N/A	N/A	N/A																										
2009	2008	2007																										
N/A	N/A	N/A																										
2009	2008	2007																										
N/A	N/A	N/A																										
2009	2008	2007																										
N/A	N/A	N/A																										

Guangxi Province

	10. Beiliu City Roadways	11. Rongxian Roadways													
Attributable Interest	100%	100%													
Form of Investment	WFOE	WFOE													
Length	16.3 km	16.8 km													
Lanes	Dual 1 to 2-Lane	Dual 1 to 2-Lane													
Location	Beiliu City	Rongxian													
Operation Date	May 1998	May 1998													
Expiry Date	2026	2026													
Current Toll Rates	RMB1 – RMB30	RMB1 – RMB30													
Average Daily Traffic Flow	<table border="1"> <tr><th>2009</th><th>2008</th><th>2007</th></tr> <tr><td>2,342</td><td>3,750</td><td>4,485</td></tr> </table>	2009		2008	2007	2,342	3,750	4,485	<table border="1"> <tr><th>2009</th><th>2008</th><th>2007</th></tr> <tr><td>2,320</td><td>3,807</td><td>4,500</td></tr> </table>	2009	2008	2007	2,320	3,807	4,500
2009	2008	2007													
2,342	3,750	4,485													
2009	2008	2007													
2,320	3,807	4,500													

	12. Yulin – Shinan Roadway	13. Yulin Shinan – Dajiangkou Roadway	14. Roadway No. 321 (Wuzhou Section)																		
Attributable Interest	60%	60%	52% (since 1/6/2009)																		
Form of Investment	CJV	CJV	CJV																		
Length	27.8 km	Phase 1: 8.7 km Phase 2: 30 km	Phase 1: 8.7 km Phase 2: 4.3 km																		
Lanes	Dual 2-Lane	Dual 1 to 2-Lane	Dual 2-Lane																		
Location	Yulin City	Yulin City	Wuzhou City																		
Operation Date	May 1998	Phase 1: August 1997 Phase 2: January 1999	Phase 1: March 1997 Phase 2: December 1998																		
Expiry Date	2026	Phase 1: 2026 Phase 2: 2024	2022																		
Current Toll Rates	RMB1 – RMB30	RMB1 – RMB30	RMB1 – RMB35																		
Average Daily Traffic Flow	<table border="1"> <tr><th>2009</th><th>2008</th><th>2007</th></tr> <tr><td>5,665</td><td>8,156</td><td>7,831</td></tr> </table>	2009	2008	2007	5,665	8,156	7,831	<table border="1"> <tr><th>2009</th><th>2008</th><th>2007</th></tr> <tr><td>2,733</td><td>3,225</td><td>3,089</td></tr> </table>	2009	2008	2007	2,733	3,225	3,089	<table border="1"> <tr><th>2009</th><th>2008</th><th>2007</th></tr> <tr><td>6,614</td><td>5,955</td><td>5,155</td></tr> </table>	2009	2008	2007	6,614	5,955	5,155
2009	2008	2007																			
5,665	8,156	7,831																			
2009	2008	2007																			
2,733	3,225	3,089																			
2009	2008	2007																			
6,614	5,955	5,155																			

Shanxi Province

	15. Shanxi Taiyuan – Gujiao Roadway (Taiyuan Section)	16. Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)													
Attributable Interest	60% / 90%	60% / 90%													
Form of Investment	CJV	CJV													
Length	23.18 km	36.02 km													
Lanes	Dual 1-Lane	Dual 1-Lane													
Location	Taiyuan City	Gujiao City													
Operation Date	July 2000	April 1999													
Expiry Date	2025	2025													
Current Toll Rates	RMB10 – RMB60	RMB10 – RMB60													
Average Daily Traffic Flow	<table border="1"> <tr><th>2009</th><th>2008</th><th>2007</th></tr> <tr><td>336</td><td>806</td><td>298</td></tr> </table>	2009		2008	2007	336	806	298	<table border="1"> <tr><th>2009</th><th>2008</th><th>2007</th></tr> <tr><td>769</td><td>967</td><td>774</td></tr> </table>	2009	2008	2007	769	967	774
2009	2008	2007													
336	806	298													
2009	2008	2007													
769	967	774													

	17. Roadway No. 309 (Changzhi Section)	18. Taiyuan – Changzhi Roadway (Changzhi Section)
Attributable Interest	60% / 90%	60% / 90%
Form of Investment	CJV	CJV
Length	22.2 km	18.3 km
Lanes	Dual 1 to 2-Lane	Dual 1 to 2-Lane
Location	Changzhi City	Changzhi City
Operation Date	July 2000	August 2000
Expiry Date	2023	2023
Current Toll Rates	RMB10 – RMB60	RMB10 – RMB70
Average Daily Traffic Flow	2009 2,523 2008 2,738 2007 1,957	2009 2,649 2008 2,718 2007 3,122

Tianjin Municipality

	19. Tangjin Expressway (Tianjin North Section)	
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	2009 29,077 2008 22,763 2007 21,095	

Hong Kong

	20. Tate's Cairn Tunnel	
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\$11 – HK\$31	
Average Daily Traffic Flow	2009 51,497 2008 56,285 2007 55,619	

ENERGY

	1. Zhujiang Power Station – Phase I	2. Zhujiang Power Station – Phase II	3. Macau Power	4. Chengdu Jintang Power Plant
Attributable Interest	50%	25%	19%	35%
Form of Investment	EJV	EJV	Equity	Equity
Installed Capacity	600 MW	600 MW	472 MW	1,200 MW
Location	Nansha Economic Development Zone, Guangzhou City	Nansha Economic Development Zone, Guangzhou City	One in Macau and two in Coloane	Huaikou Industrial Zone, Jintang, Chengdu City, Sichuan Province
Type of Power	Coal-Fired Thermal	Coal-Fired Thermal	Oil & Gas-Fired Thermal	Coal-Fired Thermal
Operation Date	January 1994	April 1996	November 1985	Generator #1(600 MW): June 2007 Generator #2(600 MW): October 2007
Expiry Date	2017	2020	2010	2040
Electricity Sales (GWh)	2009 3,339 2008 3,707 2007 3,677	2009 3,091 2008 3,999 2007 3,793	2009 3,289 2008 3,160 2007 2,572	2009 5,735 2008 4,832 2007 185

	5. Guangdong Baolihua New Energy Stock Co., Ltd.		6. Guangzhou Fuel Company
Attributable Interest	5.33%	Attributable Interest	35%
Form of Investment	Equity	Form of Investment	EJV
Installed Capacity	Phase 1: 2 x 135 MW Phase 2: 2 x 300 MW	Throughput Capacity	7 million tonnes/ year
Location	Meixian, Guangdong	Location	Nansha Economic Development Zone, Guangzhou City
Type of Power	Coal Gangue Inferior Coal-Fired Thermal	Nature of Business	Wholesale, assembling and storage of coal
Operation Date	Phase 1: September 2005 Phase 2: September 2008	Operation Date	January 2008
Expiry Date	N/A	Expiry Date	2033

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 (m³)	2009 184,125 2008 185,029 2007 172,744	N/A	2009 81,102 2008 88,799 2007 79,816

	4. Zhongshan Dafeng Water Plant	5. Zhongshan Quanlu Water Plant	6. Nanchang Water Plant	7. Baoding Water Plant
Attributable Interest	33.06%	33.06%	25%	27.5%
Form of Investment	Equity	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	260,000m ³ / day
Location	Zhongshan, Guangdong Province	Zhongshan, Guangdong Province	Nanchang, Jiangxi Province	Baoding, Hebei Province
Operation Date	Phase 1: April 1998 Phase 2: November 2008	April 1998	Phase 1: January 1996 Phase 2: September 2008	June 2000
Expiry Date	2020	2020	2023	2020
Average Daily Volume Sold (m³)	2009 585,240	2008 622,789	2007 610,473	2009 76,088
				2008 68,572
				2007 56,922
				2009 234,000
				2008 234,000
				2007 234,000

	8. Siping Water Plant	9. Zhengzhou Water Plant	10. Xinchang Water Plant	11. Changtu Water Plant
Attributable Interest	25%	25%	25%	35%
Form of Investment	Equity	Equity	Equity	Equity
Capacity	118,000m ³ / day	360,000m ³ / day	100,000m ³ / day	50,000m ³ / day
Location	Siping, Jilin Province	Zhengzhou, Henan Province	Xinchang, Zhejiang Province	Tieling, Liaoning Province
Operation Date	September 2000	August 2001	March 2002	December 2000
Expiry Date	2030	2031	2032	2029
Average Daily Volume Sold (m³)	2009 75,000	2008 69,973	2007 59,781	2009 202,789
				2008 240,367
				2007 288,000
				2009 62,934
				2008 68,811
				2007 64,000
				2009 21,540
				2008 21,516
				2007 20,142

	12. Panjin Water Plant	13. Shanghai Spark Water Plant	14. Shanghai SCIP Water Treatment Plants
Attributable Interest	30%	25%	25%
Form of Investment	Equity	Equity	Equity
Capacity	110,000m ³ / day	100,000m ³ / day	Waste Water: 50,000m ³ / day Industrial Water: 200,000m ³ / day Demineralized Water: 4,800m ³ / day
Location	Panjin, Liaoning Province	Shanghai	Shanghai
Operation Date	April 2002	January 2002	Waste Water & Industrial Water: April 2005 Demineralized Water: February 2008
Expiry Date	2032	2031	2052
Average Daily Volume Sold (m³)	2009 80,376	2008 78,077	2007 78,113
			2009 46,668
			2008 48,670
			2007 43,311
			Waste Water: 38,669
			Industrial Water: 40,325
			Demineralized Water: 45,289
			97,834
			99,184
			97,900
			568
			226
			N/A

	15. Qingdao Water Plant	16. Chongqing Water Plant	17. Sanya Water Plant	18. Tanggu Water Plant
Attributable Interest	25%	33%	25%	25%
Form of Investment	Equity	Equity	Equity	Equity
Capacity	Phase 1: 543,000m ³ / day Phase 2: 183,000m ³ / day	Phase 1: 380,000m ³ / day Phase 2: 160,000m ³ / day	235,000m ³ / day	310,000m ³ / day
Location	Qingdao, Shandong Province	Chongqing	Sanya, Hainan Province	Tanggu, Tianjin
Operation Date	Phase 1: August 2002 Phase 2: September 2006	Phase 1: November 2002 Phase 2: July 2006	January 2004	April 2005
Expiry Date	2027	2052	2033	2039
Average Daily Volume Sold (m³)	2009 495,805	2008 509,373	2007 531,231	2009 284,484
				2008 260,874
				2007 237,153
				2009 158,733
				2008 147,964
				2007 129,910
				2009 164,124
				2008 169,214
				2007 156,983

PROJECT KEY FACTS AND FIGURES

	19. Changshu Water Plant			20. Chongqing Tangjiatuo Waste Water Plant			
Attributable Interest	24.5%			Attributable Interest	28.75%		
Form of Investment	Equity			Form of Investment	Equity		
Capacity	675,000m ³ / day			Capacity	300,000m ³ / day		
Location	Changshu, Jiangsu Province			Location	Chongqing		
Operation Date	December 2006			Operation Date	January 2007		
Expiry Date	2036			Expiry Date	2036		
Average Daily Volume Sold (m³)	2009	2008	2007	Average Daily Volume Treated (m³)	2009	2008	2007
	400,155	413,578	332,508		234,951	236,487	236,533

	21. Chongqing Construction Company	22. Shanghai SCIP Waste Incineration Plant	23. Far East Landfill Technologies Limited
Attributable Interest	22.159%	10%	47%
Form of Investment	Equity	Equity	Equity
Capacity	Waste Water: 100,000m ³ / day Sludge Treatment: 240 tonnes/ day	60,000 tonnes/ year	35 million m ³
Location	Chongqing	Shanghai	Hong Kong
Operation Date	Waste Water: 2 nd half of 2011 (Estimate) Sludge Treatment: 2 nd half of 2010 (Estimate)	August 2006	June 1995
Expiry Date	2038	2053	2045
Annual Treated Volume (tonnes)	N/A	2009 24,195	2009 872,350
		2008 26,737	2008 818,010
		2007 30,186	2007 807,851

	24. Tianjin Jieyuan Water Plant	25. Suzhou Industrial Park Sludge Treatment Plant	26. Chongqing Yue Lai Water Plant
Attributable Interest	26.03%	24.5%	28.75%
Form of Investment	Equity	Equity	Equity
Capacity	500,000m ³ / day	300 tonnes/ day	200,000m ³ / day (Phase I)
Location	Tianjin	Suzhou	Chongqing
Operation Date	March 2009	2010 (Estimate)	July 2011 (Estimate)
Expiry Date	2022	2039	2038
Average Daily Volume Sold (m³)	2009 270,769	N/A	N/A
	2008 N/A		
	2007 N/A		

PORTS & LOGISTICS

	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	447,000 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)	2009 696,000 2008 745,000 2007 794,000	2009 857,000 2008 1,129,000 2007 1,136,000	2009 1,920,000 2008 1,991,000 2007 1,988,000

	4. Dalian Container Terminal Co., Ltd.		5. Xiamen Haicang Xinhaida Container Terminals Co., Limited	6. Wenzhou Zhuangyuan Ao New World International Terminals Company Limited
Attributable Interest	4.8%	Attributable Interest	40%	35%
Form of Investment	EJV	Form of Investment	EJV	EJV
Handling Capacity	2.2 million TEUs pa	Handling Capacity	1 million TEUs pa	2.3 million tonnes pa (Phase 1)
Total Area	740,000 sq m	Total Area	431,000 sq m	563,000 sq m
Location	Berths 3 to 7, 9 and 10, Dayaowan, Dalian	Location	Berths 18 to 19, Haicang Port Zone, Xiamen	Zhuangyuan Ao Port Area, Wenzhou
Operation Date	June 2002	Operation Date	1 st half of 2011 (Estimate)	2009 (Estimate)
Expiry Date	2046	Expiry Date	2058	2056
Length of Berths	1,856 m	Length of Berths	754 m	683 m
Throughput Achieved (TEUs)	2009 1,609,000 2008 1,853,000 2007 1,859,000	No. of Quay Cranes	N/A	3
		No. of Portal Cranes	N/A	2
		Throughput Achieved (tonnes)	2009 N/A 2008 N/A 2007 N/A	2009 N/A 2008 N/A 2007 N/A

	7. Xiamen New World Xiangyu Warehouse & Processing Zone Limited		8. ATL Logistics Centre Hong Kong Limited
Attributable Interest	100%	Attributable Interest	56%
Form of Investment	WFOE	Form of Investment	Equity
Location	Huli Industrial Zone, Xiamen, Fujian	Lettable Area	5.9 million sq ft
Operation Date	January 1998	Location	Berth 3, Kwai Chung Container Terminals, Hong Kong
Expiry Date	2045	Operation Dates	Phase 1: February 1987 Phase 2: March 1988 Phase 3: February 1992 Phase 4: January 1994 Phase 5: November 1994
		Expiry Date	2047
		Yearly Average Occupancy Rate	2009 98.7% 2008 97.7% 2007 97.5%
		CFS Handling Volume (m³)	590,000 823,000 895,000

PROJECT KEY FACTS AND FIGURES

	9. ATL Logistics Centre Yantian Limited		10. China United International Rail Containers Co., Limited
Attributable Interest	46.17%	Attributable Interest	22%
Form of Investment	Equity	Form of Investment	EJV
Handling Capacity	600,000 m ³ pa	Investment Scope	18 pivotal rail container terminals
Total Area	26,000 sq m	Locations	Kunming, Chongqing, Zhengzhou, Dalian, Chengdu, Qingdao, Xian, Wuhan, Shanghai, Tianjin, Harbin, Ningbo, Shenzhen, Lanzhou, Beijing, Shenyang, Guangzhou, Urumqi
Location	Yantian, Shenzhen	Operation Date	Kunming: January 2008
Operation Date	January 2002	Expiry Date	2057
Expiry Date	2019	Throughput Achieved (TEUs)	2009 2008 2007 159,000 70,000 N/A
CFS Handling Volume (m³)	2009 2008 2007 292,000 357,000 392,000		

SERVICES

Facilities Management

- HKCEC (Management)
- Free Duty
- Facility Services

Contracting & Transport

- Hip Hing Construction
- NWS Engineering Group
- Wai Kee (27%)
- NWS' bus & ferry services (50%)
- Kwoon Chung Bus (14.95%)

Financial Services

- Taifook Securities (61.9%)
- Tricor (24.39%)
- New World Insurance

FACILITIES MANAGEMENT

	Hong Kong Convention and Exhibition Centre (Management) Limited		Free Duty
Services Offered	Management and operation of venues for exhibitions, conventions, meetings, entertainment events, banquets and catering events, etc	Service Offered	Retail of duty free tobacco, liquor, perfume, cosmetics and general merchandise
Total Purpose-Built Exhibition Hall Space	66,000 sq m	Locations of Shops	Hong Kong International Airport, Ferry Terminals in China Hong Kong City and Shun Tak Centre, and MTR Hung Hom, Lo Wu and Lok Ma Chau Stations
No. of Events Held This Year	1,076		
No. of Attendants This Year	Over 4.1 million		
Expansion	The second expansion project was completed in April 2009 and has brought the centre's total rental space to 91,500 sq m		

	Facility Services
Services Offered	Provision of property and carpark management, cleaning, security and guarding, laundry and landscaping services
No. of Properties Managed (Residential Properties)	254
Gross Floor Area Managed	16.6 million sq m
Security Force	2,500
Major Clients/Projects	Grand Millennium Plaza, Parc Palais, City One Shatin, Park Lane Shopper's Boulevard, New World Centre, Convention Plaza and various projects in Mainland China

CONTRACTING & TRANSPORT

	Hip Hing Construction Company Limited		NWS Engineering Group Limited
Service Offered	Construction engineering service	Major Operating Companies	Young's Engineering Company Limited, Majestic Engineering Company Limited, Far East Engineering Services Limited and NWS Engineering Limited
Total Contract Sum This Year	HK\$3,530 million	Services Offered	Mechanical and electrical engineering services
Contract on Hand	HK\$18,990 million (remaining work: HK\$8,883 million)	Total Contract Sum This Year	HK\$2,404 million
Major Projects	Design and construction of Tamar Government Complex Development Project; Design and construction of Tseung Kwan O Hospital Expansion; Construction of Shenyang Convention & Exhibition Centre; Management contract for Niceline Villa Phase II, Beijing; Residential Development at 9-12 Chun Fai Terrace, Tai Hang; Conservation works for historical buildings at Justive Drive, Admiralty, etc	Contract on Hand	HK\$6,031 million (remaining work: HK\$2,690 million)
		Major Projects	Tamar Development Project; Tseung Kwan O Hospital Expansion; Tseung Kwan O Area 56 Development; Mandarin Oriental, Macau, at One Central; Kerry Centre, Pudong Shanghai; Shanghai IFC, etc

	New World First Bus Services Limited		Citybus Limited
Service Offered	Franchised bus service in Hong Kong	Service Offered	Franchised bus service in Hong Kong
Fleet Size	690 buses	Fleet Size	925 buses
No. of Routes	95	No. of Routes	111
Average Daily Patronage	475,000	Average Daily Patronage	580,000

	Kunming New World First Bus Services Ltd		New World First Ferry Services Limited
Service Offered	Public bus service in Kunming	Service Offered	Passenger ferry service within Hong Kong waters
Fleet Size	1,025 buses	Fleet Size	18 vessels
No. of Routes	56	No. of Routes	5
Average Daily Patronage	About 715,000	Average Daily Patronage	About 34,000

	New World First Ferry Services (Macau) Limited
Service Offered	Passenger ferry service between Tsim Sha Tsui and Macau
Fleet Size	9 vessels
Average Daily Patronage	About 9,100

FINANCIAL SERVICES

	Taifook Securities Group Limited		New World Insurance Management Limited
Services Offered	Provision of corporate finance, asset management and brokerage services to institutional, corporate and individual investors	Services Offered	Risk and insurance management consultancy services
Network	12 branches in Hong Kong and Macau; six investment consultancy centres in major cities of Mainland China including Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou and Xiamen	Annual Premium Handled	HK\$585 million
Managed Client Assets	Over HK\$40 billion	Major Clients	Asia Television Ltd, CALYON Corporate and Investment Bank, Embry Holdings Ltd, GlaxoSmithKline Ltd, Hong Kong Productivity Council, KWG Property Holding Ltd, Linfox Holdings Hong Kong Ltd, Societe Generale, Whirlpool (Hong Kong) Ltd, Yue Yuen Industrial (Holdings) Ltd, 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
“FY2008”	the financial year ended 30 June 2008
“FY2009”	the financial year ended 30 June 2009
“GDP”	gross domestic product
“Group”	NWS Holdings and its subsidiaries
“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”	foot (feet)
“GW”	gigawatt(s), equals to 1,000,000 kilowatts
“ha”	hectare(s), equals 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), equals to 1,000 kilowatts
“PMPH(s)”	productive moves per hour, a measure of the productivity of quay cranes
“sq ft”	square foot (feet)
“sq km”	square kilometre(s)
“sq m”	square metre(s)
“TEU(s)”	twenty-foot equivalent unit(s), 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
“Dividend Payout Ratio”	$\frac{\text{Dividends}}{\text{Profit attributable to shareholders of the Company}}$
“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”	$\frac{\text{Net Assets}}{\text{Number of issued shares at the end of the year}}$
“Net Debt”	Total Debt less cash and bank balances and short term deposits
“Return on Capital Employed”	$\frac{\text{Profit for the year}}{\text{Total equity + Non-current liabilities}}$
“Return on Equity”	$\frac{\text{Profit for the year}}{\text{Total equity}}$
“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 Tsang Yam Pui
Mr Wong Kwok Kin, Andrew
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr William Junior Guilherme Doo
Mr Cheng Chi Ming, Brian

Non-executive Directors

Mr Doo Wai Hoi, William (Deputy Chairman)
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 Tsang Yam Pui
Mr Wong Kwok Kin, Andrew
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr William Junior Guilherme Doo
Mr Cheng Chi Ming, Brian

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 Tsang Yam Pui (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

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 Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Branch Share Registrar 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

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
BNP Paribas Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
CITIC Ka Wah Bank Limited
Dah Sing Bank, Limited
DBS Bank Ltd. Hong Kong Branch
Hang Seng Bank Limited
Mizuho Corporate Bank, Ltd. Hong Kong Branch
Oversea-Chinese Banking Corporation Limited
Scotiabank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Sumitomo Mitsui Banking Corporation Hong Kong Branch
The Bank of Tokyo – Mitsubishi UFJ, Ltd. Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

Website

www.nws.com.hk

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Where the English and the Chinese texts conflict,
the English text prevails.

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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.

