



新創建 NWS

Scaling New Heights



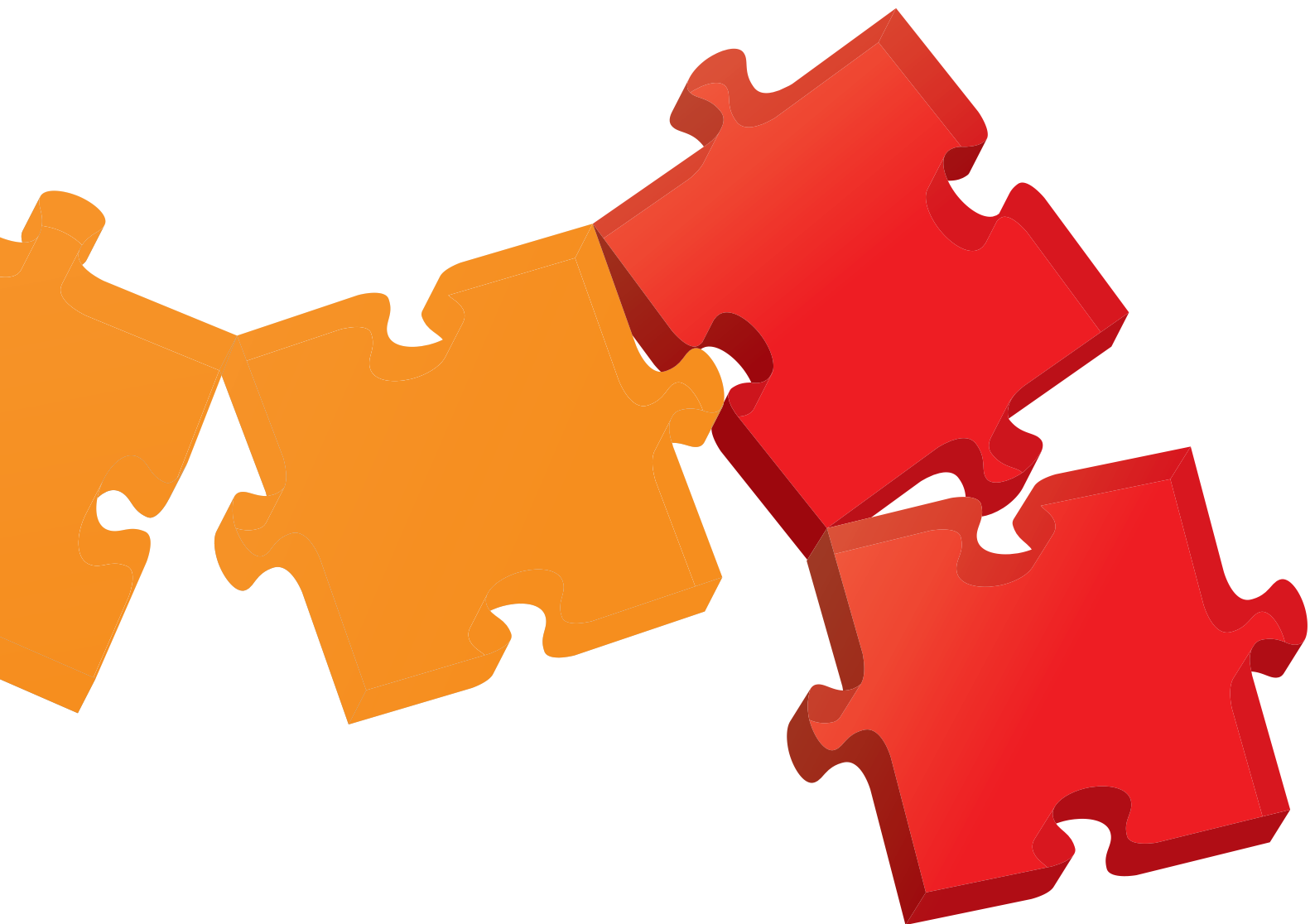
NWS HOLDINGS LIMITED

STOCK CODE: 659

INTERIM REPORT 2010-2011

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FINANCIAL HIGHLIGHTS

	For the six months ended 31 December	
	2010 HK\$m	2009 HK\$m
Revenue	4,734.0	6,249.5
Profit Attributable to Shareholders of the Company	2,391.2	2,305.4
Earnings per Share – Basic and Diluted	HK\$0.73	HK\$0.73
Dividend Payout Ratio	51%	57%

	At 31 December 2010 HK\$m	At 30 June 2010 HK\$m
	Net Cash	429.4
Total Assets	40,228.1	37,680.9
Net Assets	29,236.1	26,452.1
Shareholders' Funds	28,949.7	26,187.0

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of our board of directors (the "Board"), I am delighted to report that remarkable financial results were recorded in the first half of the financial year ending 30 June 2011 by NWS Holdings Limited ("NWS Holdings" or the "Company", together with its subsidiaries, the "Group").

Interim dividend

The Board is pleased to declare an interim dividend for the year ending 30 June 2011 of HK\$0.37 per share (2010: HK\$0.62 per share). The interim dividend payout ratio stands at approximately 51.3%.

On the path to robust growth

Riding on the positive global economic recovery trends and despite the loss of contribution from the recently divested businesses, the Group registered outstanding overall performance across its core business segments covering Roads, Water and Facilities Management during the six months ended 31 December 2010 (the "Current Period"). The Water segment has achieved solid growth as a result of water tariff increase in a number of projects. Moreover, duty free cigarette and liquor sale under the Facilities Management segment greatly benefited from an increase in the number of Mainland travellers.

In addition to the proceeds from disposals of the Group's certain service businesses, the significant cash flow from its recurring businesses contributed to the financial strength of the Group. With the major breakthrough in the results achieved in the financial year ended 30 June 2010, the Group's net cash position was maintained as at 31 December 2010.

As part of a nationwide network of 18 pivotal rail container terminals in key Mainland cities, four more terminals in Dalian, Qingdao, Wuhan and Xi'an were opened during the Current Period, bringing the number of completed terminals to eight. The terminals already in operation are estimated to achieve one million TEUs aggregate throughput in the current financial year. It is anticipated that the total terminal throughput will be growing at a high rate in the coming years. Construction of the remaining terminals is already underway. While Tianjin terminal has commenced construction during the Current Period, construction works of two other terminals in Shenzhen and Harbin are planned to start in this year. With construction schedule well on track for completion by end of 2012, this extensive network of Mainland terminals is expected to become another significant source of income for the Group in the near future.

With our financial strength, the Group has continued to identify quality assets for investment to maintain its growth momentum. During the Current Period, the Board has invested in Newton Resources Ltd ("Newton") which owns and operates a major privately-owned iron ore mine in Hebei Province. Newton holds the mining rights to one large-scale open-pit iron ore mine, the Yanjiazhuang Mine, which occupies a mining area of approximately 5.22 sq km. It is a considered move for NWS Holdings and a strategy for diversification that will bring value to its shareholders.

Towards a consolidated portfolio

During the Current Period, logistics remained yet another growth area for the Group. On top of the ATL Logistics Centre with an impressive occupancy rate averaging 95%, the Group's new wholly-owned logistics centre at Kwai Chung, with a total leasable area of approximately 920,000 sq ft will be operational in the second half of 2011. The centre will provide an additional steady source of revenue for the Group.

In order to more accurately reflect the nature of individual components of the Group's business portfolio, the Group's core business segments underwent regrouping during the Current Period. The Financial Services segment is now renamed "Strategic Investments", comprising the results of our strategic holding in Haitong International Securities Group Limited ("Haitong", formerly known as Taifook Securities Group Limited), Tricor Holdings Limited ("Tricor") and other securities investments. Operations of the strategic investments of the Group have a clear mandate from the Board. Following the divestment of mechanical and engineering business, the Contracting & Transport segment has been renamed "Construction & Transport".

Steady focus on sustainability

Sustainability being a byword for the Group's future prospects, we attach great importance to corporate governance and engaging our stakeholders through open dialogue. Ever committed to maximizing investment returns for our shareholders, we rely on our professional team of talented people. We strongly believe that investing in a work environment conducive to work-life balance for our staff will contribute towards staff's productivity and customers' satisfaction.

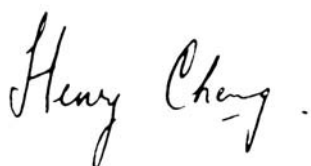
Towards this end, a great variety of in-house activities and corporate volunteer works are organized for our staff on a regular basis. We also place strong emphasis on staff training and development and look into their promotion prospects, and ultimately their long-term career development. It is therefore most gratifying that we were honoured in both the "Best Work Life Balance Practices" category in the HRM Awards 2010 Hong Kong and the "Best Practice in Mentoring Program Development" category in the Best Practice Awards 2010.

In recognition of our efforts for the greater good of the community, NWS Volunteer Alliance members were bestowed upon the "Best Family Volunteers" by the Social Welfare Department two times in a row since 2009.

The Group continued in its unremitting efforts during the Current Period to minimize our carbon footprint for the environment by reducing waste and our energy and water consumption. Geo-conservation has been the motivation behind our environmental drive since our launch of NWS Hong Kong Geo Wonders Hike in 2008.

A word of thanks

We feel a certain sense of satisfaction with the performance over the Current Period. While there is no room for complacency in these ever-changing times, I would like to take this opportunity to thank our great team, including our staff, management and my fellow directors of the Board. Their ongoing commitment and hard work are central to our continuing success.

A handwritten signature in black ink that reads "Henry Cheng". The signature is written in a cursive, flowing style with a period at the end.

Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 24 February 2011

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

The Group achieved a profit attributable to shareholders of HK\$2.391 billion for the Current Period, representing an increase of HK\$85.8 million or 4%, as compared to HK\$2.305 billion for the six months ended 31 December 2009 (the “Last Period”). Attributable Operating Profit (“AOP”) of the Group rose 28% to HK\$2.214 billion in the Current Period. Infrastructure division generated an AOP of HK\$1.261 billion, marking a significant increase of 74% as compared to HK\$722.9 million in the Last Period. The AOP of Services division slightly decreased by 5% to HK\$953.2 million in the Current Period.

A gain from the disposal of several non-core service businesses of HK\$186.6 million was recognized during the Current Period. This is in line with the Group’s continuing corporate strategy to consolidate its non-core businesses in order to enhance shareholders’ value.

A gain on fair value of HK\$165.9 million from revaluation of investment properties was recognized during the Current Period as a result of robust property market.

Contribution by Division

For the six months ended 31 December

	2010 HK\$’m	2009 HK\$’m
Infrastructure	1,260.7	722.9
Services	953.2	1,004.2
Attributable operating profit	2,213.9	1,727.1
<i>Head office and non-operating items</i>		
Gain on disposal of projects	186.6	728.7
Gain on fair value of investment properties	165.9	–
Excess of fair value of net assets acquired over the cost of acquisition of interests of a jointly controlled entity	26.8	–
Share of (loss)/profit from Harbour Place	(1.2)	327.7
Goodwill impairment	–	(226.4)
Assets impairment loss	–	(30.5)
Corporate interest income	7.0	8.0
Corporate finance costs	(48.8)	(59.1)
Share-based payment	1.8	(10.3)
Corporate expenses and others	(160.8)	(159.8)
	177.3	578.3
Profit attributable to shareholders	2,391.2	2,305.4

Contributions from operations in Hong Kong accounted for 47% of AOP in the Current Period as compared to 60% in the Last Period. Mainland China and Macau contributed 49% and 4% respectively, as compared to 35% and 5% respectively in the Last Period.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW (continued)

Earnings per Share

The basic earnings per share in the Last Period has been adjusted to HK\$0.73 due to the issue of bonus shares. The basic earnings per share in the Current Period was maintained at the same level.

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 is centralized at the corporate level. The Group's treasury function regularly reviews the funding requirements in order to enhance the cost-efficiency of funding initiatives. With adequate cash 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 31 December 2010, the Group's total cash and bank balances amounted to HK\$5.394 billion, as compared to HK\$5.158 billion as at 30 June 2010. The Group maintained its Net Cash position of HK\$429.4 million as at 31 December 2010 compared to HK\$267.3 million as at 30 June 2010. In order to continually develop our core businesses, the Group is prepared to increase bank borrowings when necessary. The capital structure of the Group was 15% debt and 85% equity as at 31 December 2010, as compared to 16% debt and 84% equity as at 30 June 2010.

Debt Profile and Maturity

As at 31 December 2010, the Group's Total Debt was HK\$4.965 billion compared to HK\$4.890 billion as at 30 June 2010. Long-term bank loans and borrowings decreased to HK\$1.896 billion as at 31 December 2010 from HK\$3.496 billion as at 30 June 2010, with HK\$1.699 billion maturing in the second year and the remaining in the third to fifth year. Bank loans were all unsecured and mainly denominated in Hong Kong dollar and were mainly floating rate interest-bearing. The Group did not have any material exposure in exchange risk other than RMB during the Current Period. No property, plant and equipment, investment properties or land use rights were pledged as at 31 December 2010.

Commitments

The Group's commitments for capital expenditure were HK\$2.610 billion as at 31 December 2010 as compared to HK\$2.710 billion as at 30 June 2010. This represented commitment for capital contributions to/acquisition of certain associated companies and jointly controlled entities, and listed investments of HK\$2.262 billion as at 31 December 2010 as compared to HK\$2.097 billion as at 30 June 2010, and commitments for properties and equipment of HK\$348.4 million as at 31 December 2010 as compared to HK\$613.0 million as at 30 June 2010. The share of commitments for capital expenditure committed by jointly controlled entities was HK\$1.417 billion as at 31 December 2010 as compared to HK\$982.8 million as at 30 June 2010. Sources of funding for capital expenditure include internally generated resources and banking facilities.

Contingent Liabilities

Contingent liabilities of the Group were HK\$702.3 million as at 31 December 2010 as compared to HK\$239.0 million as at 30 June 2010. These were composed of guarantees for credit facilities granted to associated companies, jointly controlled entities and related companies of HK\$11.9 million, HK\$577.8 million and HK\$112.6 million respectively as at 31 December 2010 as compared to HK\$11.9 million, HK\$115.4 million and HK\$111.7 million respectively as at 30 June 2010. The share of contingent liabilities of a jointly controlled entity was HK\$2.6 million as at both 31 December 2010 and 30 June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW – INFRASTRUCTURE

The AOP of the Infrastructure division amounted to HK\$1.261 billion for the Current Period, up by 74% when compared to the Last Period. The increment was mainly due to the significant increase in AOP of the Roads segment.

AOP Contribution by Segment

For the six months ended 31 December	2010 HK\$'m	2009 HK\$'m	Change % Fav./Unfav.)
Roads	748.1	233.5	220
Energy	192.2	216.9	(11)
Water	168.4	120.8	39
Ports & Logistics	152.0	151.7	0
Total	1,260.7	722.9	74

Roads

The AOP of the Roads segment was HK\$748.1 million for the Current Period, representing a marked increase of HK\$514.6 million or 220% when compared to the Last Period.

The increase in AOP was basically due to an additional gain of approximately HK\$332.5 million mainly on extra profit distribution from Tangjin Expressway (Tianjin North Section) recognized during the Current Period. In daily operations, its average traffic flow grew by 36%, mainly due to traffic diversion to our expressway as other roads in the region were mostly undergoing maintenance during the Current Period.

Average daily traffic flow of Guangzhou City Northern Ring Road jumped 51% in the Current Period, after the partial closure of the expressway for its major repair and maintenance works carried out from July to November 2009 in the Last Period. Since the completion of the repair works, its volume of traffic flow has returned to normal. Other expressways within the Pearl River Delta Region also contributed to the AOP of the segment. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Roadway and Expressway grew by 11% and 37% respectively, as compared to the Last Period. Phase two of Guangzhou-Zhaoqing Expressway was completed in September 2010, greatly enhancing the project's competitiveness in the Pearl River Delta Region. Our new road project Guangzhou Dongxin Expressway commenced operation in December 2010. Guangzhou City Nansha Port Expressway's average daily traffic flow slightly decreased by 4% during the Current Period as it was temporarily affected by the Asian Games. These new investments are set to bring in solid contributions in the medium term.

Benefiting from the implementation of toll-by-weight policy in March 2010, the AOP contribution from Guangxi Roadways Network showed an improvement in the Current Period. Its combined toll revenue grew by 55%.

In Hong Kong, the average daily traffic flow of Tate's Cairn Tunnel grew by 4% in the Current Period. A toll increase which became effective in December 2010 is expected to help increasing its average toll per vehicle.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW – INFRASTRUCTURE (continued)

Energy

The AOP of the Energy segment decreased from HK\$216.9 million to HK\$192.2 million for the Current Period, mainly due to the surging coal price.

Apart from the increased fuel costs, Zhujiang Power Plants were further affected by a drop in combined electricity sales of 14% as a result of lower demand during the Asian Games period. Electricity sales of Chengdu Jintang Power Plant reported a 20% growth in the Current Period.

AOP from Guangzhou Fuel Company rose significantly on the strength of the booming coal market during the Current Period.

In Macau, electricity sales of Macau Power registered a stable growth of 2%. The concession rights of Macau Power were renewed successfully in November 2010 for 15 years with the permitted return reduced from 12% to 9.5% per annum.

Water

The AOP of the Water segment increased from HK\$120.8 million to HK\$168.4 million during the Current Period, representing a strong growth of 39%.

Contribution from water projects in Mainland China continued to serve as the growth engine for the segment. Sales volume of Tanggu Water Plant, Changshu Water Plant and Chongqing Water Plant increased by 9%, 6% and 9% respectively. Water sales revenue was also benefited from the tariff hike of several water plants in 2010. Water sales volume in Macau Water Plant reported a slight decrease of 3%.

Thanks to the development of Chongqing, the AOP from Chongqing Water Group grew satisfactorily during the Current Period.

Ports & Logistics

The AOP from the Port & Logistics segment, which amounted to HK\$152.0 million in the Current Period, maintained at a level similar to that in the Last Period.

The throughput of Xiamen New World Xiangyu Terminals Co., Ltd. increased by 6% to 397,000 TEUs due to improvement in trade activities. However, its average tariff dropped as competition in Xiamen intensified during the Current Period. The Xiamen Haicang Xinhaida Container Terminals, scheduled to be operational in the second half of 2011, will strengthen our presence in Xiamen to take advantage of the booming trade across the Taiwan Strait.

In Tianjin, the throughput of Tianjin Orient Container Terminals Co., Ltd. dropped 2% to 448,000 TEUs while its average tariff increased mainly due to the increase in foreign cargoes. The throughput of Tianjin Five Continents International Container Terminal Co., Ltd. grew slightly by 1% to 1,006,000 TEUs.

Occupancy rate at ATL Logistics Centre dropped from 97% to 95% while average rental also fell by 2% during the Current Period. Nevertheless, benefiting from the higher storage income generated from cargo volume pick-up in 2010 and cost savings initiatives, it managed to maintain its AOP during the Current Period.

China United International Rail Containers Co., Limited (“CUIRC”) is developing strongly as more new terminals have come on stream. During the Current Period, a total of eight rail terminals were in operation, namely Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan and Xi’an. An aggregate throughput of 595,000 TEUs was recorded in the Current Period, increasing from 110,000 TEUs in the Last Period during which only Kunming terminal was operational. Overall CUIRC reached almost breakeven position in the Current Period. All 18 rail container terminals are scheduled to be completed by end of 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW – SERVICES

The Services division recorded an AOP of HK\$953.2 million for the Current Period. A decrease in AOP by HK\$51.0 million or 5% was mainly attributable to the performance of our Construction business.

AOP Contribution by Segment

For the six months ended 31 December	2010 HK\$'m	2009 HK\$'m	Change % Fav./Unfav.)
Facilities Management	404.3	400.4	1
Construction & Transport	149.8	258.4	(42)
Strategic Investments	399.1	345.4	16
Total	953.2	1,004.2	(5)

Facilities Management

Following the disposal of its facility services businesses, the Facilities Management segment now comprises mainly the Hong Kong Convention and Exhibition Centre (“HKCEC”) and Free Duty. The negative impact resulting from the loss of profit contributions from the disposed facility services businesses was fully compensated by the outstanding performance of duty free business.

During the Current Period, 618 events were held at HKCEC with total patronage in excess of 4.8 million. Most recurrent international trade exhibitions reflected growth in both gross exhibition space and overall attendance. The food and beverage revenue also improved following the opening of three new restaurants and the additional banquet space provided. HKCEC will continue to enhance its services, facilities and equipment in order to maintain its leading position in the market.

Despite the negative impact on sales created by the new cigarette entry restriction for all arrival passengers, Free Duty's tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong continued to achieve outstanding results during the Current Period. Passenger traffic volume through the MTR stations at Lo Wu, Lok Ma Chau and Hung Hom reached 123.0 million during 2010, representing an increase of 8% over the previous year. The increased throughput, coupled with the increase in individual traveller's spending on duty free goods, contributed to the significant growth in this business.

Construction & Transport

As a result of the disposal of the mechanical and engineering business, this segment has been renamed as “Construction & Transport”. The segment achieved an AOP of HK\$149.8 million during the Current Period, representing a decrease of 42% over the Last Period.

The Construction business registered an AOP of HK\$70.0 million in the Current Period, representing a 57% decrease over the Last Period. The lower AOP was caused by provision of job costs approximating HK\$178.6 million for projects in Hong Kong and overseas. As at 31 December 2010, the gross value of contracts on hand for the Construction business was approximately HK\$18.6 billion. After the discontinuation of business in Mainland China and certain overseas markets, the management will continue to focus on cost reduction and right-sizing of its workforce while making every effort to minimize exposure to losses incurred by high-risk contracts.

The Group's Transport business scored an AOP of HK\$79.8 million during the Current Period, representing a 13% increase over the Last Period. This was attributed to an increase in patronage and advertising income despite the increase in fuel cost during the period.

OPERATIONAL REVIEW – SERVICES (continued)

Strategic Investments

Previously known as “Financial Services”, this segment has been redefined as “Strategic Investments” to include results from Tricor, Haitong and net gains from the securities investments held by the Group for strategic investment purposes. These strategic investments have a clear investment mandate from the Board and have become an established feature in our investment portfolio as well as a significant contributor to segment results. Comparative figures have been reclassified to conform to the Current Period’s presentation.

Tricor recorded a steady growth in its corporate services and investor services businesses during the Current Period. It obtained about 38% of the total share of new listings during the period from July to December 2010 in Hong Kong. Its business operations in Hong Kong and Singapore together contributed about 77% of the total profit during the Current Period.

The Group’s shareholding in Haitong dropped to approximately 8.97% from approximately 61.86% after the disposal of 373,434,720 shares to Hai Tong (HK) Financial Holdings Limited on 21 December 2009, resulting in a significant drop in profit contributions.

The Group acquired an approximately 43.34% interest in Newton during the Current Period. Our interest in Newton was increased to approximately 55.02% in January 2011 and will further increase to 60% upon the completion of further acquisition. The Group intends to hold the interest in Newton as a long-term investment and may develop natural resources as one of the Group’s core business in the future.

BUSINESS OUTLOOK

The Group continues to benefit from the favourable economic environment in both Mainland China and Hong Kong. This has brought a particularly strong overall interim result for the Group. From most accounts, Mainland China expects to maintain a double digit growth in 2011 and Hong Kong will likewise continue to perform well in most business sectors. The Group will take note of this trend and will capitalize on its strong connection with the Mainland economy to further develop its businesses in Mainland China. At the same time, it will make every effort to enhance its operational efficiency in order to capture the uptrend in the exhibition, financial and retail sectors in Hong Kong.

INDEPENDENT AUDITOR'S REVIEW REPORT



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TO THE BOARD OF DIRECTORS OF NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 38, which comprises the condensed consolidated statement of financial position of NWS Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2010 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 February 2011

INTERIM RESULTS

The Board is pleased to present the unaudited condensed consolidated interim financial statements (the “interim financial statements”) of the Group for the Current Period. The interim financial statements of the Group include the condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the Current Period and the condensed consolidated statement of financial position as at 31 December 2010, all of which are unaudited, along with other explanatory notes, and are set out on pages 11 to 38 of this report.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Note	For the six months ended 31 December	
		2010 HK\$m	2009 HK\$m
Revenue	3	4,734.0	6,249.5
Cost of sales		(3,902.3)	(5,113.2)
Gross profit		831.7	1,136.3
Other income (net)	4	739.4	698.8
General and administrative expenses		(300.3)	(667.6)
Operating profit	5	1,270.8	1,167.5
Finance costs		(49.5)	(61.2)
Share of results of			
Associated companies		198.1	303.3
Jointly controlled entities		1,175.1	1,116.6
Profit before income tax		2,594.5	2,526.2
Income tax expenses	6	(187.3)	(163.4)
Profit for the period		2,407.2	2,362.8
Attributable to			
Shareholders of the Company		2,391.2	2,305.4
Non-controlling interests		16.0	57.4
		2,407.2	2,362.8
Dividend	7	1,226.7	1,308.9
Earnings per share attributable to shareholders of the Company			
Basic and diluted	8	HK\$0.73	HK\$0.73

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	For the six months ended 31 December	
	2010 HK\$'m	2009 HK\$'m
Profit for the period	2,407.2	2,362.8
Other comprehensive income/(loss)		
Fair value changes on available-for-sale financial assets	230.9	217.2
Release of reserve upon disposal of available-for-sale financial assets	(0.6)	(268.2)
Release of reserve upon disposal of assets held for sale	(3.1)	(0.7)
Release of exchange reserve upon disposal of a subsidiary	(10.0)	–
Share of other comprehensive income of jointly controlled entities	2.7	31.8
Cash flow hedges	53.5	–
Currency translation differences	289.2	1.5
	562.6	(18.4)
Total comprehensive income for the period	2,969.8	2,344.4
Total comprehensive income attributable to		
Shareholders of the Company	2,948.5	2,285.1
Non-controlling interests	21.3	59.3
	2,969.8	2,344.4

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Note	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
ASSETS			
Non-current assets			
Investment properties	9	2,504.0	2,060.0
Property, plant and equipment	10	323.6	321.2
Land use rights	11	2.3	16.6
Intangible concession rights	12	898.2	911.1
Intangible assets	13	564.4	580.2
Associated companies	14	5,733.4	4,505.4
Jointly controlled entities		17,340.1	15,962.1
Available-for-sale financial assets		1,357.3	1,508.8
Other non-current assets		810.5	1,069.2
		29,533.8	26,934.6
Current assets			
Inventories		260.4	213.0
Trade and other receivables	15	3,518.4	3,510.2
Financial assets at fair value through profit or loss		1.6	35.5
Cash and bank balances		5,393.9	5,157.6
		9,174.3	8,916.3
Assets held for sale	16	1,520.0	1,830.0
		10,694.3	10,746.3
Total assets			
		40,228.1	37,680.9
EQUITY			
Share capital	17	3,315.0	2,178.9
Reserves	18	24,408.0	23,289.1
Proposed final dividend		–	719.0
Interim dividend	18	1,226.7	–
Shareholders' funds		28,949.7	26,187.0
Non-controlling interests		286.4	265.1
Total equity		29,236.1	26,452.1
LIABILITIES			
Non-current liabilities			
Borrowings	19	1,896.4	3,496.4
Other non-current liabilities		344.0	315.3
		2,240.4	3,811.7
Current liabilities			
Trade and other payables	20	4,329.7	4,473.9
Taxation		178.9	254.9
Borrowings	19	3,068.1	1,393.9
		7,576.7	6,122.7
Liabilities directly associated with assets held for sale	16	1,174.9	1,294.4
		8,751.6	7,417.1
Total liabilities			
		10,992.0	11,228.8
Total equity and liabilities			
		40,228.1	37,680.9
Net current assets			
		1,942.7	3,329.2
Total assets less current liabilities			
		31,476.5	30,263.8

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

HK\$m	For the six months ended 31 December 2010						
	Shareholders' funds					Non-controlling interests	Total
	Share capital	Share premium	Revenue reserve	Other reserves	Total		
At 1 July 2010	2,178.9	12,078.6	9,800.9	2,128.6	26,187.0	265.1	26,452.1
Profit for the period	–	–	2,391.2	–	2,391.2	16.0	2,407.2
Other comprehensive income/(loss)							
Fair value changes on available-for-sale financial assets	–	–	–	230.9	230.9	–	230.9
Release of reserve upon disposal of available-for-sale financial assets	–	–	–	(0.6)	(0.6)	–	(0.6)
Release of reserve upon disposal of assets held for sale	–	–	–	(3.1)	(3.1)	–	(3.1)
Release of exchange reserve upon disposal of a subsidiary	–	–	–	(10.0)	(10.0)	–	(10.0)
Share of other comprehensive income of jointly controlled entities	–	–	–	2.7	2.7	–	2.7
Cash flow hedges	–	–	–	53.5	53.5	–	53.5
Currency translation differences	–	–	–	283.9	283.9	5.3	289.2
Total comprehensive income for the period	–	–	2,391.2	557.3	2,948.5	21.3	2,969.8
Dividend paid to Shareholders of the Company	–	–	(720.2)	–	(720.2)	–	(720.2)
Scrip dividends							
Nominal value of new shares issued	41.6	–	–	–	41.6	–	41.6
Share premium on new shares issued	–	440.7	–	–	440.7	–	440.7
Share options							
Value of services provided	–	–	–	(1.8)	(1.8)	–	(1.8)
Nominal value of new shares issued	3.4	–	–	–	3.4	–	3.4
Share premium on new shares issued	–	50.5	–	–	50.5	–	50.5
Issue of bonus shares	1,091.1	(1,091.1)	–	–	–	–	–
Transfer	–	–	(0.4)	0.4	–	–	–
At 31 December 2010	3,315.0	11,478.7	11,471.5	2,684.5	28,949.7	286.4	29,236.1

INTERIM RESULTS

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

HK\$m	For the six months ended 31 December 2009						
	Shareholders' funds					Non-controlling interests	Total
	Share capital	Share premium	Revenue reserve	Other reserves	Total		
At 1 July 2009	2,071.3	10,814.9	7,981.1	2,307.9	23,175.2	1,084.2	24,259.4
Profit for the period	–	–	2,305.4	–	2,305.4	57.4	2,362.8
Other comprehensive income/(loss)							
Fair value changes on available-for-sale financial assets	–	–	–	215.8	215.8	1.4	217.2
Release of reserve upon disposal of available-for-sale financial assets	–	–	–	(268.2)	(268.2)	–	(268.2)
Release of reserve upon disposal of assets held for sale	–	–	–	(0.7)	(0.7)	–	(0.7)
Share of other comprehensive income of a jointly controlled entity	–	–	–	31.8	31.8	–	31.8
Currency translation differences	–	–	–	1.0	1.0	0.5	1.5
Total comprehensive income/(loss) for the period	–	–	2,305.4	(20.3)	2,285.1	59.3	2,344.4
Dividend paid to							
Shareholders of the Company	–	–	(869.9)	–	(869.9)	–	(869.9)
Non-controlling interests	–	–	–	–	–	(42.2)	(42.2)
Share options							
Value of services provided	–	–	–	10.2	10.2	–	10.2
Disposal of a subsidiary	–	–	30.9	(28.5)	2.4	(826.2)	(823.8)
Derecognition of non-controlling interests	–	–	–	–	–	(2.3)	(2.3)
Transfer	–	–	0.8	(0.8)	–	–	–
At 31 December 2009	2,071.3	10,814.9	9,448.3	2,268.5	24,603.0	272.8	24,875.8

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Note	For the six months ended 31 December	
		2010 HK\$'m	2009 HK\$'m
Net cash generated from operating activities		317.0	518.0
Net cash generated from investing activities	21	1.1	2,469.9
Net cash used in financing activities		(125.4)	(240.8)
Net increase in cash and cash equivalents		192.7	2,747.1
Cash and cash equivalents at the beginning of the period		5,157.6	5,172.4
Currency translation differences		43.6	–
Cash and cash equivalents at the end of the period		5,393.9	7,919.5
Analysis of cash and cash equivalents			
Cash and bank balances		5,393.9	7,919.5

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

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

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

- (a) the investment in and/or operation of facilities, construction, transport and strategic investments; 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 Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The interim financial statements were approved for issuance by the Board on 24 February 2011.

2. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Hong Kong Stock Exchange. The interim financial statements should be read in conjunction with the June 2010 annual financial statements.

The accounting policies used in the preparation of these interim financial statements are consistent with those set out in the annual report for the year ended 30 June 2010 except for the adoption of the amendments to standards and interpretations, which are further explained below. The Group has adopted the following amendments to standards and interpretations which are relevant to the Group’s operations and are mandatory for the financial year ending 30 June 2011:

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HKAS 32 Amendment	Classification of Rights Issues
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the adoption of these amendments to standards and interpretations have no material effect on the results and financial position of the Group.

HKAS 17 Amendment

Classification of Leases of Land and Buildings

The improvements to HKFRSs 2009 include an amendment to HKAS 17, which deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under “Leasehold land and land use rights”, and amortized over the lease term.

INTERIM RESULTS

2. Basis of preparation and accounting policies (continued)

HKAS 17 Amendment

Classification of Leases of Land and Buildings (continued)

The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 July 2010 on the basis of information existing at the inception of those leases, and recognized the leasehold land in Hong Kong as finance lease. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The land interest of the Group that is held for own use is accounted for as “Property, plant and equipment” and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The amendment requires a retrospective application in accordance with the effective date and transitional provisions of the amendment. However, the adoption of this amendment has no material effect on the results and financial position of the Group and therefore no comparative figures have been restated.

HK – Int 5

Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK – Int 5 is a clarification of an existing standard, HKAS 1 “Presentation of Financial Statements”. This interpretation requires that loans subject to loan agreements containing a clause which gives the lenders the unconditional right to demand repayment at any time should be classified as current liabilities, irrespective of the probability that the lenders will invoke the clause.

The Group has reassessed the classification of borrowings and the effect of the changes in the accounting policy following the adoption of HK – Int 5 on the condensed consolidation statement of financial position is as follows:

	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Increase/(decrease):		
Current liabilities – borrowings	685.8	298.9
Non-current liabilities – borrowings	(685.8)	(298.9)
	–	–

The interpretation requires a retrospective application, however, such changes have no material effect on the results and financial position of the Group and comparative figures have not been restated.

In addition, the Group has early adopted the following amendment to standard which is effective for annual periods beginning on or after 1 January 2012:

HKAS 12 Amendment

Deferred Tax: Recovery of Underlying Assets

In December 2010, the HKICPA amended HKAS 12 “Income taxes” to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale.

2. Basis of preparation and accounting policies (continued)

HKAS 12 Amendment

Deferred Tax: Recovery of Underlying Assets (continued)

The adoption of this amendment has resulted in a change in accounting policy on the provision of deferred tax on revaluation of investment properties. Previously, provision for deferred tax was made at the income tax rates on the revaluation of, and the tax bases of, investment properties held under operating leases on the basis that their values would be recovered through use rather than through sale. In accordance with the amendment, deferred tax is provided at the income tax rates on allowances claimed on these properties and at the capital gains tax rates on the valuation in excess of cost. As the Group's investment properties are located in Hong Kong where sales proceeds in excess of cost are not taxable, deferred tax liabilities relating to investment properties have been reduced. This change in accounting policy should be accounted for retrospectively, however, such change has no material effect on the results and financial position of the Group and the comparative figures have not been restated.

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 July 2011 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2012 or after

HKFRSs Amendments	Improvements to HKFRSs 2010
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosures – Transfers of Financial Assets
HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement

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. Revenue and segment information

The Group's revenue is analyzed as follows:

	For the six months ended	
	31 December	
	2010	2009
	HK\$'m	HK\$'m
Roads	131.8	106.1
Energy & Water	0.6	1.9
Facilities Management	2,753.3	2,984.1
Construction & Transport	1,848.3	2,665.6
Strategic Investments	–	491.8
	4,734.0	6,249.5

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decision. Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. Executive Committee considers the business from product and service perspectives, which comprises (i) Ports & Logistics; (ii) Roads; (iii) Energy & Water; (iv) Facilities Management; (v) Construction & Transport; and (vi) Strategic Investments.

Executive Committee assesses the performance of the operating segments based on a measure of attributable operating profit. This measurement basis excludes the effects of head office and non-recurring items. Corporate interest income, finance costs and expenses are not allocated to segments.

INTERIM RESULTS

3. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for the Current Period is as follows:

HK\$m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport	Strategic Investments (iii)	Total
For the six months ended 31 December 2010							
Total revenue	-	131.8	0.6	2,761.5	2,120.9	-	5,014.8
Inter-segment	-	-	-	(8.2)	(272.6)	-	(280.8)
Revenue – external	-	131.8	0.6	2,753.3	1,848.3	-	4,734.0
Attributable operating profit							
Company and subsidiaries	(0.4)	27.1	-	404.8	118.8	268.5	818.8
Associated companies	20.9	7.2	-	-	41.9	130.6 (ii)	200.6 (b)
Jointly controlled entities	131.5	713.8	360.6	(0.5)	(10.9) (i)	-	1,194.5 (b)
	152.0	748.1	360.6	404.3	149.8	399.1	2,213.9
Reconciliation							
Gain on disposal of projects							186.6 (iv)
Gain on fair value of investment properties							165.9
Excess of fair value of net assets acquired over the cost of acquisition of interests of a jointly controlled entity							26.8
Share of loss from Harbour Place							(1.2)
Corporate interest income							7.0
Corporate finance costs							(48.8)
Share-based payment							1.8
Corporate expenses and others							(160.8)
Profit attributable to shareholders							2,391.2

- (i) The amount included the Group's share of AOP of HK\$79.8 million from its Transport business.
- (ii) The amount included the Group's share of profits of HK\$89.1 million from three associated companies engaged in investment activities.
- (iii) Previously known as "Financial Services", this segment has been redefined as "Strategic Investments" to include net gains from securities investments held by the Group for strategic investment purposes of HK\$355.4 million and profit contributions from other financial service businesses of HK\$43.7 million.
- (iv) The amount represented the gain on the first tranche of disposal of certain non-core businesses under a management buyout arrangement, of which the details are included in Note 16.

3. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for the Current Period is as follows (continued):

HK\$m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport	Strategic Investments	Segment total	Corporate	Eliminations	Consolidated
For the six months ended 31 December 2010										
Depreciation	-	1.4	-	23.4	13.5	-	38.3	3.1	-	41.4
Amortization of intangible concession rights	-	34.0	-	-	-	-	34.0	-	-	34.0
Amortization of intangible assets	-	-	-	15.6	-	-	15.6	-	-	15.6
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	278.1	4.2	-	20.6	13.1	-	316.0	1.6	-	317.6
Interest income	0.2	21.6	-	0.1	4.4	-	26.3	7.0	(3.0)	30.3
Finance costs	-	-	-	0.4	3.3	-	3.7	48.8	(3.0)	49.5
Income tax expenses	2.8	40.9	-	82.5	42.6	18.5	187.3	-	-	187.3
At 31 December 2010										
Company and subsidiaries	1,438.0	1,656.8	1.9	3,214.6	3,880.8	1,408.7	11,600.8	5,553.8	-	17,154.6
Associated companies	359.8	441.3	-	-	1,110.0	3,754.5	5,665.6	67.8	-	5,733.4
Jointly controlled entities	3,750.8	5,812.1	5,989.1	16.9	1,674.2 (i)	-	17,243.1	97.0	-	17,340.1
Total assets	5,548.6	7,910.2	5,991.0	3,231.5	6,665.0	5,163.2	34,509.5	5,718.6	-	40,228.1
Total liabilities	14.5	428.3	1.3	802.0	2,614.6	381.2	4,241.9	6,750.1	-	10,992.0

(i) The balance included the Group's investment in its Transport business of HK\$1,637.4 million.

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3. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for the Current Period is as follows (continued):

HK\$m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport	Strategic Investments (iii)	Total
For the six months ended 31 December 2009							
Total revenue	-	106.1	1.9	3,033.8	2,894.9	499.4	6,536.1
Inter-segment	-	-	-	(49.7)	(229.3)	(7.6)	(286.6)
Revenue – external	-	106.1	1.9	2,984.1	2,665.6	491.8	6,249.5
Attributable operating profit							
Company and subsidiaries	1.3	10.0	-	399.2	70.4	126.3	607.2
Associated companies	24.9	(7.1)	-	0.5	69.1	219.1 (ii)	306.5 (b)
Jointly controlled entities	125.5	230.6	337.7	0.7	118.9 (i)	-	813.4 (b)
	151.7	233.5	337.7	400.4	258.4	345.4	1,727.1
Reconciliation							
Gain on disposal of projects							728.7 (iv)
Share of profit from Harbour Place							327.7
Goodwill impairment							(226.4)
Assets impairment loss							(30.5)
Corporate interest income							8.0
Corporate finance costs							(59.1)
Share-based payment							(10.3)
Corporate expenses and others							(159.8)
Profit attributable to shareholders							2,305.4

- (i) The amount included the Group's share of AOP of HK\$70.9 million from its Transport business.
- (ii) The amount included the Group's share of profits of HK\$187.1 million from three associated companies engaged in investment activities.
- (iii) Previously known as "Financial Services", this segment has been redefined as "Strategic Investments" to include net gains from securities investments held by the Group for strategic investment purposes of HK\$224.9 million and profit contributions from other financial service businesses of HK\$120.5 million.
- (iv) The amount represented the gain on disposal of partial interest in a subsidiary and the associated gain on remeasuring non-controlling interest retained at fair value after disposal of partial interest in a subsidiary.

3. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for the Current Period is as follows (continued):

HK\$m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport	Strategic Investments	Segment total	Corporate	Eliminations	Consolidated
For the six months ended 31 December 2009										
Depreciation	-	1.0	-	29.6	12.5	17.1	60.2	3.8	-	64.0
Amortization of land use rights	-	-	-	0.1	0.7	-	0.8	0.2	-	1.0
Amortization of intangible concession rights	-	33.0	-	-	-	-	33.0	-	-	33.0
Amortization of intangible assets	-	-	-	15.6	-	3.9	19.5	-	-	19.5
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	17.1	1.2	-	54.0	28.1	17.1	117.5	1.2	-	118.7
Interest income	0.6	9.8	-	0.1	7.8	6.9	25.2	8.0	(3.1)	30.1
Finance costs	-	0.2	-	0.4	4.6	-	5.2	59.1	(3.1)	61.2
Income tax expenses	1.5	23.4	-	83.5	27.2	27.8	163.4	-	-	163.4
At 30 June 2010										
Company and subsidiaries	980.1	1,580.4	2.3	3,324.3	4,336.1	1,779.3	12,002.5	5,210.9	-	17,213.4
Associated companies	337.4	399.4	-	-	1,096.2	2,606.2	4,439.2	66.2	-	4,505.4
Jointly controlled entities	3,141.4	5,220.8	5,766.7	17.3	1,717.1 (i)	-	15,863.3	98.8	-	15,962.1
Total assets	4,458.9	7,200.6	5,769.0	3,341.6	7,149.4	4,385.5	32,305.0	5,375.9	-	37,680.9
Total liabilities	11.0	405.6	16.1	1,025.7	3,100.7	301.8	4,860.9	6,367.9	-	11,228.8

(i) The balance included the Group's investment in its Transport business of HK\$1,554.9 million.

INTERIM RESULTS

3. Revenue and segment information (continued)

(b) Reconciliation of AOP from associated companies and jointly controlled entities to condensed consolidated income statement:

HK\$m	Associated companies		Jointly controlled entities	
	For the six months ended 31 December			
	2010	2009	2010	2009
Attributable operating profit	200.6	306.5	1,194.5	813.4
Corporate associated companies and jointly controlled entities				
Harbour Place	–	–	(1.2)	327.7
Others	(2.5)	(3.2)	(18.2)	(24.5)
Share of results of associated companies and jointly controlled entities	198.1	303.3	1,175.1	1,116.6

(c) Information by geographical areas:

HK\$m	Revenue		Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	
	For the six months ended 31 December		At 31 December	At 30 June
	2010	2009	2010	2010
Hong Kong	4,227.1	5,027.6	3,331.7	2,906.0
Mainland China	446.3	677.6	939.2	958.2
Macau	60.5	541.7	21.6	24.9
Others	0.1	2.6	–	–
	4,734.0	6,249.5	4,292.5	3,889.1

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4. Other income (net)

	For the six months ended 31 December	
	2010 HK\$m	2009 HK\$m
Profit on disposal of a subsidiary	21.4	–
Profit on disposal of partial interest in a subsidiary	–	622.9
Gain on remeasuring non-controlling interest retained at fair value after disposal of partial interest in a subsidiary	–	105.8
Profit on disposal of available-for-sale financial assets	185.2	93.5
Profit on disposal of assets held for sale	289.0	20.6
Net profit on disposal of financial assets at fair value through profit or loss	2.7	10.0
Gain on fair value of financial assets at fair value through profit or loss	0.1	4.8
Gain on fair value of investment properties	165.9	–
Interest income	30.3	30.1
Management fee income	15.0	25.3
Machinery hire income	20.0	16.2
Dividends and other income	9.8	26.5
Goodwill impairment	–	(226.4)
Assets impairment loss	–	(30.5)
	739.4	698.8

5. Operating profit

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

	Note	For the six months ended 31 December	
		2010 HK\$m	2009 HK\$m
Crediting			
Gross rental income from investment properties		23.0	22.2
Less: outgoings		(5.9)	(5.8)
		17.1	16.4
Exchange gains, net		51.6	–
Charging			
Cost of inventories sold		933.4	869.9
Cost of services rendered		2,968.9	4,243.3
Depreciation	10	41.4	64.0
Amortization of land use rights		–	1.0
Amortization of intangible concession rights	12	34.0	33.0
Amortization of intangible assets	13	15.6	19.5
Exchange losses, net		–	1.1
Operating lease rental expenses			
Properties		23.5	63.7
Other equipment		1.4	2.5

9. Investment properties

	HK\$m
At 1 July 2010	2,060.0
Additions	278.1
Fair value changes	165.9
At 31 December 2010	2,504.0

The investment properties were revalued on 31 December 2010 and 30 June 2010 by independent, professionally qualified valuers, Vigers Hong Kong Limited and American Appraisal China Limited. Valuations were based on market value assessment or the depreciated replacement cost approach.

Included in the investment properties, there is an amount of HK\$1,340.0 million representing an investment property under construction.

10. Property, plant and equipment

HK\$m	Note	Land and properties	Other plant and equipment	Total
Cost				
At 1 July 2010		37.5	1,186.1	1,223.6
Additions		–	39.5	39.5
Disposals		(0.6)	(11.4)	(12.0)
Disposal of a subsidiary		(6.4)	(5.8)	(12.2)
Currency translation differences		–	0.7	0.7
Transferred from land use rights	11	15.7	–	15.7
At 31 December 2010		46.2	1,209.1	1,255.3
Accumulated depreciation and impairment				
At 1 July 2010		12.4	890.0	902.4
Depreciation	5	0.5	40.9	41.4
Disposals		(0.2)	(10.4)	(10.6)
Disposal of a subsidiary		(1.0)	(3.7)	(4.7)
Currency translation differences		–	0.4	0.4
Transferred from land use rights	11	2.8	–	2.8
At 31 December 2010		14.5	917.2	931.7
Net book value				
At 31 December 2010		31.7	291.9	323.6
At 30 June 2010		25.1	296.1	321.2

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11. Land use rights

	Note	HK\$m
Cost		
At 1 July 2010		22.5
Disposals		(1.9)
Transferred to property, plant and equipment	10	(15.7)
At 31 December 2010		4.9
Accumulated amortization and impairment		
At 1 July 2010		5.9
Disposals		(0.5)
Transferred to property, plant and equipment	10	(2.8)
At 31 December 2010		2.6
Net book value		
At 31 December 2010		2.3
At 30 June 2010		16.6

12. Intangible concession rights

	Note	HK\$m
Cost		
At 1 July 2010		1,505.9
Currency translation differences		35.6
At 31 December 2010		1,541.5
Accumulated amortization and impairment		
At 1 July 2010		594.8
Currency translation differences		14.5
Amortization	5	34.0
At 31 December 2010		643.3
Net book value		
At 31 December 2010		898.2
At 30 June 2010		911.1

13. Intangible assets

HK\$m	Note	Goodwill	Operating right	Total
Cost				
At 1 July 2010		293.6	567.4	861.0
Disposal		–	(0.2)	(0.2)
At 31 December 2010		293.6	567.2	860.8
Accumulated amortization and impairment				
At 1 July 2010		241.8	39.0	280.8
Amortization	5	–	15.6	15.6
At 31 December 2010		241.8	54.6	296.4
Net book value				
At 31 December 2010		51.8	512.6	564.4
At 30 June 2010		51.8	528.4	580.2

14. Associated companies

Included in the associated companies are three investment companies in which the Group has participating interests and are held for investment purposes. The Group's investment in these companies as at 31 December 2010 amounted to HK\$1,911.5 million (30 June 2010: HK\$1,869.7 million), which mainly represents various loans receivables and the fair value of investments in various listed and unlisted securities. In the Current Period, the Group's share of profits of these three investment companies amounted to HK\$89.1 million (2009: share of profits HK\$187.1 million).

The balance also includes investment in approximately 43.34% interest in Newton. In January 2011, the Group completed the first tranche of acquisition to further acquire approximately 11.68% interest in Newton, increasing its interest to approximately 55.02% and accordingly, Newton became a subsidiary of the Group. Pursuant to the relevant acquisition agreements, completion of the second tranche of the said acquisition will further increase the Group's effective interest in Newton to 60%.

15. Trade and other receivables

	Note	At 31 December 2010 HK\$m	At 30 June 2010 HK\$m
Trade receivables	(a)	550.8	611.3
Retention money receivables		580.5	728.7
Current portion of long term receivable		–	38.6
Amounts due from customers for contract works		149.7	88.6
Other receivables, deposits and prepayments		1,842.2	1,781.9
Amounts due from associated companies		22.5	38.3
Amounts due from jointly controlled entities		372.7	222.8
		3,518.4	3,510.2

INTERIM RESULTS

15. Trade and other receivables (continued)

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

	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Under 3 months	403.7	418.7
4 to 6 months	65.6	157.9
Over 6 months	81.5	34.7
	550.8	611.3

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 construction services are settled in accordance with the terms of respective contracts.

16. Assets held for sale/liabilities directly associated with assets held for sale

Assets held for sale/liabilities directly associated with assets held for sale mainly represented the assets and liabilities of the second tranche of the disposed businesses which is detailed below:

On 11 June 2010, New World Development Company Limited ("NWD"), the holding company of the Company, and the Company jointly announced that agreements were entered into in respect of the disposal of certain of the Group's non-core businesses under a management buyout arrangement, subject to certain conditions precedent. The disposal is divided into two tranches and the first tranche was completed on 27 July 2010 and a gain of HK\$186.6 million was taken up during the Current Period. Assets and liabilities of the second tranche of the disposed businesses were classified as assets held for sale and liabilities directly associated with assets held for sale.

17. Share capital

	Note	Ordinary shares	
		No. of shares	HK\$m
Authorized			
At 1 July 2010		4,000,000,000	4,000.0
Increase		2,000,000,000	2,000.0
<hr/>			
At 31 December 2010		6,000,000,000	6,000.0
<hr/>			
Issued and fully paid			
At 1 July 2010		2,178,927,883	2,178.9
Exercise of share options		3,356,594	3.4
Issued as scrip dividend		41,599,227	41.6
Issued as bonus shares	(a)	1,091,142,238	1,091.1
<hr/>			
At 31 December 2010		3,315,025,942	3,315.0

- (a) The Company has made a bonus issue of shares to the shareholders of the Company on the basis of one bonus share for every two shares held by the shareholders whose names appear on the register of members of the Company on 23 November 2010. The bonus shares ranked pari passu in all other respects with the other issued shares of the Company.

Share Option Scheme

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

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

	Number of options
At 1 July 2010	27,444,140
Exercised	(3,356,594)
Adjusted	11,424,475
Lapsed	(1,313,657)
<hr/>	
At 31 December 2010	34,198,364

- (i) On 21 August 2007 and 28 January 2008, 29,694,000 and 700,000 share options were granted to directors and 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.
- (ii) 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 bonus shares and certain dividends in scrip form (with cash option) which gave rise to adjustments to the number of unexercised share options and the exercise price in accordance with the Share Option Scheme. The exercise price per share for the share options granted on 21 August 2007 and 28 January 2008 were adjusted to HK\$10.692 and HK\$13.596 respectively, both with effect from 29 December 2010.

INTERIM RESULTS

18. Reserves

HK\$m	Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	Total
At 1 July 2010	12,078.6	440.4	88.4	1,599.8	9,800.9	24,008.1
Profit for the period	–	–	–	–	2,391.2	2,391.2
Dividend paid to shareholders of the Company	–	–	–	–	(720.2)	(720.2)
Fair value changes on available-for-sale financial assets						
Group	–	–	109.7	–	–	109.7
Associated companies	–	–	84.7	–	–	84.7
Jointly controlled entities	–	–	36.5	–	–	36.5
Release of reserve upon disposal of available-for-sale financial assets	–	–	(0.6)	–	–	(0.6)
Release of reserve upon disposal of assets held for sale	–	(0.1)	1.1	(4.1)	–	(3.1)
Release of exchange reserve upon disposal of a subsidiary	–	–	–	(10.0)	–	(10.0)
Currency translation differences						
Group	–	–	–	56.8	–	56.8
Associated companies	–	–	–	19.7	–	19.7
Jointly controlled entities	–	–	–	207.4	–	207.4
Scrip dividends						
Share premium on new shares issued	440.7	–	–	–	–	440.7
Issue of bonus shares	(1,091.1)	–	–	–	–	(1,091.1)
Share options						
Value of services provided – Group	–	(1.8)	–	–	–	(1.8)
Share premium on new shares issued	50.5	–	–	–	–	50.5
Share of other comprehensive income of jointly controlled entities	–	2.7	–	–	–	2.7
Transfer	–	0.4	–	–	(0.4)	–
Cash flow hedges	–	53.5	–	–	–	53.5
At 31 December 2010	11,478.7	495.1	319.8	1,869.6	11,471.5	25,634.7
Representing						
Balance at 31 December 2010	11,478.7	495.1	319.8	1,869.6	10,244.8	24,408.0
2011 declared interim dividend	–	–	–	–	1,226.7	1,226.7
	11,478.7	495.1	319.8	1,869.6	11,471.5	25,634.7

19. Borrowings

	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Non-current		
Bank loans – unsecured	1,896.4	3,496.4
Current		
Current portion of long term bank loans	2,292.3	1,393.9
Short term bank loans and overdrafts – unsecured	775.8	–
	3,068.1	1,393.9
	4,964.5	4,890.3

20. Trade and other payables

	Note	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Trade payables	(a)	322.7	413.0
Retention money payables		508.5	602.5
Amounts due to customers for contract works		184.9	335.0
Amounts due to non-controlling shareholders		59.6	75.0
Other payables and accruals		2,826.4	2,628.6
Amounts due to associated companies		379.0	304.1
Amounts due to jointly controlled entities		48.6	115.7
		4,329.7	4,473.9

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

	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Under 3 months	299.0	390.0
4 to 6 months	4.8	1.4
Over 6 months	18.9	21.6
	322.7	413.0

INTERIM RESULTS

21. Net cash generated from investing activities

The amount included cash outflow of HK\$241.4 million (2009: cash inflow of HK\$1,389.7 million) arising from disposal of a subsidiary during the Current Period.

22. Commitments

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

	Note	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Contracted but not provided for			
Property, plant and equipment		16.7	10.2
Investment property under construction		230.8	389.4
Capital contributions to/acquisition of associated companies and jointly controlled entities	(i)	2,261.9	1,082.1
Listed investment		–	39.2
Authorized but not contracted for			
Property, plant and equipment		0.5	–
Investment property under construction		100.4	213.4
Capital contributions to/acquisition of associated companies		–	975.8
		2,610.3	2,710.1

- (i) The Group has committed to provide sufficient funds in the form of capital and loan contributions to/acquisition of certain associated companies and jointly controlled entities. The directors estimate that the Group's share of projected funds requirements would be approximately HK\$2,261.9 million (30 June 2010: HK\$1,082.1 million) which represents the attributable portion of the capital and loan contributions to/acquisition of the associated companies and jointly controlled entities.

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

	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Contracted but not provided for		
Property, plant and equipment	536.9	590.9
Capital contributions	41.9	–
Authorized but not contracted for		
Property, plant and equipment	427.3	391.9
Capital contributions	411.3	–
	1,417.4	982.8

22. Commitments (continued)

(c) Commitments under operating leases

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

	At 31 December 2010 HK\$m	At 30 June 2010 HK\$m
Buildings		
In the first year	51.4	70.3
In the second to fifth year inclusive	64.7	94.8
After the fifth year	1.9	5.0
	118.0	170.1

(d) Future minimum rental payments receivable

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

	At 31 December 2010 HK\$m	At 30 June 2010 HK\$m
In the first year	16.4	6.8
In the second to fifth year inclusive	387.8	1.9
After the fifth year	131.7	–
	535.9	8.7

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

INTERIM RESULTS

23. Contingent liabilities and financial guarantee contracts

(a) The Group's financial guarantee contracts are as follows:

	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Guarantees for credit facilities granted to		
Associated companies	11.9	11.9
Jointly controlled entities	577.8	115.4
Related companies	112.6	111.7
	702.3	239.0

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

	At 31 December 2010 HK\$'m	At 30 June 2010 HK\$'m
Share of contingent liabilities of a jointly controlled entity	2.6	2.6

24. Related party transactions

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

		For the six months ended 31 December	
	Note	2010 HK\$'m	2009 HK\$'m
Transactions with affiliated companies	(i)		
Provision of construction work services	(ii)	30.3	3.9
Provision of other services	(iii)	1.2	3.3
Interest income	(iv)	8.4	12.8
Management fee income	(v)	10.7	12.0
Rental and other related expenses	(vi)	(6.0)	(5.2)
Transactions with other related parties	(i)		
Provision of construction work services	(ii)	1,082.5	1,096.1
Provision of other services	(iii)	23.6	72.4
Rental and other related expenses	(vi)	(12.4)	(32.4)
Other expenses	(vii)	(69.9)	-
Interest expenses	(viii)	-	(0.5)

24. Related party transactions (continued)

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

- (i) Affiliated companies include associated companies and jointly controlled entities of the Group. Related parties are subsidiaries, associated companies and jointly controlled entities of NWD and Chow Tai Fook Enterprises Limited ("CTF") and Mr Doo Wai Hoi, William and his associates which are not companies within the Group. NWD is the ultimate holding company of the Company and CTF is the controlling shareholder of NWD. Mr Doo Wai Hoi, William is a non-executive director of the Company.
- (ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts.
- (iii) The Group provided various kinds of services including facilities management, property management 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 in accordance with the relevant contracts 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) Other expenses include construction materials supply, laundry, security and guarding, landscaping and insurance services. The services were charged in accordance with the relevant contracts.
- (viii) Interest expenses were charged at interest rates in accordance with the relevant contracts on the outstanding balances due to related companies.

- (b)** On 11 June 2010, the Group entered into agreements with a company, of which Mr Doo Wai Hoi, William and Mr Wong Kwok Kin, Andrew owned 90% and 10% beneficial interest respectively, to dispose of certain of its non-core businesses. Mr Doo Wai Hoi, William and Mr Wong Kwok Kin, Andrew were a non-executive director and an executive director of the Company respectively as at the date of execution of the said agreements. A gain of HK\$186.6 million on the first tranche of the disposal was recognized in the Current Period. Details are set out in Note 16.

(c) Key management compensation

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

	For the six months ended 31 December	
	2010 HK\$m	2009 HK\$m
Fees	1.5	1.5
Basic salaries, allowances and other benefits	20.0	22.2
Employer's contribution to retirement benefits schemes	0.9	1.1
	22.4	24.8

The deemed share option benefits for the Current Period are HK\$2.1 million (2009: HK\$6.4 million).

INTERIM RESULTS

24. Related party transactions (continued)

- (d) The amounts of outstanding balances with associated companies and jointly controlled entities are HK\$2,752.0 million (30 June 2010: HK\$2,700.4 million). The amounts receivable are unsecured, of which HK\$121.0 million (30 June 2010: HK\$116.8 million) are interest bearing. The amounts payable to associated companies, jointly controlled entities, a related company and non-controlling shareholders are HK\$688.3 million (30 June 2010: HK\$592.8 million). The amounts payable are unsecured, of which HK\$2.2 million (30 June 2010: HK\$2.1 million) are interest bearing.

25. Comparative figures

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

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the year ending 30 June 2011 in scrip form equivalent to HK\$0.37 per share with a cash option to shareholders registered on 25 March 2011.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that shareholders be given the option to elect to receive payment in cash of HK\$0.37 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a circular to be sent to shareholders, together with a form of election for cash, on or about 7 April 2011.

BOOK CLOSE DATES

Book close dates (both days inclusive):	Tuesday, 22 March 2011 to Friday, 25 March 2011
Latest time to lodge transfer with transfer office:	4:30 pm on Monday, 21 March 2011
Name and address of transfer office:	Tricor Standard Limited 26/F, Tesbury Centre 28 Queen's Road East, Hong Kong

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

At 31 December 2010, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK\$2,778.9 million to its affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$589.7 million and contracted to provide an aggregate amount of HK\$2,261.9 million in capital and loans to affiliated companies. The said amounts, in aggregate, represent approximately 14.4% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

The advances are unsecured, interest free and have no definite repayment terms except for an aggregate amount of HK\$104.7 million which carries interest at 8% per annum and an amount of HK\$16.3 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 statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2010 are presented as follows:

	Proforma combined statement of financial position HK\$m	Group's attributable interest HK\$m
Non-current assets	37,469.8	16,722.4
Current assets	9,893.9	4,015.9
Current liabilities	(13,437.8)	(6,078.9)
Non-current liabilities	(8,871.1)	(4,241.1)
	25,054.8	10,418.3

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2010.

ADDITIONAL INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance practices within the Group and devotes considerable effort to identifying and formalizing best practices. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholders' value.

Throughout the six months ended 31 December 2010, the Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, they had complied with the required standards of the said code during the Current Period.

UPDATE ON DIRECTORS' INFORMATION

Changes in the information of directors of the Company since the disclosure made in the 2010 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

1. Mr Doo Wai Hoi, William acts as an independent non-executive director of Shanghai Industrial Urban Development Group Limited, which name has been changed from Neo-China Land Group (Holdings) Limited with effect from 18 October 2010.
2. Mr William Junior Guilherme Doo was appointed as a Standing Committee member of the Eleventh Chinese People's Political Consultative Conference in Beijing of the People's Republic of China with effect from 19 January 2011.
3. Mr Cheng Chi Ming, Brian acts as a non-executive director of Haitong International Securities Group Limited, which name has been changed from Taifook Securities Group Limited with effect from 10 November 2010. Mr Cheng was appointed as a non-executive director of Fook Woo Group Holdings Limited and Freeman Financial Corporation Limited, both are listed public companies in Hong Kong, with effect from 1 January 2011 and 19 January 2011 respectively.
4. Mr Kwong Che Keung, Gordon resigned as an independent non-executive director of Frasers Property (China) Limited, a listed public company in Hong Kong, with effect from 14 January 2011.
5. Mr Cheng Wai Chee, Christopher resigned as the Chairman of Standing Committee on Judicial Salaries and Conditions of Service of the Government of HKSAR in December 2010. On 28 January 2011, Mr Cheng was re-appointed as a member of the Council of The University of Hong Kong.
6. Mr Shek Lai Him, Abraham was appointed as an independent non-executive director of Kosmopolito Hotels International Limited, whose shares was listed on the Hong Kong Stock Exchange since 11 October 2010, with effect from 10 September 2010. He was also appointed as an independent non-executive director of China Resources Cement Holdings Limited, a listed public company in Hong Kong, with effect from 1 January 2011.

REVIEW OF INTERIM RESULTS

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

The unaudited interim results of the Company for the Current Period have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

ADDITIONAL INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2010, the directors and their respective associates had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO:

(a) Long position in shares

	Number of shares			Total	Approximate percentage of issued share capital as at 31.12.10
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	13,768,798	–	12,000,000 ⁽¹⁾	25,768,798	0.777%
Mr Doo Wai Hoi, William	3,009,849	–	13,695,000 ⁽²⁾	16,704,849	0.504%
Mr Tsang Yam Pui	180,000	–	–	180,000	0.005%
Mr Lam Wai Hon, Patrick	1,486,786	–	7,608 ⁽³⁾	1,494,394	0.045%
Mr Cheung Chin Cheung	1,470,579	–	–	1,470,579	0.044%
Mr William Junior Guilherme Doo	–	–	101,441 ⁽⁴⁾	101,441	0.003%
Mr Wilfried Ernst Kaffenberger	723,372	–	–	723,372	0.022%
Mr Kwong Che Keung, Gordon	930,462	–	–	930,462	0.028%
Mr Cheng Wai Chee, Christopher	1,259,556	–	–	1,259,556	0.038%
NWD					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	300,000 ⁽⁵⁾	–	300,000	0.008%
Mr Doo Wai Hoi, William	–	–	1,000,000 ⁽²⁾	1,000,000	0.025%
Mr Cheung Chin Cheung	62,200	–	–	62,200	0.002%
Mr William Junior Guilherme Doo	–	20,000 ⁽⁶⁾	–	20,000	0.001%
Mr Kwong Che Keung, Gordon	30,000	–	–	30,000	0.001%
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr Cheng Kar Shun, Henry	18,750,000	2,925,000 ⁽⁵⁾	78,406,800 ⁽¹⁾	100,081,800	1.738%
Mr Doo Wai Hoi, William	13,125,000	–	52,258,400 ⁽²⁾	65,383,400	1.135%
Mr Lam Wai Hon, Patrick	270,000	–	–	270,000	0.005%
Mr William Junior Guilherme Doo	–	75,000 ⁽⁶⁾	270,000 ⁽⁴⁾	345,000	0.006%
Mr Cheng Chi Ming, Brian	106,400	–	–	106,400	0.002%
Mr Cheng Wai Chee, Christopher	83,600	–	–	83,600	0.001%
Wai Kee Holdings Limited					
(Ordinary shares of HK\$0.10 each)					
Mr Lam Wai Hon, Patrick	300,000	–	–	300,000	0.038%

DIRECTORS' INTERESTS IN SECURITIES (continued)

(a) Long position in shares (continued)

	Number of shares			Total	Approximate percentage of issued share capital as at 31.12.10
	Personal interests	Family interests	Corporate interests		
Mega Choice Holdings Limited (In liquidation)					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	–	420,585,070 ⁽¹⁾	420,585,070	34.608%
Elite Master Holdings Limited					
(Ordinary shares of US\$1.00 each)					
Mr Doo Wai Hoi, William	–	–	1 ⁽⁷⁾	1	100.000%
NWS Engineering Group Limited					
(Ordinary shares of HK\$1.00 each)					
Mr Doo Wai Hoi, William	–	–	50,000,000 ⁽⁷⁾	50,000,000	100.000%
Waihong Cleaning Limited					
(Ordinary shares of HK\$1.00 each)					
Mr Doo Wai Hoi, William	–	–	1 ⁽⁷⁾	1	100.000%

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 wholly owned by Mr Lam Wai Hon, Patrick.
- (4) The shares are held by companies wholly owned by Mr William Junior Guilherme Doo.
- (5) The shares are held by the spouse of Dr Cheng Kar Shun, Henry.
- (6) The shares are held by the spouse of Mr William Junior Guilherme Doo.
- (7) The shares are deemed interest held by a company, which is 90% owned by Mr Doo Wai Hoi, William, under the contract to acquire such interests and subject to completion of all conditions contained therein.

ADDITIONAL INFORMATION

DIRECTORS' INTERESTS IN SECURITIES (continued)

(b) Long position in underlying shares – share options

(i) The Company

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

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31.12.10	Exercise price per share ⁽²⁾ HK\$
			Balance as at 01.07.10	Exercised during the period	Adjusted during the period ⁽²⁾	Lapsed during the period		
Dr Cheng Kar Shun, Henry	21 August 2007	(1)	3,026,828	–	1,518,408	–	4,545,236	10.692
Mr Doo Wai Hoi, William	21 August 2007	(1)	2,017,885	–	1,012,272	–	3,030,157	10.692
Mr Tsang Yam Pui	21 August 2007	(1)	1,513,413	–	759,203	–	2,272,616	10.692
Mr Wong Kwok Kin, Andrew ⁽³⁾	21 August 2007	(1)	1,513,413	(908,045) ⁽⁴⁾	–	(605,368)	–	–
Mr Lam Wai Hon, Patrick	21 August 2007	(1)	1,513,413	–	759,203	–	2,272,616	10.692
Mr Cheung Chin Cheung	21 August 2007	(1)	1,513,413	–	759,203	–	2,272,616	10.692
Mr William Junior Guilherme Doo	21 August 2007	(1)	1,513,413	–	759,203	–	2,272,616	10.692
Mr Wilfried Ernst Kaffenberger	21 August 2007	(1)	302,681	–	151,839	–	454,520	10.692
Mr To Hin Tsun, Gerald	21 August 2007	(1)	302,681	–	151,839	–	454,520	10.692
Mr Dominic Lai	21 August 2007	(1)	302,681	–	151,839	–	454,520	10.692
Mr Kwong Che Keung, Gordon	21 August 2007	(1)	605,364	–	303,680	–	909,044	10.692
Mr Cheng Wai Chee, Christopher	21 August 2007	(1)	605,364	–	303,680	–	909,044	10.692
Mr Shek Lai Him, Abraham	21 August 2007	(1)	605,364	–	303,680	–	909,044	10.692

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 Company declared bonus issue of shares and final dividend for the year ended 30 June 2010 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$16.055 to HK\$10.692 on 29 December 2010.
- (3) Mr Wong Kwok Kin, Andrew resigned as an executive director of the Company with effect from 1 August 2010.
- (4) The exercise date was 3 November 2010. The closing price of the shares immediately before the date on which share options were exercised was HK\$18.70.
- (5) The cash consideration paid by each of the directors for the grant of share options is HK\$10.

DIRECTORS' INTERESTS IN SECURITIES (continued)

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

(ii) NWD

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

Name	Date of grant	Exercisable period	Number of share options			Balance as at 31.12.10	Exercise price per share ⁽¹⁾ HK\$
			Balance as at 01.07.10	Exercised during the period	Adjusted during the period ⁽¹⁾		
Dr Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	36,710,652	–	1,086	36,711,738	17.653

Notes:

- (1) NWD declared final dividend for the year ended 30 June 2010 in scrip form (with cash option) during the period 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\$17.654 to HK\$17.653 on 28 December 2010.
- (2) The cash consideration paid by the director for the grant of the share options is HK\$10.

(iii) New World China Land Limited

Under the share option scheme of New World China Land Limited, 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 New World China Land Limited granted to them are as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options			Exercise price per share HK\$
			Balance as at 01.07.10	Exercised during the period	Balance as at 31.12.10	
Dr Cheng Kar Shun, Henry	7 January 2008	(1)	2,238,806	–	2,238,806	6.228
	29 December 2008	(2)	1,791,045	–	1,791,045	1.340
Mr Doo Wai Hoi, William	7 January 2008	(1)	895,522	–	895,522	6.228
	29 December 2008	(2)	727,612	–	727,612	1.340
Mr Cheng Wai Chee, Christopher	7 January 2008	(1)	335,821	–	335,821	6.228
	29 December 2008	(2)	252,221	–	252,221	1.340

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.

ADDITIONAL INFORMATION

DIRECTORS' INTERESTS IN SECURITIES (continued)

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

(iv) New World Department Store China Limited

Under the share option scheme of New World Department Store China Limited, 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 New World Department Store China Limited 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 01.07.10	Exercised during the period	Balance as at 31.12.10	
Dr Cheng Kar Shun, Henry	27 November 2007	(1)	1,000,000	–	1,000,000	8.660

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 option is HK\$1.

(v) Wai Kee Holdings Limited

Under the share option scheme of Wai Kee Holdings Limited, 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 Holdings Limited granted to him are as follows:

Name	Date of grant	Exercisable period	Number of share options			Exercise price per share HK\$
			Balance as at 01.07.10	Exercised during the period	Balance as at 31.12.10	
Mr Lam Wai Hon, Patrick	9 July 2007	9 July 2008 to 8 July 2011	330,000	–	330,000	3.390

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

ADDITIONAL INFORMATION

SHARE OPTION SCHEME

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

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

Date of grant	Exercisable period (Note)	Number of share options					Balance as at 31.12.10	Exercise price per share ⁽²⁾ HK\$
		Balance as at 01.07.10	Granted during the period	Exercised during the period	Adjusted during the period ⁽²⁾	Lapsed during the period		
21 August 2007	(1)	11,401,974	–	(2,448,549) ⁽³⁾	4,136,139	(708,289)	12,381,275	10.692
28 January 2008	(1)	706,253	–	–	354,287	–	1,060,540	13.596

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 Company declared bonus issue of shares and final dividend for the year ended 30 June 2010 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options granted on 21 August 2007 was adjusted from HK\$16.055 to HK\$10.692 on 29 December 2010 and the exercise price per share of the share options granted on 28 January 2008 was adjusted from HK\$20.417 to HK\$13.596 on 29 December 2010.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$18.511.
- (4) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SECURITIES

As at 31 December 2010, so far as are known to the directors, the following parties (other than a director or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to issued share capital of the Company as at 31.12.10
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	2,051,056,618 ⁽¹⁾	2,051,056,618	61.87%
Centennial Success Limited	–	2,051,056,618 ⁽²⁾	2,051,056,618	61.87%
CTF	89,747,839	1,961,308,779 ⁽³⁾	2,051,056,618	61.87%
NWD	1,297,695,907	663,612,872 ⁽⁴⁾	1,961,308,779	59.16%
Mombasa Limited	589,179,796	–	589,179,796	17.77%

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (continued)

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 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 2,979,975 shares held by Financial Concepts Investment Limited, 25,483,391 shares held by Hing Loong Limited, 25,483,391 shares held by Fine Reputation Incorporated and 20,486,319 shares held by New World Hotels Corporation 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 31 December 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 24 February 2011

CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr Cheng Kar Shun, Henry (Chairman)
Mr Tsang Yam Pui
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 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

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Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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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 Bank International 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

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