



新創建 NWS

**Sustaining Growth
Striving for Excellence**

NWS HOLDINGS LIMITED

INTERIM REPORT 2009-2010

STOCK CODE: 659

CONTENTS

1	FINANCIAL HIGHLIGHTS
2	CHAIRMAN'S MESSAGE
4	MANAGEMENT DISCUSSION AND ANALYSIS
10	INDEPENDENT AUDITOR'S REVIEW REPORT
11	INTERIM RESULTS
42	INTERIM DIVIDEND
43	DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES
44	ADDITIONAL INFORMATION
	CORPORATE INFORMATION <i>(Inside back cover)</i>

FINANCIAL HIGHLIGHTS

	For the six months ended 31 December	
	2009 HK\$m	2008 HK\$m
Revenue	6,249.5	8,658.2
Profit Attributable to Shareholders of the Company	2,305.4	813.3
Earnings per Share – Basic	HK\$1.11	HK\$0.40
Dividend Payout Ratio	57%	51%

	At 31 December 2009 HK\$m	At 30 June 2009 HK\$m
	Net Cash/(Net Debt)	1,512.8
Net Cash/(Net Debt) – excluding borrowings for IPO financing	1,512.8	(1,955.9)
Total Assets	39,165.4	44,278.6
Net Assets	24,875.8	24,259.4
Shareholders' Funds	24,603.0	23,175.2
Net Assets per Share	HK\$12.01	HK\$11.71
Gearing Ratio	N/A	15%
Gearing Ratio – excluding borrowings for IPO financing	N/A	8%

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of our board of directors (the "Board"), I am pleased to report that remarkable financial results were posted in the first half of the financial year ending 30 June 2010 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 2010 of HK\$0.62 per share (FY2009: HK\$0.20 per share). The interim dividend payout ratio of approximately 57% exceeds the dividend strategy declared by the Board in FY2005.

Turning round ahead of time

While the past year saw clear but gradual recovery of the global economy from the financial crisis, the Group registered an impressive performance amidst lingering uncertainties. On the strength of its well-balanced business portfolio that proved resilient to global downturn, the defensive nature of utilities as its core business enabled the Group to maintain robust growth momentum during the six months ended 31 December 2009 (the "Current Period").

To enhance shareholders' value and capitalize returns from some of our non-core assets, the Group disposed of approximately 52.86% shareholding interest in Taifook Securities Group Limited ("Taifook Securities") during the Current Period. Netting an exceptional gain of HK\$728.7 million upon completion of the transaction, the Group maintains the holding of approximately 9% shareholding interest in Taifook Securities. The net cash status will enable us to maximize growth potential for greater shareholder returns.

Offering the Group another source of exceptional gain, the sale of Harbour Place residential units during the Current Period amounted to HK\$327.7 million, with only a handful of units remaining unsold to date. Bolstered by the strong cash flow generated by other existing projects and the above sale proceeds, the Group has abundant capital for new investments, particularly large-scale infrastructure projects. Thus, the Group stands to benefit from the continuing recovery of the global economy.

Continuing to leverage growth opportunities

Among the Group's reliable business growth engines in the Current Period, our Facilities Management segment remained a stable source of profit and cash flow. In face of rapidly rising demand for exhibition venues, the Hong Kong Convention and Exhibition Centre ("HKCEC") rose to the challenge by significantly increasing its total rental space to 91,500 sq.m. upon the completion of extension works in 2009. The role of Hong Kong as an exhibition and conference hub in the region has further been strengthened as a result.

With its growing presence in the Mainland China market, the Group's pivotal rail container terminals project covering 18 strategically located Mainland cities continued to make promising headway during the Current Period. The terminals in Kunming and Chongqing have been operating smoothly since 2008 and 2009 respectively. The construction of Chengdu terminal was completed in the first quarter of the year, followed by the terminals in Zhengzhou, Dalian and Qingdao in mid year, and the terminals in Wuhan and Xian in the second half of the year. Construction work is also scheduled to commence this year in Tianjin, Harbin, Beijing, Shenzhen and Urumqi. All 18 rail container terminals are planned to be completed by end of 2012.

Raising our human capital

Of all the growth factors that matter to the Group, none is valued more highly than our people. The key to translating human capital into our most treasured asset lies in promoting employee involvement. Established in 2003, the annual NWS Outstanding Employee Grand Award is the Group's way of openly expressing its appreciation for star performers among our staff. In recognition of its commendable approach to human resources management, the Group is honoured with the Best Practice Awards 2009 in the "Best Practices in Employee Involvement" category. We firmly believe that no employee involvement mechanism is more effective than direct communication. To this end, the Group engages employees at all levels through our newsletters *New Voice* and 《創建集》, as well as corporate intranet, offering colleagues timely updates on noteworthy Group-related news.

Greater involvement also means higher productivity. In addition to the continuous training and development opportunities available to all our colleagues, their service excellence is rewarded with exciting career prospects and competitive remuneration packages. On a more personal level, work-life balance is also encouraged among Group employees through our comprehensive programme of staff activities, including dress casual policy, monthly birthday party, "Fruit for Care" campaign to promote healthy lifestyle, paternity leave for family care, interest classes for lifelong learning, and regular corporate outings for staff bonding.

Having a heart for the community

Upholding the spirit of "Live to give · Dare to care", we are committed to corporate social responsibility ("CSR") by caring for the community while striving for expansion. The Group is honoured to be the only corporate recipient of the Third Hong Kong Volunteer Award (Corporate Award) from the Agency for Volunteer Service in November 2009. We are most encouraged by this Corporate Award, which was a new category introduced to foster corporate volunteering.

Marking yet another highlight among our CSR initiatives, the Group once again joined hands with the Association for Geoconservation, Hong Kong to co-organize NWS Hong Kong Geo Wonders Hike in 2009. Attracting thousands of local citizens, the event celebrated the fruit of tripartite collaborative efforts among the government, business and public sectors in establishing Hong Kong National Geopark, and helped to raise the public's awareness of geo-conservation.

A word of thanks

Last but not least, I am indebted to all members of our NWS Holdings team, including staff, management and my fellow directors of the Board, for their unwavering support and unremitting dedication during turbulent times. While the early evidence of economic recovery worldwide bodes well for future business prospects, we must guard against being complacent. To ensure sustainable growth, we will continue to exercise prudence in exploring growth opportunities with the ultimate aim of enhancing shareholders' value and staff welfare.



Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 16 March 2010

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

The Group reported an outstanding profit attributable to shareholders of HK\$2.305 billion for the Current Period, an increase of HK\$1.492 billion or 183%, as compared to HK\$813.3 million for the corresponding period in the last financial year (the “Last Period”). Attributable Operating Profit (“AOP”) of the Group rose 21% to HK\$1.502 billion in the Current Period. Infrastructure division generated an AOP of HK\$722.9 million, marking an increase of 5% as compared to HK\$690.4 million in the Last Period. The AOP of Services division achieved a significant growth of 41% to HK\$779.3 million in the Current Period.

A significant gain from the disposal of controlling interest in Taifook Securities of HK\$728.7 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 and to refocus its efforts and resources on stable growth areas such as infrastructure business.

Sale of residential flats of Harbour Place during the Current Period contributed a profit of HK\$327.7 million owing to the robust property market in 2009.

The Group also realized a net gain of HK\$224.9 million during the Current Period through the disposals of several securities investments.

The Group foresees certain operations in the mechanical and engineering business and the facility services business may continue to operate under keen competition and shrinkage in margin owing to the adverse market conditions. Therefore, impairment assessments were performed and a provision for goodwill impairment of HK\$226.4 million was recognized during the Current Period.

Contribution by Division

	For the six months ended 31 December	
	2009 HK\$'m	2008 HK\$'m
Infrastructure	722.9	690.4
Services	779.3	550.8
Attributable operating profit	1,502.2	1,241.2
<i>Head office and non-operating items</i>		
Gain on disposal of controlling interest in a subsidiary	728.7	27.4
Net gain on disposal and restructuring of projects	–	97.4
Share of profit/(loss) from Harbour Place	327.7	(32.8)
Net gain/(loss) from securities investments	224.9	(258.5)
Goodwill impairment	(226.4)	–
Assets impairment loss	(30.5)	(3.2)
Gain on deemed acquisition of interest in a subsidiary	–	32.6
Fair value loss of investment properties, net of tax	–	(10.0)
Corporate interest income	8.0	11.8
Corporate finance costs	(59.1)	(135.5)
Share-based payment	(10.3)	(25.4)
Corporate expenses and others	(159.8)	(131.7)
	803.2	(427.9)
Profit attributable to shareholders	2,305.4	813.3

Contributions from operations in Hong Kong accounted for 60% of AOP in the Current Period as compared to 46% in the Last Period. Mainland China and Macau contributed 35% and 5% respectively, as compared to 42% and 12% respectively in the Last Period.

GROUP OVERVIEW (continued)

Earnings per Share

The basic earnings per share increased by 178% from HK\$0.40 in the Last Period to HK\$1.11 in the Current Period.

Treasury Management and Cash Funding

The Group's funding and treasury policy is designed to maintain a comprehensively diversified and balanced debt profile to minimize the Group's financial risks. Management of the Group's financing and treasury activities 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 2009, the Group's total cash and bank balances amounted to HK\$7.920 billion, as compared to HK\$5.205 billion as at 30 June 2009. The Group also turned its Net Debt position of HK\$3.601 billion as at 30 June 2009 to Net Cash position of HK\$1.513 billion as at 31 December 2009. The proceeds from the sale of the residential flats of Harbour Place and the disposal of Taifook Securities were the major contributors of the increase in cash and bank balances and reduced borrowings. The capital structure of the Group was 20% debt and 80% equity as at 31 December 2009, as compared to 27% debt and 73% equity as at 30 June 2009.

Debt Profile and Maturity

As at 31 December 2009, the Group's Total Debt decreased to HK\$6.407 billion from HK\$8.806 billion as at 30 June 2009. Long-term bank loans and borrowings decreased to HK\$5.003 billion as at 31 December 2009 from HK\$5.467 billion as at 30 June 2009, with HK\$2.678 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 dollars and were mainly bearing floating interest rate. The Group did not have any material exposure in exchange risk other than RMB during the Current Period. No property, plant and equipment, investment properties or leasehold land and land use rights were pledged as at 31 December 2009.

Commitments

The Group's commitments for capital expenditure were HK\$1.125 billion as at 31 December 2009 as compared to HK\$1.974 billion as at 30 June 2009. This represented commitment for capital contributions in certain associated companies and jointly controlled entities of HK\$722.4 million as at 31 December 2009 as compared to HK\$1.251 billion as at 30 June 2009, and commitments for property, plant and equipment of HK\$403.0 million as at 31 December 2009 as compared to HK\$723.3 million as at 30 June 2009. The share of commitments for capital expenditure committed by jointly controlled entities was HK\$933.3 million as at 31 December 2009 as compared to HK\$1.429 billion as at 30 June 2009. Sources of funding for capital expenditure include internally generated resources and banking facilities.

Contingent Liabilities

Contingent liabilities of the Group were HK\$347.5 million as at both 31 December 2009 and 30 June 2009. These were composed of guarantees for credit facilities granted to associated companies, jointly controlled entities and a related company of HK\$11.9 million, HK\$223.9 million and HK\$111.7 million respectively as at both 31 December 2009 and 30 June 2009. The share of contingent liabilities of jointly controlled entities was HK\$2.6 million as at both 31 December 2009 and 30 June 2009.

OPERATIONAL REVIEW – INFRASTRUCTURE

AOP of the Infrastructure division for the Current Period increased by 5% to HK\$722.9 million, mainly due to improvement in AOP of the Energy segment but offset by the weakened AOP of the Roads segment.

AOP Contribution by Segment

	For the six months ended 31 December		
	2009 HK\$'m	2008 HK\$'m	Change % Fav./Unfav.)
Roads	233.5	382.6	(39)
Energy	216.9	42.8	407
Water	120.8	93.1	30
Ports & Logistics	151.7	171.9	(12)
Total	722.9	690.4	5

Roads

The AOP of the Roads segment for the Current Period was HK\$233.5 million, reduced by HK\$149.1 million or 39% when compared to the Last Period.

The decrease in AOP was mainly due to the performance of Guangzhou City Northern Ring Road, which was severely affected by the partial closure of the expressway during its major repair and maintenance works from July to November 2009. Its average daily traffic flow decreased significantly by 33% in the Current Period. Performance of other expressways within the Pearl River Delta Region rebounded during the Current Period. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Roadway and Expressway grew by 11% and 13% respectively when compared to the Last Period.

Guangxi Roadways Network was affected by the opening of a new expressway in December 2008. The combined average daily traffic flow was reduced by 26% on a period-on-period basis.

The average daily traffic flow of Tangjin Expressway (Tianjin North Section) grew by 28% mainly due to the economic development of the Bohai Rim region and the introduction of administrative measures to bar overloaded trucks in July 2009 which led to an increase in their frequency of travel within normal capacity. However, its toll revenue dropped by 1% as the average toll per vehicle fell.

The average daily traffic flow of Tate's Cairn Tunnel ("TCT") decreased by 3% due to the opening of Route 8 in March 2008 and a toll hike by TCT in November 2008. Average toll per vehicle increased as a result of the toll hike during the Current Period.

OPERATIONAL REVIEW – INFRASTRUCTURE (continued)

Energy

AOP of the Energy segment surged from HK\$42.8 million to HK\$216.9 million mainly due to the growth in electricity sales and softened coal prices during the Current Period.

Combined electricity sales of Zhujiang Power Plants grew by 11% on the strength of the economic recovery. Electricity sales of Chengdu Jintang Power Plant was up 10% from the Last Period.

Electricity sales of Macau Power also registered an increase of 7% due to the opening of new hotels and entertainment facilities during the Current Period.

Water

AOP contribution from the Water segment increased by HK\$27.7 million to HK\$120.8 million in the Current Period, representing a growth of 30%. The acquisition of Chongqing Water Group in August 2008 provided a full-period contribution in the Current Period.

Contributions from water projects in Mainland China continued to grow. Chongqing Water Plant reported 20% growth in daily average sales volume. Sales volume for industrial water and sewage treatment volume of Shanghai SCIP Water Treatment Plants increased by 17% and 10% respectively. In March 2009, the Group acquired a 26% effective interest in Tianjin Jieyuan Water Plant, which has been contributing an AOP ever since. The average daily sales volume of Macau Water Plant was 3% higher than that in the Last Period.

Ports & Logistics

AOP contribution of the Ports & Logistics segment decreased by 12% from HK\$171.9 million to HK\$151.7 million during the Current Period. The results of this segment were severely affected by the global economic downturn.

Xiamen New World Xiangyu Terminals Co., Ltd. reported a 2% decrease in throughput volume to 373,000 TEUs. In Tianjin, the throughput of Tianjin Orient Container Terminals Co., Ltd. shrunk 3% to 458,000 TEUs as a result of competition from new terminals and a slowdown in economic activities. Tianjin Five Continents International Container Terminal Co., Ltd. handled 997,000 TEUs during the Current Period, rebounded by 2% mainly due to the increase in domestic trade activities. However, its handling income dropped due to the change in cargo mix.

Owing to the global freight market downturn, profit contribution from ATL Logistics Centre fell during the Current Period. While the average occupancy rate maintained at a high level of 97% and an increase in overall average rental was observed during the Current Period, a significant drop in container freight station revenue, storage and gate charge income was recorded. With the aim of providing professional warehousing and terminal services for an ever-growing global clientele, a new logistics warehouse in Kwai Chung with a total leasable area of approximately 920,000 sq ft under construction is scheduled for completion by 2011.

China United International Rail Containers Co., Ltd., the joint venture company that develops 18 rail container terminals in Mainland China, was established in March 2007. The new Chongqing Terminal commenced operation in December 2009 and the Kunming Terminal handled a total throughput of 110,000 TEUs during the Current Period, representing an increase of 31% over the Last Period. The construction of the terminals in Zhengzhou, Chengdu, Dalian, Qingdao, Wuhan and Xian is expected to be completed in 2010. All 18 rail container terminals are planned to be completed by end of 2012.

OPERATIONAL REVIEW – SERVICES

Services division achieved an AOP of HK\$779.3 million for the Current Period. A substantial increase of AOP by HK\$228.5 million or 41% was mainly attributable to an encouraging performance from our duty free operation and the significant improvement in the AOP of Taifook Securities.

AOP Contribution by Segment

	For the six months ended 31 December		
	2009 HK\$'m	2008 HK\$'m	Change % Fav./Unfav.)
Facilities Management	400.4	314.7	27
Contracting & Transport	258.4	198.7	30
Financial Services	120.5	37.4	222
Total	779.3	550.8	41

Facilities Management

The Facilities Management segment comprises various service businesses including HKCEC, Free Duty and facility services such as property management, security and guarding, cleaning and laundry. This segment recorded an AOP of HK\$400.4 million for the Current Period, representing an increase of 27% over the Last Period.

HKCEC achieved a remarkable success with its exhibition business for the Current Period subsequent to the increase of its total rental space to 91,500 sq m after the completion of extension works in April 2009. During the Current Period, 547 events were held in total with total patronage in excess of 3.4 million. Most recurrent international trade exhibitions reflected growth in gross exhibition space and increase in the overall attendance. The food and beverage revenue also improved following the opening of three new restaurants and the additional banquet space provided. HKCEC will not rest on its laurels but continue to enhance its services, facilities and equipment in order to maintain its leading position in the market.

Free Duty, the duty free tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong, achieved outstanding results during the Current Period. Benefiting from the robust growth in Mainland Chinese visitor arrivals via railway and the increased spending per passenger, Free Duty in Lo Wu and Hung Hom MTR Stations registered particularly strong growths during the Current Period. Lok Ma Chau MTR Station also recorded significant improvements in terms of both retail sales revenue and profits.

Profit contributions from the facility services business dropped by 30% over the Last Period. The sharp decrease was primarily due to the loss of revenue in general resulting from the economic downturn. The Group's property management portfolio remains impressive, covering over 16.5 million sq m of commercial, industrial and residential areas in Hong Kong and Mainland China.

OPERATIONAL REVIEW – SERVICES (continued)

Contracting & Transport

The Contracting & Transport segment achieved an AOP of HK\$258.4 million for the Current Period, marking an increase of 30% over the Last Period.

The Contracting business achieved an AOP of HK\$187.5 million for the Current Period, representing a 32% increase over the Last Period. The increase was mainly due to the general improvement in performance of the construction business in Hong Kong. As at 31 December 2009, the gross value of contracts on hand for the Construction Group was approximately HK\$21.2 billion. Although the impact of the global financial tsunami is yet to be fully reflected, the management is cautiously optimistic about the medium to long-term prospects in Hong Kong, and the Group is well positioned to take advantage of mega-sized projects. The performance of the Group's mechanical and engineering business remained satisfactory which is in line with our expectation. The total contracts on hand as at 31 December 2009 amounted to approximately HK\$5.4 billion. The mechanical and engineering business will continue to operate under keen competitions with decreasing margin and increasing operating costs.

The Group's Transport business achieved an AOP of HK\$70.9 million for the Current Period, representing a 25% increase over the Last Period. The performance of local bus and ferry operations improved significantly as a result of the decline in overall fuel costs which have been hedged at a reasonable price level for the purpose of better cost control. The drop in results of the Macau ferry services was mainly due to the material gain on disposal of fixed assets recorded in the Last Period.

Financial Services

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

A significant improvement in AOP contribution from Taifook Securities was chiefly due to increase in stock market turnover and higher contribution from its core operations including brokerage service, corporate finance and margin finance during the Current Period since the stock market showed clear signs of rebound in March 2009. As part of the Group's continuing corporate strategy to consolidate its service-related businesses, we reduced our shareholding interest in Taifook Securities to approximately 9% from approximately 61.86% on 21 December 2009 following the completion of disposal of 373,434,720 shares of Taifook Securities to Hai Tong (HK) Financial Holdings Limited at HK\$4.88 per share.

Having successfully expanded into 21 cities in 12 countries/territories, Tricor has acquired two companies in the Current Period, which provide software consulting and general business support services in Malaysia. Its business operations in Hong Kong and Singapore together contributed over 80% of the total profit during the Current Period.

BUSINESS OUTLOOK

There is clear evidence of a global economic recovery but various challenges still exist which will impact on Mainland China and Hong Kong. In the case of the Group, both our Infrastructure and Services divisions have benefitted from the recovery, albeit in different degrees. We will continue to expand our investments in infrastructure projects in Mainland China. At the same time, the Group will continue to consolidate its non-core businesses in order to enhance shareholders' value. The disposal of the majority shareholding in Taifook Securities is part of this corporate strategy. Resulting from this disposal, the Group has for the first time achieved a net cash position, which will allow the Group to deploy substantial capital to invest in large-scale infrastructure projects.

INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong
Telephone: (852) 2289 8888
Facsimile : (852) 2810 9888
www.pwchk.com

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 41, which comprises the condensed consolidated balance sheet of NWS Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2009 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 a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2010

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 flow for the Current Period and the condensed consolidated balance sheet as at 31 December 2009, all of which are unaudited, along with other explanatory notes, and are set out on pages 11 to 41 of this report.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Note	For the six months ended 31 December	
		2009 HK\$'m	2008 HK\$'m
Revenue	3	6,249.5	8,658.2
Cost of sales		(5,113.2)	(7,681.3)
Gross profit		1,136.3	976.9
General and administrative expenses		(667.6)	(581.4)
Gain on disposal of controlling interest in a subsidiary	4	728.7	27.4
Other charges (net)	5	(29.9)	(42.7)
Operating profit	6	1,167.5	380.2
Finance costs		(61.2)	(142.1)
Share of results of			
Associated companies		303.3	20.0
Jointly controlled entities		1,116.6	618.6
Profit before income tax		2,526.2	876.7
Income tax expenses	7	(163.4)	(47.6)
Profit for the period		2,362.8	829.1
Attributable to			
Shareholders of the Company		2,305.4	813.3
Non-controlling interests		57.4	15.8
		2,362.8	829.1
Dividend	8	1,308.9	411.1
Earnings per share attributable to the shareholders of the Company	9		
Basic		HK\$1.11	HK\$0.40
Diluted		HK\$1.11	HK\$0.40

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	For the six months ended 31 December	
	2009 HK\$m	2008 HK\$m
Profit for the period	2,362.8	829.1
Other comprehensive income/(loss)		
Fair value changes of available-for-sale financial assets	217.2	(214.8)
Release of investment revaluation deficit to the income statement	–	139.5
Release of reserve upon disposal of available-for-sale financial assets	(268.2)	–
Release of reserve upon disposal of non-current assets classified as assets held for sale	(0.7)	–
Share of other comprehensive income/(loss) of a jointly controlled entity	31.8	(66.3)
Currency translation differences	1.5	(10.1)
	(18.4)	(151.7)
Total comprehensive income for the period	2,344.4	677.4
Total comprehensive income attributable to		
Shareholders of the Company	2,285.1	668.4
Non-controlling interests	59.3	9.0
	2,344.4	677.4

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
ASSETS			
Non-current assets			
Investment properties	10	1,117.7	1,117.7
Property, plant and equipment	11	631.7	719.7
Leasehold land and land use rights	12	700.7	727.7
Intangible concession rights	13	944.3	977.3
Intangible assets	14	595.8	1,046.8
Associated companies	15	3,561.1	3,162.8
Jointly controlled entities		15,765.2	15,152.7
Available-for-sale financial assets		1,527.8	600.5
Other non-current assets		546.6	601.7
		25,390.9	24,106.9
Current assets			
Inventories		237.3	250.2
Trade and other receivables	16	5,363.1	10,725.4
Financial assets at fair value through profit or loss		1.9	63.3
Cash held on behalf of customers		–	3,661.9
Cash and bank balances		7,919.5	5,205.1
		13,521.8	19,905.9
Non-current assets classified as assets held for sale		252.7	265.8
		13,774.5	20,171.7
Total assets		39,165.4	44,278.6
EQUITY			
Share capital	17	2,071.3	2,071.3
Reserves	18	21,222.8	20,234.0
Proposed final dividend		–	869.9
Interim dividend	18	1,308.9	–
Shareholders' funds		24,603.0	23,175.2
Non-controlling interests		272.8	1,084.2
Total equity		24,875.8	24,259.4
LIABILITIES			
Non-current liabilities			
Borrowings	19	5,003.1	5,466.5
Other non-current liabilities		312.6	319.7
		5,315.7	5,786.2
Current liabilities			
Trade and other payables	20	7,379.0	10,671.7
Taxation		191.3	221.8
Borrowings	19	1,403.6	3,339.5
		8,973.9	14,233.0
Total liabilities		14,289.6	20,019.2
Total equity and liabilities		39,165.4	44,278.6
Net current assets		4,800.6	5,938.7
Total assets less current liabilities		30,191.5	30,045.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 31 December 2009

HK\$'m	Shareholders' funds			Non-controlling interests	Total
	Share capital	Reserves	Total		
Balance at 1 July 2009	2,071.3	21,103.9	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 of 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 non-current assets classified as 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 for the period	–	2,285.1	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	–	2.4	2.4	(826.2)	(823.8)
Derecognition of non-controlling interests upon liquidation of subsidiaries	–	–	–	(2.3)	(2.3)
Balance at 31 December 2009	2,071.3	22,531.7	24,603.0	272.8	24,875.8

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

For the six months ended 31 December 2008

HK\$'m	Shareholders' funds			Non-controlling interests	Total
	Share capital	Reserves	Total		
Balance at 1 July 2008	2,057.6	19,189.1	21,246.7	1,266.4	22,513.1
Profit for the period	–	813.3	813.3	15.8	829.1
Other comprehensive income/(loss)					
Fair value changes of available-for-sale financial assets	–	(208.0)	(208.0)	(6.8)	(214.8)
Release of investment revaluation deficit to the income statement	–	139.5	139.5	–	139.5
Share of other comprehensive loss of a jointly controlled entity	–	(66.3)	(66.3)	–	(66.3)
Currency translation differences	–	(10.1)	(10.1)	–	(10.1)
Total comprehensive income for the period	–	668.4	668.4	9.0	677.4
Dividend paid to					
shareholders of the Company	–	(822.8)	(822.8)	–	(822.8)
non-controlling interests	–	–	–	(83.2)	(83.2)
Repurchase of shares					
nominal value	(4.7)	–	(4.7)	–	(4.7)
share premium	–	(42.2)	(42.2)	–	(42.2)
Share options					
value of services provided	–	25.9	25.9	–	25.9
nominal value of new shares issued	0.3	–	0.3	–	0.3
share premium on new shares issued	–	0.6	0.6	–	0.6
Deemed acquisition of interest in a subsidiary	–	–	–	(121.4)	(121.4)
Balance at 31 December 2008	2,053.2	19,019.0	21,072.2	1,070.8	22,143.0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	For the six months ended 31 December	
	2009 HK\$m	2008 HK\$m
Net cash generated from operating activities	518.0	582.4
Net cash generated from/(used in) investing activities	2,469.9	(714.9)
Net cash used in financing activities	(240.8)	(258.6)
Net increase/(decrease) in cash and cash equivalents	2,747.1	(391.1)
Cash and cash equivalents at 1 July	5,172.4	3,996.9
Cash and cash equivalents at 31 December	7,919.5	3,605.8
Analysis of cash and cash equivalents		
Cash and bank balances	7,919.5	3,670.5
Bank overdrafts	–	(64.7)
	7,919.5	3,605.8

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General information

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

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

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

The Company has its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The interim financial statements have been approved for issue by the Board on 16 March 2010.

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 on the Hong Kong Stock Exchange (the “Listing Rules”). The interim financial statements should be read in conjunction with the 2009 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 2009 except for the adoption of the new or revised standards, which are further explained as below. The Group has adopted the following new or revised standards, amendments and interpretations which are relevant to the Group’s operations and are mandatory for the financial year ending 30 June 2010:

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendment	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 Amendment	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 Amendment	Eligible Hedged Items
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
Annual Improvements Project	Improvements to HKFRSs 2008

2 Basis of preparation and accounting policies (continued)

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

HKFRS 8 – Operating Segments

The standard replaces HKAS 14 – Segment Reporting. The new standard uses a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. This standard includes certain new disclosures requirement, i.e. to report quantitative and qualitative information about its operating segments. The adoption of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments such that segment information presented are consistent with internal reporting provided to chief operating decision maker.

HKAS 1 (Revised) – Presentation of Financial Statements

The standard required all non-owner changes in equity (i.e. comprehensive income) to be presented in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The statement of comprehensive income includes various other comprehensive income, e.g. fair value gain of investments and exchange reserve movements. The Group has chosen to adopt the two statements approach and a new condensed consolidated statement of comprehensive income is included after the condensed consolidated income statement in the interim financial statements for the Current Period.

HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The standard provides that the transactions undertaken with non-controlling interests that do not result in the loss of control are accounted for as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value and the difference between the fair value and the carrying amount is recognized in the income statement. The change in accounting policy in respect of HKAS 27 (Revised) has been applied prospectively to transactions during the Current Period.

The effect of the changes in the accounting policies following the adoption of the HKAS 27 (Revised) on the interim condensed consolidated income statement for the Current Period and the interim condensed consolidated balance sheet as at 31 December 2009 are as follows:

Condensed Consolidated Income Statement

	For the six months ended 31 December 2009 HK\$m
Increase in fair value gain on non-controlling interest retained	105.8
Increase in basic earnings per share	HK\$0.05
Increase in diluted earnings per share	HK\$0.05

Condensed Consolidated Balance Sheet

	At 31 December 2009 HK\$m
Increase in interest in associated companies	105.8
Increase in revenue reserve	105.8

2 Basis of preparation and accounting policies (continued)

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2010 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2011

Annual Improvements Project	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HKAS 32 Amendment	Classification of Right Issues
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Effective for the year ending 30 June 2012 or after

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	
	2009	2008
	HK\$'m	HK\$'m
Roads	106.1	154.1
Energy & Water	1.9	4.8
Facilities Management	2,984.1	2,733.3
Contracting & Transport	2,665.6	5,434.2
Financial Services	491.8	331.8
	6,249.5	8,658.2

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) Contracting & Transport and (vi) Financial Services.

Executive Committee assesses the performance of the operating segments based on a measure of attributable operating profits. 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.

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	Contracting & Transport	Financial Services	Segment total	Eliminations	Total
For the six months ended									
31 December 2009									
External	-	106.1	1.9	2,984.1	2,665.6	491.8	6,249.5	-	6,249.5
Inter-segment	-	-	-	49.7	229.3	7.6	286.6	(286.6)	-
Revenue	-	106.1	1.9	3,033.8	2,894.9	499.4	6,536.1	(286.6)	6,249.5
Attributable operating profit									
Company and subsidiaries	1.3	10.0	-	399.2	70.4	88.5	569.4	-	569.4
Associated companies	24.9	(7.1)	-	0.5	69.1	32.0	119.4	-	119.4 (b)
Jointly controlled entities	125.5	230.6	337.7	0.7	118.9 (i)	-	813.4	-	813.4 (b)
	151.7	233.5	337.7	400.4	258.4	120.5	1,502.2	-	1,502.2
Reconciliation									
Gain on disposal of controlling interest in a subsidiary									728.7
Share of profit from Harbour Place									327.7
Net gain from securities investments									224.9 (ii)
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 attributable operating profit 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 investment companies as detailed in note 15.

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	Contracting & Transport	Financial Services	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 leasehold land and 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 31 December 2009										
Company and subsidiaries	1,255.1	1,265.0	2.8	3,493.0	6,583.2	108.3	12,707.4	7,131.7	-	19,839.1
Associated companies	344.8	416.0	-	1.8	1,044.8	734.1	2,541.5	1,019.6	-	3,561.1
Jointly controlled entities	3,170.2	5,112.4	5,307.6	19.2	1,666.6 (i)	-	15,276.0	489.2	-	15,765.2
Total assets	4,770.1	6,793.4	5,310.4	3,514.0	9,294.6	842.4	30,524.9	8,640.5	-	39,165.4
Total liabilities	3.1	402.9	4.6	941.2	4,851.7	76.6	6,280.1	8,009.5	-	14,289.6

(i) The balance included the Group's investment in its Transport business of HK\$1,499.2 million.

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	Contracting & Transport	Financial Services	Segment total	Eliminations	Total
For the six months ended									
31 December 2008									
External	-	154.1	4.8	2,733.3	5,434.2	331.8	8,658.2	-	8,658.2
Inter-segment	-	-	-	53.4	364.1	5.8	423.3	(423.3)	-
Revenue	-	154.1	4.8	2,786.7	5,798.3	337.6	9,081.5	(423.3)	8,658.2
Attributable operating profit									
Company and subsidiaries	1.4	45.8	-	313.6	116.0	8.1	484.9	-	484.9
Associated companies	27.6	(22.0)	2.5	-	24.8	29.3	62.2	-	62.2 (b)
Jointly controlled entities	142.9	358.8	133.4	1.1	57.9 (i)	-	694.1	-	694.1 (b)
	171.9	382.6	135.9	314.7	198.7	37.4	1,241.2	-	1,241.2
Reconciliation									
Gain on disposal of controlling interest in a subsidiary									27.4
Net gain on disposal and restructuring of projects									97.4
Share of loss from Harbour Place									(32.8)
Net loss from securities investments									(258.5) (ii)
Assets impairment loss									(3.2)
Gain on deemed acquisition of interest in a subsidiary									32.6
Fair value loss of investment properties, net of tax									(10.0)
Corporate interest income									11.8
Corporate finance costs									(135.5)
Share-based payment									(25.4)
Corporate expenses and others									(131.7)
Profit attributable to shareholders									813.3

- (i) The amount included the Group's share of attributable operating profit of HK\$54.7 million from its Transport business.
- (ii) The amount included the Group's share of losses of HK\$38.1 million from three investment companies as detailed in note 15.

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 &	Energy &	Facilities	Contracting &	Financial	Segment	Corporate	Eliminations	Consolidated	
	Logistics	Roads	Water	Management	Transport	Services				total
For the six months ended										
31 December 2008										
Depreciation	0.3	0.7	-	27.4	15.0	13.1	56.5	3.2	-	59.7
Amortization of leasehold land and land use rights	-	-	-	0.1	0.7	-	0.8	0.3	-	1.1
Amortization of intangible concession rights	-	38.2	-	-	-	-	38.2	-	-	38.2
Amortization of intangible assets	-	-	-	-	-	3.9	3.9	-	-	3.9
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	62.2	1.8	-	104.3	4.3	29.7	202.3	0.3	-	202.6
Interest income	1.1	5.9	-	4.0	9.9	30.3	51.2	11.8	(3.1)	59.9
Finance costs	-	3.9	-	1.4	4.4	-	9.7	135.5	(3.1)	142.1
Income tax expenses	0.2	(0.4)	-	25.9	21.1	0.8	47.6	-	-	47.6
At 30 June 2009										
Company and subsidiaries	1,034.4	1,899.6	3.3	3,408.9	6,827.9	9,095.6	22,269.7	3,693.4	-	25,963.1
Associated companies	333.5	422.9	-	1.9	1,050.8	437.3	2,246.4	916.4	-	3,162.8
Jointly controlled entities	2,861.7	5,417.0	5,174.1	18.6	1,516.1 (i)	-	14,987.5	165.2	-	15,152.7
Total assets	4,229.6	7,739.5	5,177.4	3,429.4	9,394.8	9,532.9	39,503.6	4,775.0	-	44,278.6
Total liabilities	2.5	445.3	9.9	824.2	5,082.6	7,022.7	13,387.2	6,632.0	-	20,019.2

(i) The balance included the Group's investment in its Transport business of HK\$1,399.7 million.

3 Revenue and segment information (continued)

- (b) Reconciliation of attributable operating profit 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			
	2009	2008	2009	2008
Attributable operating profit	119.4	62.2	813.4	694.1
Corporate associated companies and jointly controlled entities				
Investment companies	187.1	(38.1)	–	–
Harbour Place	–	–	327.7	(32.8)
Others	(3.2)	(4.1)	(24.5)	(42.7)
Share of results of associated companies and jointly controlled entities	303.3	20.0	1,116.6	618.6

- (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
	2009	2008	2009	2009
Hong Kong	5,027.6	5,752.6	2,917.4	3,464.8
Mainland China	677.6	969.2	1,013.5	1,057.4
Macau	541.7	1,933.5	59.3	67.0
Others	2.6	2.9	–	–
	6,249.5	8,658.2	3,990.2	4,589.2

4 Gain on disposal of controlling interest in a subsidiary

	For the six months ended 31 December	
	2009 HK\$'m	2008 HK\$'m
Net profit on disposal of partial interest in a subsidiary	622.9	27.4
Fair value gain on non-controlling interest retained	105.8	–
	728.7	27.4

Pursuant to the sale and purchase agreement dated 19 November 2009, the Group disposed of part of its interest in Taifook Securities during the Current Period and the transaction was completed on 21 December 2009 (the “Disposal”). Immediately before the completion of the transaction, the Group held approximately 61.86% interest in Taifook Securities and pursuant to the Disposal, approximately 52.86% interest in Taifook Securities was disposed of and the remaining approximately 9% interest was retained.

Pursuant to the Group’s participation on the board of directors of Taifook Securities, the Board considers the Group has significant influence on Taifook Securities and accordingly, the Group’s retained interest in Taifook Securities is accounted for as an associated company.

Summarized financial information of Taifook Securities that was consolidated or would have been consolidated in the Group’s financial statements as if Taifook Securities continued as a subsidiary of the Company are set out below:

	For the six months ended 31 December	
	2009 HK\$'m	2008 HK\$'m
Revenue	480.9	320.2
Profit for the period	140.4	0.6

	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
	Total assets	8,410.1
Total liabilities	6,200.3	6,972.1

5 Other charges (net)

	For the six months ended 31 December	
	2009 HK\$m	2008 HK\$m
Profit on disposal of available-for-sale financial assets	93.5	–
Profit on disposal of non-current assets classified as assets held for sale	20.6	–
Net profit/(loss) on disposal of financial assets at fair value through profit or loss	10.0	(27.2)
Fair value gain/(loss) on financial assets at fair value through profit or loss	4.8	(105.2)
Interest income	30.1	59.9
Management fee income	25.3	23.3
Machinery hire income	16.2	22.2
Dividends and other income	26.5	4.8
Gain from extinguishment of financial liabilities	–	105.0
Gain on deemed acquisition of interest in a subsidiary	–	32.6
Goodwill impairment	(226.4)	–
Assets impairment loss	(30.5)	(5.1)
Impairment loss of available-for-sale financial assets	–	(139.5)
Fair value loss of investment properties	–	(12.0)
Loss on disposal of a jointly controlled entity	–	(1.5)
	(29.9)	(42.7)

6 Operating profit

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

		For the six months ended 31 December	
		2009	2008
		HK\$'m	HK\$'m
	Note		
Crediting			
Gross rental income from investment properties		22.2	23.0
Less: outgoings		(5.8)	(5.6)
		16.4	17.4
Charging			
Cost of inventories sold		869.9	781.0
Depreciation	11	64.0	59.7
Amortization of leasehold land and land use rights	12	1.0	1.1
Amortization of intangible concession rights	13	33.0	38.2
Amortization of intangible assets	14	19.5	3.9
Exchange losses		1.1	0.7
Operating lease rental expenses			
Properties		63.7	65.7
Other equipment		2.5	3.5

7 Income tax expenses

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

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

		For the six months ended 31 December	
		2009	2008
		HK\$'m	HK\$'m
Current income tax			
Hong Kong profits tax		109.8	42.7
Mainland China and overseas taxation		49.1	24.7
Deferred income tax charge/(credit)		4.5	(19.8)
		163.4	47.6

7 Income tax expenses (continued)

Share of taxation of associated companies and jointly controlled entities of HK\$19.2 million (2008: HK\$13.4 million) and HK\$206.7 million (2008: HK\$91.1 million) are included in the condensed consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

8 Dividend

	For the six months ended 31 December	
	2009 HK\$m	2008 HK\$m
Interim dividend declared of HK\$0.62 (2008: paid of HK\$0.20) per share	1,308.9	411.1

9 Earnings per share

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

	For the six months ended 31 December	
	2009 HK\$m	2008 HK\$m
Profit attributable to shareholders of the Company and for calculation of diluted earnings per share	2,305.4	813.3

	Number of shares	
	2009	2008
Weighted average number of shares for calculating basic earnings per share	2,071,307,860	2,056,098,998
Effect of dilutive potential ordinary shares		
Share options	–	44,050
Weighted average number of shares for calculating diluted earnings per share	2,071,307,860	2,056,143,048

10 Investment properties

HK\$m

At 1 July 2009 and at 31 December 2009

1,117.7

The investment properties were revalued on 31 December 2009 and 30 June 2009 by independent and professionally qualified valuers, Vigers Hong Kong Limited. Valuations were based on market value assessment.

11 Property, plant and equipment

HK\$m	Note	Properties	Construction in progress	Other plant and equipment	Total
Cost					
At 1 July 2009		134.1	155.8	1,739.2	2,029.1
Additions		20.9	17.0	80.8	118.7
Amortization of leasehold land and land use rights capitalized	12	–	6.5	–	6.5
Disposals		(4.0)	–	(17.9)	(21.9)
Disposal of a subsidiary		(3.1)	–	(348.8)	(351.9)
At 31 December 2009		147.9	179.3	1,453.3	1,780.5
Accumulated depreciation and impairment					
At 1 July 2009		32.6	–	1,276.8	1,309.4
Depreciation	6	2.0	–	62.0	64.0
Impairment		4.5	–	21.7	26.2
Disposals		(2.0)	–	(15.8)	(17.8)
Disposal of a subsidiary		(1.0)	–	(232.0)	(233.0)
At 31 December 2009		36.1	–	1,112.7	1,148.8
Net book value					
At 31 December 2009		111.8	179.3	340.6	631.7
At 30 June 2009		101.5	155.8	462.4	719.7

12 Leasehold land and land use rights

	Note	HK\$m
Cost		
At 1 July 2009		785.5
Disposals		(15.9)
At 31 December 2009		769.6
Accumulated amortization and impairment		
At 1 July 2009		57.8
Amortization	6	1.0
Amortization capitalized under construction in progress	11	6.5
Impairment		4.3
Disposals		(0.7)
At 31 December 2009		68.9
Net book value		
At 31 December 2009		700.7
At 30 June 2009		727.7

13 Intangible concession rights

	Note	HK\$m
Cost		
At 1 July 2009 and at 31 December 2009		1,505.9
Accumulated amortization and impairment		
At 1 July 2009		528.6
Amortization	6	33.0
At 31 December 2009		561.6
Net book value		
At 31 December 2009		944.3
At 30 June 2009		977.3

14 Intangible assets

HK\$m	Note	Goodwill	Trademark and licences	Operating right	Total
Cost					
At 1 July 2009		358.7	162.8	567.4	1,088.9
Disposal of a subsidiary		(65.1)	(162.8)	–	(227.9)
At 31 December 2009		293.6	–	567.4	861.0
Accumulated amortization and impairment					
At 1 July 2009		15.4	18.9	7.8	42.1
Amortization	6	–	3.9	15.6	19.5
Impairment		226.4	–	–	226.4
Disposal of a subsidiary		–	(22.8)	–	(22.8)
At 31 December 2009		241.8	–	23.4	265.2
Net book value					
At 31 December 2009		51.8	–	544.0	595.8
At 30 June 2009		343.3	143.9	559.6	1,046.8

The mechanical and engineering business under the Contracting segment and the facility services business, which comprises property management, security and guarding, cleaning and laundry business units, under the Facilities Management segment continue to operate under keen competition with decreasing margin and increasing operating costs. The Group adopted a discounted cash flow model in determining recoverable amount of the goodwill allocated to these business units and recognized impairment charges of HK\$136.8 million and HK\$89.6 million respectively for the goodwill of the Contracting segment and the Facilities Management segment. These charges have been recorded in the interim condensed consolidated income statement in the Current Period.

15 Associated companies

Included in the associated companies are three investment companies in which the Group has participating interests and held for investment purposes. In the Current Period, the Group's share of profits of these three investment companies amounted to HK\$187.1 million (2008: share of losses HK\$38.1 million). The Group's investment in these companies as at 31 December 2009 amounted to HK\$954.1 million (30 June 2009: HK\$916.4 million), which mainly represents the fair value of investments in various listed and unlisted securities.

16 Trade and other receivables

	Note	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
Trade receivables	(a)	1,255.7	3,963.9
Retention money receivables		1,159.4	1,335.7
Amounts due from customers for contract works		184.0	185.6
Current portion of long term receivable		77.3	77.7
Advances to customers	(b)	–	1,726.7
Other receivables, deposits and prepayments		2,198.1	2,989.8
Amounts due from associated companies		60.5	62.1
Amounts due from jointly controlled entities		428.1	383.9
		5,363.1	10,725.4

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

	Note	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
Receivables arising from securities business	(i)	–	2,746.0
Other trade receivables		1,255.7	1,217.9
		1,255.7	3,963.9

(i) Receivables arising from securities business mainly represented accounts receivable from clients, brokers, dealers and clearing houses which were mainly aged under 3 months and accounts receivable from subscription of new shares in initial public offerings amounted to HK\$1,646.9 million which were to be settled within one week after 30 June 2009. As set out in note 4, the Group disposed of its controlling interest in securities business in December 2009.

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

	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
Under 3 months	966.4	3,737.5
4 to 6 months	191.2	80.3
Over 6 months	98.1	146.1
	1,255.7	3,963.9

16 Trade and other receivables (continued)

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

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention money receivables in respect of contracting business are settled in accordance with the terms of respective contracts.

(b) The Group had made loans to margin clients for its securities businesses as at 30 June 2009. As set out in note 4, the Group disposed of its controlling interest in securities business in December 2009.

17 Share capital

	Ordinary shares	
	No. of shares	HK\$m
Authorized		
At 1 July 2009	2,400,000,000	2,400.0
Increase	1,600,000,000	1,600.0
At 31 December 2009	4,000,000,000	4,000.0
Issued and fully paid		
At 1 July 2009 and at 31 December 2009	2,071,307,860	2,071.3

Share Option Scheme

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

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

	Number of options
At 1 July 2009	29,808,654
Lapsed	(210,113)
At 31 December 2009	29,598,541

(i) On 21 August 2007 and 28 January 2008, 29,694,000 and 700,000 share options were granted to directors and/or certain eligible participants at the exercise price of HK\$16.2 and HK\$20.6 respectively, which represent the closing prices 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.

17 Share capital (continued)

- (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 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 said scheme. The exercise prices per share for the share options granted on 21 August 2007 and 28 January 2008 were eventually adjusted to HK\$16.157 and HK\$20.546 respectively, both with effect from 22 January 2010.

18 Reserves

HK\$m	Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	Total
At 1 July 2009	10,814.9	409.0	278.1	1,620.8	7,981.1	21,103.9
Profit for the period	-	-	-	-	2,305.4	2,305.4
Dividend paid to shareholders of the Company	-	-	-	-	(869.9)	(869.9)
Fair value changes of available-for-sale financial assets						
Group	-	-	163.4	-	-	163.4
Associated companies	-	-	52.4	-	-	52.4
Release of reserve upon disposal of available-for-sale financial assets						
Group	-	-	(49.0)	-	-	(49.0)
Associated companies	-	-	(219.2)	-	-	(219.2)
Release of reserve upon disposal of non-current assets classified as assets held for sale	-	-	0.2	(0.9)	-	(0.7)
Disposal of a subsidiary	-	(30.9)	2.4	-	30.9	2.4
Currency translation differences						
Group	-	-	-	(0.8)	-	(0.8)
Associated companies	-	-	-	5.0	-	5.0
Jointly controlled entities	-	-	-	(3.2)	-	(3.2)
Share options						
value of services provided – Group	-	10.2	-	-	-	10.2
Share of other comprehensive income of a jointly controlled entity	-	31.8	-	-	-	31.8
Transfer	-	-	-	(0.8)	0.8	-
At 31 December 2009	10,814.9	420.1	228.3	1,620.1	9,448.3	22,531.7
Representing						
Balance at 31 December 2009	10,814.9	420.1	228.3	1,620.1	8,139.4	21,222.8
2010 declared interim dividend	-	-	-	-	1,308.9	1,308.9
	10,814.9	420.1	228.3	1,620.1	9,448.3	22,531.7

19 Borrowings

	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
Non-current		
Bank loans – unsecured	5,003.0	5,466.3
Other borrowings – unsecured	0.1	0.2
	5,003.1	5,466.5
Current		
Current portion of bank loans – unsecured	1,389.5	1,118.3
Short term bank loans and overdrafts – secured	–	266.7
Short term bank loans and overdrafts – unsecured	14.0	1,854.4
Other borrowings – unsecured	0.1	100.1
	1,403.6	3,339.5
	6,406.7	8,806.0

20 Trade and other payables

	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
	Note	
Trade payables	(a)	5,147.3
Retention money payables		1,043.7
Amounts due to customers for contract works		591.3
Advance received from customers for contract works		35.4
Amounts due to non-controlling shareholders		62.6
Other payables and accruals		3,768.7
Dividend payable		–
Amounts due to associated companies		1.3
Amounts due to jointly controlled entities		21.4
		7,379.0
		10,671.7

20 Trade and other payables (continued)

(a) Trade payables are further analyzed as follows:

	Note	At 31 December 2009 HK\$m	At 30 June 2009 HK\$m
Payables arising from securities business	(i)	–	4,694.1
Other trade payables	(ii)	792.9	453.2
		792.9	5,147.3

(i) Payables arising from securities business mainly represented accounts payable to clients, brokers, dealers and clearing houses. The majority of accounts payable balances were repayable on demand except where certain accounts payable to clients represented those required margin deposits received from clients for their trading activities under normal course of business. As set out in note 4, the Group disposed of its controlling interest in securities business in December 2009.

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

	At 31 December 2009 HK\$m	At 30 June 2009 HK\$m
Under 3 months	710.1	355.9
4 to 6 months	27.3	40.3
Over 6 months	55.5	57.0
	792.9	453.2

21 Commitments

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

	Note	At 31 December 2009 HK\$m	At 30 June 2009 HK\$m
Contracted but not provided for			
Property, plant and equipment		84.0	27.6
Capital contributions to associated companies and jointly controlled entities	(i)	722.4	1,250.6
Authorized but not contracted for			
Property, plant and equipment		319.0	695.7
		1,125.4	1,973.9

(i) The Group has committed to provide sufficient funds in the form of capital and loan contributions to certain associated companies and jointly controlled entities to finance relevant projects. The directors estimate that the Group's share of projected funds requirements of these projects would be approximately HK\$722.4 million (30 June 2009: HK\$1,250.6 million) which represents the attributable portion of the capital and loan contributions to be made to 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 2009 HK\$m	At 30 June 2009 HK\$m
Contracted but not provided for			
Property, plant and equipment		671.1	756.5
Authorized but not contracted for			
Property, plant and equipment		262.2	672.4
		933.3	1,428.9

21 Commitments (continued)

(c) Commitments under operating leases

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

	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
Buildings		
In the first year	56.0	105.5
In the second to fifth year inclusive	59.1	76.1
After the fifth year	8.1	10.2
	123.2	191.8
Equipment		
In the first year	–	2.4
	123.2	194.2

(d) Future minimum rental payment receivable

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

	At 31 December 2009 HK\$'m	At 30 June 2009 HK\$'m
In the first year	3.8	7.9
In the second to fifth year inclusive	2.4	4.3
	6.2	12.2

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

22 Contingent liabilities

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

	At 31 December 2009 HK\$m	At 30 June 2009 HK\$m
Guarantees for credit facilities granted to		
Associated companies	11.9	11.9
Jointly controlled entities	223.9	223.9
A related company	111.7	111.7
	347.5	347.5

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

	At 31 December 2009 HK\$m	At 30 June 2009 HK\$m
Share of contingent liabilities of jointly controlled entities	2.6	2.6

23 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:

	Note	For the six months ended	
		31 December	
		2009	2008
		HK\$m	HK\$m
Transactions with affiliated companies	(i)		
Provision of contracting work services	(ii)	3.9	31.7
Provision of other services	(iii)	3.3	14.3
Interest income	(iv)	12.8	9.2
Management fee income	(v)	12.0	11.1
Rental and other related expenses	(vi)	(5.2)	(5.9)
Transactions with other related parties	(i)		
Provision of contracting work services	(ii)	1,096.1	1,329.6
Provision of other services	(iii)	72.4	78.5
Rental and other related expenses	(vi)	(32.4)	(32.9)
Interest expenses	(vii)	(0.5)	(0.9)

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

23 Related party transactions (continued)

(b) Key management compensation

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

	For the six months ended 31 December	
	2009 HK\$m	2008 HK\$m
Fees	1.5	1.5
Basic salaries, allowances and other benefits	22.2	21.9
Employer's contribution to retirement benefits schemes	1.1	1.3
	24.8	24.7

The deemed share option benefits for the Current Period are HK\$6.4 million (2008: HK\$14.7 million).

- (c) The amounts receivable from associated companies, jointly controlled entities and non-controlling shareholders are HK\$3,040.2 million (30 June 2009: HK\$2,180.8 million). The amounts receivable are unsecured, of which HK\$118.4 million (30 June 2009: HK\$130.2 million) are interest bearing. The amounts payable to associated companies, jointly controlled entities, a related company and non-controlling shareholders are HK\$1,013.1 million (30 June 2009: HK\$183.3 million). The amounts payable are unsecured, of which HK\$2.1 million (30 June 2009: HK\$2.1 million) are interest bearing.

24 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 2010 in scrip form equivalent to HK\$0.62 per share with a cash option to shareholders registered on 13 April 2010.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they will be given the option to elect to receive payment in cash of HK\$0.62 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 27 April 2010.

BOOK CLOSE DATES

Book close dates (both days inclusive): Thursday, 8 April 2010 to Tuesday, 13 April 2010

Latest time to lodge transfer with transfer office: 4:30 pm on Wednesday, 7 April 2010

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

As at 31 December 2009, the Group has provided financial assistance, by way of shareholders' loans/advances, in an aggregate amount of HK\$3,040.2 million to its affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$235.8 million and contracted to provide an aggregate amount of HK\$722.4 million in capital and loans to affiliated companies. The said amounts, in aggregate, represents approximately 10.6% 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\$13.7 million which carries interest at Hong Kong prime rate. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2009 are presented as follows:

	Proforma combined balance sheet HK\$'m	Group's attributable interest HK\$'m
Non-current assets	34,981.9	15,444.9
Current assets	14,672.0	3,849.2
Current liabilities	(17,949.2)	(6,245.1)
Non-current liabilities	(10,156.5)	(4,671.7)
	21,548.2	8,377.3

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheets, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant balance sheet classification, as at 31 December 2009.

ADDITIONAL INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance practices within the Group. The Group has made further inroads towards building a good corporate governance culture through adopting the best practices, ensuring full compliance of laid down rules and regulations and updating members on the latest developments on the corporate governance front.

Throughout the six months ended 31 December 2009, 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 2009 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. Dr Cheng Kar Shun, Henry resigned as the Chairman and an executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13 January 2010.
2. Mr Doo Wai Hoi, William was re-designated as a non-executive director of New World China Land Limited, a listed public company in Hong Kong, on 8 January 2010. He also resigned as the Deputy Chairman and an executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13 January 2010.
3. Mr Wong Kwok Kin, Andrew resigned as a non-executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13 January 2010.
4. Mr Lam Wai Hon, Patrick resigned as a non-executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13 January 2010.
5. Mr Cheng Chi Ming, Brian was re-designated as a non-executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13 January 2010.
6. Mr To Hin Tsun, Gerald resigned as a non-executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13 January 2010.
7. Mr Cheng Wai Chee, Christopher resigned as an independent non-executive director of PICC Property and Casualty Company Limited, a listed public company in Hong Kong, on 23 October 2009. The term of his membership in the Council of the University of Hong Kong and his directorship in the Securities and Futures Commission expired on 6 November 2009 and 14 November 2009 respectively.

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.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2009, the directors and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO:

(a) Long position in shares

	Number of shares			Total	Approximate percentage of issued share capital as at 31.12.09
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	9,179,199	–	8,000,000 ⁽¹⁾	17,179,199	0.829%
Mr Doo Wai Hoi, William	2,006,566	–	9,130,000 ⁽²⁾	11,136,566	0.538%
Mr Tsang Yam Pui	120,000	–	–	120,000	0.006%
Mr Wong Kwok Kin, Andrew	1,400,000	–	–	1,400,000	0.068%
Mr Lam Wai Hon, Patrick	991,191	–	5,072 ⁽³⁾	996,263	0.048%
Mr Cheung Chin Cheung	980,386	–	–	980,386	0.047%
Mr William Junior Guilherme Doo	–	–	61,279 ⁽⁴⁾	61,279	0.003%
Mr Wilfried Ernst Kaffenberger	482,248	–	–	482,248	0.023%
Mr Kwong Che Keung, Gordon	608,757	–	–	608,757	0.029%
Mr Cheng Wai Chee, Christopher	762,337	–	–	762,337	0.037%
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	0.026%
Mr Wong Kwok Kin, Andrew	100,000	–	–	100,000	0.003%
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%

DIRECTORS' INTERESTS IN SECURITIES (continued)

(a) Long position in shares (continued)

	Number of shares			Total	Approximate percentage of issued share capital as at 31.12.09
	Personal interests	Family interests	Corporate interests		
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	1.739%
Mr Doo Wai Hoi, William	13,125,000	–	52,258,400 ⁽²⁾	65,383,400	1.136%
Mr Lam Wai Hon, Patrick	270,000	–	–	270,000	0.005%
Mr William Junior Guilherme Doo	–	75,000 ⁽⁶⁾	1,245,000 ⁽⁴⁾	1,320,000	0.023%
Mr Cheng Chi Ming, Brian	106,400	–	–	106,400	0.002%
Mr Cheng Wai Chee, Christopher	83,600	–	–	83,600	0.001%
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%
Wai Kee Holdings Limited					
(Ordinary shares of HK\$0.10 each)					
Mr Lam Wai Hon, Patrick	300,000	–	–	300,000	0.038%

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.

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			Exercise price per share HK\$
			Balance as at 01.07.09	Exercised during the period	Balance as at 31.12.09	
Dr Cheng Kar Shun, Henry	21 August 2007	(1)	3,001,277	–	3,001,277	16.193
Mr Doo Wai Hoi, William	21 August 2007	(1)	2,000,851	–	2,000,851	16.193
Mr Chan Kam Ling ⁽²⁾	21 August 2007	(1)	2,000,851	–	2,000,851	16.193
Mr Tsang Yam Pui	21 August 2007	(1)	1,500,638	–	1,500,638	16.193
Mr Wong Kwok Kin, Andrew	21 August 2007	(1)	1,500,638	–	1,500,638	16.193
Mr Lam Wai Hon, Patrick	21 August 2007	(1)	1,500,638	–	1,500,638	16.193
Mr Cheung Chin Cheung	21 August 2007	(1)	1,500,638	–	1,500,638	16.193
Mr William Junior Guilherme Doo	21 August 2007	(1)	1,500,638	–	1,500,638	16.193
Mr Wilfried Ernst Kaffenberger	21 August 2007	(1)	300,127	–	300,127	16.193
Mr To Hin Tsun, Gerald	21 August 2007	(1)	300,127	–	300,127	16.193
Mr Dominic Lai	21 August 2007	(1)	300,127	–	300,127	16.193
Mr Kwong Che Keung, Gordon	21 August 2007	(1)	600,255	–	600,255	16.193
Mr Cheng Wai Chee, Christopher	21 August 2007	(1)	600,255	–	600,255	16.193
Mr Shek Lai Him, Abraham	21 August 2007	(1)	600,255	–	600,255	16.193

Notes:

- (1) 40% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) Passed away on 15 August 2009.
- (3) 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				Exercise price per share HK\$
			Balance as at 01.07.09	Exercised during the period	Balance as at 31.12.09		
Dr Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	36,710,652	–	36,710,652	17.654	

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

(iii) New World China Land Limited

Under the share option scheme of New World China Land Limited (“NWCL”, a fellow subsidiary of the Company), the following directors of the Company have personal interests in options to subscribe for its shares. Details of the share options of NWCL granted to them are as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options				Exercise price per share ⁽³⁾ HK\$
			Balance as at 01.07.09	Adjusted during the period ⁽³⁾	Exercised during the period	Balance as at 31.12.09	
Dr Cheng Kar Shun, Henry	7 January 2008	(1)	2,000,000	238,806	–	2,238,806	6.228
	29 December 2008	(2)	1,600,000	191,045	–	1,791,045	1.340
Mr Doo Wai Hoi, William	7 January 2008	(1)	800,000	95,522	–	895,522	6.228
	29 December 2008	(2)	650,000	77,612	–	727,612	1.340
Mr Cheng Wai Chee, Christopher	7 January 2008	(1)	300,000	35,821	–	335,821	6.228
	29 December 2008	(2)	300,000	35,821	(83,600)	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) NWCL announced rights issue on 9 October 2009 which became unconditional on 16 November 2009. Accordingly, adjustments were made to the number of outstanding share options and the exercise prices in accordance with the share option scheme of NWCL on 17 November 2009. Exercise prices per share were adjusted from HK\$6.972 to HK\$6.228 for the share options granted on 7 January 2008 and from HK\$1.500 to HK\$1.340 for the share options granted on 29 December 2008.
- (4) The cash consideration paid by each of the directors for each grant of the share options is HK\$10.

DIRECTORS' INTERESTS IN SECURITIES (continued)

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

(iv) *New World Department Store China Limited*

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

Name	Date of grant	Exercisable period (Note)	Number of share options			
			Balance as at 01.07.09	Exercised during the period	Balance as at 31.12.09	Exercise price per share HK\$
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 (“Wai Kee”, an associated company of the Company), the following director of the Company has personal interest in options to subscribe for its shares. Details of the share options of Wai Kee granted to him are as follows:

Name	Date of grant	Exercisable period	Number of share options			
			Balance as at 01.07.09	Exercised during the period	Balance as at 31.12.09	Exercise price per share HK\$
Mr Lam Wai Hon, Patrick	9 July 2007	9 July 2008 to 8 July 2011	330,000	–	330,000	3.390

DIRECTORS' INTERESTS IN SECURITIES (continued)

(c) Long position in debentures

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

Name	Amount of debentures in RMB			Total	Percentage to the total debentures in issue as at 31.12.09
	Personal interests	Family interests	Corporate interests		
Mr Doo Wai Hoi, William	10,000,000 ⁽¹⁾	36,000,000 ⁽²⁾	87,700,000 ⁽³⁾	133,700,000	5.243%
Mr Wong Kwok Kin, Andrew	26,000,000 ⁽⁴⁾	–	–	26,000,000	1.020%
Mr William Junior Guilherme Doo	–	–	5,000,000 ⁽⁵⁾	5,000,000	0.196%

Notes:

- (1) These debentures are convertible into 1,484,553 shares of HK\$0.1 each of NWCL, representing approximately 0.026% of its issued share capital as at 31 December 2009, for the period from 26 June 2007 to 26 May 2012.
- (2) These debentures are convertible into 5,344,392 shares of HK\$0.1 each of NWCL, representing approximately 0.093% of its issued share capital as at 31 December 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by a company owned by the spouse of Mr Doo Wai Hoi, William.
- (3) These debentures are convertible into 13,019,533 shares of HK\$0.1 each of NWCL, representing approximately 0.226% of its issued share capital as at 31 December 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by companies wholly owned by Mr Doo Wai Hoi, William.
- (4) These debentures are convertible into 3,859,839 shares of HK\$0.1 each of NWCL, representing approximately 0.067% of its issued share capital as at 31 December 2009, for the period from 26 June 2007 to 26 May 2012.
- (5) These debentures are convertible into 742,276 shares of HK\$0.1 each of NWCL, representing approximately 0.013% of its issued share capital as at 31 December 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by a company wholly owned by Mr. William Junior Guilherme Doo.

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

SHARE OPTION SCHEME

(a) The Company

During the Current Period, movement of share options granted by the Company under 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 31.12.09	Exercise price per share HK\$
		Balance as at 01.07.09	Granted during the period	Exercised during the period	Lapsed during the period		
21 August 2007	(1)	11,901,044	–	–	(210,113)	11,690,931	16.193
28 January 2008	(1)	700,295	–	–	–	700,295	20.591

Notes:

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

(b) Taifook Securities

Movements of share options granted by Taifook Securities, a subsidiary of the Company during the Current Period, under its share option scheme, which was adopted on 23 August 2002, during the period from 1 July 2009 to 20 December 2009 were as follows:

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 20.12.09 ⁽²⁾	Exercise price per share HK\$
		Balance as at 01.07.09	Granted during the period	Exercised during the period	Lapsed during the period		
1 December 2007	(1)	26,692,988	–	–	(2,643,383)	24,049,605	5.875

Notes:

- (1) Exercisable from 1 June 2008 to 31 May 2016.
- (2) The date immediately preceding the effective date of the cessation of Taifook Securities as a subsidiary of the Company.
- (3) The cash consideration paid by each eligible participant for the grant of share options is HK\$1.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2009, 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 of issued share capital of the Company as at 31.12.09
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	1,245,214,015 ⁽¹⁾	1,245,214,015	60.12%
Centennial Success Limited	–	1,245,214,015 ⁽²⁾	1,245,214,015	60.12%
CTF	59,831,893	1,185,382,122 ⁽³⁾	1,245,214,015	60.12%
NWD	779,909,657	405,472,465 ⁽⁴⁾	1,185,382,122	57.23%
Mombasa Limited	355,897,327	–	355,897,327	17.18%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited holds 51% direct interest in Centennial Success Limited ("CSL") and is accordingly deemed to have an interest in the shares deemed to be interested by CSL.
- (2) CSL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (3) CTF, together with its subsidiaries, hold more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (4) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD is also deemed to be interested in 1,986,513 shares held by Financial Concepts Investment Limited, 15,393,385 shares held by Hing Loong Limited, 15,393,385 shares held by Fine Reputation Incorporated, 13,493,674 shares held by New World Hotels Corporation Limited and 3,308,181 shares held by Hong Kong Island Development Limited, all of them are subsidiaries of NWD.
- (5) All the interests stated above represent long positions.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2009.

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, 16 March 2010

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-executive Directors

Mr Doo Wai Hoi, William (Deputy Chairman)
Mr Wilfried Ernst Kaffenberger
Mr To Hin Tsun, Gerald
Mr Dominic Lai
Mr Yeung Kun Wah, David
(Alternate director to Mr Wilfried Ernst Kaffenberger)

Independent Non-executive Directors

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

Board Committees

Executive Committee

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

Audit Committee

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

Remuneration Committee

Mr Tsang Yam Pui (Chairman)
Mr Lam Wai Hon, Patrick
Mr Kwong Che Keung, Gordon
Mr Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham

Corporate Social Responsibility Committee

Mr Tsang Yam Pui (Chairman)
Mr Lam Wai Hon, Patrick
Mr William Junior Guilherme Doo
Mr Dominic Lai
Mr Kwan Chuk Fai
Ms Lam Yuet Wan, Elina

Company Secretary

Mr Chow Tak Wing

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

28/F, New World Tower
18 Queen's Road Central
Hong Kong

Principal Share Registrar and Transfer Office

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

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Standard Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

Principal Bankers

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

Website

www.nws.com.hk



新創建 NWS

NWS Holdings Limited

(incorporated in Bermuda with limited liability)

28/F New World Tower
18 Queen's Road Central
Hong Kong

Tel: (852) 2131 0600
Fax: (852) 2131 0611
E-mail: nwsnews@nws.com.hk

www.nws.com.hk



NWS Holdings Limited takes every practicable measure to conserve resources and minimize waste.

This interim report is printed on FSC certified paper using chemistry free plate system and soy ink.

The FSC logo identifies product group from well-managed forests and other controlled sources in accordance with the rules of the Forest Stewardship Council.

