



新創建 NWS

A photograph of a sailboat's deck and rigging, viewed from a low angle looking out over the ocean. The sky is blue with some light clouds. The water is a deep blue with white foam from the boat's wake.

**FORGING AHEAD
PURSUING VALUE**

ANNUAL REPORT 2013
NWS HOLDINGS LIMITED
STOCK CODE: 659



OUR VISION

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

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Design rationale

FORGING AHEAD PURSUING VALUE

NWS Holdings Annual Report 2013 has adopted the image of a sailboat powerfully plowing through wind and waves to depict the Group's clear focus to strive for excellence and enhance shareholder value. The sailboat illustrations and forward-pointing arrows reflect the concerted effort of the management and employees to develop sustainable growth while undertaking corporate social responsibilities, now and into the future.

Download the
NWS Holdings
Annual Report 2013



Corporate Profile

About NWS Holdings

NWS Holdings (Hong Kong stock code: 659) is the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 17). Listed on the Hong Kong Stock Exchange, NWS Holdings embraces a range of businesses in Hong Kong, Mainland China and Macau.

With a workforce of approximately 26,000 people, NWS Holdings is committed to achieving sustainable growth in its two core business areas of infrastructure and services.

Services

As a pioneer in the services industry, NWS Holdings provides excellent services in supporting the needs of Hong Kong people and driving the city's growth.

WATER

PORTS & LOGISTICS



FACILITIES MANAGEMENT



CONSTRUCTION & TRANSPORT



STRATEGIC INVESTMENTS



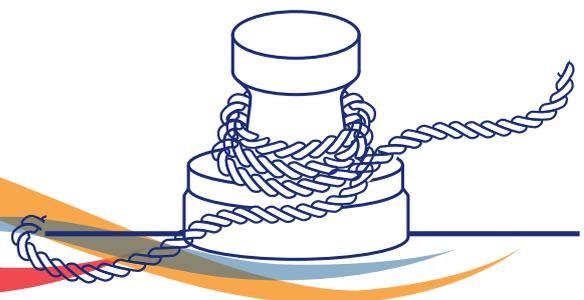
► Infrastructure

As one of the leading infrastructure players in Mainland China, NWS Holdings possesses an extensive business network in managing and operating 63 projects and two strategic investments in four major segments, namely Roads, Energy, Water and Ports & Logistics.

ROADS



ENERGY



Major Events and Accolades



2012

July

- NWS Holdings won the Silver Award of Internal Communication at the 10th China Golden Awards for Excellence in Public Relations for its outstanding staff communication strategy.

August

- NWS Holdings Annual Report 2011 won a silver award at the 2012 International ARC Awards, followed by winning two bronze awards at the 2012 Galaxy Awards in October.

September

- NWS Holdings was chosen as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the second consecutive year in recognition of its outstanding performance in environment, social and corporate governance.

October

- NWS Holdings established a subsidiary, Hip Seng Construction Company Limited, to deliver general contracting and construction management services to New World Group.



- Hong Kong Convention and Exhibition Centre ("HKCEC") was voted the Best Convention & Exhibition Centre for the fourth time in the 23rd Annual TTG Travel Awards. It was also voted Asia's Best Convention and Exhibition Centre for the 10th time by readers of *CEI Asia* magazine.
- Sino French Water Development Company Limited ("Sino French Water"), a 50/50 joint venture with Suez Environnement, contracted to acquire a 65% stake in Sichuan Shuangliu Dayi Environmental Technology Company Limited to jointly manage and operate eight sewage treatment plants in Shuangliu County of Sichuan Province.
- Hip Hing Construction Company Limited received the Silver Award in the Development Category of the Award for Excellence in Training and Development 2012 organized by the Hong Kong Management Association. It also scooped 11 awards, including two highest honours, at the Hong Kong Construction Association Safety Awards cum Environmental Awards 2012.

December

- The Group launched the NWS Scholarships for Employees' Children Scheme as part of its effort to support family-friendly practices.



2013

January

- HKCEC was the featured landmark in the New Year • New World – Hong Kong Countdown Celebrations.



- NWS Holdings won the Gold Award for Outstanding Volunteer Team for the second consecutive year at the Hong Kong Outstanding Corporate Citizenship Award scheme organized by the Hong Kong Productivity Council.



February

- NWS Holdings entered into an agreement with a number of companies in Xiamen to form a joint venture, Xiamen Container Terminal Group Co., Ltd., with a 13.8% interest. The joint venture will take advantage of synergy effect to manage the current container terminal business of the concerned companies.
- The Group celebrated the 10th anniversary of its First Trading Day with a series of events and social services, underlining the theme of “Celebrating a Decade of Success and Beyond”.



- NWS Holdings Annual Report 2012 won a bronze award at the 26th International Mercury Awards.

March

- GHK Hospital Limited, a partnership between NWS Holdings and Parkway Pantai Limited, was awarded the Wong Chuk Hang site in Hong Kong to develop a private hospital named the Gleneagles Hong Kong Hospital. The Li Ka Shing Faculty of Medicine of The University of Hong Kong is the clinical partner. The hospital is scheduled for operation in late 2016.



April

- Sino French Water was named one of the Top 10 Most Influential Enterprises (Investment and Business Operation) in Mainland China's Water Industry Annual Award for 2012.
- New World First Bus Services Limited and Citybus Limited won the Best Public Service Application Grand Award and Best Public Service Application (Transformation) Gold Award in the Hong Kong ICT Awards 2013 steered by the Office of the Government Chief Information Officer.
- The Group received the Gold Award for Volunteer Service (Organization) from the Social Welfare Department in appreciation of the contribution of over 14,000 hours of service by the corporate volunteers in 2012.

June

- Sino French Water's joint venture concluded a 30-year contract to provide exclusive wastewater treatment services to the chemical industrial zone in the Qingdao Dongjiakou Economic Zone, China.
- The project company of Tangjin Expressway (Tianjin North Section) signed Loan Facility Agreements for RMB1.2 billion and HK\$1.5 billion with the Hong Kong Branch of China Development Bank to fund the expansion works of the Expressway. It represented the Group's first offshore RMB project loan.



Financial Highlights

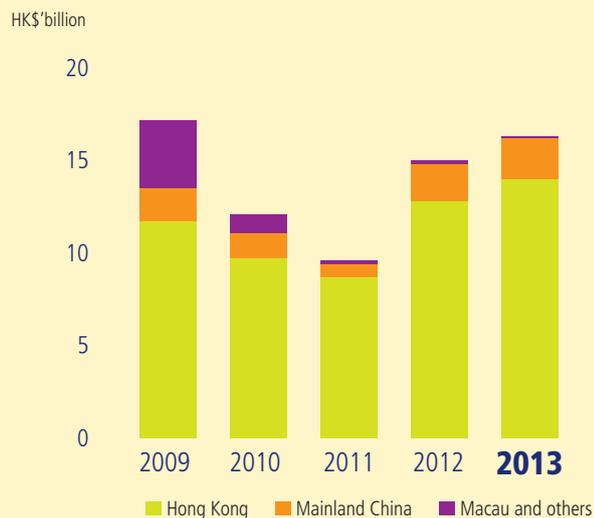
	2013	2012
	HK\$'m	HK\$'m
Revenue	16,247.9	14,954.3
Profit Attributable to Shareholders of the Company	4,008.0	5,251.1
Net Debt	9,911.3	12,280.1
Total Assets	67,022.8	62,086.2
Net Assets	41,021.0	36,632.8
Shareholders' Funds	40,183.1	35,794.3

	2013	2012
	HK\$	HK\$
Earnings per Share – Basic	1.11	1.53
Net Assets per Share	11.16	10.23

	2013	2012
Net Gearing Ratio	24%	34%
Return on Equity	10%	15%
Return on Capital Employed	7%	10%
Dividend Payout Ratio	50%	50%

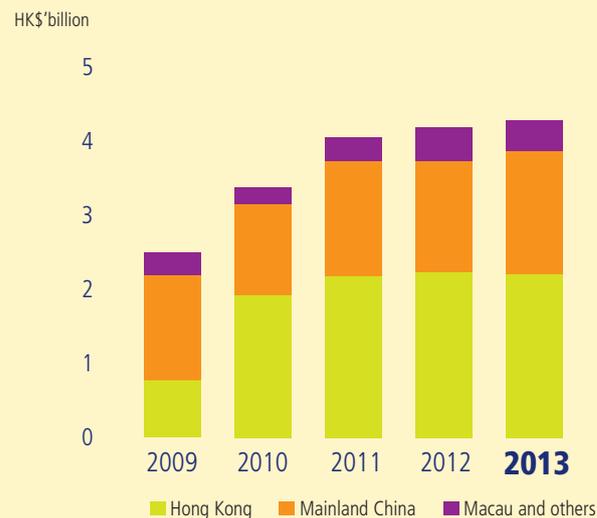
Revenue by Region

for the year ended 30 June



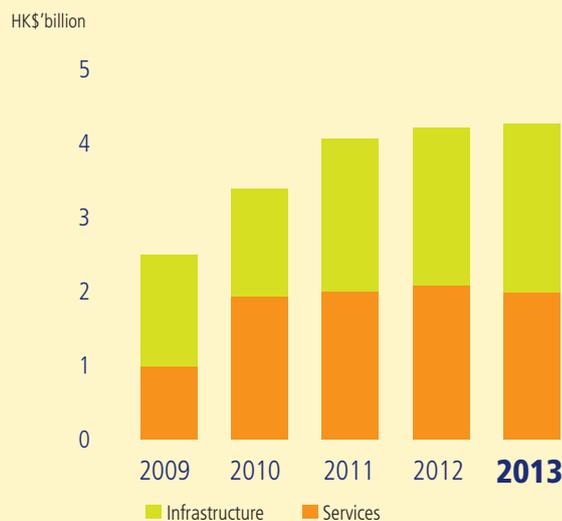
AOP by Region

for the year ended 30 June



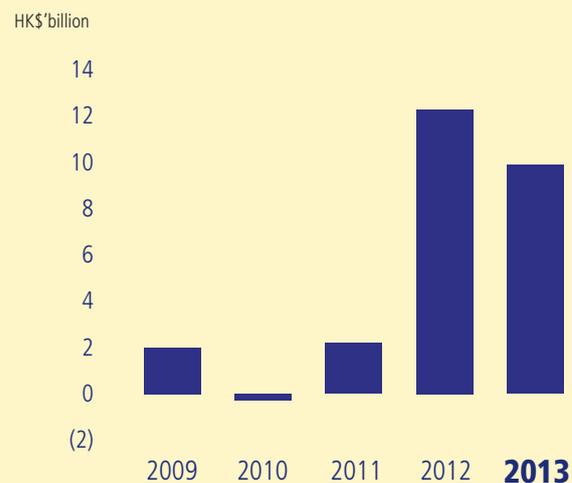
AOP by Division

for the year ended 30 June



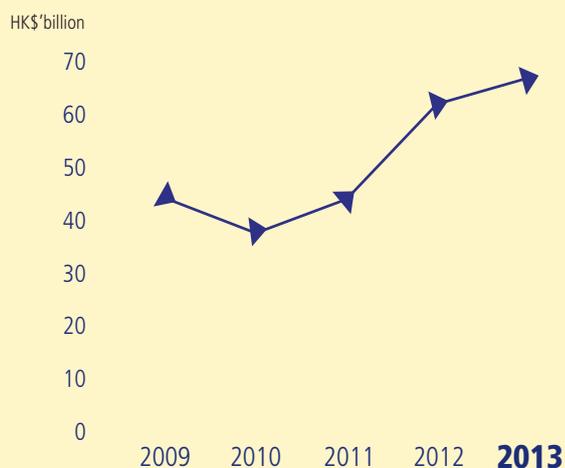
Net Debt/(Net Cash)

as at 30 June



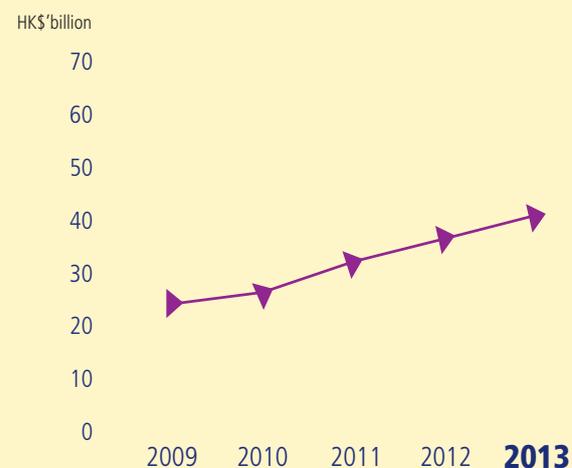
Total Assets

as at 30 June



Total Equity

as at 30 June



Chairman's Statement

Dear Shareholders,

In February 2013, the Group reached a memorable milestone as it marked the 10th anniversary since the shares of the Company commenced trading on the Hong Kong Stock Exchange following a reorganization of the New World Group. It gives me much pleasure to report that the Group has delivered a set of commendable results while embracing new challenges and opportunities during FY2013. The track records set by the Group over the years, even during demanding economic circumstances, bear testimony to our clear vision, strategy and direction which will guide us through the next decade.

Capturing Opportunities in a Challenging Environment

The new Chinese administration which took office in March 2013 has reiterated that urbanization would be a major driving force for sustainable and balanced economic development. Urban growth in Mainland China will undoubtedly spur investment in infrastructure projects to upgrade and improve the existing transportation networks and overall living standards. As a seasoned infrastructure player, the Group is well prepared and equipped to take advantage of its diversified platform and expertise in identifying quality capital investment projects and providing integrated solutions in line with modern energy conservation and environmental protection principles to ensure long-term growth.

As previously reported, the full-year result of 95% shareholding of Hangzhou Ring Road ("HZRR") in FY2013 served as an important growth driver although its contribution was partly offset by the introduction of two toll policies in Mainland China; firstly, toll standardization in Guangdong Province since June 2012 and secondly, Holiday Toll-free Policy for small passenger vehicles during four major statutory holiday periods (21 days in FY2013). To cope with the adverse impact,

the Group has adopted a proactive and yet cautious approach in maintaining communication with the relevant government authorities to address the social and commercial impact stemming from such policies. In addition, the current expansion works at Tangjin Expressway (Tianjin North Section) which led to a 38% drop in traffic volume also affected the results of the Roads segment. Consequently, the mild growth of 2% under the Roads segment amid these unfavourable factors was a hard earned achievement which also exemplified the underlying strength of the Group's existing roads portfolio, especially after the acquisition of HZRR in the previous financial year.

The Energy segment rebounded by 26% as the downward trend in coal prices since early 2012 continued to boost operating margins even though the pace of economic recovery has constantly weighed on electricity consumption in Mainland China. On the other hand, electricity sales in Macau grew by 5% as domestic demand continues to rise in line with its local development.

Having signed an agreement involving both our port assets in Xiamen, the Group looks forward to the establishment of a new port joint venture by the end of 2013. This joint venture will own 25 berths in Xiamen and is expected to ensure stable profitability. Pursuant to the strategic partnership agreement with a Sichuan-based water company, the Water segment has successfully established its local presence through the acquisition of two wastewater projects at Shuangliu County and Chongzhou City in Chengdu. Both of these areas are undergoing rapid development as manufacturing and industrial hubs so the new treatment plants will serve a wide range of customers across the residential, industrial and commercial sectors. These latest developments in the city of Xiamen and Sichuan Province once again demonstrate the Group's ability and competitive edge to capture growth opportunities in a challenging business environment.

Healthcare as Future Growth Driver

The Group is most delighted with the announcement by the HKSAR Government in March 2013 that a new joint venture of the Group had won the public tender to develop and operate a private hospital in Wong Chuk Hang. With Parkway Pantai Limited, a renowned private healthcare provider in Asia, and the Li Ka Shing Faculty of Medicine of The University of Hong Kong as our strategic and collaborative partners, the Group has every confidence that this unique opportunity will open up a new business dimension and complement our successful services related operations in Hong Kong.



The expiry of the concession contract at the Hong Kong International Airport in November 2012 and the renewed concession terms presented a negative impact on the performance of the duty free business under the Facilities Management segment. However, the Group is confident that the setback would be mitigated by the continuous growth in patronage and spending power of individual travellers at the land border terminals. Moreover, the organic growth from Hong Kong Convention and Exhibition Centre would remain firm due to the increasing demand for world class exhibition venues and facilities in the Asia Pacific region.

Performance Review

Attributable Operating Profit reached HK\$4.267 billion despite the fact that the operating and economic environment remained challenging during FY2013. Profit attributable to shareholders registered a drop of 24% to HK\$4.008 billion but this was mainly due to the one-off dilution gain of approximately HK\$1.8 billion from the listing of Newton Resources Ltd in the previous reporting period.

The Group remains in healthy financial standing with strong liquidity. The recurring operating cash flow from across the business segments had not only enabled the Group to lower its net gearing ratio from 34% to 24% during FY2013, but also to maintain a strong war chest to exploit and develop potential merger and acquisition opportunities.

To share these solid results with our shareholders, a final dividend of HK\$0.26 per share was proposed, representing a payout ratio of approximately 50.2%.

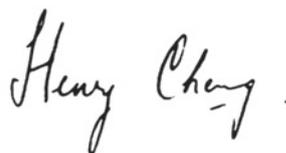
Community Care

Corporate social responsibility principles remain firmly ingrained in the Group's corporate culture and day-to-day activities. Apart from arranging over 140 community events in association with non-profit organizations during FY2013, the Group also launched long-term programmes to provide elderly services in honour of our senior citizens. Accordingly, the Group takes pride in the many recognitions it received

during the year, including the selection as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the third consecutive year.

A Note of Thanks

In closing, I would like to express my deepest gratitude to my fellow Board members who have contributed greatly to the Group with their invaluable experience and counsel. My heartfelt appreciation must also go to the management team and staff for their hard work, commitment and dedication over the past decade. As we all forge ahead in our journey of excellence, I have every confidence that the Group will continue to accomplish its objective in generating strategic growth and enriching shareholder value in the years ahead.



Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 25 September 2013



“ On the constant lookout for business opportunities, the Group has given clear focus on the areas of growth, and been able to maximize profitability by channelling resources accordingly. ”

Board of Directors



Dr Cheng Kar Shun, Henry GBS

Chairman

Dr Cheng, aged 66, was appointed as Executive Director in March 2000 and became the Chairman in March 2001. He is also the Chairman of the Executive Committee and the Nomination Committee of the Company and a director of certain subsidiaries of the Group. Dr Cheng is the Chairman and Executive Director of New World Development Company Limited, a substantial shareholder of the Company, the Chairman and Managing Director of New World China Land Limited, the Chairman and Non-executive Director of New World Department Store China Limited and Newton Resources Ltd, the Chairman and Executive Director of Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation, an independent non-executive director of HKR International Limited and a non-executive director of Lifestyle International Holdings Limited and SJM Holdings Limited (appointed on 31 May 2013), all being listed public companies in Hong Kong. Dr Cheng is also the Chairman of New World Hotels (Holdings) Limited and a director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Chow Tai Fook Enterprises Limited and Mombasa Limited. Dr Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. In 2001, he was awarded the Gold Bauhinia Star by the Government of the HKSAR. Dr Cheng is the father of Mr Cheng Chi Ming, Brian and the uncle of Mr William Junior Guilherme Doo.



Mr Tsang Yam Pui GBS, OBE, QPM, CPM

Executive Director

Mr Tsang, aged 67, was appointed as Executive Director in June 2004 and is also the Chairman of the Corporate Social Responsibility Committee and a member of the Executive Committee, the Remuneration Committee and the Nomination Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Tsang is the Vice Chairman of New World First Bus Services Limited, Citybus Limited, New World First Bus Services (China) Limited and New World First Ferry Services Limited. He is also the Vice Chairman of China United International Rail Containers Co., Limited in Mainland China and a director of Mapletree Investments Pte Ltd in Singapore. Mr Tsang is the Chairman and a non-executive director of Mapletree Commercial Trust Management Ltd. (as manager of Mapletree Commercial Trust which is listed on the Singapore Stock Exchange). Mr Tsang was the Chairman and a non-executive director of Newton Resources Ltd, a listed public company in Hong Kong, up to his retirement on 23 May 2012. Mr Tsang was a member of the Hong Kong Sanatorium & Hospital's Clinical Governance Committee during the period from 2008 and up to June 2013. Prior to joining the Company, Mr Tsang had served with the Hong Kong Police Force for 38 years and retired from the Force as its Commissioner in December 2003. He has extensive experience in corporate leadership and public administration. Mr Tsang was awarded the Gold Bauhinia Star, the OBE, the Queen's Police Medal, the Colonial Police Medal for Meritorious Service, the Commissioner's Commendation, and the HKSAR Police Long Service Medal.



Mr Lam Wai Hon, Patrick

Executive Director

Mr Lam, aged 51, was appointed as Executive Director in January 2003 and is also a member of the Executive Committee, the Remuneration Committee and the Corporate Social Responsibility Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Lam is the Vice Chairman and a non-executive director of Newton Resources Ltd and a non-executive director of Wai Kee Holdings Limited and Road King Infrastructure Limited, all being listed public companies in Hong Kong. He is also the Assistant General Manager of New World Development Company Limited, a substantial shareholder of the Company. He is mainly responsible for overseeing the services business of the Group and managing the financial and human resources aspects of the Company. Moreover, Mr Lam was a director of Guangdong Baolihua New Energy Stock Co., Ltd., a listed company in the PRC, up to his resignation on 1 April 2011. Mr Lam is a Chartered Accountant by training and is a fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr Lam is a Governor of the Canadian Chamber of Commerce in Hong Kong and a member of the Asian advisory board of Richard Ivey School of Business, Western University, Canada.



Mr Cheung Chin Cheung

Executive Director

Mr Cheung, aged 57, was appointed as Executive Director in October 2003 and is also a member of the Executive Committee and the Corporate Social Responsibility Committee of the Company. He had been an executive director of the Company during the period from May 1998 to January 2003. Mr Cheung is also a director of NWS Infrastructure Management Limited, Sino-French Holdings (Hong Kong) Limited, Far East Landfill Technologies Limited and a number of companies in Mainland China. He is the Vice Chairman of Companhia de Electricidade de Macau – CEM, S.A., the Managing Director of The Macao Water Supply Company Limited and a member of the supervisory board of Chongqing Water Group Company Limited, a company listed in Shanghai, the PRC. He is a director of certain subsidiaries of the Group and is mainly responsible for managing the Group's infrastructure business. Mr Cheung had been a member of the Infrastructure Development Advisory Committee and the China Trade Advisory Committee of the Hong Kong Trade Development Council. He has over 20 years of experience in business development, investment and management in the infrastructure business in Mainland China. Mr Cheung is a member of the Hebei Province Committee of the Tenth Chinese People's Political Consultative Conference of The People's Republic of China.

Board of Directors



Mr William Junior Guilherme Doo

Executive Director

Mr Doo, aged 39, was appointed as Director in December 2005 and is also a member of the Executive Committee and the Corporate Social Responsibility Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Doo is a solicitor admitted in the HKSAR and is currently a non-practising solicitor in England and Wales. Before joining the Company, he had legal practice experience in one of the largest global law firms specializing in finance and corporate transactions. Since joining the Company in March 2003, Mr Doo has been acting as members of various management committees of the Group. His area of responsibilities includes managing ports and logistics investment and operations, and overseeing transport, facilities management and water businesses. He is currently a member of the Standing Committee of the Twelfth Chinese People's Political Consultative Conference in Beijing of The People's Republic of China. Mr Doo is the nephew of Dr Cheng Kar Shun, Henry and the cousin of Mr Cheng Chi Ming, Brian.



Mr Cheng Chi Ming, Brian

Executive Director

Mr Cheng, aged 30, was appointed as Executive Director in July 2009 and is also a member of the Executive Committee and the Corporate Social Responsibility Committee of the Company. He is also a director of certain subsidiaries of the Group. He has been with the Company since January 2008 and is mainly responsible for overseeing the infrastructure business and the merger and acquisition affairs of the Group. Mr Cheng is the Chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited (formerly known as Fook Woo Group Holdings Limited) and a non-executive director of Newton Resources Ltd, Haitong International Securities Group Limited and Wai Kee Holdings Limited, all being listed public companies in Hong Kong. He is also a director of Sino-French Holdings (Hong Kong) Limited, Sino-French Energy Development Company Limited, The Macao Water Supply Company Limited and a director of a number of companies in Mainland China. Moreover, Mr Cheng was a non-executive director of Freeman Financial Corporation Limited, a listed public company in Hong Kong, up to his retirement on 30 August 2011. Before joining the Company, Mr Cheng had been working as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets. Mr Cheng holds a Bachelor of Science degree from Babson College in Massachusetts, USA. Mr Cheng is the son of Dr Cheng Kar Shun, Henry and the cousin of Mr William Junior Guilherme Doo.



Mr To Hin Tsun, Gerald

Non-executive Director

Mr To, aged 64, was appointed as Independent Non-executive Director in May 1998 and was re-designated to Non-executive Director in August 2002. Mr To has been a practising solicitor in Hong Kong since 1975. He is also qualified as a solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore. Mr To is also a non-executive director of Mongolia Energy Corporation Limited and an executive director of International Entertainment Corporation, both companies' shares being listed on the Main Board of the Hong Kong Stock Exchange.



Mr Dominic Lai

Non-executive Director

Mr Lai, aged 66, was appointed as Independent Non-executive Director in August 2002 and was re-designated to Non-executive Director in September 2004. He is also a member of the Audit Committee and the Corporate Social Responsibility Committee of the Company. Mr Lai is a practising solicitor in Hong Kong and is also admitted in England and Wales, the Republic of Singapore, the States of New South Wales and Victoria, Australia. Mr Lai is a senior partner of the Hong Kong law firm, Lu, Lai & Li. He is also a non-executive director of Midas International Holdings Limited and Oriental Press Group Limited, both being listed public companies in Hong Kong. Moreover, he was an independent non-executive director of Winfoong International Limited, a listed public company in Hong Kong, up to his retirement on 24 May 2011.

Board of Directors



Mr Kwong Che Keung, Gordon

Independent Non-executive Director

Mr Kwong, aged 64, was appointed as Independent Non-executive Director in October 2002 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He is also an independent non-executive director of a number of Hong Kong listed public companies including Agile Property Holdings Limited, CITIC Telecom International Holdings Limited, China COSCO Holdings Company Limited, China Chengtong Development Group Limited, China Power International Development Limited, Chow Tai Fook Jewellery Group Limited, Global Digital Creations Holdings Limited, Henderson Investment Limited, Henderson Land Development Company Limited and OP Financial Investments Limited. He was an independent non-executive director of Frasers Property (China) Limited (retired on 14 January 2011, now known as Gemdale Properties and Investment Corporation Limited), COSCO International Holdings Limited (retired on 9 June 2011), Beijing Capital International Airport Company Limited (retired on 15 June 2011) and Quam Limited (retired on 6 September 2012), all being listed public companies in Hong Kong. Mr Kwong is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He was a Partner of Price Waterhouse from 1984 to 1998 and an independent member of the Council of the Hong Kong Stock Exchange from 1992 to 1997, during which, he had acted as convener of both the Compliance Committee and the Listing Committee.



Dr Cheng Wai Chee, Christopher GBS, OBE, JP

Independent Non-executive Director

Dr Cheng, aged 65, was appointed as Independent Non-executive Director in January 2003 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr Cheng is the Chairman of Wing Tai Properties Limited and an independent non-executive director of New World China Land Limited and Kingboard Chemical Holdings Limited, all being listed public companies in Hong Kong. He is also a non-executive director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust which is listed on the Hong Kong Stock Exchange). Dr Cheng was appointed as a non-executive director of The Hongkong and Shanghai Banking Corporation Limited on 1 May 2013. Moreover, he was the Chairman of Windsor Properties Holdings Limited, a listed public company in Hong Kong, and an independent non-executive director of DBS Group Holdings Limited, a listed public company in Singapore, up to his resignation on 1 September 2012 and 29 April 2013 respectively. Dr Cheng has a keen interest in the public services. He is currently a member of the Hong Kong Government Exchange Fund Advisory Committee, a member of the Judicial Officers Recommendation Commission, a member of the Council of The University of Hong Kong and a steward of the Hong Kong Jockey Club. He also serves as a member of the board of Overseers at Columbia Business School, the board of Temasek Foundation CLG Limited, and a member on the President's Council on International Activities of the Yale University. Dr Cheng is the former Chairman of the Hong Kong General Chamber of Commerce. Dr Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York and was conferred the degree of Doctor of Social Sciences *honoris causa* by The University of Hong Kong.



The Honourable Shek Lai Him, Abraham GBS, JP

Independent Non-executive Director

Mr Shek, aged 68, was appointed as Independent Non-executive Director in September 2004 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr Shek graduated from the University of Sydney with Bachelor of Arts. He is a member of the Legislative Council for the HKSAR representing real estate and construction functional constituency since 2000. Currently, Mr Shek is a member of the Court of The Hong Kong University of Science & Technology and a member of both the Court and the Council of The University of Hong Kong. He is also a member of the Fifth Shenzhen Municipal Committee of Chinese People's Political Consultative Conference of The People's Republic of China, a member of the Committee on Strategic Development of the Central Policy Unit of the Government of the HKSAR and the Vice Chairman of the Independent Police Complaints Council in the HKSAR. Mr Shek is a director of The Hong Kong Mortgage Corporation Limited and an independent non-executive director of MTR Corporation Limited, Midas International Holdings Limited, Paliburg Holdings Limited, Lifestyle International Holdings Limited, Chuang's Consortium International Ltd., Chuang's China Investments Limited (also acts as Chairman), ITC Corporation Limited, ITC Properties Group Limited (also acts as Vice Chairman), Titan Petrochemicals Group Limited, Country Garden Holdings Company Limited, Hsin Chong Construction Group Ltd., Hop Hing Group Holdings Limited, SJM Holdings Limited, Dorsett Hospitality International Limited, China Resources Cement Holdings Limited and Lai Fung Holdings Limited, all of which are companies whose shares are listed on the Hong Kong Stock Exchange. He is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both of the trusts are listed on the Hong Kong Stock Exchange. Mr Shek was awarded the Gold Bauhinia Star by the Government of the HKSAR in July 2013.



Mr Wilfried Ernst Kaffenberger

Independent Non-executive Director

Mr Kaffenberger, aged 69, was appointed as Non-executive Director in January 2003 and re-designated to Independent Non-executive Director with effect from 1 March 2012. He is an independent financial advisor. In June 2008, he completed his role as Chief Executive Officer of the AIG Asian Infrastructure Fund II (the "Fund"), a US\$1.67 billion direct equity investment fund he organized in 1997. Prior to organizing the Fund, he was the Vice President, Operations, of the International Finance Corporation ("IFC"), a World Bank affiliate. His career at IFC covered 25 years. Since 1 March 2013, Mr Kaffenberger was appointed as director of Duquesne Light Holdings Inc. and Duquesne Light Company ("Duquesne"). Duquesne is an electricity transmission and distribution company operating in Pennsylvania, USA. Mr Kaffenberger was also a director of AEI, a Houston, USA, based energy infrastructure company operating in Latin America, Central and Eastern Europe and Asia and a director of BAA Airports Limited, which owns and operates airports throughout the United Kingdom.

Board of Directors



Mr Yeung Kun Wah, David

Alternate Director to Mr Wilfried Ernst Kaffenberger

Mr Yeung, aged 63, was appointed as Alternate Director to Mr Wilfried Ernst Kaffenberger in January 2003. Mr Yeung has over 20 years' experience in infrastructure and private equity businesses in major emerging market regions. Mr Yeung is an independent financial advisor. He currently served as investment committee member and advisor to the US\$1.0 billion IFC Global Infrastructure Fund. From 2005 till his retirement in 2011, Mr Yeung was the President and Chief Executive Officer of AIG Capital Partners, a wholly owned subsidiary of AIG Investments focusing on emerging market ("EM") private equity funds and concurrently served as the firm's Head of EM infrastructure investments, a position he held since 2000. He represented AIG Investments on its sponsored regional EM infrastructure funds with total committed capital of US\$4.7 billion, sat on the Investment Committees of its sponsored regional EM private equity funds totaling US\$3.0 billion and on the boards of various portfolio companies. Prior to joining AIG Investments, Mr Yeung was with BCE Ventures, Inc. investing principal capital in telecom ventures globally. Mr Yeung holds a MBA degree from the University of Chicago Booth School of Business. He is a US Certified Public Accountant and a Canadian Chartered Accountant.



Mr Lee Yiu Kwong, Alan

Independent Non-executive Director

Mr Lee, aged 69, was appointed as Independent Non-executive Director and a member of the Corporate Social Responsibility Committee of the Company on 1 October 2012. He is the former Chief Executive Officer of CSX World Terminals Hong Kong Limited and ATL Logistics Centre Hong Kong Limited. Mr Lee has over 40 years of shipping and logistics experience, including over 15 years of international experience working in the United States, the Netherlands, Malaysia, Singapore and Thailand. Mr Lee was formerly a member of the Business Advisory Committee chaired by the former Financial Secretaries of Hong Kong. In addition, he was a member of the Logistics Advisory Committee of Hong Kong Trade Development Council. Currently, Mr Lee is the Chairman of Hong Kong Container Terminal Operators Association. Mr Lee also serves as a committee member and advisor to Hong Kong Port Development Council, Hong Kong Logistics Development Council and Sailor's Home and Mission to Seamen. Mr Lee is an accountant by training and has over six years of experience at KPMG.

Senior Management

Mr Chow Tak Wing

*Group Financial Controller and
Company Secretary*

NWS Holdings Limited



Mr Chow, aged 46, joined the Company in 2002 and is the Group Financial Controller and Company Secretary of the Company. He is responsible for the financial management, treasury and corporate governance functions of the Group. Mr Chow is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants (UK), The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He holds an Executive MBA degree from Richard Ivey School of Business, Western University, Canada. Mr Chow has over 20 years' experience in accounting and financial management and corporate governance. Prior to joining the Group, he was a manager of an international accounting firm and senior executive of several Hong Kong listed public companies.

Mr Mak Kai Lert, Russell

Head – Audit & Risk Assurance

NWS Holdings Limited



Mr Mak, aged 58, joined the Company in 2006 and is the Head of Audit & Risk Assurance of the Company. He is responsible for internal audit and risk management of the Group. Mr Mak is a fellow of the Institute of Chartered Accountants in England & Wales and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Information Security Manager of the Information Systems Audit and Control Association (USA). He holds a BA(Hons) in Accountancy. Mr Mak has profound professional knowledge in auditing and corporate governance issues with over 25 years' auditing experience in various listed companies, financial institutions and investment banks. Prior to joining the Company, he had worked as the Head of Audit Departments in several Hong Kong listed public companies.

Mr Ng Tik Hong

General Manager – Merger & Acquisition

NWS Holdings Limited



Mr Ng, aged 43, joined New World Group in 1997 and is the General Manager of Merger & Acquisition Department of the Company. He is responsible for the merger and acquisition affairs of the Group. Mr Ng is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants (UK). He holds a bachelor degree in accountancy, and a master degree of business administration from The Chinese University of Hong Kong. Mr Ng has nearly 20 years' experience in accounting, finance and project management. Prior to joining the Group, he worked in an international accounting firm.

Ms Lam Yuet Wan, Elina

General Manager – Human Resources

NWS Holdings Limited



Ms Lam, aged 50, joined the Company in 1997 and is the General Manager of Human Resources Department of the Company. She is responsible for managing the human resources and administration affairs of the Group. Ms Lam is a professional member of the Hong Kong Institute of Human Resources Management. She holds an Executive MBA degree from Richard Ivey School of Business, Western University, Canada and a Master of Business Administration degree from University of Strathclyde, United Kingdom. Ms Lam has over 25 years' experience in human resources and training and development. Prior to joining the Group, she was a senior executive of human resources in several companies in Hong Kong.

Senior Management

Ms Tang Cheung Yi

General Manager – Corporate Communication
NWS Holdings Limited



Ms Tang, aged 49, joined the Company in 2012 and is the General Manager of Corporate Communication Department of the Company. She is responsible for the Group's corporate communication, public affairs and corporate social responsibility functions. Ms Tang possesses more than 20 years of management experience in corporate communication, government relations and journalism in Hong Kong and the United States. Prior to joining the Group, she was the corporate affairs director with a multinational company in information technology. Ms Tang holds a Bachelor of Social Science degree and a Master of Arts degree in Telecommunications.

Mr Cheng Chi Kwok

Director and General Manager – Roads
NWS Infrastructure Management Limited



Mr Cheng, aged 49, joined New World Group in 1993 and is the Director and General Manager (Roads) of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company. He is also a director of several major PRC joint ventures in the Roads segment of the Group. Mr Cheng holds a Bachelor of Business Administration and he has over 20 years of experience in project development, investment and management in the infrastructure and roads business in Mainland China.

Mr Lam King Sang

General Manager – Water
NWS Infrastructure Management Limited



Mr Lam, aged 53, joined New World Group in 1993 and is the General Manager (Water) of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company. He is mainly responsible for managing the Group's water business. Mr Lam is an executive director of Sino French Water Development Company Limited, a director of The Macao Water Supply Company Limited, Far East Landfill Technologies Limited as well as a number of companies in Mainland China. Mr Lam is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants (UK). He has over 20 years of experience in business development, investment and management in the infrastructure and water business in Mainland China.

Ms Cheng Ka Ki, Joanna

General Manager – Energy
NWS Infrastructure Management Limited



Ms Cheng, aged 46, has been the General Manager (Energy) of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company, since 2008. She is also a director of Companhia de Electricidade de Macau – CEM, S.A. and all other PRC joint ventures in the Energy segment of the Group. Ms Cheng is a member of the Institute of Chartered Accountant of Ontario, Canada. She has more than 15 years of experience in business development, investment and management in power industry in Mainland China. Prior to joining the Group, she had worked for audit firms in Canada and Hong Kong.

Mr Lee Wai Bong, Stephen

General Manager – Ports

**NWS Ports
Management Limited**



Mr Lee, aged 48, joined the Group in 2002 and is currently the General Manager (Ports) of NWS Ports Management Limited, a wholly owned subsidiary of the Company. Mr Lee holds a Bachelor of Business Administration Degree from The Chinese University of Hong Kong and a Master of Business Administration Degree from the University of Toronto, Canada. Mr Lee has extensive experience in project management and merger and acquisition activities. Prior to joining the Group, he had worked in several major multinational corporations.

Mr To Tsan Wai

General Manager – Logistics

**NWS Service
Management Limited**



Mr To, aged 51, joined New World Group in 1998, mainly responsible for infrastructures, ports and logistics projects. Mr To has over 15 years of experience in project investment and management. He is responsible for managing the Group's logistics projects including ATL Logistics Centre, NWS Kwai Chung Logistics Centre and a rail container terminal project in Mainland China. He also participated in managing the container terminal projects in Hong Kong, Xiamen, Tianjin, etc. Before joining the Group, Mr To had worked for international shipping and airline companies. Mr To is a member of the Hong Kong Institute of Certified Public Accountants.

Mr Chu Tat Chi

Managing Director

**Hip Hing Construction
Company Limited**



Mr Chu, aged 56, joined Hip Hing Construction Company Limited ("Hip Hing", a wholly owned subsidiary of the Company) in 1979 and is the Managing Director of Hip Hing. Mr Chu graduated from the Hong Kong Polytechnic in 1978 with a Diploma in Building Studies. He has over 30 years of experience in the civil engineering and construction industries. Mr Chu is a director of NWS Service Management Limited, Quon Hing Concrete Company Limited and Ngo Kee (Macau) Limited. He was also a non-executive director of Wai Kee Holdings Limited, a listed public company in Hong Kong. Prior to joining Hip Hing, he had worked in the Public Works Department of Hong Kong Government.

Mr Choy Hon Ping

Managing Director

**Hip Seng Construction
Company Limited**



Mr Choy, aged 56, joined the Group in 2012 and is the Managing Director of Hip Seng Construction Company Limited, a wholly owned subsidiary of the Company. Mr Choy is a fellow of The Hong Kong Institution of Engineers and a member of The Chartered Institute of Building (UK). He has been appointed by The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) as the "Construction Specialist" since 2006. He was the building committee (1998-2007 and 2010-2012) and the council member (2005-2007) of The Hong Kong Construction Association, Limited. He has over 35 years of experience in building construction in Hong Kong.

Senior Management

Clifford Noble Wallace III

Chairman

**Shenyang New World Expo
(Management) Limited**



Lee Yuk Har, Monica

Managing Director

**Hong Kong Convention
and Exhibition Centre
(Management) Limited**



Mr Wallace, aged 66, is the Chairman of Shenyang New World Expo (Management) Limited and the Managing Director of NWS Venue Management Limited, both are the wholly owned subsidiaries of the Company. He was the Managing Director of Hong Kong Convention and Exhibition Centre (Management) Limited, a wholly owned subsidiary of the Company, through 30 June 2012 having served in this position since May 1995. He remains a member of the board of Hong Kong Convention and Exhibition Centre (Management) Limited.

Mr Wallace is an established and proven veteran with over 40 years in the public assembly facility industry. He has been a Certified Facility Executive since 1978 and is known internationally for his management, administrative, operations, public-relations, planning and consulting expertise. He has consulted on the development, design and operational aspects of numerous facilities in the US, Canada, Europe and Asia. Mr Wallace is an Honorary President of UFI, The Global Association of the Exhibition Industry. He was inducted into the Convention Industry Council's Hall of Leaders in 2011 acknowledging him as one of the industry's outstanding leaders and innovators and one whose contributions have spanned many facets of the industry. He is the former Chairman of the World Council for Venue Management and the Asia Pacific Exhibition and Convention Council and is the former president of the International Association of Venue Managers.

Ms Lee, aged 48, joined Hong Kong Convention and Exhibition Centre (Management) Limited, a wholly owned subsidiary of the Company, in 1994 and is currently its Managing Director. Ms Lee is a proven veteran in the hospitality industry for over 28 years. She is an executive committee member of the Hong Kong Exhibition & Convention Industry Association, as well as a board member of UFI, The Global Association of the Exhibition Industry and Ocean Park Corporation. Since January 2013, Ms Lee was appointed a member of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission of the HKSAR Government.

Ms Lee holds a Master degree in Management from Macquarie University, a Professional Certificate in Event Management & Marketing from the School of Business and Public Management of George Washington University, USA and a Certificate of Legal Studies from The University of Hong Kong.



Mr Abu Baker Salleh

Chief Executive Officer

**Anway Limited and
Sky Connection Limited**



Mr Salleh, aged 66, joined DFS after his graduation from The University of Hong Kong, and worked in various senior management positions in Hong Kong, Honolulu, Singapore, Taipei, Los Angeles and San Francisco. Prior to joining Sky Connection Limited, a wholly owned subsidiary of the Company, Mr Salleh was the President of DFS West with retail operations in several major cities, including Los Angeles, San Francisco and Houston.

After joining Sky Connection Limited in 2000, Mr Salleh expanded its duty free business base from the Hong Kong International Airport to the Hong Kong Macau Ferry Terminal and the China Hong Kong Ferry Terminal. A new company, Anway Limited, also a wholly owned subsidiary of the Company, was formed in 2005 and won the rights from MTR Corporation Limited in 2007 to operate the duty free businesses at the Lok Ma Chau Spur Line, Lo Wu and Hung Hom MTR stations.

Mr Cheng Wai Po, Samuel

Managing Director

**New World First Bus Services
Limited and Citybus Limited**



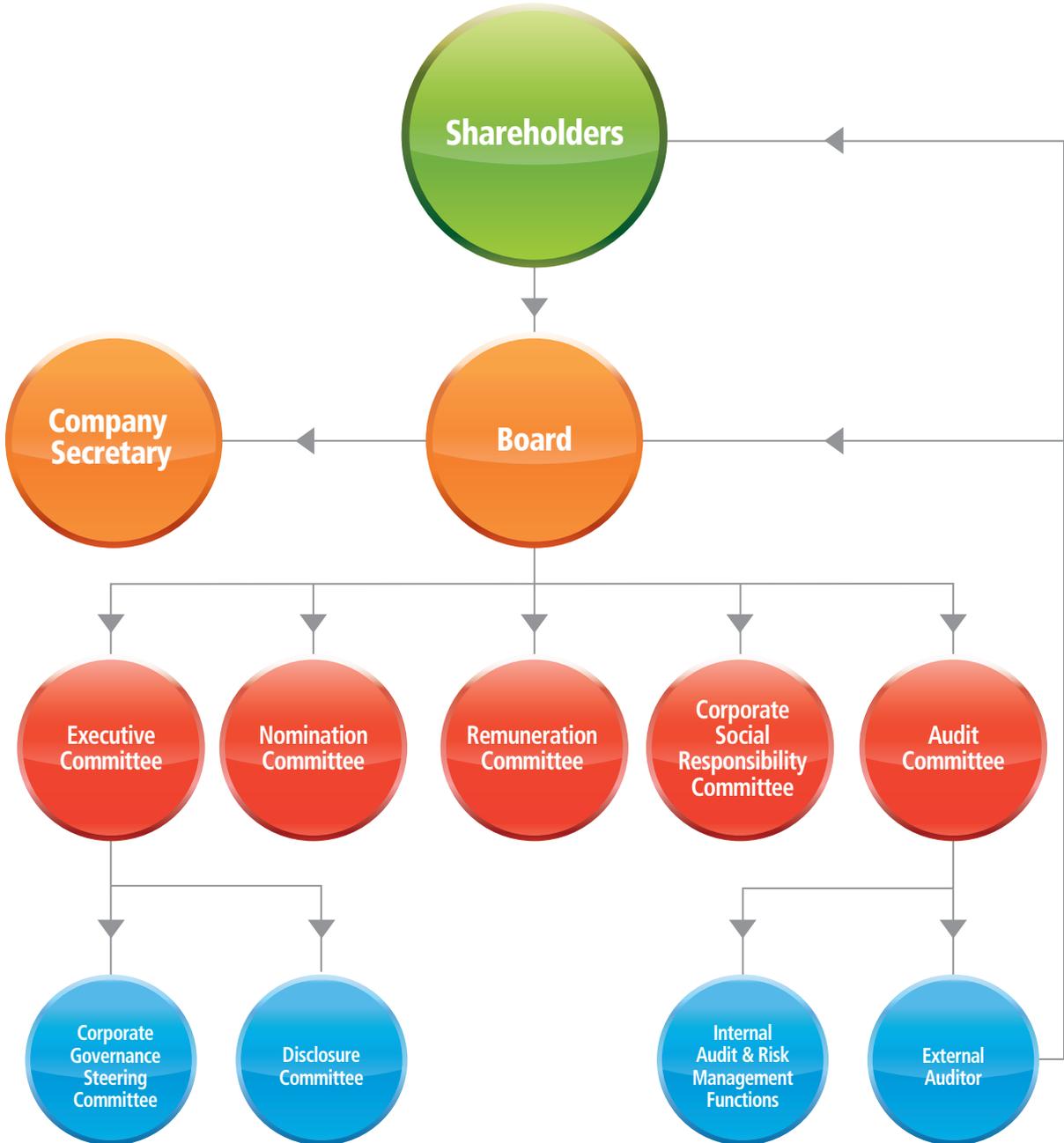
Mr Cheng, aged 54, joined Citybus Limited in 1992 and is the Managing Director of New World First Bus Services Limited and Citybus Limited. Both companies are wholly owned subsidiaries of NWS Transport Services Limited which is a jointly controlled entity of the Company. He is also an executive director of Kwoon Chung Bus Holdings Limited, a listed public company in Hong Kong. Mr Cheng is a member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Social Sciences Degree from The University of Hong Kong. Mr Cheng has over 20 years' experience in the public transport industry. Prior to joining Citybus Limited, he had worked in an international accounting firm for over six years.

Corporate Governance Report

Corporate Governance Practices

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

Set out below is the current corporate governance framework of the Group:



Comprehensive guidelines, policies and procedures have been formulated by the Board in support of the Group's corporate governance framework including the "Director's Manual", "Corporate Governance Manual", "Guidelines on Internal Control System", "Corporate Policy on Staff Responsibility", "Whistleblowing Policy", "Disclosure Policy on Inside Information", "Board Diversity Policy" and the terms of reference for various board committees. These documents are reviewed regularly by the Board and the relevant board committees and are updated in line with the amendments of applicable legislations and rules as well as the current market practices.

The Company has complied with all the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules (the "CG Code") throughout FY2013, except for the deviation as mentioned below.

Pursuant to code provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting of the Company. However, due to another meeting engagement in Mainland China, Dr Cheng Kar Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 20 November 2012 (the "2012 AGM"). Mr Doo Wai Hoi, William, who was the Deputy Chairman during FY2013 and took the chair of the 2012 AGM, together with other members of the Board who attended this meeting, were of sufficient calibre for answering questions at the 2012 AGM.

The Board

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The Board currently comprises 13 members whose biographical details are set out in the "Board of Directors and Senior Management" section on pages 10 to 21 of this annual report. An updated list of directors of the Company and their respective role and function has been maintained on the website of each of the Hong Kong Stock Exchange and the Company. Updated biographical details of each director are also available on the Company's website.

Day-to-day operation of the businesses of the Company is delegated to the management who is led by the Executive Committee. They are being closely monitored by the Board and are accountable for the performance of the Company as measured against the corporate goals and business targets set by the Board.

The Company provides extensive background information about its history, mission and businesses to its directors. Directors are also invited to visit the Group's operational facilities from time to time and to meet with the management for gaining better understanding of business operations of the Group. Furthermore, the Board has separate and independent access to the senior management and the Company Secretary at all times. With prior request to the Company Secretary, the Board is given access to independent professional advice any time when it thinks appropriate.

Appropriate liability insurance for directors has been arranged for indemnifying their liabilities arising out of corporate activities. This insurance coverage is reviewed on an annual basis.

Corporate Governance Report

The posts of Chairman and Chief Executive Officer of the Company are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's businesses. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.

Board Meetings

The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate.

During FY2013, four Board meetings were held and notice of not less than 14 days was given to directors for each of these meetings. Draft agenda for Board meetings were prepared by the Company Secretary and were circulated to all directors for comments before each meeting. Directors were given an opportunity to include any other matters in the agenda. The agenda, together with Board papers, were sent in full to the directors not less than three business days before the intended date of the Board meeting.

Minutes of Board meetings were prepared by the Company Secretary with details of decisions reached, any concerns raised and dissenting views expressed. The draft minutes were sent to all directors within a reasonable time after each meeting for their comment before being formally signed by the chairman of the meeting. Copies of the final version of Board minutes were sent to the directors for information and record.

At each regular Board meeting, executive directors of the Company made presentations to the Board on various aspects, including the business performance, financial performance, corporate governance and outlook, etc. A written report reviewing all the key operational aspects of the Group was provided to the directors before each regular Board meeting to enable them to make informed decisions for the benefit of the Company.

Throughout FY2013, directors of the Company also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by the subject executive directors or the Company Secretary when required.

Pursuant to the bye-laws of the Company, a director, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement of the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered. Furthermore, a director shall not vote (nor be counted in the quorum) on any resolution of the directors in respect of any contract or arrangement or proposal in which he or any of his associate(s) is to his knowledge materially interested. Matters to be decided at Board meetings are decided by a majority of votes from directors allowed to vote. These bye-laws were strictly observed throughout FY2013.

Directors of the Company play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance record of each of the directors for the Board meetings, the board committees meetings and the general meetings held during FY2013 is listed as follows:

Name of director	Meetings attended/held					
	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Corporate Social Responsibility Committee meeting	General meeting
<i>Executive directors:</i>						
Dr Cheng Kar Shun, Henry (Chairman of the Board)	4/4	–	1/1	–	–	1/2
Mr Tsang Yam Pui	4/4	–	1/1	1/1	2/2	2/2
Mr Lam Wai Hon, Patrick	4/4	2/2 ⁽¹⁾	–	1/1	2/2	2/2
Mr Cheung Chin Cheung	4/4	–	–	–	2/2	2/2
Mr William Junior Guilherme Doo	4/4	–	–	–	2/2	2/2
Mr Cheng Chi Ming, Brian	3/4	–	–	–	1/2	2/2
<i>Non-executive directors:</i>						
Mr Doo Wai Hoi, William ⁽²⁾	4/4	–	–	–	–	2/2
Mr To Hin Tsun, Gerald	4/4	–	–	–	–	2/2
Mr Dominic Lai	4/4	2/2	–	–	2/2	2/2
<i>Independent non-executive directors:</i>						
Mr Kwong Che Keung, Gordon	4/4	2/2	1/1	1/1	–	2/2
Dr Cheng Wai Chee, Christopher	4/4	2/2	1/1	1/1	–	2/2 ⁽³⁾
Mr Shek Lai Him, Abraham	4/4	2/2	1/1	1/1	–	2/2
Mr Wilfried Ernst Kaffenberger	4/4	–	–	–	–	2/2 ⁽³⁾
Mr Yeung Kun Wah, David (alternate director to Mr Wilfried Ernst Kaffenberger)	4/4	–	–	–	–	2/2
Mr Lee Yiu Kwong, Alan	3/3 ⁽⁴⁾	–	–	–	2/2	2/2

Notes:

- Mr Lam Wai Hon, Patrick attended the Audit Committee meetings as an invitee.
- Mr Doo Wai Hoi, William resigned as the Deputy Chairman and non-executive director of the Company with effect from 1 July 2013.
- Joining the two general meetings by way of telephone conference.
- Mr Lee Yiu Kwong, Alan was appointed as independent non-executive director of the Company with effect from 1 October 2012. During the period from the date of his appointment up to 30 June 2013, three Board meetings were held.

Corporate Governance Report

Board Committees

The Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and specific issues are being handled by relevant expertise. Five board committees have been established and each of them has its specific duties and authorities setting out in its own terms of reference. Written terms of reference, which are in line with the CG Code, of each of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the website of each of the Hong Kong Stock Exchange and the Company.

(a) *Executive Committee*

The Executive Committee serves as an executive arm of the Board to review the Group's performance and manage its assets and liabilities in accordance with the policies and directives of the Board. It also makes recommendation to the Board in respect of the overall strategy for the Group from time to time.

Members of the Executive Committee comprise all executive directors of the Company including Dr Cheng Kar Shun, Henry (Chairman), Mr Tsang Yam Pui, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo and Mr Cheng Chi Ming, Brian.

During FY2013, the Disclosure Committee was established under the Executive Committee for monitoring the dissemination of inside information of the Company.

(b) *Audit Committee*

The major responsibilities of the Audit Committee are to monitor the financial reporting process of the Company and to review the Company's financial control, internal control, risk management systems and arrangements under the Company's whistleblowing policy. It also governs the engagement of external auditor and its performance. The Audit Committee meets regularly with at least two meetings annually. It also has separate meeting with the Company's external auditor at least once a year in the absence of the management.

Members of the Audit Committee comprise three independent non-executive directors of the Company, namely, Mr Kwong Che Keung, Gordon (Chairman), Dr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham, and a non-executive director of the Company, namely, Mr Dominic Lai.

During FY2013, the Audit Committee reviewed the audited financial statements of the Group for FY2012 and the interim results of the Group for FY2013. It also reviewed the system of internal control of the Company, the internal audit plan of the Group for FY2014 and the internal audit reports prepared by the Group Audit & Risk Assurance Department of the Company ("GARA"). The audit plans from external auditor and its remuneration were reviewed by the Audit Committee and recommendation was made on the re-appointment of the external auditor. Manpower of the Group's finance team was also reviewed by the Audit Committee.

(c) *Nomination Committee*

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board on the appointment or re-appointment of directors. Formal nomination procedures were adopted by the Board for governing the nomination and re-election of directors.

Members of the Nomination Committee comprise two executive directors of the Company, namely, Dr Cheng Kar Shun, Henry (Chairman) and Mr Tsang Yam Pui and three independent non-executive directors of the Company, namely, Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham.

During FY2013, the Nomination Committee reviewed the proposal for appointment of an independent non-executive director of the Company, the structure of the Board, the independence of independent non-executive directors and made recommendations in relation to the re-appointment of the retiring directors. It also made recommendation to the Board for adoption of the “*Board Diversity Policy*”.

The Board adopted the “*Board Diversity Policy*” in June 2013 setting out the approach to diversity on the Board. It is believed that a truly diverse board will include and make good use of differences in the skills, regional and industrial experience, background, race, gender and other qualities of members of the board. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee is responsible for setting annually measurable objectives for implementing diversity on the Board and recommends them to the Board for adoption. In FY2014, a survey will be conducted in respect of certain board diversity perspectives among listed issuers in Hong Kong in order to facilitate the review and implementation of board diversity on the Company. The “*Board Diversity Policy*” shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness.

(d) Remuneration Committee

The Remuneration Committee is mainly responsible for reviewing and making recommendation to the Board on the Company’s policy and structure for remuneration of directors and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee makes recommendation to the Board on the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual executive directors while the remuneration packages of senior management are determined by the Remuneration Committee.

Members of the Remuneration Committee comprise three independent non-executive directors of the Company, namely, Mr Shek Lai Him, Abraham (Chairman), Mr Kwong Che Keung, Gordon and Dr Cheng Wai Chee, Christopher and two executive directors of the Company, namely, Mr Tsang Yam Pui and Mr Lam Wai Hon, Patrick.

During FY2013, the Remuneration Committee reviewed the remuneration policy, structure and packages for directors and senior management. Recommendations regarding the directors’ fee and other allowances for FY2013 and the remuneration package of executive directors were made by the Remuneration Committee to the Board. The Remuneration Committee determined the remuneration packages of senior management and the performance-based remuneration of the Group was also reviewed.

(e) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is responsible for formulating the social responsibilities strategies and policies of the Group and overseeing the development and implementation of the Group’s social responsibilities strategies, policies and practices as well as the Group’s corporate volunteer team, NWS Volunteer Alliance and other charitable activities.

Members of the Corporate Social Responsibility Committee comprise Mr Tsang Yam Pui (Chairman), Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo, Mr Cheng Chi Ming, Brian, Mr Dominic Lai, Mr Lee Yiu Kwong, Alan, Ms Lam Yuet Wan, Elina and Ms Tang Cheung Yi.

Non-executive Directors

Coming from diverse business and professional backgrounds, the non-executive directors (including independent non-executive directors) of the Company have shared their valuable experiences to the Board for promoting the best interests of the Company and its shareholders. Except for the Executive Committee, all board committees consist of at least two non-executive directors and they have made significant contribution of their skills and expertise to these committees. All non-executive directors are appointed under a fixed term of three years and are also subject to retirement on a rotational basis in accordance with the bye-laws of the Company.

Corporate Governance Report

During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive directors and having at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher and Mr Wilfried Ernst Kaffenberger, all being independent non-executive directors of the Company, have served the Company in this capacity for more than nine years. In addition, Mr Shek Lai Him, Abraham, an independent non-executive director of the Company, will have served the Company for nine years as at 27 September 2013. Notwithstanding their long term service, given their extensive business experience and not connected with any director or substantial shareholder of the Company, the Board is of the opinion that they continue to bring independent and objective perspectives to the Company's affairs. A written confirmation was received by the Company pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive directors in relation to his independence to the Company. The Company considers all its independent non-executive directors to be independent.

Pursuant to Rule 3.10A of the Listing Rules, listed issuers should appoint independent non-executive directors representing at least one-third of the board. After the appointment of Mr Lee Yiu Kwong, Alan as an independent non-executive director of the Company with effect from 1 October 2012, the number of independent non-executive directors of the Company represents more than one-third of the Board.

Remuneration of Directors

Each director will be entitled to a director's fee which is determined by the Board with authorization granted by the shareholders at the Company's annual general meetings. The Company's Human Resources Department assists the Remuneration Committee by providing relevant remuneration data and market conditions for the Remuneration Committee's consideration. The remuneration of executive directors and senior management of the Company is determined with reference to the Company's performance and profitability, as well as remuneration benchmarks in the industry and the prevailing market conditions. Remuneration is performance-based and coupled with an incentive system is competitive to attract and retain talented employees.

The emoluments paid to each director for FY2013 are shown in note 15 to the financial statements on pages 127 to 130 of this annual report.

Nomination, Appointment and Re-election of Directors

The Company has established the Nomination Committee with specific terms of reference and formal nomination procedures were adopted. Any nomination of director will be reviewed and discussed by the Nomination Committee for his suitability on the basis of qualifications, experience and background. Suitable candidate will be recommended by the Nomination Committee to the Board for consideration of the appointment.

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

None of the directors of the Company has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Induction and Continuous Professional Development

Orientation is provided to newly appointed director immediately upon his appointment. He will receive a director's manual from the Company which contains a package of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under statutory regulations and the Listing Rules. The Company Secretary updates directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties.

The Company has arranged training programmes as part of the continuous professional development for its directors to develop and refresh their knowledge and skills. During FY2013, the Company organized seminars for its directors on corporate governance related topics including ESG reporting, sustainability, board diversity and updates on amended Hong Kong Companies Ordinance. Reading materials, such as legal updates on independent non-executive director's liabilities, disclosure on inside information, were provided to the directors for updating their knowledge on the relevant issues.

Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for maintaining a training record for its directors. According to the training records maintained by the Company, the training received by each of the directors during FY2013 is summarized as follows:

	Type of continuous professional development	
	Training on regulatory development, directors' duties or other relevant topics	Reading regulatory updates or corporate governance related materials
Dr Cheng Kar Shun, Henry	✓	✓
Mr Doo Wai Hoi, William	✓	✓
Mr Tsang Yam Pui	✓	✓
Mr Lam Wai Hon, Patrick	✓	✓
Mr Cheung Chin Cheung	✓	✓
Mr William Junior Guilherme Doo	✓	✓
Mr Cheng Chi Ming, Brian	✓	✓
Mr To Hin Tsun, Gerald	✓	✓
Mr Dominic Lai	✓	✓
Mr Kwong Che Keung, Gordon	✓	✓
Dr Cheng Wai Chee, Christopher	✓	✓
Mr Shek Lai Him, Abraham	✓	✓
Mr Wilfried Ernst Kaffenberger	✓	✓
Mr Yeung Kun Wah, David	✓	✓
Mr Lee Yiu Kwong, Alan	✓	✓

In accordance with the training records provided by the Company's directors, a minimum of not less than five training hours and an average of over 19 training hours were undertaken by each director (not including time spent for reviewing information relevant to the Company or its businesses, or attending corporate events or site visits of the Group) during FY2013.

Corporate Governance Function

The Board is responsible for performing the corporate governance duties. Specific terms of reference was set out in the Corporate Governance Manual of the Company and the relevant duties include the following:

- (a) to develop and review the Company's policies and practices on corporate governance;

Corporate Governance Report

- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board reviews the Group's corporate governance framework from time to time. New and existing policies and guidelines have been adopted and revised. The *"Disclosure Policy on Inside Information"* was adopted by the Board in early 2013 to formalize procedures for the handling and dissemination of inside information. In addition, in view of the amendments to the CG Code in respect of board diversity, which became effective in 1 September 2013, the Board adopted the *"Board Diversity Policy"* in June 2013. The Board has also adopted the *"Shareholders' Communication Policy"* during FY2013 to replace the *"Investor Relations Policy"* in order to enhance the communications between the Company and its shareholders and investors.

The Group strives to keep staff members abreast of the latest development of corporate governance issues through education and promotion. In FY2013, corporate governance related seminars for senior management of the Group, including directors of the Company, were held. Besides, a series of training sessions on corporate governance and internal control practices were also given to staff members to update and improve their knowledge in these matters.

Directors' responsibilities for financial reporting and disclosures

The Company's directors acknowledge their responsibilities to prepare accounts for each half and full financial year which give a true and fair view of the state of affairs of the Group. The directors consider that in preparing financial statements, the Group ensures statutory requirements are met and applies appropriate accounting policies that are consistently adopted and makes judgments and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group. They consider that the Group has adequate resources to continue in operational existence for the foreseeable future and are not aware of material uncertainties in relation to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Group's financial statements have accordingly been prepared on a going concern basis.

The directors are also responsible for ensuring that proper accounting records are kept so that the Group could prepare financial statements in accordance with statutory requirements and the Group's accounting policies. The Board is aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorizes their publication as and when required.

Securities Transactions of Directors and Relevant Employees

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code. Having made specific enquiry of all directors, the Company is satisfied that they have complied with the required standards of the said code during FY2013. Securities interests in the Company and its associated corporations held by each of the directors of the Company are disclosed in the Report of Directors on pages 67 to 71 of this annual report.

The Company has also adopted the *"Code for Securities Transactions by Relevant Employees"* for governing the securities transactions of specified employees ("Relevant Employees") who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees have confirmed that they complied with the standard set out in the *"Code for Securities Transactions by Relevant Employees"* during FY2013.

Moreover, employees are bound by the corporate policy issued by the Company, among other things, to keep unpublished inside information confidential and refrain from dealing in the Company's securities if they are in possession of such inside information.

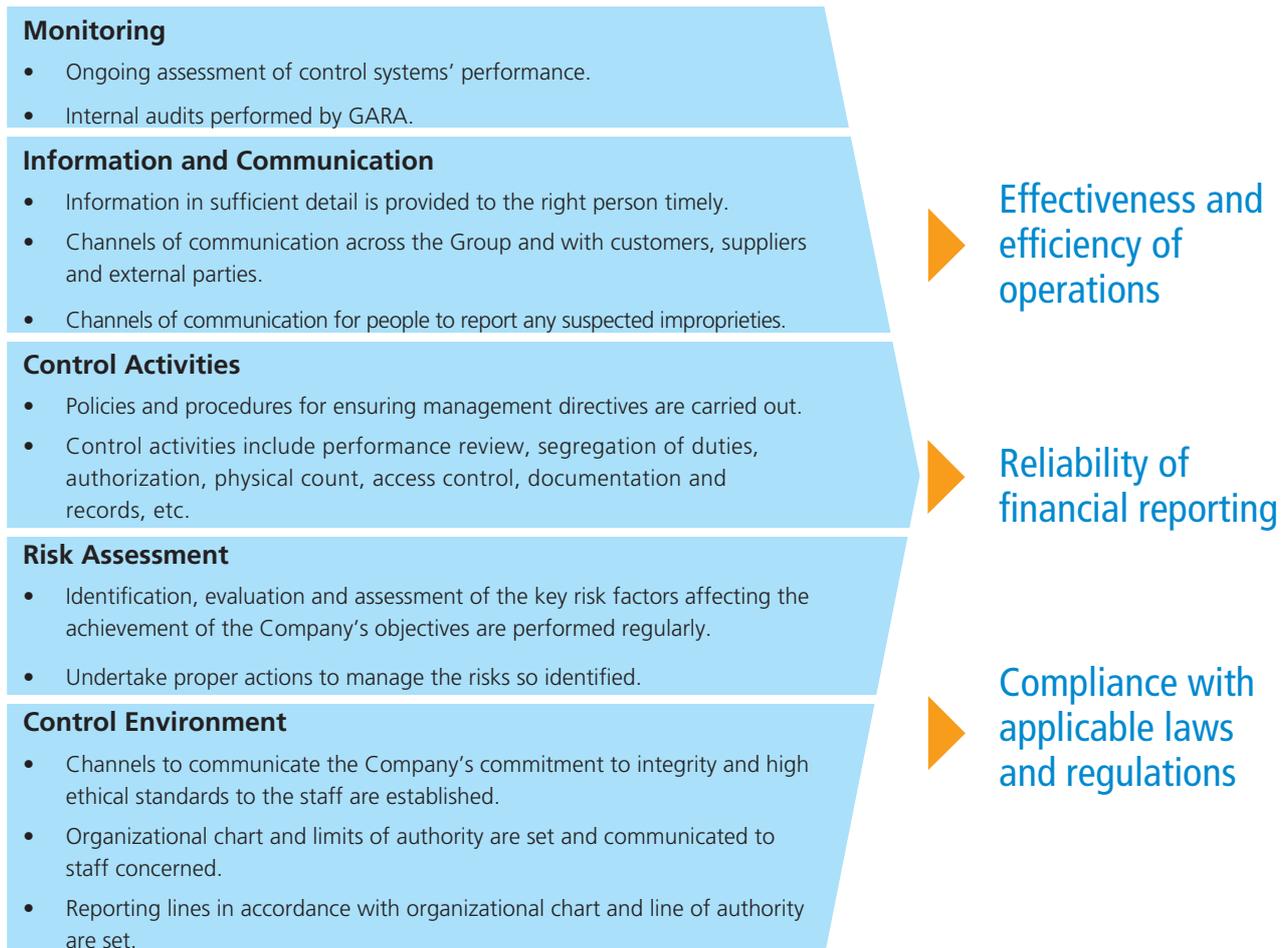
Formal notifications are sent by the Company to its directors and Relevant Employees reminding them that they should not deal in the securities of the Company during the "black-out period" specified in the Model Code.

Internal Control and Risk Management

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

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

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



Corporate Governance Report

We have the *"Guidelines on Internal Control System"* for enhancing the internal control and risk management within the Group. Under the *"Guidelines on Internal Control System"*, key aspects of internal control are identified and guidelines and procedures are provided for helping subsidiaries of the Company to conduct the control works.

The Board has conducted a review on the effectiveness of the system of internal control of the Group for FY2013. The review covers the areas of control environment, risk assessment, control activities, information and communication and monitoring within the Group. Management of all subsidiaries are required to submit to GARA an Internal Control Compliance Certificate and an Internal Control Assessment Checklist for reporting the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations half-yearly. Executive directors of the Company would also submit a written report on the effectiveness of the Group's internal control system to the Audit Committee for review on a half-yearly basis.

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

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

Risk management is an essential part of corporate governance. Effective risk management facilitates the Group's business development and operation by setting the appropriate risk appetite, maintaining an optimal risk level and most importantly, proactively managing risks. It is the responsibility of all management staff to uphold the Group's risk management function by ensuring that all staff members and business units comply with the risk management practices embedded into our daily operations.

The Group identifies and assesses risks both at the Group and individual business unit levels. GARA monitors and updates the Group's risk profile and exposure, and reviews the effectiveness of the Group's system of internal control in mitigating risks. In FY2013, GARA oversaw the Group's risks in actual and potential legal cases by reviewing the legal case registers of business units and submitted reports to the Executive Committee on a regular basis. Recommendations on risk responses were provided as well.

Furthermore, the *"Whistleblowing Policy"* was adopted by the Audit Committee for staff members to raise concerns, in strict confidence, about possible improprieties in any matters related to the Group.

External Auditor

The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditor subject to endorsement by the Board and final approval and authorization by the shareholders of the Company in general meetings. PricewaterhouseCoopers, who was first appointed in 2000 and is also the Group's principal auditor, is the existing auditor of the Company. PricewaterhouseCoopers adopts a policy of rotating every seven years the engagement partner servicing their client companies and the last rotation took place during the year ended 30 June 2010. The reporting responsibilities of PricewaterhouseCoopers are stated in the Independent Auditor's Report on page 82 of this annual report.

Total auditors' remuneration for FY2013 in relation to statutory audit work of the Group amounted to HK\$18.9 million (2012: HK\$17.2 million), of which a sum of HK\$18.1 million (2012: HK\$16.4 million) was paid to PricewaterhouseCoopers. The remuneration paid to PricewaterhouseCoopers and its affiliated firms for services rendered is listed as follows:

	2013 HK\$m	2012 HK\$m
Statutory audit	18.1	16.4
Non-audit services (Note)	5.5	5.4
	23.6	21.8

Note: Non-audit services comprise primarily accounting, tax advisory and other related services.

A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming annual general meeting.

Review of Annual Results

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for FY2013.

Company Secretary

The Company Secretary of the Company, who is also the Group Financial Controller, has day-to-day knowledge of the Company's affairs. He reports to the Chairman and the Board and is responsible for providing advice on governance matters. The Company Secretary's biography is set out in the "Board of Directors and Senior Management" section of this annual report. During FY2013, the Company Secretary undertook over 40 hours of professional training to update his skills and knowledge.

Communication with Shareholders

The Board recognizes the importance of communication with the Company's shareholders. During the year, the "Shareholders' Communication Policy" was adopted by the Board for ensuring effective and transparent communication between the Company and its shareholders and the financial community.

Moreover, the annual general meeting of the Company provides an opportunity for face-to-face communication between the Board and the shareholders of the Company. Shareholders are welcome to raise any query in relation to the Group's businesses at the annual general meeting. Shareholders' enquiries, either received by telephone or by email, are properly attended by the Company Secretarial Department and are addressed to the Executive Committee, if necessary. Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the Company's head office address.

Corporate Governance Report

Set out below is certain useful information for reference by the Company's shareholders:

Analysis of Shareholding Structure (as at 30 June 2013)

Category	Number of shares	Approximate percentage to the total issued share capital	Approximate percentage to the number of shareholders
NWD and its subsidiaries	2,245,803,088	61.10%	0.59%
Chow Tai Fook Enterprises Limited	97,034,424	2.64%	0.12%
Directors	48,568,079	1.32%	1.07%
Individuals	13,466,681	0.37%	95.26%
Institutions, corporates and nominees	1,270,753,166	34.57%	2.96%
Total	3,675,625,438	100%	100%

Note: The total number of registered shareholders of the Company as at 30 June 2013 was 845.

Stock Code

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

Board Lot

1,000 shares

Shareholder Services

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

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

Dividend Policy

Subject to the financial performance of the Company, we expect to pay two dividends each financial year. Barring unforeseen special circumstances, the Company intends to maintain a dividend payout ratio at approximately 50%.

Dividend per share (in HK\$)

Financial Year	Interim	Final	Total	Payout ratio
2009	0.20	0.42	0.62	50.7%
2010	0.62	0.33	0.95	50.6%
2011	0.37	0.33	0.70	50.7%
2012	0.50	0.25	0.75	50.2%
2013	0.29	0.26	0.55	50.2%

Financial Calendar

Announcement of FY2013 final results 25 September 2013

For ascertaining shareholders' right to attend and vote at the 2013 annual general meeting of the Company ("2013 AGM"):

Book close dates (both days inclusive)	14 to 18 November 2013
Latest time to lodge transfers	4:30 pm on 13 November 2013
Record date	18 November 2013
2013 AGM	18 November 2013

For ascertaining shareholders' entitlement to the proposed final dividend:

Book close date	22 November 2013
Latest time to lodge transfers	4:30 pm on 21 November 2013
Record date	22 November 2013
Final dividend payment date	on or about 30 December 2013

Company Website and Annual Report

To ensure all shareholders have equal and timely access to important company information, the Company makes extensive use of the Company's website to deliver up-to-date information. Latest information regarding the activities and publications of the Group is included in the Company's website at www.nws.com.hk in order to provide comprehensive information of the Group for the shareholders of the Company as well as the general public. The Company's annual report is printed in both English and Chinese and is available on our corporate website. Shareholders may at any time change their choice of means of receiving the Company's corporate communications free of charge by notice in writing to the Company's branch share registrar, Tricor Standard Limited.

Shareholders' Rights

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

1. The written requisition must state the purposes of the meeting, and must be signed by all the shareholders concerned and may consist of several documents in like form each signed by one or more shareholders concerned.
2. The written requisition must be deposited at 28/F, New World Tower, 18 Queen's Road Central, Hong Kong, the head office of the Company, for the attention of the Company Secretary.
3. The written requisition will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the relevant resolution in the agenda for such general meeting provided that the shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders. Such general meeting shall be held within two months after deposit of such requisition.
4. If within 21 days of such deposit, the Board fails to proceed to convene such general meeting, the requisitionists, or any of them representing more than one half of the total voting rights or all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Details of the abovementioned procedures are also available on the website of the Company. Any vote of shareholders at a general meeting must be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under the Listing Rules.

Corporate Governance Report

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

General Meetings

Two general meetings were held during FY2013. The 2012 AGM and the special general meeting ("SGM") were held on 20 November 2012 and 6 February 2013 respectively both at Hong Kong Convention and Exhibition Centre.

The Company's annual report and the circular containing information on the proposed resolutions and the notice of the 2012 AGM were sent to shareholders more than 20 clear business days prior to the meeting. All directors (except Dr Cheng Kar Shun, Henry) have joined the meeting. Chairmen or members of the board committees, as well as representative from the Company's external auditor, were available at the 2012 AGM to answer questions from the shareholders. A separate resolution was proposed by the chairman of this meeting in respect of each separate issue, and voting on each resolution was conducted by way of a poll.

In addition, the SGM was held in FY2013 for considering the revised annual caps (the "Revised Annual Caps") in respect of the master services agreement entered into between the Company and Mr Doo Wai Hoi, William. The circular containing information on the proposed resolution and the notice of the SGM was sent to shareholders more than 10 clear business days prior to the meeting. All directors of the Company have joined the meeting. Chairman of the Board, Chairmen of the board committees, representatives from the legal adviser and independent financial adviser were available at the SGM to answer questions from the shareholders. Only one resolution was proposed at this meeting and voting was conducted by way of a poll.

The poll voting procedure was explained fully to shareholders during the 2012 AGM and the SGM. Tricor Standard Limited, the branch share registrar of the Company in Hong Kong, was appointed as scrutineer to monitor and count the poll votes cast at each of the 2012 AGM and the SGM. All resolutions proposed at the 2012 AGM and the SGM were passed by the Company's shareholders. The matters discussed and the percentage of votes cast in favour of the resolutions were as follows:

Matters being voted upon	Approximate percentage of affirmative votes
2012 AGM	
• To receive and consider the audited financial statements and the reports of the directors and auditor for FY2012	99.8107%
• To declare a final dividend for FY2012	99.9999%
• To re-elect Mr Lee Yiu Kwong, Alan as director	98.8249%
• To re-elect Mr Cheung Chin Cheung as director	99.5633%
• To re-elect Mr William Junior Guilherme Doo as director	99.6597%
• To re-elect Dr Cheng Wai Chee, Christopher as director	98.6887%
• To re-elect Mr Wilfried Ernst Kaffenberger as director	99.8149%
• To authorize the Board to fix the directors' remuneration	99.8911%
• To re-appoint auditor and to authorize the Board to fix the auditor's remuneration	99.8937%
• To approve a general mandate to the directors to issue shares not exceeding 20% of the existing issued share capital	83.7963%
• To approve a general mandate to the directors to repurchase shares not exceeding 10% of the existing issued share capital	99.9999%
• To extend the general mandate to the directors	85.2753%
SGM	
• To consider and approve the Revised Annual Caps	99.98%

The 2013 AGM will be held on 18 November 2013. Details of the 2013 AGM are set out in the notice of the 2013 AGM which constitutes part of the circular to shareholders sent together with this annual report. Notice of the 2013 AGM and the proxy form are also available on our corporate website.

Investor Relations

The Company prides itself on its corporate governance practices and communication policies towards shareholders and financial institutions. To this end, the Company maintains an open-dialogue with investors and analysts to ensure transparent, timely and accurate dissemination of information including operating performance and major corporate developments.

The Company's investor relations team, comprising executive directors and senior management, meets existing and potential shareholders, research analysts and investment managers on a regular basis. During FY2013, the team participated in more than 40 one-on-one meetings and hosted close to 90 local and overseas roadshows in metropolitan cities including London, New York, Boston, Kuala Lumpur, Singapore, Beijing and Shanghai. An analyst briefing session is held as soon as practicable following results announcement so that analysts can interact directly with the management team before updating their research reports.

The Company is covered by leading research institutions including Bank of America Merrill Lynch, BOC International, CIMB Securities, Citigroup, Goldman Sachs, Standard Chartered and UOB Kay Hian. This serves as a good indicator of the Company's ability in attracting investor interests from a wide variety of backgrounds.

To ensure fair and equal access to material information, the Company makes use of traditional and online platforms such as results announcements and presentations, press releases, annual and interim reports, corporate website and e-news notifications, to reach out to individual shareholders and stakeholders within the investment community.

Constitutional Documents

The Company has not made any change to its constitutional documents during FY2013. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Hong Kong Stock Exchange.



Empowering People and Communities



Sustainability



Enhancing People Development

At NWS Holdings, we value each of our staff members and treat them as family. This stems from a belief that our people are a key factor in maintaining sustainable development and achieving long-term business success. The Group's comprehensive strategies to care for staff members are invaluable tools for increasing their sense of belonging.

Well-rounded Training and Development

NWS Holdings has a comprehensive Staff Career Development and Advancement Plan to maximize the strengths of individuals and equip them with the knowledge needed to succeed. The plan sees supervisors and department heads taking on the role of mentors, assessing the needs of their staff and providing them with appropriate training. As an encouragement to employees to achieve their full potential, the Group launched the NWS "Oscar Awards" – the Outstanding Employee Grand Awards that recognize outstanding performances, while creating role models to promote our learning culture.

This learning culture is sustained through a wide range of training courses in areas such as management skills, computer and information technology and customer service. In addition, we provide examination leave and study sponsorship for staff members to attain professional qualifications and continuous professional development. The Group also sponsors the Executive Development Training Programmes, conducted by well-known institutions, for management and executives.



Staff enjoy hiking and a seafood dinner in Sai Kung at the NWS Corporate Outing 2012.

Effective communication between teams is essential to our success. To achieve this, we organize various group exercises to enhance team spirit and cooperation. One of the most popular activities was a Corporate Team-building Programme at Hong Kong Disneyland Hotel where more than 100 staff members from the Corporate Office took part in problem-solving games and team-building activities.

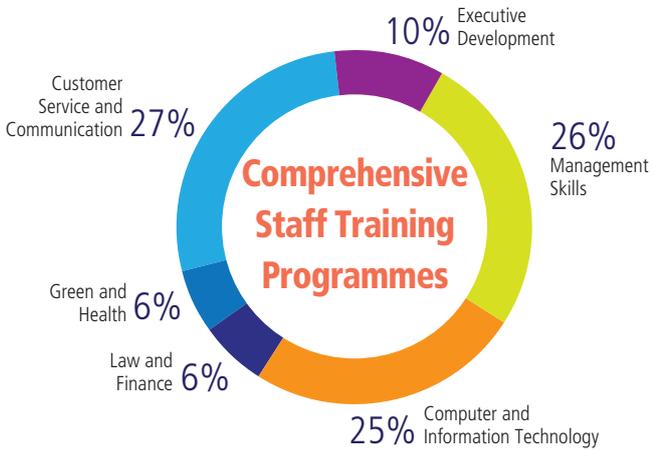
Our commitment to identifying and training talent is reflected in various accolades and awards that we received. The Group's construction arm Hip Hing Construction Company Limited ("Hip Hing") received the Silver Award in the Development Category of the Award for Excellence in Training and Development 2012 organized by the Hong Kong Management Association, while four member companies, Hip Hing, Vibro (H.K.) Limited, New World First Bus Services Limited ("NWFBS") and Citybus Limited ("Citybus"), were recognized as Manpower Developers in the Manpower Developer Award Scheme organized by the Employees Retraining Board in 2013.

Fostering Work-life Balance

As well as encouraging our staff to develop their careers, we care about their physical and mental health. To promote a healthy work-life balance, we organize regular leisure classes, sports and recreational activities. On top of this, we are one of the pioneer companies to adopt the "five-day week", implement a dress casual policy and offer birthday leave. In addition, 2013 has seen the launch of Departmental Gathering



The first Staff & Family Movie Day attracts more than 230 staff and their family members.



“Our people are a key factor in building sustainable development and achieving long-term business success.”

Subsidy Scheme so that each department can organize its own leisure activities to encourage staff integration and boost team spirit.

Care for Families and Staff Well-being

In keeping with our family-friendly culture, many activities and schemes, such as the regular NWS Adventure Day, are organized for staff to relax with their families. This year saw the launch of the Staff & Family Movie Day that attracted more than 230 staff and family members. Apart from these fun-filled activities such as cooking classes and volunteer activities, we have introduced other schemes to enhance family well-being. These include the NWS Scholarships for Employees’ Children Scheme, which was launched in 2012 to recognize the outstanding academic or non-academic achievements of employees’ children.

To create a healthy work environment, we offer employees a comprehensive healthcare protection. Employees could enjoy free influenza vaccination, medical check, medical and dental compensation. In 2013, we further upgraded the medical benefits by providing a more comprehensive body-check scheme, in addition to different kinds of sport classes



Staff members participate in challenging group activities in the Corporate Team-building Programme at Hong Kong Disneyland Hotel.

that encourage regular exercise among staff. Regular campaigns such as “Fruit for Care” and “Monthly Booster” are also held to promote healthy living.

Stepping Forward

As we move forward, we will continue to enrich our human assets and ensure that our people can take real pride in being part of NWS Holdings’ success.



Hip Hing wins a silver award in the Award for Excellence in Training and Development 2012.



The Group holds a wide range of leisure activities for staff, such as rice dumpling making class.

Caring for the Community – a Decade and Beyond

NWS Holdings has an unwavering commitment to Corporate Social Responsibility (“CSR”). The Group attends to the community’s needs in many ways, including corporate programmes, volunteering, donations and sponsorships, making the best use of its business strengths and resources. This determination to contribute to the communities in which we operate is directed and monitored by the Board’s CSR Committee.

In FY2013, we organized over 140 community activities, large and small, in cooperation with numerous non-profit and governmental organizations to help a wide range of people in need. The NWS Volunteer Alliance (the “Alliance”), our corporate volunteer team, fully supported these community activities, clocking up another 14,000 service hours.

Best Utilizing our Resources

The NWS Holdings Charities Foundation was set up in 2006 with an accumulated donation of over HK\$10 million to support community welfare, environmental protection, education and healthcare. The Foundation continues to fund regular large-scale events and long-term programmes in cooperation with non-governmental organizations. It also sponsors weekly volunteering and interest group activities where our volunteers make use of their various talents to help different levels of the community.

To celebrate the 10th anniversary of our First Trading Day, the Group hosted the NWS Caring Day 2013 in partnership with the Hong Kong Young Women’s Christian Association. This involved more than 150 staff volunteers celebrating the Chinese New Year with senior citizens in the North District. The anniversary was also marked by the launch of Joyful Age, a long-term programme to help the elderly living in remote areas better integrate in their communities through social events and activities and the help of volunteer services.

To thank our senior citizens for the significant contribution they have made to the development of Hong Kong, NWS Holdings also organized the “Old Hong Kong” programme under the Life Rejuvenation Scheme. This year-long programme focuses on the senior citizens of Sham Shui Po and involves regular get-togethers, trips to places of historic significance in Hong Kong and the distribution of food coupons.

Guiding our Future Generations

Children and teenagers are the future of our community. They need support and encouragement and the Group attunes to their needs by sponsoring a variety of long-term mentorship and training programmes. Since 2008, our volunteers have been working with the Hans Andersen Club to run the Fairy Mentorship scheme, giving guidance to underprivileged children. This year it has been expanded into a three-year programme in which mentors supported two



Over 400 volunteers and senior citizens take part in the NWS Caring Day 2013.

“The 2,200-strong NWS Volunteer Alliance has accumulated more than 110,000 hours of community services.”



generations of mentees by taking part in interest classes and volunteer activities together. The same way of coaching and encouragement goes into the Stand by You programme that aims to help youth-at-risk.

Serving the Community with Heart

The Alliance, established 11 years ago, now has more than 2,200 members who are actively involved in community services. Its autonomy and development has been enhanced with a new standing committee, comprising experienced volunteers and Group representatives, who contribute ideas to further develop volunteer services.

The Alliance also makes the most of the various talents of its members who form interest groups to provide diversified and popular community services such as haircutting, clown performances, balloon modeling and dancing. The volunteers also share their techniques and experiences with each other to improve their skills and draw new members.

Recognition of our Efforts

The dedication and enthusiasm of Alliance members has been widely recognized with various awards and accolades. One of its major achievements – and the source of much pride within the Group – was winning its second Gold Award for Outstanding Volunteer Team in the Hong Kong Outstanding

Corporate Citizenship Award scheme organized by the Hong Kong Productivity Council.

The Group also received logos recognizing 10 consecutive years as a caring company from The Hong Kong Council of Social Service and was selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the third time in a row. These accolades for serving the community provide encouragement to uphold the principle of developing meaningful, people-oriented, long-term CSR programmes. The Group will continue to serve our community with what we know, what we have and what our heart has told us.



The volunteers make use of their talents to help different levels of the community.



The Fairy Mentorship – New Generation programme involves volunteer mentors teaming up with young mentees to help underprivileged children.



Members of the Alliance visit the elderly living in rural areas.

Together We Build a Green Community

Community contributions and environmental awareness combine to make up one of the core values of NWS Holdings. To help build a green community in which we operate, the Group's Environmental Sustainability Committee formulates strategies and oversees the implementation of environmental initiatives while promoting environmental awareness internally and encouraging member companies and staff to act green.

Embracing Green Operations

The Group is committed to investing in environmental projects that create value for shareholders. Echoing the Chinese government's 12th Five-Year Plan on reinforcing environmental protection, the Group has focused on developing waste water and sludge treatment projects, such as the advanced sewage project in Shuangliu County, Sichuan Province. Sino French Water Development Company Limited ("Sino French Water"), one of the Group's joint ventures, signed a contract with Chongqing Water Group Company Limited to establish a research and development centre to focus on Chongqing's water resources, sewage and waste management services. The R&D centre will boost service quality and help the local government meet its economic and environmental protection goals.

The Group has been actively blending eco-friendly concepts into its business operations. For example, Zhujiang Power Stations have reconstructed all dust precipitators to reduce the level of soot and dust emissions, while Chengdu Jintang Power Plant has further reduced the emissions of Nitrogen Oxide to improve the air quality of the region. At the same time, Hangzhou Ring Road has enhanced its greening efforts by installing roadside sound barriers to cut down noise pollution for surrounding residents.

Closer to home, NWS Holdings has implemented green measures to cut down waste and reduce the carbon footprints of its multiple business operations. Hip Hing strives to minimize waste at source by recycling and reusing topsoil from excavation work and sent the soil to New World First Ferry Services Limited ("NWFF") for building a green roof on its office building. Meanwhile, NWFB and Citybus continue to introduce more environmentally friendly buses to the fleet. By the end of June 2013, the fleet included 376 Euro 5 buses and 66 Euro 4 buses, while a further 253 Euro 5 buses will put into operation in phases.



Sino French Water, through its joint venture, is the exclusive provider of integrated water and wastewater services to clients in Wuhan Chemical Industry Park.



NWFB and Citybus have more than 440 Euro 4 and Euro 5 green buses to achieve a better green performance.

“ We believe that long-term sustainable growth can be achieved through the joint efforts of the Group, its stakeholders and members of the public.”



Over 22,000 citizens participated in activities of NWS Hong Kong Geo Wonders Hike



The NWS Sustainability Seminar invites experts to share insights about environmental issues with staff members.

Sharing Green Experience

To encourage staff members to live a green life, the Group organized a range of programmes for sharing experiences and insights, including the NWS Sustainability Seminar, at which industry leaders offered invaluable advice. There were also regular site visits and talks for colleagues managing green issues within the Group, and a two-month internal campaign called “3R Formula” to promote environmental protection among staff members.



NWFF builds a green roof on its office building for staff to enjoy gardening.

Engaging the Community

The Hong Kong Geo Wonders Hike, jointly organized by NWS Holdings and the Association for Geoconservation, Hong Kong since 2008, has become a highlight of the Group’s community education programme. To mark its fifth anniversary in 2012, apart from organizing the popular guided public tours and photo contests, we increased the intake of the Young Ambassadors for Geoconservation Training Programme by inviting all senior secondary school students to take part to enrich their environmental protection knowledge and serve the community. Sponsored by NWS Holdings Charities Foundation, the 30 top-performing students went on a study and exchange tour to Danxiashan Global Geopark in Guangdong Province, where they were able to exchange geoconservation ideas with students from the Mainland.



Members of the Young Ambassadors for Geoconservation sharpen their communication skills and learn about geoconservation through field trips, campus promotions and guided public tours.



INFRASTRUCTURE SERVICES



Sailing towards a Bright Future

**Management
Discussion and
Analysis**



Management Discussion and Analysis

Group Overview

Riding on the back of record profit in the previous financial year, the Group was able to deploy its well-diversified and counter-cyclical portfolio to maintain its earnings momentum by posting a record high Attributable Operating Profit (“AOP”) of HK\$4.267 billion for FY2013. This represented a moderate AOP growth of HK\$59.7 million from HK\$4.208 billion for FY2012 amid an unfavourable and challenging business environment. Infrastructure division achieved an AOP of HK\$2.288 billion, being an increase of 7% as compared to HK\$2.133 billion in FY2012. The AOP of Services division recorded a decrease of 5% to HK\$1.979 billion.

Our recognition of a dilution gain of approximately HK\$1.8 billion from the listing of Newton Resources Ltd (“Newton Resources”) in July 2011 drove the profit attributable to shareholders to HK\$5.251 billion in FY2012. Discounting this exceptional dilution gain, profit attributable to shareholders in FY2013 actually increased by HK\$599.6 million or 18% to HK\$4.008 billion compared to FY2012.

A gain on fair value of HK\$333.6 million from revaluation of investment properties was recognized during FY2013 which reflected the robust demand for commercial properties in Hong Kong despite the government’s cooling measures.

Contribution by Division

For the year ended 30 June

	2013 HK\$'m	2012 HK\$'m
Infrastructure	2,288.1	2,133.0
Services	1,979.2	2,074.6
Attributable operating profit	4,267.3	4,207.6
<i>Corporate office and non-operating items</i>		
Net gain on deemed disposals of interests in a subsidiary and an associated company	–	1,833.4
Gain on disposal of projects, net of tax	–	108.7
Gain on fair value of investment properties	333.6	93.3
Share of profit from Harbour Place	28.1	51.8
Assets impairment losses	–	(316.5)
Share of impairment loss from a jointly controlled entity	–	(200.0)
Corporate net exchange gain	104.9	14.0
Corporate interest income	109.7	51.8
Corporate finance costs	(555.3)	(333.8)
Corporate expenses and others	(280.3)	(259.2)
	(259.3)	1,043.5
Profit attributable to shareholders	4,008.0	5,251.1

Contributions from the operations in Hong Kong accounted for 52% of AOP in FY2013 as compared to 53% in FY2012. Mainland China and Macau & others contributed 38% and 10% respectively, as compared to 36% and 11% respectively in FY2012.

Earnings per share

The basic earnings per share was HK\$1.11 in FY2013, representing a decrease of 27% from HK\$1.53 in FY2012.

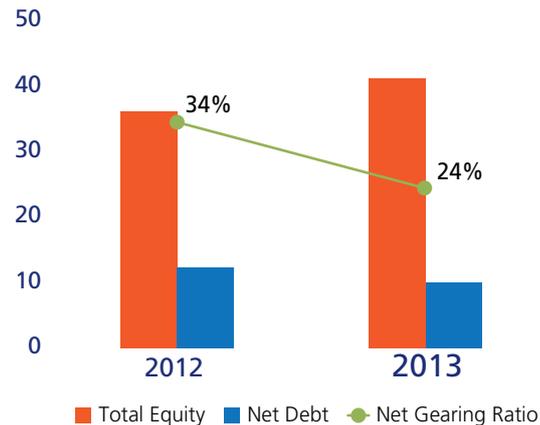
Treasury Management and Cash Funding

The Group’s funding and treasury policy is designed to maintain a comprehensively diversified and balanced debt profile and financial structure to minimize the Group’s financial risks. The Group continues to monitor its cash flow position and debt profile, and to enhance the cost-efficiency of funding initiatives by its centralized treasury function. In order to maintain a sufficient and flexible liquidity position for the Group’s operations, potential investments and growth plans, the Group has built a strong base of funding resources and will keep exploring new cost-efficient ways of financing.

Net Gearing Ratio

as at 30 June

HK\$'billion



reduce refinancing risks. Among the long-term loans and borrowings of HK\$16.276 billion as at 30 June 2013, 41% and 55% of which will be matured in the second year and the third to fifth year respectively. Bank loans were denominated in Hong Kong Dollar or Renminbi, while bonds were denominated in Renminbi or United States Dollar. Apart from the fixed rate bonds, bank loans were mainly floating rate interest-bearing. Cross currency swaps and interest rate swaps are used to hedge part of the Group's underlying exchange risk and interest rate exposure respectively. The Group did not have any material exposure to exchange risk other than Renminbi during FY2013. As at 30 June 2013, intangible concession rights of Hangzhou Ring Road ("HZRR") were pledged as securities for a banking facility of the Group.

Liquidity

As at 30 June 2013, the Group's total cash and bank balances amounted to HK\$7.768 billion, as compared to HK\$5.386 billion a year ago. The Group's Net Debt as at 30 June 2013 was HK\$9.911 billion, as compared to HK\$12.280 billion as at 30 June 2012. The decline in Net Debt was due to operating net cash inflow and dividends received from associated companies and jointly controlled entities. The capital structure of the Group was 30% debt and 70% equity as at 30 June 2013, as compared to 33% debt and 67% equity as at 30 June 2012.

Commitments

The Group's commitments for capital expenditure were HK\$1.463 billion as at 30 June 2013 as compared to HK\$922.5 million a year ago. This represented commitment for capital contributions to/acquisitions of an associated company and certain jointly controlled entities, properties and equipment, intangible concession rights and other investments. Sources of funding for capital expenditure include internally generated resources and banking facilities.

Debt Profile and Maturity

As at 30 June 2013, the Group's Total Debt was HK\$17.680 billion which was maintained at similar level as at 30 June 2012. The Group purposely spreads out its debt maturity profile to

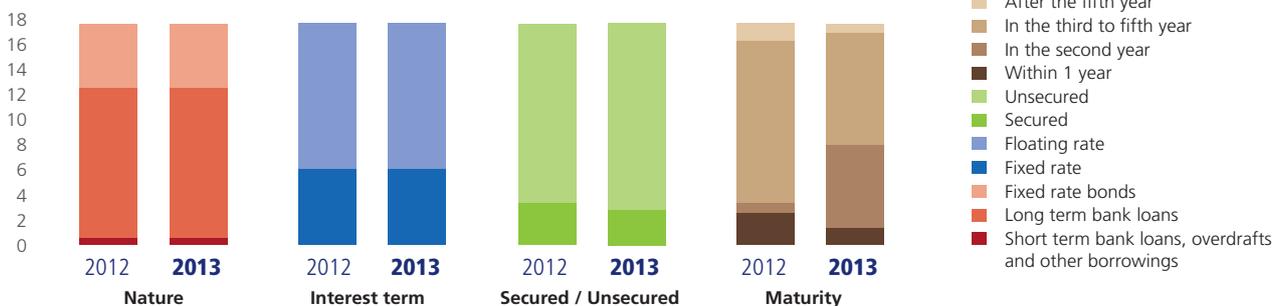
Contingent Liabilities

Contingent liabilities of the Group were HK\$603.1 million as at 30 June 2013, as compared to HK\$714.1 million as at 30 June 2012. These composed of guarantees for credit facilities granted to associated companies, jointly controlled entities and a related company.

Debt Profile

as at 30 June

Total debt (HK\$' billion)

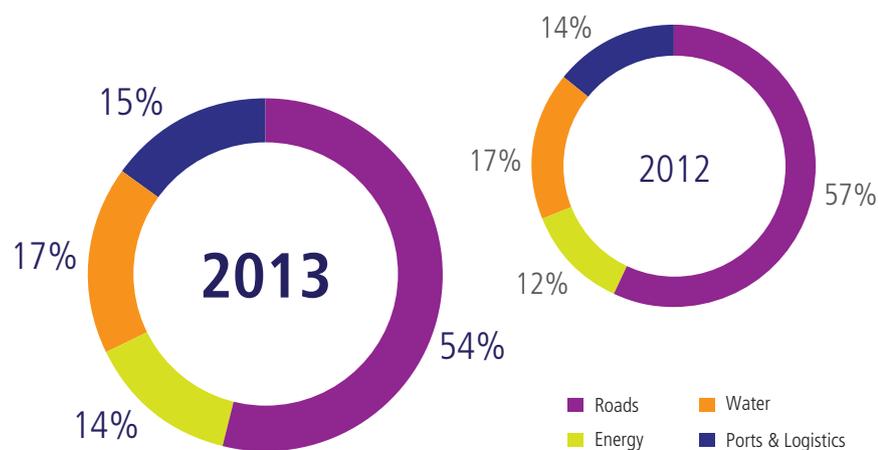


INFRASTRUCTURE

AOP Contribution by Segment

For the year ended 30 June

	2013 HK\$'m	2012 HK\$'m	Change % Fav.
Roads	1,238.2	1,210.1	2
Energy	330.2	262.2	26
Water	389.3	359.3	8
Ports & Logistics	330.4	301.4	10
Total	2,288.1	2,133.0	7



Despite the challenging economic and operating environment, each segment of Infrastructure division generated AOP growth in FY2013. As a result, the AOP of the Infrastructure division increased by 7% from HK\$2,133.0 million to HK\$2,288.1 million in FY2013.



Management Discussion and Analysis

Operational Review

Roads

In general, toll revenues were negatively affected by the implementation of toll standardization policy in Guangdong Province and introduction of the Holiday Toll-free Policy in 2012. These negative impacts were offset by the increased contribution from the newly acquired HZRR, the shareholding of which was increased from 58.66% to 95% in January 2012.

HZRR experienced a decrease in average daily traffic flow of 19% which was mainly due to the cancellation of Easy Access Card Programme since January 2012 and the implementation of the Holiday Toll-free Policy during FY2013. Toll revenue, however, dropped by only 5% mainly due to the growth of heavy vehicles. Reduction in finance costs resulting from the early redemption of the 12% senior notes in February 2012 also had a positive impact on AOP in FY2013.

AOP of Tangjin Expressway (Tianjin North Section) was affected by the partial closure of the expressway which commenced in June 2012 in order to carry out expansion works. Its average daily traffic flow dropped significantly by 38% when compared to FY2012.

Expressways in the Pearl River Delta Region generally reported healthy traffic growth in FY2013 although the toll revenues had been negatively impacted by the adverse toll policies. Average daily traffic flow in Guangzhou City Northern Ring Road grew by 17% mainly due to the opening of a new interchange in June 2012. The traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) remained relatively stable while both Shenzhen-Huizhou Expressway (Huizhou Section) and Guangzhou-Zhaoqing Expressway registered solid growth of 8% and 10% respectively. Guangzhou Dongxin Expressway, which commenced operation in December 2010, posted strong traffic growth of 31% in FY2013. Guangzhou City Nansha Port Expressway experienced a 1% drop in traffic volume.

With traffic being diverted to a competing expressway, the average daily traffic flow of Guangxi Roadways Network dropped by 23% during FY2013.

In Hong Kong, average daily traffic flow of Tate's Cairn Tunnel increased by 3% in FY2013.

Energy

As coal prices continued to decline, AOP of the Energy segment rebounded from HK\$262.2 million to HK\$330.2 million in FY2013, up 26%.



Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Section)



Chengdu Jintang Power Plant

Electricity sales volume of Zhujiang Power Plants, however, reduced by 19% in FY2013. The decrease was mainly due to the weakened demand in Guangdong Province together with more hydro-electricity being imported from the western provinces which experienced higher level of rainfall in FY2013. Electricity sales volume of Chengdu Jintang Power Plant also dropped by 7% when compared to FY2012.

Coal trading volume of Guangzhou Fuel Company increased by 18% in FY2013. However, falling coal prices and market volatility during FY2013 continued to put pressure on the trading margin.



Chongqing Water Plant



Tianjin Five Continents International Container Terminal

In line with the booming entertainment and tourist industry in Macau, electricity sales volume of Macau Power continued to grow healthily by 5% in FY2013.

Water

Aided by the economic development in Chongqing, sales volume of Chongqing Water Plant grew by 7% while waste water treated by Chongqing Tangjiatuo Waste Water Plant and Chongqing CCIP Water Treatment Plants increased by 15% and 14% respectively in FY2013. Chongqing Water Group (“CWG”) continued to be a key AOP contributor to

the Water segment as apart from revenue growth, CWG’s results further benefitted from an exchange gain on its Japanese Yen borrowings in FY2013.

Sales volume of Sanya Water Plant rose by 8% while Tanggu Water Plant fell by 6% in FY2013. Shanghai SCIP Water Treatment Plants reported a healthy growth of waste water sales revenue by 12%. Profitability of the Water segment in FY2013 was however partially offset by escalating operating costs in Mainland China.

In Macau, sales volume of Macau Water increased by 6% and a tariff hike became effective in June 2013.

Ports & Logistics

In February 2013, the Company announced the establishment of a joint venture with other major port operators in Xiamen (the “Xiamen Ports Merger”) which would involve the injection of its two port investments in Xiamen – Xiamen New World Xiangyu Terminals Co., Ltd. and Xiamen Haicang Xinhaida Container Terminals Co., Limited in exchange for a 13.8% interest in the new joint venture. The Group ceased to equity account for the results of these two projects from February 2013 in accordance with the accounting standards in Hong Kong.

In Tianjin, the throughput of Tianjin Five Continents International Container Terminal Co., Ltd. and Tianjin Orient Container Terminals Co., Ltd. rose by 6% to 2,294,000 TEUs and 9% to 969,000 TEUs respectively, which was driven by the growth in domestic cargoes during FY2013.

As a key AOP contributor, ATL Logistics Centre recorded a remarkable occupancy rate of 99%, up from 98% in FY2012. The keen demand for logistics and warehouse facilities in Hong Kong drove its average rental rate up by 5% during FY2013. NWS Kwai Chung Logistics Centre, which commenced operation in December 2011, was fully leased out and provided a full-year AOP contribution to this segment in FY2013.

China United International Rail Containers Co., Limited (“CUIRC”) reported an AOP for the first time in FY2013. Total throughput increased by 2% from 1,508,000 TEUs to 1,537,000 TEUs while revenue increased by 8% mainly due to the tariff hike in February 2013 and rising demand for ancillary logistics services.

Business Outlook – Infrastructure

Notwithstanding various adverse factors affecting the global economic recovery and the slowdown of the Chinese economy, urbanization plans in Mainland China will continue to generate high demand for local infrastructure developments in the coming years. The Group, as a pioneer investor in the Mainland China's infrastructure industry back to early 1990s, will continue to leverage its business know-how and financial strengths to capture business opportunities.



Chongqing Rail Container Terminal



NWS Kwai Chung Logistics Centre

Roads

The toll standardization measures in Guangdong Province and the Holiday Toll-free Policy introduced in 2012 have impacted negatively on the toll road industry. The Group has been communicating proactively with the authorities in order to strike a balance between the interests of stakeholders and investors in the long-run. In May 2013, the Ministry of Transport of Mainland China released proposed amendments to the existing "Regulation on the Administration of Toll Roads" and invited comments from the public and related industries. The proposed amendments are expected to give clear directives on toll regulations including concession extension resulting from road expansion and set a framework to compensate operators who have been impacted by the Holiday Toll-free Policy.

The rise in urbanization rate and living standards will continue to stimulate traffic growth in Mainland China. Automobile sales in Mainland China registered a double digit growth in the first half of 2013. To capture the development of Tianjin Binhai New Area, the expansion works of Tangjin Expressway (Tianjin North Section) have been progressing as planned and are targeted for completion by the end of 2014. Shenzhen-Huizhou Expressway (Huizhou Section) also commenced its expansion works from dual 2-lane to dual 3-lane during FY2013 and is scheduled for completion in 2015.

Energy

The performance of coal-fired power producers has generally rebounded in FY2013 as the burden from fuel costs gradually eased away. Coal price has been softening from its record high level in 2012 and is expected to stabilize at around the current level during 2013 which would in turn lead to the normalization of operating costs within the power industry. The outlook of the Group's power plants in Mainland China will also depend on national power consumption growth which stood at 5.1% in the first half of 2013. Electricity demand for Macau Power is expected to grow steadily along with the development of Macau.

Water

Urban water demand and call for environmental community services in Mainland China will encourage the growth in water sales and create investment opportunities especially for waste water and sludge treatment. Sino French Water Development Company Limited ("Sino French Water", a joint venture with Suez Environnement) has successfully built up market recognition in Mainland China since its first waste water treatment project in 2005 and continued to mark its presence in this niche market. During FY2013, Sino French Water invested in Qingdao

Dongjiakou Waste Water Plant in Shandong Province which is expected to be operational in 2015. Sino French Water has also successfully tapped into the waste water treatment market in Sichuan Province by collaborating with Sichuan Dayi Water Company Limited in 2013 to operate two sewage treatment projects in Chengdu region. Wuhan Chemical Industry Park Water Treatment Plants, a new investment back in FY2012, is scheduled to commence business in FY2014 while Phase II of Changshu Water Plant has become operational during FY2013. Although the Group believes the water demand will grow steadily, the operating cost in Mainland China has gone up notably in recent years and has put pressure on the operating margin. Water tariff hike will be a key factor in maintaining the profitability of the water plants in the coming years.

In Macau, water demand is expected to grow stably due to increasing number of visitors and the completion of new entertainment facilities.

Ports & Logistics

Foreign trade volume in Mainland China will depend on the recovery of the developed economies, and throughput growth is therefore expected to be driven by domestic cargoes in the near term. The Xiamen Ports Merger is expected to be completed by the end of 2013, at which time, an exceptional gain of approximately HK\$0.6 billion arising from the restructuring will be recognized by the Group. Upon forming the strategic alliance with other port operators, the new joint venture which owns 25 berths in Xiamen, will make good use of the synergy effect and business opportunities arising from the development of Xiamen's South-East International Shipping Center and operates as the shipping hub for the southeast coast of Mainland China.

After the restructuring and merger of the Ministry of Railways into the Ministry of Transport in March 2013, the railway freight reforms in Mainland China were also launched in June 2013. The new regime has spelt out the continuous support from the Chinese Central Government (the "Chinese Government") towards the expansion and development of the railway network and businesses which would in turn benefit CUIRC. Further to the international block train services running from Chongqing and Chengdu to Europe, trial run on a new route between Zhengzhou and Germany commenced in July 2013. These recent developments are expected to foster CUIRC's future business growth.

The tender result of the new logistics site in Tsing Yi in May 2013 reflected positively on the market sentiment towards the on-going demand for logistics and warehouse facilities in Hong Kong. This also serves as a positive indicator that there is still room for rental increase in the coming years.

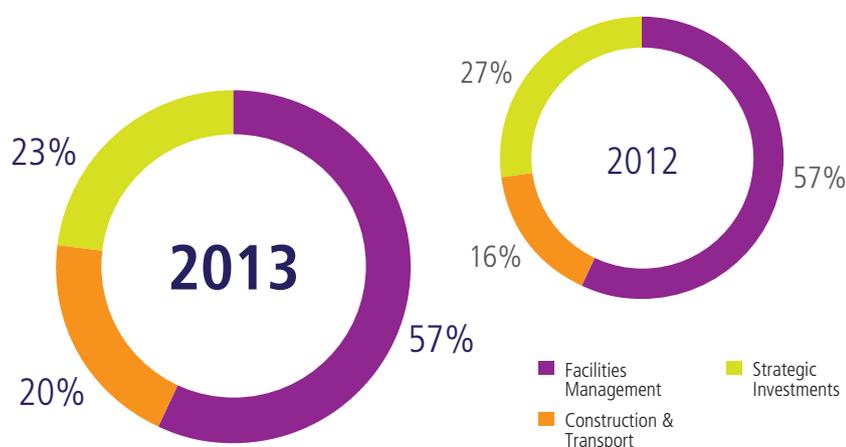


SERVICES

AOP Contribution by Segment

For the year ended 30 June

	2013 HK\$'m	2012 HK\$'m	Change % Fav./(Unfav.)
Facilities Management	1,123.6	1,184.0	(5)
Construction & Transport	394.3	334.2	18
Strategic Investments	461.3	556.4	(17)
Total	1,979.2	2,074.6	(5)



Services division recorded an AOP of HK\$1,979.2 million in FY2013, representing a 5% decrease from FY2012.



Management Discussion and Analysis

Operational Review



Hong Kong Convention and Exhibition Centre



Free Duty

Facilities Management

The Facilities Management segment mainly comprises the management and operation of Hong Kong Convention and Exhibition Centre (“HKCEC”) and the business of Free Duty.

FY2013 saw the continuous steady growth of business events and activities at HKCEC. Demand for staging international exhibitions and conventions at this centrally located venue with world class facilities and superb reputation remains strong. During the year, 1,180 events were held at HKCEC with a total patronage of approximately 5.2 million. Through upgrading its complex and facilities, turnover from exhibition rental and food and beverage has continued to record healthy growth. Improvement in food and beverage margin was likewise notable in FY2013.

Free Duty’s tobacco and liquor retail business at all land border crossings continues to thrive and experience remarkable growth by capitalizing on the strong patronage of high-spending visitors from Mainland China. This growth helped to mitigate the impact of the expiration of the concession contract at the Hong Kong International Airport in November 2012 and the renewed concession terms.

Construction & Transport

The Construction business recognized an AOP of HK\$234.9 million in FY2013, representing a 25% increase from FY2012, mainly due to the non-occurrence of loss provision for certain construction projects in FY2012. As at 30 June 2013, the gross value of contracts on hand for the Construction business was approximately HK\$43.9 billion.

The Group’s Transport business reported an AOP of HK\$159.4 million in FY2013, representing a 9% increase, despite the absence of the one-off exceptional gain from the disposal of the Macau ferry operation and the bus operation in Kunming in FY2012. This was mainly attributable to the increase in fare revenue in connection with ridership growth. Operation efficiency continues to improve through routes rationalization between Citybus and New World First Bus. Fuel costs remained steady due to a fuel cost hedging arrangement.

Strategic Investments

This segment includes contributions from Tricor Holdings Limited (“Tricor”), Haitong International Securities Group Limited (“Haitong International”), Newton Resources, Hyva Holding B.V. (“Hyva”) and other securities investments held by the Group for strategic investment purposes.

Tricor’s corporate services businesses performed solidly during FY2013 and captured about 46% of the total share of new listings in Hong Kong. Its business operations in Hong Kong, Singapore and Mainland China altogether contributed about 82% of the total profit of Tricor in FY2013.

Haitong International achieved outstanding performance in its brokerage and retail margin financing, structured financing and fixed income, currency and commodity businesses. Moreover, the cost to revenue ratio fell markedly, driving profit margin to rise further. In 2013, Haitong International carried out a series of large financing projects, including rights issue, syndicated loan and convertible bond issuance, raising

nearly HK\$5 billion in total to boost its capital base and expand its capital deployment ability. These aimed to facilitate the transformation of Haitong International's profit model from focusing mainly on a "fee-based" business to stressing both "fee-based" and "capital-based intermediary" businesses, and the transformation from a traditional brokerage firm to an investment bank.

Trial production at the Yanjiazhuang Mine of Newton Resources re-commenced at the end of November 2012. Notwithstanding mediations by the local government officials, not all of the asserted demands by the neighbouring villages and their inhabitants could be met amicably. Disturbances by members of these villages have continued sporadically in varying degrees of intensity. As a result, Newton Resources was forced to suspend the trial production in the past few months. Given the difficulty and complexity of the issues that Newton Resources is facing in the development and production at the mine site, Newton Resources has been engaged in active communication and negotiations with the relevant government authorities at high level with the aim of arriving at a set of comprehensive and workable solutions so as to achieve stable and smooth development of the production and operation at the Yanjiazhuang Mine. As matters stand, the resumption of iron concentrate production would be dependent on the outcome of these discussions and subsequent actions taken by respective parties.

The Group holds an effective interest of approximately 38% in Hyva, a company engaged in the manufacturing and supply of components used in hydraulic loading and unloading systems on trucks and trailers. Revenue from Mainland China has been affected by a slowdown in heavy truck sales but the market has shown signs of recovery. Western European market sentiment is still suppressed and Eastern Europe is impacted by the new tax levied on heavy duty trucks in Russia. Crane sales in Brazil rebounded due to the coming on stream of a new manufacturing facility.



Lam Tin Complex, a project undertaken by Hip Hing



New World First Bus and Citybus



New World First Ferry

Management Discussion and Analysis

Business Outlook – Services

Hong Kong's economy maintained a steady growth momentum and achieved a 3.3% growth in GDP in the second quarter of 2013, which was the highest in the past seven quarters. Government spending on infrastructure, together with private consumption, will continue to support the economy, although the cooling down of the property market resulting from government's tightening measures may pose downside pressure.



The New Year • New World — Hong Kong Countdown Celebrations at the HKCEC



The artist's impression of Gleneagles Hong Kong Hospital



Facilities Management

HKCEC has been voted "Asia's Best Convention and Exhibition Centre" for 10 times from 2001 to 2013 by CEI Asia magazine, one of the most influential trade publications in the region, and successfully maintained its leading position in the market. It continued to attract world renowned events such as Art Basel Hong Kong and Watches & Wonders. Celebrating its 25th anniversary in 2013, HKCEC has firmly established itself as a local icon and solid AOP contributor to the Group. HKCEC will continue to sustain healthy organic growth through different channels including proactive business development, facility enhancements, space optimization and service excellence. Looking ahead, its food and beverage business as well as exhibitions for high-end life style products such as luxury jewellery, watch, art and antique will be the major growth drivers.

The stance of the Chinese Government against luxury consumption has posed some adverse impact on Free Duty's sales of high-end liquor and tobacco albeit not very significant. Further to the renovations of the land border shops in the MTR stations at Lok Ma Chau and Lo Wu, Free Duty is well positioned to capture the continued strong purchasing demand of the Mainland visitors and maintain its past growth momentum. The Group will continue to seek overseas opportunities actively.

To strengthen the Group's service portfolio in Hong Kong, a joint venture in which the Group has 40% interest was formed for the construction, development and operation of a private hospital, Gleneagles Hong Kong Hospital, at Wong Chuk Hang. The hospital will have a total capacity of 500 beds with over 15 specialties and is scheduled for operation in late 2016. With Parkway Pantai Limited, one of Asia's largest private healthcare providers, and the Li Ka Shing Faculty of Medicine of The University of Hong Kong as our strategic partners, the Group has every confidence that this unique opportunity will open up a new business dimension to expand our scope of business into the healthcare industry so as to augment our services business in Hong Kong.

Construction & Transport

Hong Kong's construction industry continues to be buoyed by the rise in public expenditure on infrastructure and the prevalent demand for residential property. With the rolling out of the Ten Mega Infrastructure Projects, the need for construction services in Hong Kong, particularly demand from the public sector, will remain high. Based on the existing contracts on hand and the opportunities to participate in other sizeable projects, the Group has maintained a healthy order

book. However, labour shortage, fast escalating wages and material costs are posing pressure on profit margins. Therefore, strong controls over tendering procedures, staff training, enhancing industrial safety and environment protection continue to be high on the management priority list.

The profit of the Transport business is highly dependable on fuel prices which have been affected by speculative financial derivatives in addition to the supply and demand in the energy markets. Management has fully hedged the fuel prices for FY2014 to help relieve pressure on fare increase for the coming financial year. The Western Island Line will be commissioned in late 2014 and negotiation with the government regarding provision and rationalization of future bus services is already underway. In the meantime, the Group will continue to improve our service by introducing more environmental friendly buses to increase passenger comfort with minimal environmental impact as well as enhancing passenger information.

Conclusions

The overall performance in FY2013 endorsed the Group's business strategy and commitment in maintaining a well-diversified and defensive assets portfolio which could generate sustainable earnings growth and cash flows irrespective of market conditions. According to the latest traffic figures, the impact caused by the unfavourable toll road policies has stabilized, hence the performance of the Roads segment is expected to improve in line with traffic growth. The determination of the Chinese Government to maintain sustainable economic development by focusing on domestic consumption is still highly dependent on the pace of infrastructure investment. The Group is therefore well-positioned to capitalize on upcoming infrastructure opportunities associated with Mainland China's urban development, especially roads, water and energy related projects.

The Group remains confident that the services related businesses in Hong Kong will continue to grow from strength to strength. The impact of the expired airport concession should be mitigated with the continuous rise in passenger flow and average spending at the land border terminals. At the same time, the strong housing demand and infrastructure development in Hong Kong will continue to support the Group's construction business. Last but not least, the opportunity to co-invest in Gleneagles Hong Kong Hospital will provide a fitting platform for the Group to enter the healthcare industry and develop a new growth driver for the Services division.



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Report of the Directors

The directors of the Company submit their report together with the audited financial statements of the Group for the year ended 30 June 2013.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

- (i) the investment in and/or operation of facilities, construction, transport and strategic investments; and
- (ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year and the state of affairs of the Company and of the Group as at 30 June 2013 are set out in the financial statements on pages 83 to 173.

The Board has resolved to recommend a final dividend for the year ended 30 June 2013 in scrip form equivalent to HK\$0.26 per share (2012: HK\$0.25 per share) with a cash option to the shareholders whose names appear on the register of members of the Company on 22 November 2013. Together with the interim dividend of HK\$0.29 per share (2012: HK\$0.50 per share) paid in May 2013, total distribution of dividend by the Company for the year ended 30 June 2013 will thus be HK\$0.55 per share (2012: HK\$0.75 per share).

Subject to the passing of the relevant resolution at the 2013 annual general meeting of the Company and the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they will be given the option of electing to receive payment in cash of HK\$0.26 per share instead of the allotment of shares. Full details of the final scrip dividend will be set out in a circular to be sent to the shareholders together with a form of election for cash dividend on or about 26 November 2013.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 44 to the financial statements.

ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

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

Report of the Directors

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

At 30 June 2013, the Company's reserves available for distribution amounted to HK\$2,555.4 million (2012: HK\$2,458.3 million).

DONATIONS

During the year, the Group made charitable donations amounting to HK\$0.5 million (2012: HK\$4.0 million).

INVESTMENT PROPERTIES

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 31 to the financial statements.

PRE-EMPTIVE RIGHTS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively accounted for less than 30% of the Group's total turnover and purchases for the year ended 30 June 2013.

MANAGEMENT CONTRACTS

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

DIRECTORS

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

Executive directors

Dr Cheng Kar Shun, Henry
Mr Tsang Yam Pui
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr William Junior Guilherme Doo
Mr Cheng Chi Ming, Brian

Non-executive directors

Mr To Hin Tsun, Gerald
Mr Dominic Lai
Mr Doo Wai Hoi, William (Resigned on 1 July 2013)

Independent non-executive directors

Mr Kwong Che Keung, Gordon
Dr Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham
Mr Wilfried Ernst Kaffenberger
Mr Yeung Kun Wah, David (alternate director to Mr Wilfried Ernst Kaffenberger)
Mr Lee Yiu Kwong, Alan (Appointed on 1 October 2012)

In accordance with bye-law 87 of the Company's bye-laws, Messrs Tsang Yam Pui, To Hin Tsun, Gerald, Dominic Lai, Kwong Che Keung, Gordon and Shek Lai Him, Abraham will retire by rotation at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

A master services agreement was entered into between the Company and Mr Doo Wai Hoi, William, who was a non-executive director of the Company during the year, on 19 May 2011 for the purpose of streamlining the continuing connected transactions between the Group and the companies controlled by Mr Doo Wai Hoi, William. Mr Doo Wai Hoi, William was considered having material interests in the said master services agreement. Details of this agreement are explained in the section headed "Connected Transactions".

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

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following directors of the Company are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Dr Cheng Kar Shun, Henry	Chow Tai Fook Enterprises Limited group of companies	Investment in transport services business	Director
	HKR International Limited group of companies	Construction and property management	Director
Mr Lam Wai Hon, Patrick	Wai Kee Holdings Limited	Construction, investment in toll roads and infrastructure businesses and sale of general merchandized goods	Director
	Road King Infrastructure Limited	Development, operation and management of toll roads	Director
Mr To Hin Tsun, Gerald	Mongolia Energy Corporation Limited	Investment in coal mining	Director

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2013, 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 to the issued share capital as at 30.06.13
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	18,349,571	–	12,000,000 ⁽¹⁾	30,349,571	0.826%
Mr Doo Wai Hoi, William	3,477,834	–	8,330,782 ⁽²⁾	11,808,616	0.321%
Mr Tsang Yam Pui	180,000	–	–	180,000	0.005%
Mr Lam Wai Hon, Patrick	1,305,207	–	7,608 ⁽³⁾	1,312,815	0.036%
Mr William Junior Guilherme Doo	460,420	–	105,639 ⁽⁴⁾	566,059	0.015%
Mr Kwong Che Keung, Gordon	1,207,077	–	–	1,207,077	0.033%
Dr Cheng Wai Chee, Christopher	2,420,569	–	–	2,420,569	0.066%
Mr Wilfried Ernst Kaffenberger	723,372	–	–	723,372	0.020%
NWD					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	450,000 ⁽⁵⁾	–	450,000	0.007%
Mr Doo Wai Hoi, William	–	–	1,500,000 ⁽²⁾	1,500,000	0.024%
Mr Cheung Chin Cheung	93,300	–	–	93,300	0.001%
Mr William Junior Guilherme Doo	–	30,000 ⁽⁶⁾	–	30,000	0.000%
Mr Kwong Che Keung, Gordon	30,000	–	–	30,000	0.000%
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr Cheng Kar Shun, Henry	29,985,826	4,387,500 ⁽⁵⁾	117,610,200 ⁽¹⁾	151,983,526	1.754%
Mr Doo Wai Hoi, William	755,961	–	1,317,000 ⁽²⁾	2,072,961	0.024%
Mr William Junior Guilherme Doo	–	112,500 ⁽⁶⁾	405,000 ⁽⁴⁾	517,500	0.006%
Mr Cheng Chi Ming, Brian	106,400	–	–	106,400	0.001%
Dr Cheng Wai Chee, Christopher	387,448	–	–	387,448	0.004%
Newton Resources Ltd					
(Ordinary shares of HK\$0.10 each)					
Mr Cheung Chin Cheung	7,154	–	–	7,154	0.000%
Mr Kwong Che Keung, Gordon	11,307	–	–	11,307	0.000%
Wai Kee Holdings Limited					
(Ordinary shares of HK\$0.10 each)					
Mr Lam Wai Hon, Patrick	300,000	–	–	300,000	0.038%

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES (continued)

(a) Long position in shares (continued)

Notes:

- (1) The shares are held by a company wholly owned by Dr Cheng Kar Shun, Henry.
- (2) The shares are held by a company 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 a company 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.

(b) Long position in underlying shares – share options

(i) The Company

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

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 30.06.13	Exercise price per share ⁽⁵⁾ HK\$
			Balance as at 01.07.12	Granted during the year	Exercised during the year	Lapsed during the year		
Dr Cheng Kar Shun, Henry	21 August 2007	(1)	4,580,773	–	(4,580,773) ⁽²⁾	–	–	
Mr Tsang Yam Pui	21 August 2007	(1)	487	–	–	(487)	–	
Mr Lam Wai Hon, Patrick	21 August 2007	(1)	589,777	–	(589,777) ⁽³⁾	–	–	
Mr Cheung Chin Cheung	21 August 2007	(1)	487	–	–	(487)	–	
Mr To Hin Tsun, Gerald	21 August 2007	(1)	458,072	–	(458,072) ⁽⁴⁾	–	–	
Mr Dominic Lai	21 August 2007	(1)	458,072	–	–	(458,072)	–	
Mr Kwong Che Keung, Gordon	21 August 2007	(1)	916,151	–	(916,151) ⁽²⁾	–	–	
Dr Cheng Wai Chee, Christopher	21 August 2007	(1)	916,151	–	(916,151) ⁽²⁾	–	–	
Mr Shek Lai Him, Abraham	21 August 2007	(1)	916,151	–	–	(916,151)	–	
Mr Wilfried Ernst Kaffenberger	21 August 2007	(1)	458,072	–	–	(458,072)	–	

Notes:

- (1) 40% of the share options were exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options were divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012. All unexercised share options lapsed on 21 August 2012 (the "Date of Lapse").
- (2) The exercise date was 20 August 2012 and the exercise price per share was HK\$10.609. The closing price of the shares immediately before the date on which the share options were exercised was HK\$12.000.
- (3) The exercise date was 17 August 2012 and the exercise price per share was HK\$10.609. The closing price of the shares immediately before the date on which the share options were exercised was HK\$11.860.
- (4) The exercise date was 24 July 2012 and the exercise price per share was HK\$10.609. The closing price of the shares immediately before the date on which the share options were exercised was HK\$11.740.
- (5) The exercise price per share immediately before the Date of Lapse was HK\$10.609.
- (6) The cash consideration paid by each of the directors for the grant of share options was 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 (Note)	Number of share options			Balance as at 30.06.13	Exercise price per share HK\$
			Balance as at 01.07.12	Adjusted during the year ⁽²⁾	Exercised during the year		
Dr Cheng Kar Shun, Henry	19 March 2012	(1)	10,001,320	13,636	–	10,014,956	9.756

Notes:

- (1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- (2) NWD declared final dividend for the year ended 30 June 2012 and interim dividend for the six months ended 31 December 2012 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$9.769 to HK\$9.764 on 31 December 2012, and further to HK\$9.756 on 22 May 2013.
- (3) The cash consideration paid by the director for the grant of the share options was 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 HK\$
			Balance as at 01.07.12	Exercised during the year	Balance as at 30.06.13	
Dr Cheng Kar Shun, Henry	29 December 2008	(1)	1,860,826	(1,860,826) ⁽³⁾	–	–
	18 January 2011	(2)	2,077,922	–	2,077,922	3.036
Mr Doo Wai Hoi, William	29 December 2008	(1)	755,961	(755,961) ⁽³⁾	–	–
	18 January 2011	(2)	831,169	–	831,169	3.036
Dr Cheng Wai Chee, Christopher	29 December 2008	(1)	88,048	(88,048) ⁽³⁾	–	–
	18 January 2011	(2)	311,688	–	311,688	3.036

Notes:

- (1) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012 respectively to 29 January 2013.
- (2) Divided into 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015 respectively to 18 February 2016.
- (3) The exercise price per share was HK\$1.290.
- (4) The cash consideration paid by each of the directors for each grant of the share options was HK\$10.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES (continued)

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

(iv) *New World Department Store China Limited*

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

Name	Date of grant	Exercisable period (Note)	Number of share options		Exercise price per share HK\$
			Balance as at 01.07.12	Exercised during the year	
Dr Cheng Kar Shun, Henry	27 November 2007	(1)	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 was HK\$1.

(c) Long position in debentures

(i) *Rosy Unicorn Limited*

The following directors of the Company have interests in the US\$500,000,000 6.50% guaranteed bonds due 2017 issued by Rosy Unicorn Limited, an indirect wholly owned subsidiary of the Company. Details of the debentures held by them are as follows:

Name	Amount of debentures in US\$			Total	Approximate percentage to the total amount of debentures in issue as at 30.06.13
	Personal interests	Family interests	Corporate interests		
Mr Doo Wai Hoi, William	–	51,500,000 ⁽¹⁾	22,840,000 ⁽²⁾	74,340,000	14.868%
Mr William Junior Guilherme Doo	–	–	4,500,000 ⁽³⁾	4,500,000	0.900%

Notes:

- (1) The debentures are held by the spouse of Mr Doo Wai Hoi, William.
- (2) The debentures are held by a company wholly owned by Mr Doo Wai Hoi, William.
- (3) The debentures are held by a company wholly owned by Mr William Junior Guilherme Doo.

DIRECTORS' INTERESTS IN SECURITIES (continued)

(c) Long position in debentures (continued)

(ii) NWCL

The following directors of the Company have interests in the RMB4,300,000,000 8.50% bonds due 2015 and the RMB3,000,000,000 5.50% bonds due 2018 both issued by NWCL, a fellow subsidiary of the Company. Details of the debentures held by them are as follows:

Name	Amount of debentures in RMB			Total	Approximate percentage to the total amount of debentures in issue as at 30.06.13
	Personal interests	Family interests	Corporate interests		
Mr Doo Wai Hoi, William	–	129,000,000 ⁽¹⁾	387,230,000 ⁽²⁾	516,230,000	7.072%
Mr Tsang Yam Pui	3,500,000	–	–	3,500,000	0.048%
Mr Lam Wai Hon, Patrick	1,000,000	–	–	1,000,000	0.014%
Mr William Junior Guilherme Doo	–	–	16,000,000 ⁽³⁾	16,000,000	0.219%

Notes:

- (1) The debentures are held by the spouse of Mr Doo Wai Hoi, William.
- (2) The debentures are held by companies wholly owned by Mr Doo Wai Hoi, William.
- (3) The debentures are held by a company wholly owned by Mr William Junior Guilherme Doo.

(iii) Fita International Limited

The following director of the Company has interest in the US\$750,000,000 7.00% guaranteed bonds due 2020 issued by Fita International Limited, a fellow subsidiary of the Company. Details of the debentures held by him are as follows:

Name	Amount of debentures in US\$			Total	Approximate percentage to the total amount of debentures in issue as at 30.06.13
	Personal interests	Family interests	Corporate interests		
Mr Doo Wai Hoi, William	–	2,900,000 ⁽¹⁾	1,240,000 ⁽²⁾	4,140,000	0.552%

Notes:

- (1) The debentures are held by the spouse of Mr Doo Wai Hoi, William.
- (2) The debentures are held by a company wholly owned by Mr Doo Wai Hoi, William.

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 which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Report of the Directors

SHARE OPTION SCHEMES

On 6 December 2001, the Company adopted a share option scheme (the "2001 Share Option Scheme") and certain rules of this scheme were amended on 12 March 2003 and 24 November 2006. The 2001 Share Option Scheme expired on 6 December 2011. Share options granted under the 2001 Share Option Scheme prior to its expiry continued to be valid and exercisable pursuant to the terms of the 2001 Share Option Scheme.

In anticipation of the expiry of the 2001 Share Option Scheme on 6 December 2011, the Company adopted a new share option scheme (the "2011 Share Option Scheme") at the annual general meeting of the Company held on 21 November 2011.

Summary of the 2001 Share Option Scheme and the 2011 Share Option Scheme (together, the "Schemes") disclosed in accordance with the Listing Rules is as follows:

Purpose of the Schemes	To reward directors and employees of the Group for their past service or performance, providing incentive and motivation or reward to eligible participants for optimizing their performance or making contribution to the Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to the Group; and fostering a sense of corporate identity.
Participants of the Schemes	<p>Eligible participant may be a person or an entity belonging to any of the following classes:</p> <ul style="list-style-type: none">(i) any eligible employee;(ii) any non-executive director (including independent non-executive director) of the Group or any invested entity of the Group (the "Invested Entity");(iii) any supplier of goods or services to any member of the Group or any Invested Entity;(iv) any customer of any member of the Group or any Invested Entity;(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and(viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.



SHARE OPTION SCHEMES (continued)

Total number of shares available for issue under the Schemes and percentage of the issued share capital as at the date of this report

The Company had granted options to certain eligible participants to subscribe for a total of 84,348,007 shares of the Company under the 2001 Share Option Scheme, which included certain adjustments made pursuant to the rules of the 2001 Share Option Scheme, up to the date of this report.

Since the 2001 Share Option Scheme expired on 6 December 2011, no further option can be granted under this scheme.

No share option of the Company has been granted under the 2011 Share Option Scheme since its adoption and up to the date of this report.

The total number of shares available for issue under the 2011 Share Option Scheme is 338,799,387 shares representing approximately 9.22% of the Company's issued share capital as at the date of this report.

Maximum entitlement of each participant under the Schemes

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the share capital of the Company in issue.

The period within which the shares must be taken up under an option

At any time during a period as specified by the directors, however in any event the share options must be exercised within 10 years from the date of grant of options.

The minimum period for which an option must be held before it can be exercised

Any period as determined by the directors.

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

HK\$10 is to be paid as consideration for the grant of option within 14 days from the date of offer.

The basis of determining the exercise price

The exercise price is determined by the directors which must be at least the higher of the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant or the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

The remaining life of the Schemes

The 2001 Share Option Scheme expired on 6 December 2011. However, the share options granted under the 2001 Share Option Scheme prior to its expiry are still exercisable pursuant to the rules of this scheme.

The 2011 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 November 2011.

Report of the Directors

SHARE OPTION SCHEMES (continued)

During the year ended 30 June 2013, movement of share options granted by the Company under the 2001 Share Option Scheme is as follows:

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

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 30.06.13	Exercise price per share ⁽³⁾ HK\$
		Balance as at 01.07.12	Granted during the year	Exercised during the year	Lapsed during the year		
21 August 2007	(1)	3,892,736	–	(3,088,367) ⁽²⁾	(804,369)	–	
28 January 2008	(1)	1,068,824	–	–	(1,068,824)	–	

Notes:

- (1) 40% of the share options were exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options were divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012. All unexercised share options lapsed on the Date of Lapse.
- (2) The exercise price per share was HK\$10.609. The weighted average closing price of the shares immediately before the dates on which the share options were exercised was HK\$11.825.
- (3) The exercise price per share of the share options granted on 21 August 2007 and the share options granted on 28 January 2008 immediately before the Date of Lapse was HK\$10.609 and HK\$13.490 respectively.
- (4) The cash consideration paid by each eligible participant for each grant of share options was HK\$10.

During the year ended 30 June 2013, no share option of the Company has been granted under the 2011 Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2013, the following parties (other than a director or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to the issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	2,342,837,512 ⁽¹⁾	2,342,837,512	63.74%
Cheng Yu Tung Family (Holdings II) Limited	–	2,342,837,512 ⁽²⁾	2,342,837,512	63.74%
Chow Tai Fook Capital Limited	–	2,342,837,512 ⁽³⁾	2,342,837,512	63.74%
Chow Tai Fook (Holding) Limited	–	2,342,837,512 ⁽⁴⁾	2,342,837,512	63.74%
Chow Tai Fook Enterprises Limited	97,034,424	2,245,803,088 ⁽⁵⁾	2,342,837,512	63.74%
NWD	1,506,941,789	738,861,299 ⁽⁶⁾	2,245,803,088	61.10%
Mombasa Limited	677,292,398	–	677,292,398	18.43%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited holds approximately 48.98% direct interest in Chow Tai Fook Capital Limited (“CTFC”) and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) Cheng Yu Tung Family (Holdings II) Limited holds approximately 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC holds approximately 74.07% direct interest in Chow Tai Fook (Holding) Limited (“CTFH”) and is accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
- (4) CTFH holds 100% direct interest in Chow Tai Fook Enterprises Limited (“CTF Enterprises”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises.
- (5) CTF Enterprises 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.
- (6) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD is also deemed to be interested in 2,979,975 shares held by Financial Concepts Investment Limited, 29,294,463 shares held by Hing Loong Limited and 29,294,463 shares held by Fine Reputation Incorporated, all of them are subsidiaries of NWD.
- (7) All the interests stated above represent long positions.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2013.

SUFFICIENCY OF PUBLIC FLOAT

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

Report of the Directors

CONNECTED TRANSACTIONS

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

- (1) On 19 May 2011, a master services agreement (the "Master Services Agreement") was entered into between the Company and Mr Doo Wai Hoi, William ("Mr Doo") in relation to the provision of certain operational services between members of the Group and members of the Services Group (being Mr Doo and any company in the equity capital of which Mr Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary).

Mr Doo was a director of the Company as at the date of signing of the Master Services Agreement and during the year and hence a connected person of the Company under the Listing Rules. Accordingly, the Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

The Master Services Agreement and the transactions contemplated thereunder were approved by the independent shareholders at the special general meeting of the Company held on 29 June 2011. The Master Services Agreement has an initial term of three years commencing from 1 July 2011. Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under the Listing Rules at the relevant time, the Master Services Agreement may be renewed for a further term of three years.

It was anticipated that the annual caps for the year ended 30 June 2013 and for the year ending 30 June 2014 as approved by the Company's shareholders on 29 June 2011 would not be sufficient to meet the Board's revised estimated volume of the continuing connected transactions contemplated under the Master Services Agreement for the same periods. The revised annual caps in respect of the said continuing connected transactions for the year ended 30 June 2013 and for the year ending 30 June 2014 were approved by the independent shareholders at the special general meeting of the Company held on 6 February 2013.

During the year ended 30 June 2013, the contract amounts for the operational services under the Master Services Agreement are summarized as follows:

Categories	Approximate total	Annual cap
	contract sum	
	HK\$'m	HK\$'m
Operational services by members of the Group to members of the Services Group	2.9	18.1
Operational services by members of the Services Group to members of the Group	383.2	1,249.7

CONNECTED TRANSACTIONS (continued)

- (2) On 11 June 2010, two sale and purchase agreements were entered into both among NWS Service Management Limited (“NWSSM”, an indirect wholly owned subsidiary of the Company) as vendor, Fung Seng Enterprises Limited (“FSE”) as purchaser, Mr Doo and Mr Wong Kwok Kin, Andrew jointly as warrantors whereby FSE agreed to purchase and NWSSM agreed to sell and/or procure the sale of the entire issued share capital of certain companies (the “Disposal Group”) or certain service businesses of the Group as set out in these agreements (the “Disposal”).

In the ordinary course of businesses prior to completion of the Disposal, members of the Group have regularly entered into transactions (the “Existing Continuing Transactions”) with certain companies under the Disposal Group. As a result of the completion of the Disposal, members of the Disposal Group became associates of Mr Doo, who is a connected person of the Company, and are regarded as connected persons of the Company. The Existing Continuing Transactions therefore became continuing connected transactions of the Company upon the completion of the Disposal. Pursuant to Rule 14A.41 of the Listing Rules, the Company has to comply in full with all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of the Existing Continuing Transactions.

The Existing Continuing Transactions involved the provision of the mechanical and electrical engineering services, property management services and cleaning services from members of the Disposal Group to members of the Group. As at 30 June 2013, a total of not exceeding ten agreements, of which the remaining term is not exceeding one year, are included in these Existing Continuing Transactions with the aggregate transaction values for the remaining term of the relevant agreements amount to approximately HK\$85.8 million.

- (3) On 30 June 2011, the Company and CTF Enterprises entered into a master services agreement (the “CTF Master Services Agreement”) whereby each of the Company and CTF Enterprises agrees to procure that members of the Group or the CTF Enterprises Group (being CTF Enterprises, its subsidiaries and any other company in the equity capital of which CTF Enterprises and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and/or the subsidiaries of such other companies, but excluding members of the NWD Group) (to the extent practicable) engage relevant members of the CTF Enterprises Group or the Group to provide certain operational services to relevant members of the Group or the CTF Enterprises Group during the term of the CTF Master Services Agreement.

As at the date of signing of the CTF Master Services Agreement, NWD held approximately 59.79% of the total issued share capital of the Company, it is a substantial shareholder of the Company, and hence a connected person of the Company. CTF Enterprises held approximately 40.51% of the total issued share capital of NWD and is a controlling shareholder of NWD and is considered a connected person of the Company. Accordingly, the CTF Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

The CTF Master Services Agreement has an initial term of three years commencing from 1 July 2011 to 30 June 2014 (both days inclusive). Subject to re-compliance with the reporting, announcement and independent shareholders’ approval requirements (to the extent applicable) under the Listing Rules at the relevant time, the CTF Master Services Agreement may be renewed for a further term of three years.

Report of the Directors

CONNECTED TRANSACTIONS (continued)

(3) (continued)

During the year ended 30 June 2013, the contract amounts for the operational services under the CTF Master Services Agreement are summarized as follows:

Categories	Approximate total	Annual cap
	contract sum HK\$'m	HK\$'m
Operational services by members of the Group to members of the CTF Enterprises Group	17.0	180.0
Operational services by members of the CTF Enterprises Group to members of the Group	0.4	5.0

- (4) On 30 June 2011, a master services agreement (the "NWD Master Services Agreement") was entered into between the Company and NWD whereby each of the Company and NWD agrees to procure that members of the Group or the NWD Group (being NWD, its subsidiaries, any other company in the equity capital of which NWD and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and/or the subsidiaries of such other companies, but excluding members of the Group) (to the extent practicable) engage relevant members of the NWD Group or the Group to provide certain operational services to relevant members of the Group or the NWD Group during the term of the NWD Master Services Agreement.

As at the date of signing of the NWD Master Services Agreement, NWD held approximately 59.79% of the total issued share capital of the Company, it is a substantial shareholder of the Company, and hence a connected person of the Company. The NWD Master Services Agreement and the transactions contemplated thereunder were approved by the independent shareholders at the special general meeting of the Company held on 8 August 2011.

The NWD Master Services Agreement would have an initial term of three years commencing from 1 July 2011 to 30 June 2014 (both days inclusive). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under the Listing Rules at the relevant time, the NWD Master Services Agreement may be renewed for a further term of three years.

CONNECTED TRANSACTIONS (continued)

(4) (continued)

During the year ended 30 June 2013, the contract amounts for the operational services under the NWD Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum HK\$'m	Annual cap HK\$'m
Operational services by members of the Group to members of the NWD Group	4,504.1	6,767.1
Operational services by members of the NWD Group to members of the Group	35.0	41.4

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

- (a) in the ordinary and usual course of business of the Company;
- (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties;
- (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (d) within the caps or the aggregate transaction values set out in the relevant announcements or circulars.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Save as disclosed above, a summary of significant related party transactions, made during the year is disclosed in note 42 to the financial statements.

Report of the Directors

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2013, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK\$4,597.1 million to its affiliated companies (included in the amounts disclosed in notes 21, 22 and 26 to the financial statements), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$501.4 million (included in the amounts disclosed in note 40 to the financial statements) and contracted to provide an aggregate amount of HK\$1,427.9 million in capital and/or loans to affiliated companies (included in the amounts disclosed in note 39(a) to the financial statements). The said amounts, in aggregate, represent approximately 9.9% 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 (i) an aggregate amount of HK\$104.7 million which carries interest at 8% per annum; (ii) an amount of HK\$21.3 million which carries interest at Hong Kong prime rate; (iii) an amount of HK\$126.6 million which carries interest at the People's Bank of China two-year benchmark lending rate with 15% premium and is repayable on 9 December 2013; (iv) an amount of HK\$500.0 million which carries interest at Hong Kong Interbank Offered Rate plus a margin of 1.5% per annum and of which HK\$300.0 million is repayable on 4 July 2016 and HK\$200.0 million is repayable on 20 December 2016; and (v) an amount of HK\$691.0 million which bears interest from 1.84% to 1.86% per annum and is not repayable within the next 12 months from the end of the reporting period. The advances also include an aggregate amount of HK\$697.5 million which has been subordinated to certain indebtedness of the affiliated companies. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2013 are presented as follows:

	Proforma combined statement of financial position HK\$'m	Group's attributable interest HK\$'m
Non-current assets	34,677.3	17,114.0
Current assets	9,563.5	4,935.4
Current liabilities	(11,814.4)	(5,885.3)
Non-current liabilities	(11,752.0)	(5,652.0)
	20,674.4	10,512.1

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2013.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, approximately 26,000 staff were employed by entities under the Group's management of which approximately 9,500 staff were employed in Hong Kong. Total staff related costs, including provident funds and staff bonus but excluding directors' remunerations, were HK\$1.767 billion (2012: HK\$1.457 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.



FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 174 and 175.

AUDITOR

The financial statements for the year ended 30 June 2013 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 25 September 2013

Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF NWS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of NWS Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 83 to 173, which comprise the consolidated and Company statements of financial position as at 30 June 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 September 2013

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Consolidated Income Statement

For the year ended 30 June

	Note	2013 HK\$'m	2012 HK\$'m
Revenue	6	16,247.9	14,954.3
Cost of sales		(13,114.0)	(11,876.2)
Gross profit		3,133.9	3,078.1
Gain on deemed disposal of interest in a subsidiary		–	1,842.7
Other income/gains (net)	7	1,251.3	571.7
General and administrative expenses		(747.1)	(654.5)
Operating profit	8	3,638.1	4,838.0
Finance costs	10	(768.7)	(580.1)
Share of results of			
Associated companies	21	438.0	557.2
Jointly controlled entities	22	1,415.8	1,237.5
Profit before income tax		4,723.2	6,052.6
Income tax expenses	11	(640.9)	(625.0)
Profit for the year		4,082.3	5,427.6
Attributable to			
Shareholders of the Company	12	4,008.0	5,251.1
Non-controlling interests		74.3	176.5
		4,082.3	5,427.6
Dividends	13	2,012.4	2,636.8
Earnings per share attributable to the shareholders of the Company	14		
Basic		HK\$1.11	HK\$1.53
Diluted		HK\$1.11	HK\$1.52

Consolidated Statement of Comprehensive Income

For the year ended 30 June

	2013 HK\$'m	2012 HK\$'m
Profit for the year	4,082.3	5,427.6
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	(13.5)	(271.3)
Release of investment revaluation deficit to the consolidated income statement upon impairment of available-for-sale financial assets	–	311.0
Release of reserve upon disposal of available-for-sale financial assets	–	(66.4)
Release of reserves upon disposal of assets held for sale	(2.4)	(0.5)
Release of exchange reserve upon disposal of an associated company	–	(16.9)
Share of other comprehensive income/(loss) of an associated company and jointly controlled entities	25.7	(3.8)
Cash flow hedges	55.1	(115.8)
Currency translation differences	1,165.2	229.4
Other comprehensive income for the year, net of tax	1,230.1	65.7
Total comprehensive income for the year	5,312.4	5,493.3
Total comprehensive income attributable to		
Shareholders of the Company	5,207.2	5,307.4
Non-controlling interests	105.2	185.9
	5,312.4	5,493.3

Consolidated Statement of Financial Position

As at 30 June

	Note	2013 HK\$'m	2012 HK\$'m
ASSETS			
Non-current assets			
Investment properties	16	3,443.1	3,156.8
Property, plant and equipment	17	454.1	421.8
Intangible concession rights	18	16,660.4	16,747.5
Intangible assets	19	486.3	517.6
Associated companies	21	9,686.2	9,098.7
Jointly controlled entities	22	19,861.7	19,533.2
Available-for-sale financial assets	23	424.1	433.2
Other non-current assets	24	1,073.4	965.8
		52,089.3	50,874.6
Current assets			
Inventories	25	366.3	499.3
Trade and other receivables	26	5,463.3	4,686.6
Available-for-sale financial asset	23	583.5	583.5
Financial assets at fair value through profit or loss	27	0.8	1.5
Cash and bank balances	28	7,768.2	5,386.0
		14,182.1	11,156.9
Assets held for sale	29	751.4	54.7
		14,933.5	11,211.6
Total assets		67,022.8	62,086.2
EQUITY			
Share capital	31	3,675.6	3,581.6
Reserves	32	35,551.8	31,314.7
Proposed final dividend	32	955.7	898.0
Shareholders' funds		40,183.1	35,794.3
Non-controlling interests		837.9	838.5
Total equity		41,021.0	36,632.8
LIABILITIES			
Non-current liabilities			
Borrowings	33	16,275.8	15,110.0
Deferred tax liabilities	34	2,607.4	2,562.3
Other non-current liabilities	35	339.2	312.9
		19,222.4	17,985.2
Current liabilities			
Borrowings	33	1,403.7	2,556.1
Trade and other payables	36	4,972.2	4,464.0
Taxation		403.5	448.1
		6,779.4	7,468.2
Total liabilities		26,001.8	25,453.4
Total equity and liabilities		67,022.8	62,086.2
Net current assets		8,154.1	3,743.4
Total assets less current liabilities		60,243.4	54,618.0

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

Statement of Financial Position

As at 30 June

	Note	2013 HK\$'m	2012 HK\$'m
ASSETS			
Non-current assets			
Property, plant and equipment	17	15.7	13.0
Subsidiaries	20	8,064.6	8,064.6
		8,080.3	8,077.6
Current assets			
Trade and other receivables	26	25,499.7	24,743.8
Cash and bank balances	28	1,311.9	615.6
		26,811.6	25,359.4
Total assets		34,891.9	33,437.0
EQUITY			
Share capital	31	3,675.6	3,581.6
Reserves	32	16,772.4	15,690.7
Proposed final dividend	32	955.7	898.0
Total equity		21,403.7	20,170.3
LIABILITIES			
Current liabilities			
Trade and other payables	36	13,488.2	13,266.7
Total liabilities		13,488.2	13,266.7
Total equity and liabilities		34,891.9	33,437.0
Net current assets		13,323.4	12,092.7
Total assets less current liabilities		21,403.7	20,170.3

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

HK\$m	Shareholders' funds				Total	Non-controlling interests	Total
	Share capital	Share premium	Revenue reserve	Other reserves			
At 1 July 2012	3,581.6	14,130.4	14,951.0	3,131.3	35,794.3	838.5	36,632.8
Total comprehensive income for the year	-	-	4,008.0	1,199.2	5,207.2	105.2	5,312.4
<i>Contributions by/(distribution to) owners</i>							
Dividends paid to							
Shareholders of the Company	-	-	(1,954.7)	-	(1,954.7)	-	(1,954.7)
Non-controlling interests	-	-	-	-	-	(105.8)	(105.8)
Scrip dividends							
Nominal value of new shares issued	83.5	-	-	-	83.5	-	83.5
Share premium on new shares issued	-	940.9	-	-	940.9	-	940.9
Share options							
Nominal value of new shares issued	10.5	-	-	-	10.5	-	10.5
Share premium on new shares issued	-	101.4	-	-	101.4	-	101.4
Transfer	-	-	(2.2)	2.2	-	-	-
Total transactions with owners	94.0	1,042.3	(1,956.9)	2.2	(818.4)	(105.8)	(924.2)
At 30 June 2013	3,675.6	15,172.7	17,002.1	4,332.7	40,183.1	837.9	41,021.0

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

HK\$m	Shareholders' funds				Total	Non-controlling interests	Total
	Share capital	Share premium	Revenue reserve	Other reserves			
At 1 July 2011	3,387.6	12,221.0	12,480.1	2,988.8	31,077.5	1,268.6	32,346.1
Total comprehensive income for the year	–	–	5,251.1	56.3	5,307.4	185.9	5,493.3
<i>Contributions by/(distribution to) owners</i>							
Dividends paid to							
Shareholders of the Company	–	–	(2,857.1)	–	(2,857.1)	–	(2,857.1)
Non-controlling interests	–	–	–	–	–	(67.6)	(67.6)
Scrip dividends							
Nominal value of new shares issued	176.5	–	–	–	176.5	–	176.5
Share premium on new shares issued	–	1,740.4	–	–	1,740.4	–	1,740.4
Share options							
Value of services provided	–	–	–	1.0	1.0	–	1.0
Nominal value of new shares issued	17.5	–	–	–	17.5	–	17.5
Share premium on new shares issued	–	169.0	–	–	169.0	–	169.0
Transfer	–	–	(9.0)	9.0	–	–	–
	194.0	1,909.4	(2,866.1)	10.0	(752.7)	(67.6)	(820.3)
<i>Changes in ownership interests in subsidiaries</i>							
Acquisition of subsidiaries	–	–	–	–	–	3,778.7	3,778.7
Further acquisition of interests in subsidiaries	–	–	85.9	–	85.9	(3,350.6)	(3,264.7)
Derecognition of non-controlling interests of Newton Resources	–	–	–	76.2	76.2	(976.5)	(900.3)
	–	–	85.9	76.2	162.1	(548.4)	(386.3)
Total transactions with owners	194.0	1,909.4	(2,780.2)	86.2	(590.6)	(616.0)	(1,206.6)
At 30 June 2012	3,581.6	14,130.4	14,951.0	3,131.3	35,794.3	838.5	36,632.8

Consolidated Statement of Cash Flows

For the year ended 30 June

	Note	2013 HK\$'m	2012 HK\$'m
Cash flows from operating activities			
Net cash generated from operations	41(a)	3,741.5	2,774.6
Finance costs paid		(725.4)	(491.4)
Interest received		203.7	140.7
Hong Kong profits tax paid		(285.6)	(208.7)
Mainland China and overseas taxation paid		(459.4)	(461.4)
Net cash generated from operating activities		2,474.8	1,753.8
Cash flows from investing activities			
Dividends received from associated companies		873.4	188.4
Dividends received from jointly controlled entities		1,813.0	1,794.7
Disposal of an associated company		–	171.2
Disposal of a subsidiary	41(c)	–	68.6
Increase in investments in associated companies		(785.1)	(1,132.3)
Increase in investments in jointly controlled entities		(880.5)	(2,225.6)
Acquisition of subsidiaries, net of cash and cash equivalents acquired		–	(1,731.0)
Acquisition of additional interest in subsidiaries		–	(3,234.5)
Additions of investment properties		(0.3)	(3.4)
Additions of property, plant and equipments		(139.7)	(179.7)
Additions of intangible concession rights		(0.8)	(0.9)
Disposal of investment properties		–	37.7
Disposal of property, plant and equipment		1.5	5.3
Additions of available-for-sale financial assets and financial assets at fair value through profit or loss		(425.3)	(46.2)
Disposal of available-for-sale financial assets and financial assets at fair value through profit or loss		460.4	244.0
Disposal of assets held for sale		90.9	18.4
Dividends received from available-for-sale financial assets and financial assets at fair value through profit or loss		6.5	8.4
Increase in other non-current assets		(16.0)	(81.6)
Decrease/(increase) in short-term bank deposits maturing after more than three months		166.4	(4.1)
Net cash from/(used in) investing activities		1,164.4	(6,102.6)

Consolidated Statement of Cash Flows

For the year ended 30 June

	Note	2013 HK\$'m	2012 HK\$'m
Cash flows from financing activities			
New bank loans and other borrowings		4,179.3	10,878.5
Proceeds from issue of bonds		–	5,036.5
Redemption of senior notes, repayment of bank loans and other borrowings		(4,412.5)	(10,279.2)
Issuance of new shares		111.9	186.6
Decrease in loans from non-controlling interests		–	(10.5)
Dividends paid to ex-shareholders of a subsidiary		–	(348.3)
Dividends paid to shareholders of the Company		(930.3)	(940.3)
Dividends paid to non-controlling interests		(105.8)	(67.6)
Decrease in restricted cash and bank balances		–	571.3
Net cash (used in)/from financing activities		(1,157.4)	5,027.0
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of year		5,199.0	4,500.5
Currency translation differences		67.0	20.3
Cash and cash equivalents at the end of year		7,747.8	5,199.0
Analysis of cash and cash equivalents			
Cash and bank balances	28	7,768.2	5,386.0
Short-term bank deposits maturing after more than three months		(20.6)	(187.0)
Cash and bank balances of subsidiaries reclassified as assets held for sale	29(a)	0.2	–
		7,747.8	5,199.0

Notes to the Financial Statements

For the year ended 30 June

1 General information

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

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

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

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

The consolidated financial statements were approved for issuance by the Board on 25 September 2013.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, certain financial assets and financial liabilities (including derivative financial instruments) which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

(a) Adoption of amendment to standard

During the year, the Group adopted the following amendment to standard which is relevant to the Group’s operations and is mandatory for the financial year ended 30 June 2013:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
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The adoption of this amendment to standard has no material effect on the results of operations and financial position of the Group.

Notes to the Financial Statements

For the year ended 30 June

2 Basis of preparation (continued)

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

The following new standards, amendments to standards and interpretations are mandatory for accounting period beginning on or after 1 July 2013 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2014

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
HKFRSs Amendments	Improvements to HKFRSs issued in June 2012
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Effective for the year ending 30 June 2015 or after

HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities

The Group has already commenced an assessment of the impact of these new standards, amendments to standards 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 consolidated financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

3 Principal accounting policies

The principal accounting policies adopted for the preparation of the consolidated financial statements, which have been consistently applied to all the years presented are set out as below:

(a) Consolidation

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

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Any investment retained in the former subsidiary is recognized at its fair value at the date when control is lost.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice, on the basis of each acquisition to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amount of acquiree's net assets.

Impairment test of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

The excess of the consideration transferred, the fair value of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, jointly controlled entity or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

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

Notes to the Financial Statements

For the year ended 30 June

3 Principal accounting policies (continued)

(a) Consolidation (continued)

(ii) *Associated companies*

An associated company is a company other than a subsidiary and a jointly controlled entity, in which the Group has significant influence exercised through representatives on the board of directors.

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

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

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

Dilution gains or losses arising from investments in associates are recognized in the consolidated income statement.

(iii) *Jointly controlled entities*

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

Interests in jointly controlled entities are stated in the consolidated financial statements at cost including goodwill on acquisition plus the share of post-acquisition results and other comprehensive income less provision for impairment losses. The interests in jointly controlled entities also include long term interests that, in substance, form part of the Group's net investment in the jointly controlled entities. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities set out as follows:

(1) *Equity joint ventures*

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

(2) *Co-operative joint ventures*

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

3 Principal accounting policies (continued)

(a) Consolidation (continued)

(iii) Jointly controlled entities (continued)

(3) Companies limited by shares

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

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

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

(b) Non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

(c) Intangible assets

(i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of associated companies and jointly controlled entities is included in interests in associated companies and jointly controlled entities respectively and is tested for impairment as part of overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of testing for impairment. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

(ii) Operating right

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

Notes to the Financial Statements

For the year ended 30 June

3 Principal accounting policies (continued)

(c) Intangible assets (continued)

(iii) Intangible concession rights

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

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

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

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

(iv) Mining rights

Mining rights are stated at cost less accumulated amortization and any impairment losses. Mining rights include the cost of acquiring mining licenses, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortized over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the units of production method. Mining rights are written off to the consolidated income statement if the mining property is abandoned.

(d) Revenue recognition

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

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

3 Principal accounting policies (continued)

(d) Revenue recognition (continued)

(i) Port revenue

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

(ii) Toll revenue

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

(iii) Service fee income

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

(iv) Rental income

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

(v) Construction revenue

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

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

(vi) Sales of goods

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

(vii) Interest income

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

(viii) Dividend income

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

Notes to the Financial Statements

For the year ended 30 June

3 Principal accounting policies (continued)

(e) Leases

(i) Finance leases

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

(ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(f) Land use rights

The upfront prepayments made for the land use rights held under operating leases is expensed in the consolidated income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the consolidated income statement.

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional valuation conducted at the end of each reporting period. Changes in fair values are recognized in the consolidated income statement.

Property that is being constructed or developed for future use as investment property is stated at fair value.

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

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

3 Principal accounting policies (continued)

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of replaced part is derecognized. All other repairs and maintenance costs are charged in the consolidated income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) *Assets under construction*

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

(ii) *Depreciation*

No depreciation is provided in respect of construction in progress until such time when the relevant assets are completed and available for intended use.

Leasehold land classified as finance lease commences amortization from the time when the land interest becomes available for its intended use. Amortization of leasehold land classified as finance lease and depreciation of other property, plant and equipment are calculated to allocate their cost to their estimated residual values over their estimated useful lives, using the straight-line method, at the following annual rates:

Leasehold land classified as finance lease	over the period of lease terms
Properties	2.5%–3%
Other plant and equipment	4%–50%

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) *Gain or loss on disposal*

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

Notes to the Financial Statements

For the year ended 30 June

3 Principal accounting policies (continued)

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

Assets that have an indefinite useful life (e.g. goodwill) or have not yet been available for use are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognized in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and value in use. Impairment losses on goodwill are not reversed. For the purpose of assessing impairment, assets are grouped as CGU for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Financial assets

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

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

Financial assets at fair value through profit or loss are financial assets held for trading and those designated as at fair value through profit or loss at inception. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods and services directly to a debtor with no intention of trading the receivable and are included in current assets, except for those with maturities more than twelve months after the end of the reporting period, which are classified as non-current assets. These are accounted for in accordance with the policy set out in note 3(m).

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than twelve months from the end of the reporting period, which are classified as current assets.

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

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

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

3 Principal accounting policies (continued)

(j) Financial assets (continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the consolidated income statement in the financial period in which they arise. Changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income. When available-for-sale financial assets are sold, the accumulated fair value adjustments are included in the consolidated income statement as gains or losses from financial assets. Changes in the fair value of monetary available-for-sale financial assets denominated in a foreign currency are analyzed between translation differences resulting from changes in amortized cost of the financial asset and other changes in the carrying amount of the financial asset. The translation differences of monetary financial assets are recognized in the consolidated income statement; translation differences on non-monetary financial assets are recognized in equity.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The fair values of listed investments are based on current bid prices. If the market for a financial asset is not active and for unlisted financial assets, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the asset is impaired. In the case of debt instruments, objective evidence of impairment includes significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial reorganization. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated income statement, is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments classified as available-for-sale are not reversed through the consolidated income statement.

(k) Deferred income

Deferred income is included in both current and non-current liabilities and is credited to the consolidated income statement on a straight-line basis over the concession periods.

(l) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Notes to the Financial Statements

For the year ended 30 June

3 Principal accounting policies (continued)

(l) Derivative financial instruments and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in notes 24, 26 and 35. Movements in the hedging reserve in shareholders' equity are shown in note 32. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity immediately transferred to the consolidated income statement.

(m) Trade and other receivables

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

(n) Inventories

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

(o) Contracts in progress

Contracts in progress comprise contract cost incurred, plus recognized profits (less recognized losses) less progress billing. Cost comprises materials, direct labour and overheads attributable to bringing the work in progress to its present condition.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

3 Principal accounting policies (continued)

(o) Contracts in progress (continued)

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

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

(p) Assets held for sale

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

(q) Cash and cash equivalents

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

(r) Trade payables

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

(s) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(t) Share capital

Ordinary shares are classified as equity.

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

Notes to the Financial Statements

For the year ended 30 June

3 Principal accounting policies (continued)

(u) Contingent liabilities and contingent assets

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

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

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

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

(v) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Principal accounting policies (continued)

(w) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the construction period when the asset is being prepared for its intended use. Other borrowing costs are expensed as incurred.

(x) Foreign currencies

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

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

(iii) *Group companies*

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

- (a) assets and liabilities for each consolidated statement of financial position presented are translated at the exchange rate prevailing at the date of that consolidated statement of financial position;
- (b) income and expenses for each consolidated income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and
- (c) all resulting exchange differences are recognized as a separate component of equity.
- (d) On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

Notes to the Financial Statements

For the year ended 30 June

3 Principal accounting policies (continued)

(x) Foreign currencies (continued)

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

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

(y) Employee benefits

(i) Employee leave entitlements

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

(ii) Bonus plans

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

(iii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) Defined benefit plans

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

3 Principal accounting policies (continued)

(y) Employee benefits (continued)

(v) *Share-based compensation*

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

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

(z) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement or capitalized as stated in note 3(w) over the period of the borrowings using the effective interest method.

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

(aa) Segment reporting

Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

Segment assets consist primarily of property, plant and equipment, investment properties, intangible concession rights, intangible assets, available-for-sale financial assets, held-to-maturity investments, financial assets at fair value through profit or loss, other non-current assets, stock and receivables and cash and bank balances. Segment liabilities primarily comprise operating liabilities, taxation and borrowings. Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets comprise additions to investment properties, property, plant and equipment, intangible concession rights and intangible assets.

(ab) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the financial period when the dividends are approved by the Company's shareholders and/or directors, where appropriate.

(ac) Insurance contracts

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

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

Notes to the Financial Statements

For the year ended 30 June

4 Financial risk management and fair value estimation

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

The Group has centralized treasury function for all of its subsidiaries in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets mainly include cash deposits and amounts due from associated companies and jointly controlled entities.

Other than the fixed rate bonds issued by the Group as detailed in note 33(d) and debt securities classified as available-for-sale financial assets which expose the Group to fair value interest rate risk, the Group's borrowings are on a floating rate basis, which will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk.

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

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been HK\$84.9 million (2012: HK\$100.8 million) lower/higher respectively.

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

(ii) Foreign exchange risk

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

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

At 30 June 2013, the Group's entities with functional currency of Hong Kong dollar had net monetary liabilities denominated in United States dollar of HK\$2,494.9 million (2012: HK\$2,981.2 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there is no significant foreign exchange risk with respect to the United States dollar.

4 Financial risk management and fair value estimation (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

At 30 June 2013, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in Renminbi of HK\$4,453.8 million (2012: HK\$3,736.1 million) which the related foreign exchange risk has not been hedged. If Hong Kong dollar had strengthened/weakened by 5% against Renminbi with all other variables held constant, the Group's profit for the year would have been HK\$222.7 million (2012: HK\$184.9 million) lower/higher respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period from the end of the reporting period until the next annual end of the reporting period. There are no other significant monetary balances held by Group companies at 30 June 2013 and 2012 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(iii) Price risk

The Group is exposed to equity securities price risk because the Group held listed and unlisted equity investments of which the fair value are subject to changes in market prices. Gains and losses arising from changes in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are dealt with in equity and consolidated income statement respectively. The performance of the Group's listed and unlisted equity investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans.

At 30 June 2013, if the price of listed and unlisted equity investments had been 25% higher with all other variables held constant, the Group's profit for the year and investment revaluation reserve would have been HK\$0.2 million and HK\$251.9 million (2012: HK\$0.3 million and HK\$254.2 million) higher respectively. If the price of listed and unlisted equity investments had been 25% lower with all other variables held constant, the Group's profit for the year and investment revaluation reserve would have been HK\$35.2 million and HK\$216.9 million (2012: HK\$35.3 million and HK\$219.2 million) lower respectively. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(b) Credit risk

The credit risk of the Group and the Company mainly arises from deposits with banks, trade and other receivables and balances receivable from group companies, including amounts due from subsidiaries, associated companies, jointly controlled entities and debt securities. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses.

Deposits are mainly placed with high-credit-quality financial institutions. The Group and the Company carry out regular reviews and follow-up actions on any overdue amounts to minimize exposures to credit risk. There is no concentration of credit risk with respect to trade receivables from third party customers as of the customer bases are widely dispersed in different industries.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, associated companies and jointly controlled entities through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. Debt securities are limited to financial institutions or investment counterparties with high quality.

The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position after deducting any impairment allowance.

Notes to the Financial Statements

For the year ended 30 June

4 Financial risk management and fair value estimation (continued)

(c) Liquidity risk

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

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

Group

At 30 June 2013

Non-derivative financial liabilities

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Trade payables	36	555.6	555.6	555.6	–	–
Retention money payables and other payables		3,247.9	3,247.9	2,846.0	401.9	–
Amounts due to non-controlling interests	36	81.7	81.7	81.7	–	–
Amounts due to associated companies	36	9.6	9.6	9.6	–	–
Amounts due to jointly controlled entities	36	26.6	26.6	26.6	–	–
Borrowings and contracted interest payment	33	17,679.5	19,627.3	2,040.5	16,885.5	701.3
Loans from non-controlling interests	35	98.7	98.7	–	98.7	–

Derivative financial liabilities

HK\$m	Note	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Derivative financial instruments (net settled)	35	200.6	28.5	114.1	58.0

4 Financial risk management and fair value estimation (continued)

(c) Liquidity risk (continued)

Group (continued)

At 30 June 2012

Non-derivative financial liabilities

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Trade payables	36	448.6	448.6	448.1	0.5	–
Retention money payables and other payables		3,345.0	3,345.0	3,187.0	158.0	–
Amounts due to non-controlling interests	36	40.7	40.7	40.7	–	–
Amounts due to associated companies	36	167.7	167.7	167.7	–	–
Amounts due to jointly controlled entities	36	27.2	27.2	27.2	–	–
Borrowings and contracted interest payment	33	17,666.1	20,188.6	3,189.3	15,432.8	1,566.5
Loans from non-controlling interests	35	95.1	95.1	–	95.1	–

Derivative financial liabilities

HK\$m	Note	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Derivative financial instruments (net settled)	35	171.5	21.3	85.2	65.0
Derivative financial instruments (gross settled)					
– outflow	35	1,275.4	21.7	1,253.7	–
– inflow		(1,287.8)	(33.6)	(1,254.2)	–

Company

At 30 June 2013

Non-derivative financial liabilities

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
Other payables		46.7	46.7	46.7
Amounts due to subsidiaries	36	13,438.5	13,438.5	13,438.5
		13,485.2	13,485.2	13,485.2

Notes to the Financial Statements

For the year ended 30 June

4 Financial risk management and fair value estimation (continued)

(c) Liquidity risk (continued)

Company (continued)

At 30 June 2012

Non-derivative financial liabilities

HK\$m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
Other payables		46.6	46.6	46.6
Amounts due to subsidiaries	36	13,217.3	13,217.3	13,217.3
		13,263.9	13,263.9	13,263.9

(d) Capital management

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

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

The gearing ratios at 30 June were as follows:

	Note	2013 HK\$m	2012 HK\$m
Total borrowings	33	(17,679.5)	(17,666.1)
Add: Cash and bank balances	28	7,768.2	5,386.0
Net debt		(9,911.3)	(12,280.1)
Total equity		41,021.0	36,632.8
Net gearing ratio		24%	34%

The decrease of net debt as at 30 June 2013 was primarily resulted from net operating cash inflow and dividends received from associated companies and jointly controlled entities.

4 Financial risk management and fair value estimation (continued)

(e) Fair value estimation

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

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.
- (ii) The fair value of long term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- (iii) The carrying values of bank balances, receivables, payables and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.
- (iv) The following table presents the Group's assets and liabilities that are measured at fair value at 30 June:
 - Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2013:

HK\$'m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Trading securities	0.8	–	–	0.8
Available-for-sale financial assets				
Equity securities	278.3	–	145.8	424.1
Debt securities	–	–	583.5	583.5
Derivative financial instruments	–	21.9	58.8	80.7
	279.1	21.9	788.1	1,089.1
Liabilities				
Derivative financial instruments	–	(37.6)	(40.9)	(78.5)

Notes to the Financial Statements

For the year ended 30 June

4 Financial risk management and fair value estimation (continued)

(e) Fair value estimation (continued)

(iv) (continued)

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2012:

HK\$m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Trading securities	1.5	–	–	1.5
Available-for-sale financial assets				
Equity securities	293.2	–	140.0	433.2
Debt securities	–	–	583.5	583.5
	294.7	–	723.5	1,018.2
Liabilities				
Derivative financial instruments	–	(120.4)	(46.1)	(166.5)

There were no significant transfers of financial assets between Level 1 and Level 2 fair value hierarchy classifications.

The following table presents the changes in Level 3 instruments for the year ended 30 June 2013:

HK\$m	Available-for-sale financial assets	Derivative financial assets	Derivative financial liabilities
At 1 July 2012	723.5	–	(46.1)
Additions	5.8	–	–
Total gain recognized in the consolidated income statement	–	58.8	5.2
At 30 June 2013	729.3	58.8	(40.9)

The following table presents the changes in Level 3 instruments for the year ended 30 June 2012:

HK\$m	Available-for-sale financial assets	Derivative financial liabilities
At 1 July 2011	995.2	(35.0)
Repayment	(6.7)	–
Transfer to associated companies	(210.6)	–
Total loss recognized in the consolidated income statement	(54.4)	(11.1)
At 30 June 2012	723.5	(46.1)

5 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

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

The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (such as discounted cash flow model and option pricing models) and evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and short-term business outlook for the investee and historical price volatility of these investments. The key assumptions adopted on projected cash flows are based on management's best estimates.

(b) Valuation of investment properties

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

At 30 June 2013, if the market value of investment properties had been 8% higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK\$275.4 million (2012: HK\$252.5 million) higher/lower respectively.

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

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

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

Notes to the Financial Statements

For the year ended 30 June

5 Critical accounting estimates and judgements (continued)

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

The Group tests annually whether goodwill has suffered any impairment according to its recoverable amount determined by the CGU based on value in use calculations and detailed in note 19(a). These calculations require the use of estimates which are subject to changes of economic environment in future.

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

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

(e) Income taxes

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

(f) Estimate of revenue, costs and foreseeable loss of construction works

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

(g) Estimated volume of Infrastructures of public services

The amortization for intangible concession rights and impairment assessment of Infrastructures for public services using discounted cash flow model are affected by the estimated volume for public services, such as toll roads and bridges. Management performs annual reviews to assess the appropriateness of estimated volume by making reference to independent professional studies, if necessary.

The traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads and the existence of other means of transportation. The growth of the traffic flow is also highly tied to the future economic and transportation network development of the area in which the Infrastructures serve. Appropriate adjustment will be made should there be a material change.

5 Critical accounting estimates and judgements (continued)

(h) Impairment of the Group's investments in associated companies and jointly controlled entities

Management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies and jointly controlled entities based on value in use calculations. In determining the value in use, management assesses the present value of estimated future cash flows expected to arise from their businesses. Estimates and judgements are applied in determining these future cash flows and discount rate. Management estimates the future cash flows based on certain assumptions, such as revenue growth, unit price, proved and probable mining reserve, production cost and production capacity.

6 Revenue and segment information

The Group's revenue is analyzed as follows:

	2013 HK\$'m	2012 HK\$'m
Roads	2,200.3	1,903.5
Ports & Logistics	102.1	41.3
Facilities Management	6,471.7	7,177.4
Construction & Transport	7,473.8	5,832.1
	16,247.9	14,954.3

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

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

Notes to the Financial Statements

For the year ended 30 June

6 Revenue and segment information (continued)

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

HK\$m	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Total
2013							
Total revenue	2,200.3	–	102.1	6,491.5	7,599.7	–	16,393.6
Inter-segment	–	–	–	(19.8)	(125.9)	–	(145.7)
Revenue – external	2,200.3	–	102.1	6,471.7	7,473.8	–	16,247.9
Attributable operating profit							
Company and subsidiaries	708.3	–	63.3	1,122.7	127.9	257.3	2,279.5
Associated companies	30.6	23.1	20.3	(2.0)	113.9	269.2 (ii)	455.1 (b)
Jointly controlled entities	499.3	696.4	246.8	2.9	152.5 (i)	(65.2)	1,532.7 (b)
	1,238.2	719.5	330.4	1,123.6	394.3	461.3	4,267.3
Reconciliation							
Gain on fair value of investment properties							333.6
Share of profit from Harbour Place							28.1
Corporate net exchange gain							104.9
Corporate interest income							109.7
Corporate finance costs							(555.3)
Corporate expenses and others							(280.3)
Profit attributable to shareholders							4,008.0

(i) The amount includes the Group's share of attributable operating profit of HK\$159.4 million from its Transport business.

(ii) The amount includes the Group's share of profit of HK\$215.3 million from three associated companies engaged in investment activities.

6 Revenue and segment information (continued)

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

HK\$'m	Energy & Ports & Facilities Construction Strategic Segment						Total	Corporate	Eliminations	Consolidated
	Roads	Water	Logistics	Management	& Transport	Investments				
2013										
Depreciation	9.1	-	-	50.0	38.2	-	97.3	9.7	-	107.0
Amortization of intangible concession rights	715.0	-	-	-	-	-	715.0	-	-	715.0
Amortization of intangible assets	-	-	-	31.3	-	-	31.3	-	-	31.3
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	10.5	-	-	85.9	35.0	-	131.4	9.4	-	140.8
Interest income	63.3	14.5	1.7	0.8	6.2	216.2	302.7	109.7	(16.4)	396.0
Finance costs	206.6	-	10.3	0.6	12.3	-	229.8	555.3	(16.4)	768.7
Income tax expenses	360.3	25.5	11.8	221.8	8.4	12.2	640.0	0.9	-	640.9
As at 30 June 2013										
Company and subsidiaries	18,933.0	162.0	2,159.5	4,036.4	4,515.0	1,898.4	31,704.3	5,770.6	-	37,474.9
Associated companies	422.5	643.9	280.0	689.0	1,363.8	6,224.6	9,623.8	62.4	-	9,686.2
Jointly controlled entities	6,409.7	7,480.9	3,039.1	17.5	1,617.0 (i)	1,273.1	19,837.3	24.4	-	19,861.7
Total assets	25,765.2	8,286.8	5,478.6	4,742.9	7,495.8	9,396.1	61,165.4	5,857.4	-	67,022.8
Total liabilities	5,899.5	27.3	91.2	916.2	3,674.9	148.3	10,757.4	15,244.4	-	26,001.8

- (i) The balance includes the Group's investment in its Transport business of HK\$1,922.0 million.

Notes to the Financial Statements

For the year ended 30 June

6 Revenue and segment information (continued)

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

HK\$m	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Total
2012							
Total revenue	1,903.5	–	41.3	7,193.1	5,891.1	–	15,029.0
Inter-segment	–	–	–	(15.7)	(59.0)	–	(74.7)
Revenue – external	1,903.5	–	41.3	7,177.4	5,832.1	–	14,954.3
Attributable operating profit							
Company and subsidiaries	535.9	–	18.4	1,181.8	261.1	231.6	2,228.8
Associated companies	27.9	30.0	30.2	–	118.6	317.1(ii)	523.8(b)
Jointly controlled entities	646.3	591.5	252.8	2.2	(45.5) (i)	7.7	1,455.0(b)
	1,210.1	621.5	301.4	1,184.0	334.2	556.4	4,207.6
Reconciliation							
Net gain on deemed disposals of interests in a subsidiary and an associated company							1,833.4
Gain on disposal of projects, net of tax							108.7
Gain on fair value of investment properties							93.3
Share of profit from Harbour Place							51.8
Assets impairment losses							(316.5) (iii)
Share of impairment loss from a jointly controlled entity							(200.0) (iv)
Corporate net exchange gain							14.0
Corporate interest income							51.8
Corporate finance costs							(333.8)
Corporate expenses and others							(259.2)
Profit attributable to shareholders							5,251.1

- (i) The amount included the Group's share of attributable operating profit of HK\$146.0 million from its Transport business.
- (ii) The amount included the Group's share of profit of HK\$264.2 million from three associated companies engaged in investment activities.
- (iii) Assets impairment losses mainly included HK\$259.2 million impairment loss of available-for-sale financial assets under the Strategic Investments segment due to volatile and adverse market conditions.
- (iv) The amount represented the Group's share of an impairment loss of HK\$200.0 million from an investment in an expressway in the Guangdong Province under the Roads segment due to its under-performance and uncertain future prospects.

6 Revenue and segment information (continued)

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

HK\$m	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Segment Total	Corporate	Eliminations	Consolidated
2012										
Depreciation	8.7	–	–	55.9	31.7	–	96.3	6.3	–	102.6
Amortization of intangible concession rights	554.2	–	–	–	–	–	554.2	–	–	554.2
Amortization of intangible assets	–	–	–	31.2	–	–	31.2	–	–	31.2
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	16,225.8	–	–	78.1	81.2	–	16,385.1	13.6	–	16,398.7
Interest income	91.0	13.8	0.4	0.6	6.6	199.4	311.8	51.8	(17.9)	345.7
Finance costs	244.6	–	10.6	2.0	7.0	–	264.2	333.8	(17.9)	580.1
Income tax expenses	323.7	28.0	7.9	238.9	14.1	4.7	617.3	7.7	–	625.0
As at 30 June 2012										
Company and subsidiaries	18,101.3	122.4	2,003.6	4,074.7	3,649.4	1,699.4	29,650.8	3,803.5	–	33,454.3
Associated companies	420.9	637.8	270.3	–	1,274.1	6,420.2	9,023.3	75.4	–	9,098.7
Jointly controlled entities	5,992.6	6,897.3	3,809.7	19.6	1,488.1 (i)	1,292.1	19,499.4	33.8	–	19,533.2
Total assets	24,514.8	7,657.5	6,083.6	4,094.3	6,411.6	9,411.7	58,173.5	3,912.7	–	62,086.2
Total liabilities	6,345.0	25.7	129.8	1,315.7	2,653.8	304.0	10,774.0	14,679.4	–	25,453.4

(i) The balance included the Group's investment in its Transport business of HK\$1,783.4 million.

- (b) Reconciliation of attributable operating profit from associated companies and jointly controlled entities to the consolidated income statement:

HK\$m	Associated companies		Jointly controlled entities	
	2013	2012	2013	2012
Attributable operating profit	455.1	523.8	1,532.7	1,455.0
Corporate associated companies, jointly controlled entities and non-recurring items				
Harbour Place	–	–	28.1	51.8
Impairment loss	–	–	–	(200.0)
Others	(17.1)	33.4	(145.0)	(69.3)
Share of results of associated companies and jointly controlled entities	438.0	557.2	1,415.8	1,237.5

Notes to the Financial Statements

For the year ended 30 June

6 Revenue and segment information (continued)

(c) Information by geographical areas:

HK\$'m	Revenue		Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	
	2013	2012	2013	2012
Hong Kong	13,973.6	12,786.4	4,306.4	4,014.2
Mainland China	2,265.9	1,971.7	16,731.8	16,815.3
Macau	8.4	195.3	5.7	14.2
Others	–	0.9	–	–
	16,247.9	14,954.3	21,043.9	20,843.7

7 Other income/gains (net)

	Note	2013 HK\$'m	2012 HK\$'m
Gain on fair value of investment properties	16	333.6	93.3
Gain on fair value of a derivative financial instrument		58.8	–
Profit on disposal of assets held for sale		46.5	8.8
Profit on disposal of a subsidiary		–	73.4
Profit on disposal of an associated company		–	86.9
Profit on disposal of investment properties		–	1.7
Net gain on fair value of financial assets at fair value through profit or loss		36.9	–
Net profit on disposal of available-for-sale financial assets		3.3	39.1
Net exchange gain		214.4	80.6
Interest income			
Available-for-sale financial asset		191.0	184.7
Bank deposits and others		205.0	161.0
Machinery hire income		86.9	84.3
Dividends and other income		43.6	21.4
Management fee income		31.3	53.0
Assets impairment losses		–	(316.5)
		1,251.3	571.7

8 Operating profit

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

	Note	2013 HK\$'m	2012 HK\$'m
Crediting			
Gross rental income from investment properties		155.2	51.1
Less: outgoings		(29.4)	(12.1)
		125.8	39.0
Charging			
Auditor's remuneration		18.9	17.2
Cost of inventories sold		2,171.2	2,420.3
Cost of services rendered		10,942.8	9,455.9
Depreciation	17	107.0	102.6
Amortization of intangible concession rights	18	715.0	554.2
Amortization of intangible assets	19	31.3	31.2
Operating lease rental expenses			
Properties		51.8	48.4
Other equipment		2.8	2.8
Staff costs	9	1,708.5	1,442.6

9 Staff costs

	Note	2013 HK\$'m	2012 HK\$'m
Wages, salaries and other benefits		1,734.6	1,434.7
Share-based payments	32	–	0.5
Pension costs – defined contribution plans	37(a)	80.5	71.9
Pension costs – defined benefits plans	37(b)(ii)	0.9	(0.5)
		1,816.0	1,506.6
Less: capitalized under contracts in progress		(107.5)	(64.0)
	8	1,708.5	1,442.6

Directors' emoluments are included in staff costs.

Notes to the Financial Statements

For the year ended 30 June

10 Finance costs

	2013 HK\$'m	2012 HK\$'m
Interest on borrowings		
Wholly repayable within five years	256.1	187.1
Not wholly repayable within five years	206.5	186.3
Interest on fixed rate bonds and senior notes		
Wholly repayable within five years	287.1	194.9
Other borrowing costs	19.0	11.8
	768.7	580.1

11 Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of tax prevailing in the countries in which the Group operates. These rates range from 9% to 25% (2012: 9% to 25%).

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

	Note	2013 HK\$'m	2012 HK\$'m
Current income tax			
Hong Kong profits tax		237.4	256.4
Mainland China and overseas taxation		449.5	389.0
Deferred income tax credit	34	(46.0)	(20.4)
		640.9	625.0

Share of taxation of associated companies and jointly controlled entities of HK\$54.0 million (2012: HK\$33.1 million) and HK\$340.2 million (2012: HK\$416.2 million) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

11 Income tax expenses (continued)

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

	2013	2012
	HK\$m	HK\$m
Profit before income tax	4,723.2	6,052.6
Excluding share of results of associated companies	(438.0)	(557.2)
Excluding share of results of jointly controlled entities	(1,415.8)	(1,237.5)
	2,869.4	4,257.9
Calculated at a taxation rate of 16.5% (2012: 16.5%)	473.5	702.6
Effect of different taxation rates in other countries	94.6	86.9
Tax exemption granted	(7.5)	(11.5)
Income not subject to taxation	(160.1)	(431.2)
Expenses not deductible for taxation purposes	141.8	167.3
Tax losses not recognized	18.3	9.4
Utilization of previously unrecognized tax losses	(23.1)	(15.2)
Withholding tax	121.3	123.8
Others	(17.9)	(7.1)
Income tax expenses	640.9	625.0

12 Profit attributable to shareholders of the Company

Profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$2,051.8 million (2012: HK\$2,905.1 million).

Notes to the Financial Statements

For the year ended 30 June

13 Dividends

	2013 HK\$'m	2012 HK\$'m
Interim dividend paid of HK\$0.29 (2012: HK\$0.50) per share	1,056.7	1,738.8
Final dividend proposed of HK\$0.26 (2012: paid of HK\$0.25) per share	955.7	898.0
	2,012.4	2,636.8

At a meeting held on 25 September 2013, the Board recommended a final dividend of HK\$0.26 per share in scrip form with a cash option. This proposed dividend is not reflected as a dividend payable in the financial statements but will be reflected as an appropriation of the retained profits for FY2014.

Subject to the passing of the relevant resolution at the forthcoming annual general meeting of the Company and the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they will be given the option of electing to receive payment in cash of HK\$0.26 per share instead of the allotment of shares. Full details of the final scrip dividend will be set out in the circular to be sent to the shareholders together with a form of election for cash dividend on or about 26 November 2013.

14 Earnings per share

The calculation of basic and diluted earnings per share for the year is based on earnings of HK\$4,008.0 million (2012: HK\$5,251.1 million) and on the weighted average of 3,621,018,152 and 3,621,307,412 (2012: 3,443,310,740 and 3,445,195,803) ordinary shares outstanding during the year respectively, calculated as follows:

	2013 HK\$'m	2012 HK\$'m
Profit attributable to shareholders of the Company and for calculation of basic and diluted earnings per share	4,008.0	5,251.1

	Number of shares	
	2013	2012
Weighted average number of shares for calculating basic earnings per share	3,621,018,152	3,443,310,740
Effect of dilutive potential ordinary shares		
Share options	289,260	1,885,063
Weighted average number of shares for calculating diluted earnings per share	3,621,307,412	3,445,195,803

15 Emoluments of directors and senior management

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

	Note	2013 HK\$m	2012 HK\$m
Fees		3.8	3.3
Basic salaries, allowances and other benefits		42.6	44.0
Employer's contribution to retirement benefits schemes		2.2	2.0
	(i)	48.6	49.3
Share option benefits	(ii)	–	0.4
		48.6	49.7

Remuneration package, including basic salaries, allowances and other benefits, contribution to retirement benefits scheme and share option benefits, is determined according to individual performance, job responsibility and seniority, and is reviewed with reference to market conditions.

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

Notes to the Financial Statements

For the year ended 30 June

15 Emoluments of directors and senior management (continued)

(a) The aggregate amounts of emoluments of the directors of the Company are as follows (continued):

(i) The remunerations of individual directors are set out below:

Name of director	Fees HK\$'m	Basic salaries, allowances and other benefits HK\$'m	Employer's contribution to retirement benefits schemes HK\$'m	2013 Total emoluments HK\$'m	2012 Total emoluments HK\$'m
Dr Cheng Kar Shun, Henry	0.42	11.32	0.46	12.20	11.49
Mr Doo Wai Hoi, William [#]	0.18	0.03	–	0.21	0.19
Mr Tsang Yam Pui	0.37	7.55	0.38	8.30	9.36
Mr Lam Wai Hon, Patrick	0.28	6.65	0.44	7.37	8.48
Mr Cheung Chin Cheung	0.23	6.03	0.40	6.66	6.87
Mr William Junior Guilherme Doo	0.23	5.83	0.33	6.39	6.21
Mr Cheng Chi Ming, Brian	0.22	4.94	0.21	5.37	4.87
Mr To Hin Tsun, Gerald	0.18	0.03	–	0.21	0.19
Mr Dominic Lai	0.31	0.05	–	0.36	0.34
Mr Kwong Che Keung, Gordon	0.41	0.05	–	0.46	0.41
Dr Cheng Wai Chee, Christopher	0.34	0.05	–	0.39	0.33
Mr Shek Lai Him, Abraham	0.38	0.05	–	0.43	0.33
Mr Wilfried Ernst Kaffenberger	0.18	0.03	–	0.21	0.18
Mr Yeung Kun Wah, David	–	0.01	–	0.01	0.01
Mr Lee Yiu Kwong, Alan [*]	0.06	0.01	–	0.07	–
Mr Chow Siu Lui [^]	–	–	–	–	0.05
Total	3.79	42.63	2.22	48.64	49.31

[#] Resigned on 1 July 2013

^{*} Appointed on 1 October 2012

[^] Appointed on 1 March 2012 and resigned on 12 June 2012

15 Emoluments of directors and senior management (continued)

(a) The aggregate amounts of emoluments of the directors of the Company are as follows (continued):

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

Name of director	2013 HK\$m	2012 HK\$m
Dr Cheng Kar Shun, Henry	–	0.09
Mr Doo Wai Hoi, William [#]	–	0.06
Mr Tsang Yam Pui	–	0.04
Mr Lam Wai Hon, Patrick	–	0.04
Mr Cheung Chin Cheung	–	0.04
Mr William Junior Guilherme Doo	–	0.04
Mr To Hin Tsun, Gerald	–	0.01
Mr Dominic Lai	–	0.01
Mr Kwong Che Keung, Gordon	–	0.02
Dr Cheng Wai Chee, Christopher	–	0.02
Mr Shek Lai Him, Abraham	–	0.02
Mr Wilfried Ernst Kaffenberger	–	0.01
Total	–	0.40

[#] Resigned on 1 July 2013

The deemed share option benefits are calculated in accordance with the requirement as stipulated in HKFRS 2 “Share-based payment”.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2012: four) directors whose emoluments are reflected in note 15(a). The emoluments to the remaining one (2012: one) individual during the year are as follows:

	2013 HK\$m	2012 HK\$m
Basic salaries, allowances and other benefits	7.22	6.61
Employer’s contribution to retirement benefits schemes	–	0.01
Share option benefits	–	0.02
	7.22	6.64

Notes to the Financial Statements

For the year ended 30 June

15 Emoluments of directors and senior management (continued)

(c) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 15(a) and 15(b), the emoluments of the senior management whose profiles are included in the Board of Directors and Senior Management section of this report (excluding Mr Cheng Wai Po, Samuel, who is the senior management of a jointly controlled entity of the Company, the results of which are equity accounted for in the consolidated financial statements) fell within the following bands:

Emolument band (HK\$)	Number of individual(s)	
	2013	2012
Below 1,000,000	–	1
1,000,001 – 2,000,000	2	5
2,000,001 – 3,000,000	8	3
3,000,001 – 4,000,000	3	2
4,000,001 – 5,000,000	–	2
5,000,001 – 6,000,000	1	–

16 Investment properties

	Note	Group	
		2013 HK\$m	2012 HK\$m
At beginning of year		3,156.8	3,121.2
Additions		0.3	3.4
Disposals		–	(36.0)
Fair value changes	7	333.6	93.3
Adjustment to total estimated construction costs		(49.8)	(25.1)
Translation differences		2.2	–
At end of year		3,443.1	3,156.8

The investment properties were revalued on 30 June 2013 by independent, professionally qualified valuers, Savills Valuation and Professional Services Limited or Knight Frank Petty Limited. As detailed in note 5(b), valuation for properties were based on market value assessment or the income approach.

16 Investment properties (continued)

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

	Group	
	2013 HK\$'m	2012 HK\$'m
Held in Hong Kong, on		
Leases of over 50 years	41.0	39.0
Leases of between 10 to 50 years	3,380.0	3,100.0
Held in Mainland China, on		
Leases of over 50 years	15.8	17.8
Leases of between 10 to 50 years	6.3	–
	3,443.1	3,156.8

17 Property, plant and equipment

HK\$'m	Note	Group			Company
		Land and properties	Other plant and equipment	Total	Other plant and equipment
Cost					
At 1 July 2012		44.4	1,411.1	1,455.5	34.3
Additions		–	139.7	139.7	9.0
Disposals		–	(97.1)	(97.1)	(1.2)
Translation differences		–	2.6	2.6	–
At 30 June 2013		44.4	1,456.3	1,500.7	42.1
Accumulated depreciation and impairment					
At 1 July 2012		15.0	1,018.7	1,033.7	21.3
Depreciation	8	0.9	106.1	107.0	6.3
Disposals		–	(95.6)	(95.6)	(1.2)
Translation differences		–	1.5	1.5	–
At 30 June 2013		15.9	1,030.7	1,046.6	26.4
Net book value					
At 30 June 2013		28.5	425.6	454.1	15.7
At 30 June 2012		29.4	392.4	421.8	13.0

Notes to the Financial Statements

For the year ended 30 June

17 Property, plant and equipment (continued)

HK\$m	Note	Group			Company
		Land and properties	Other plant and equipment	Total	Other plant and equipment
Cost					
At 1 July 2011		44.4	1,243.6	1,288.0	29.3
Additions		–	179.7	179.7	12.0
Disposals		–	(37.5)	(37.5)	(7.0)
Translation differences		–	0.8	0.8	–
Acquisition of subsidiaries		–	24.5	24.5	–
At 30 June 2012		44.4	1,411.1	1,455.5	34.3
Accumulated depreciation and impairment					
At 1 July 2011		14.2	941.3	955.5	25.2
Depreciation	8	0.8	101.8	102.6	2.9
Disposals		–	(32.2)	(32.2)	(6.8)
Translation differences		–	0.3	0.3	–
Acquisition of subsidiaries		–	7.5	7.5	–
At 30 June 2012		15.0	1,018.7	1,033.7	21.3
Net book value					
At 30 June 2012		29.4	392.4	421.8	13.0
At 30 June 2011		30.2	302.3	332.5	4.1

The Group's interests in land use rights grouped under land and properties amounted to HK\$12.3 million (2012: HK\$12.5 million) and their net book value are analyzed as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Held in Hong Kong, on		
Leases of over 50 years	3.8	3.9
Leases of between 10 to 50 years	5.9	6.0
Held overseas, on		
Freehold land	2.6	2.6
	12.3	12.5

18 Intangible concession rights

	Note	Group	
		2013 HK\$m	2012 HK\$m
Cost			
At beginning of year		20,181.7	1,598.1
Additions		0.8	0.9
Translation differences		752.6	243.5
Acquisition of subsidiaries		–	18,339.2
At end of year		20,935.1	20,181.7
Accumulated amortization and impairment			
At beginning of year		3,434.2	703.5
Amortization	8	715.0	554.2
Translation differences		125.5	35.0
Acquisition of subsidiaries		–	2,141.5
At end of year		4,274.7	3,434.2
Net book value			
At end of year		16,660.4	16,747.5

Intangible concession rights refer to the Group's investment in the Roads segment. Amortization of intangible concession rights is included in the cost of sales in the consolidated income statement.

Certain amount of bank loans of the Group is secured by the intangible concession rights with net book value of HK\$15,868.6 million (2012: HK\$15,912.9 million) (note 33(b)).

Notes to the Financial Statements

For the year ended 30 June

19 Intangible assets

HK\$'m	Note	Group		
		Goodwill	Operating right	Total
Cost				
At 1 July 2012 and at 30 June 2013				
		67.2	567.2	634.4
Accumulated amortization and impairment				
At 1 July 2012				
		15.4	101.4	116.8
Amortization				
	8	–	31.3	31.3
At 30 June 2013				
		15.4	132.7	148.1
Net book value				
At 30 June 2013				
		51.8	434.5	486.3
At 30 June 2012				
		51.8	465.8	517.6

HK\$'m	Note	Group		
		Goodwill	Operating right	Total
Cost				
At 1 July 2011 and at 30 June 2012				
		67.2	567.2	634.4
Accumulated amortization and impairment				
At 1 July 2011				
		15.4	70.2	85.6
Amortization				
	8	–	31.2	31.2
At 30 June 2012				
		15.4	101.4	116.8
Net book value				
At 30 June 2012				
		51.8	465.8	517.6
At 30 June 2011				
		51.8	497.0	548.8

19 Intangible assets (continued)

(a) Goodwill

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

HK\$m	Hong Kong	Mainland China	Total
2013 and 2012			
Roads	–	17.7	17.7
Strategic Investments	34.1	–	34.1
	34.1	17.7	51.8

Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to country of operation and business segment. For the purpose of impairment test, the recoverable amount of the business unit is determined based on value in use calculations. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management's best estimates and past experience.

(b) Operating right

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

(c) Amortization

Amortization of intangible assets is included in the cost of sales in the consolidated income statement.

20 Subsidiaries

	Company	
	2013 HK\$m	2012 HK\$m
Unlisted shares, at cost	8,064.6	8,064.6

Particulars of principal subsidiaries are given in note 44.

Notes to the Financial Statements

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21 Associated companies

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
Group's share of net assets			
Listed shares in Hong Kong	(a)	5,099.2	4,789.5
Unlisted shares	(b)	3,395.1	3,832.9
		8,494.3	8,622.4
Goodwill		339.6	327.1
Amounts receivable	(c)	852.3	149.2
		9,686.2	9,098.7

- (a) The market value of the Group's listed associated companies in Hong Kong amounts to HK\$2,039.8 million (2012: HK\$1,205.4 million). Management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies based on value in use calculations, as detailed in note 5(h). Management is of the view that there is no impairment of the Group's investments in associated companies as at 30 June 2013.
- (b) Included in the HK\$3,395.1 million unlisted associated companies are three investment companies in which the Group has participating interests and these companies are held for investment purposes. The Group's investment in these companies as at 30 June 2013 amounted to HK\$1,855.6 million (2012: HK\$2,305.3 million), which mainly represents various loans receivable and the fair value of investments in various listed and unlisted securities. The Group's share of profit of these three investment companies for the year amounted to HK\$215.3 million (2012: HK\$264.2 million) as detailed in note 6(a)(ii).
- (c) The amounts receivable are unsecured, interest free and have no fixed terms of repayment except for (i) an amount of HK\$104.7 million (2012: HK\$104.7 million) which bears interest at 8% per annum and (ii) an aggregate amount of HK\$691.0 million (2012: Nil) which bears interest from 1.84% to 1.86% per annum and is not repayable within the next twelve months from the end of the reporting period. As at 30 June 2013, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.
- (d) Dividend income from associated companies for the year is HK\$864.7 million (2012: HK\$180.5 million).
- (e) Details of principal associated companies are given in note 45.
- (f) Contingent liabilities relating to the Group's interests in associated companies are disclosed in note 40(a).

21 Associated companies (continued)

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

	Group	
	2013 HK\$m	2012 HK\$m
Revenue	2,086.5	1,775.3
Profit for the year	438.0	557.2
Non-current assets	8,187.6	7,699.2
Current assets	3,696.4	3,255.4
Current liabilities	(1,944.8)	(1,511.5)
Non-current liabilities	(1,444.9)	(820.7)
Net assets	8,494.3	8,622.4

22 Jointly controlled entities

	Note	Group	
		2013 HK\$m	2012 HK\$m
Co-operative joint ventures			
Cost of investment less provision		1,864.8	1,398.2
Goodwill		90.0	90.0
Share of undistributed post-acquisition results		1,683.7	1,937.9
Amounts receivable	(a)	21.3	20.8
		3,659.8	3,446.9
Equity joint ventures			
Group's share of net assets		3,575.3	4,232.8
Goodwill		159.3	159.3
		3,734.6	4,392.1
Companies limited by shares			
Group's share of net assets		8,929.4	8,547.0
Goodwill		555.8	555.8
Amounts receivable	(a)	2,982.1	2,591.4
		12,467.3	11,694.2
		19,861.7	19,533.2

Notes to the Financial Statements

For the year ended 30 June

22 Jointly controlled entities (continued)

(a) Amounts receivable are analyzed as follows:

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
Bearing variable interest rates	(i)	647.9	642.9
Non-interest bearing	(ii)	2,355.5	1,969.3
		3,003.4	2,612.2

(i) The balance includes an amount of HK\$21.3 million (2012: HK\$20.9 million) which carries interest at Hong Kong prime rate, an amount of HK\$126.6 million (2012: HK\$122.0 million) which carries interest at the People's Bank of China two-year benchmark lending rate with 15% premium and an amount of HK\$500.0 million (2012: HK\$500.0 million) which carries interest at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of 1.5% per annum. The amount of HK\$500.0 million (2012: HK\$500.0 million) has been subordinated to the bank loan of a jointly controlled entity.

(ii) The balance includes an amount of HK\$197.5 million (2012: HK\$197.5 million) which has been subordinated to certain indebtedness of a jointly controlled entity.

As at 30 June 2013, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.

(b) Dividend income from jointly controlled entities for the year is HK\$1,733.3 million (2012: HK\$1,803.2 million).

(c) Details of principal jointly controlled entities are given in note 46.

(d) Contingent liabilities relating to the Group's interests in jointly controlled entities are disclosed in note 40.

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

	Group	
	2013 HK\$'m	2012 HK\$'m
Revenue	11,582.2	13,585.1
Profit for the year	1,415.8	1,237.5
Non-current assets	23,659.5	23,491.8
Current assets	6,153.4	6,852.8
Current liabilities	(7,883.8)	(7,611.0)
Non-current liabilities	(5,875.9)	(6,617.7)
Net assets	16,053.2	16,115.9

23 Available-for-sale financial assets

	Group	
	2013 HK\$m	2012 HK\$m
Non-current assets		
Equity securities listed in Hong Kong	278.3	293.2
Unlisted equity securities	145.8	140.0
	424.1	433.2
Current asset		
Unlisted debt securities	583.5	583.5
	1,007.6	1,016.7
Market value of listed securities	278.3	293.2

The maximum exposure to credit risk at the end of reporting period is the carrying value of the debt securities.

The fair value of unlisted securities is based on cash flows discounted using a rate based on the market interest rates and the risk premium specific to the unlisted securities.

Debt securities represent convertible redeemable preference shares. During the year, the maturity date of the preference shares was extended by one year.

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

	Group	
	2013 HK\$m	2012 HK\$m
Hong Kong dollar	278.3	293.2
Renminbi	5.8	–
United States dollar	723.5	723.5
	1,007.6	1,016.7

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For the year ended 30 June

24 Other non-current assets

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
Security deposits		962.0	952.0
Derivative financial instruments		61.4	–
Retirement benefit assets	37(b)(i)	10.9	11.8
Deferred tax assets	34	2.0	2.0
Others		37.1	–
		1,073.4	965.8

25 Inventories

	Group	
	2013 HK\$'m	2012 HK\$'m
Raw materials	52.7	10.2
Finished goods	313.6	489.1
	366.3	499.3

26 Trade and other receivables

	Note	Group		Company	
		2013 HK\$'m	2012 HK\$'m	2013 HK\$'m	2012 HK\$'m
Trade receivables	(a)	1,144.1	1,005.5	–	–
Retention money receivables		439.7	465.6	–	–
Amounts due from customers for contract works	30	122.8	221.7	–	–
Other receivables, deposits and prepayments	(b)	2,996.0	2,193.0	8.8	7.4
Derivative financial instruments		19.3	–	–	–
Amounts due from associated companies	(c)	25.1	21.8	–	–
Amounts due from jointly controlled entities	(c)	716.3	779.0	–	–
Amounts due from subsidiaries	(c)	–	–	25,490.9	24,736.4
		5,463.3	4,686.6	25,499.7	24,743.8

26 Trade and other receivables (continued)

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

The ageing analysis of trade receivables is as follows:

	Group	
	2013 HK\$'m	2012 HK\$'m
Under 3 months	1,018.3	947.8
4 to 6 months	90.8	21.9
Over 6 months	35.0	35.8
	1,144.1	1,005.5

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

The maximum exposure of trade receivables equals their carrying amounts.

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

At 30 June 2013, trade receivables of HK\$311.3 million (2012: HK\$356.3 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2013 HK\$'m	2012 HK\$'m
Under 3 months	185.5	298.6
4 to 6 months	90.8	21.9
Over 6 months	35.0	35.8
	311.3	356.3

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For the year ended 30 June

26 Trade and other receivables (continued)

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

At 30 June 2013, trade receivables of HK\$7.0 million (2012: HK\$7.0 million) were impaired, which were related to customers that were in financial difficulties. The ageing analysis of these trade receivables is as follows:

	Group	
	2013 HK\$m	2012 HK\$m
Over 6 months	7.0	7.0
	7.0	7.0

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

	Group	
	2013 HK\$m	2012 HK\$m
At beginning of year	7.0	7.0
Increase in provision recognized in the consolidated income statement	–	0.5
Amounts written off during the year	–	(0.5)
At end of year	7.0	7.0

(b) The balance includes an amount receivable of RMB400.0 million (equivalent to approximately HK\$506.3 million) (2012: RMB400.0 million, equivalent to approximately HK\$487.8 million) which is secured, carries interest at 7.65% (2012: 7.65%) per annum and repayable within one year.

(c) The amounts receivable are interest free, unsecured and repayable on demand except for an amount of HK\$1,038.4 million (2012: HK\$1,098.2 million) due from subsidiaries which bear interest at HIBOR plus 1.5% per annum. The amounts receivable are fully performing as at 30 June 2013.

Included in the Group's trade and other receivables are HK\$954.8 million (2012: HK\$989.9 million) denominated in Renminbi, HK\$58.9 million (2012: HK\$93.5 million) denominated in Macau Pataca and HK\$376.3 million (2012: HK\$187.1 million) denominated in United States dollar. The remaining balance is mainly denominated in Hong Kong dollar.

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

27 Financial assets at fair value through profit or loss

	Group	
	2013 HK\$'m	2012 HK\$'m
Unlisted equity securities	0.8	1.5

The financial assets at fair value through profit or loss are denominated in United States dollar.

28 Cash and bank balances

	Group		Company	
	2013 HK\$'m	2012 HK\$'m	2013 HK\$'m	2012 HK\$'m
Time deposits – maturing within three months	5,294.5	4,019.3	1,247.7	583.5
Time deposits – maturing after more than three months	20.6	187.0	–	–
Other cash at bank and on hand	2,453.1	1,179.7	64.2	32.1
Cash and bank balances	7,768.2	5,386.0	1,311.9	615.6

The effective interest rate on time deposits is 3.8% (2012: 2.3%) per annum; these deposits have an average maturity of 30 days (2012: 50 days).

The balances include HK\$2,385.0 million (2012: HK\$1,601.9 million) which are kept in the bank accounts opened with banks in Mainland China where the remittance of funds is subject to foreign exchange control.

The cash and bank balances are denominated in the following currencies:

	Group		Company	
	2013 HK\$'m	2012 HK\$'m	2013 HK\$'m	2012 HK\$'m
Hong Kong dollar	1,728.9	912.2	920.1	301.8
United States dollar	374.3	322.0	369.4	309.5
Renminbi	5,612.3	4,077.2	0.3	–
Macau Pataca	22.9	55.6	–	–
Others	29.8	19.0	22.1	4.3
	7,768.2	5,386.0	1,311.9	615.6

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29 Assets held for sale

	Note	Group	
		2013 HK\$m	2012 HK\$m
Equity securities listed in Hong Kong		7.8	7.8
Equity securities listed in Mainland China		–	46.9
Assets reclassified as held for sale	(a)	743.6	–
		751.4	54.7

- (a) On 25 February 2013, the Company announced that a subsidiary of the Group entered into a conditional agreement (the “Agreement”) with certain port investors in Xiamen to establish a joint venture company (the “JV Company”) in Mainland China and will inject their respective port investments in Xiamen into the JV Company. Pursuant to the Agreement, the Group will inject its 50% interest in Xiamen New World Xiangyu Terminals Co., Ltd. (“NWX Y Terminal”, a jointly controlled entity of the Group) into the JV Company. The Group has also committed to dispose of its 100% interest in Trend Wood Investments Limited (“Trend Wood”, a wholly owned subsidiary of the Group which owns 46% interest in Xiamen Haicang Xinhaida Container Terminals Co., Limited (a jointly controlled entity of the Group)) to the JV Company (the “Trend Wood Disposal”) after the establishment of the JV Company (the “JV Establishment”) at a cash consideration of approximately RMB369.86 million (equivalent to approximately HK\$462.33 million). The disposal proceeds will be utilized in full by the Group for the capital injection to the JV Company.

After the JV Establishment and completion of the Trend Wood Disposal, the Group will hold 13.8% interest in the JV Company. A call option was also granted to a subsidiary of the Group to acquire an additional 6.2% interest in the JV Company which will be exercisable for a period of three years from the date of the JV Establishment. If such call option is exercised by the subsidiary, the Group’s interest in the JV Company will be increased to 20%.

Accordingly, the Group has ceased to account for the results of NWXY Terminal and Trend Wood from the signing of the Agreement and their carrying values have been reclassified as assets held for sale. These transactions are expected to be completed by the end of 2013. Assuming these transactions had been completed on 30 June 2013, management estimates that it would result in a gain of approximately HK\$0.6 billion to the Group.

	2013 HK\$m
Assets	
Jointly controlled entities	743.4
Cash and bank balance	0.2
Assets reclassified as held for sale	743.6

30 Contracts in progress

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
Contract costs incurred plus attributable profits less foreseeable losses		29,583.8	26,045.8
Progress payments received and receivable		(29,964.1)	(26,103.6)
		(380.3)	(57.8)
Representing			
Gross amount due from customers for contract works	26	122.8	221.7
Gross amount due to customers for contract works	36	(503.1)	(279.5)
		(380.3)	(57.8)

31 Share capital

	Ordinary Shares	
	No. of shares	HK\$'m
Authorized		
At 1 July 2012 and 30 June 2013	6,000,000,000	6,000.0
Issued and fully paid		
At 1 July 2011	3,387,610,755	3,387.6
Exercise of share options	17,516,551	17.5
Issued as scrip dividends	176,423,548	176.5
At 30 June 2012	3,581,550,854	3,581.6
Exercise of share options	10,549,291	10.5
Issued as scrip dividends	83,525,293	83.5
At 30 June 2013	3,675,625,438	3,675.6

Share Option Schemes

The share option scheme adopted by the Company on 6 December 2001 (the "2001 Share Option Scheme"), certain rules of which were amended on 12 March 2003 and 24 November 2006, was valid and effective for a period of 10 years from the date of adoption. The 2001 Share Option Scheme expired on 6 December 2011. The share options, which were granted on 21 August 2007 and 28 January 2008 under the 2001 Share Option Scheme, were exercisable up to and including 20 August 2012 pursuant to the terms of grant of the relevant share options.

In anticipation of the expiry of the 2001 Share Option Scheme, the Company adopted a new share option scheme on 21 November 2011. No share option was granted under this scheme since its adoption.

Notes to the Financial Statements

For the year ended 30 June

31 Share capital (continued)

Share Option Schemes (continued)

Movements in the number of outstanding share options granted under the 2001 Share Option Scheme during the year are as follows:

	Note	Number of options		Weighted average exercise price of each category (HK\$)	
		2013	2012	2013	2012
At beginning of year		14,255,753	32,558,786	10.825	10.767
Exercised		(10,549,291)	(17,516,551)	10.609	10.652
Lapsed		(3,706,462)	(902,478)	11.440	10.672
Adjusted	(b)	–	115,996	–	10.786
At end of year		–	14,255,753	–	10.825

(a) On 21 August 2007 and 28 January 2008, 29,694,000 and 700,000 share options were granted to directors and certain eligible participants at the exercise price of HK\$16.200 and HK\$20.600 respectively, which represent the closing prices of the Company's shares on the Hong Kong Stock Exchange on the dates of grant. All unexercised share options were lapsed on 21 August 2012.

(b) Pursuant to the 2001 Share Option Scheme, the number of unexercised share options and exercise prices may be subject to adjustment in case of alteration in the capital structure of the Company. With effect from 16 May 2012, the exercise prices per share for the share options granted on 21 August 2007 and 28 January 2008 were adjusted to HK\$10.609 and HK\$13.490 respectively.

32 Reserves

HK\$m	Group					Total
	Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	
At 1 July 2012	14,130.4	397.2	113.8	2,620.3	14,951.0	32,212.7
Profit for the year	-	-	-	-	4,008.0	4,008.0
Dividends to shareholders of the Company	-	-	-	-	(1,954.7)	(1,954.7)
Fair value changes on available-for-sale financial assets						
Group	-	-	(14.9)	-	-	(14.9)
Associated companies	-	-	(0.2)	-	-	(0.2)
Jointly controlled entities	-	-	1.6	-	-	1.6
Release of reserves upon disposal of assets held for sale	-	-	0.8	(3.2)	-	(2.4)
Currency translation differences						
Group	-	-	-	418.6	-	418.6
Associated companies	-	-	-	228.8	-	228.8
Jointly controlled entities	-	-	-	486.9	-	486.9
Scrip dividends						
Share premium on new shares issued	940.9	-	-	-	-	940.9
Share options						
Share premium on new shares issued	101.4	-	-	-	-	101.4
Share of other comprehensive income of an associated company and jointly controlled entities	-	25.7	-	-	-	25.7
Cash flow hedges	-	55.1	-	-	-	55.1
Transfer	-	2.2	-	-	(2.2)	-
At 30 June 2013	15,172.7	480.2	101.1	3,751.4	17,002.1	36,507.5
Representing						
Balance at 30 June 2013	15,172.7	480.2	101.1	3,751.4	16,046.4	35,551.8
Proposed final dividend	-	-	-	-	955.7	955.7
	15,172.7	480.2	101.1	3,751.4	17,002.1	36,507.5

Notes to the Financial Statements

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32 Reserves (continued)

HK\$m	Note	Group					Total
		Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	
At 1 July 2011		12,221.0	430.6	140.3	2,417.9	12,480.1	27,689.9
Profit for the year		–	–	–	–	5,251.1	5,251.1
Dividends to shareholders of the Company		–	–	–	–	(2,857.1)	(2,857.1)
Fair value changes on available-for-sale financial assets							
Group		–	–	(239.3)	–	–	(239.3)
Associated companies		–	–	(14.2)	–	–	(14.2)
Jointly controlled entities		–	–	(17.8)	–	–	(17.8)
Release of reserve upon disposal of available-for-sale financial assets							
Group		–	–	(29.8)	–	–	(29.8)
Associated companies		–	–	(36.6)	–	–	(36.6)
Release of reserves upon disposal of assets held for sale		–	–	0.2	(0.7)	–	(0.5)
Release of investment revaluation deficits to the consolidated income statement upon impairment of available-for-sale financial assets		–	–	311.0	–	–	311.0
Release of exchange reserve upon disposal of an associated company		–	–	–	(16.9)	–	(16.9)
Currency translation differences							
Group		–	–	–	135.7	–	135.7
Associated companies		–	–	–	45.9	–	45.9
Jointly controlled entities		–	–	–	38.4	–	38.4
Scrip dividends							
Share premium on new shares issued		1,740.4	–	–	–	–	1,740.4
Share options							
Value of services provided							
Group	9	–	0.5	–	–	–	0.5
Associated companies		–	0.5	–	–	–	0.5
Share premium on new shares issued		169.0	–	–	–	–	169.0
Share of other comprehensive loss of associated companies and jointly controlled entities		–	(3.8)	–	–	–	(3.8)
Further acquisition of interests in subsidiaries		–	–	–	–	85.9	85.9
Derecognition of non-controlling interests of							
Newton Resources		–	76.2	–	–	–	76.2
Cash flow hedges		–	(115.8)	–	–	–	(115.8)
Transfer		–	9.0	–	–	(9.0)	–
At 30 June 2012		14,130.4	397.2	113.8	2,620.3	14,951.0	32,212.7
Representing							
Balance at 30 June 2012		14,130.4	397.2	113.8	2,620.3	14,053.0	31,314.7
Proposed final dividend		–	–	–	–	898.0	898.0
		14,130.4	397.2	113.8	2,620.3	14,951.0	32,212.7

32 Reserves (continued)

Special reserves include statutory reserves which are created in accordance with the relevant PRC laws and/or terms of the joint venture agreements of subsidiaries and jointly controlled entities established in Mainland China and are required to be retained in the financial statements of these subsidiaries and jointly controlled entities for specific purposes. Special reserves also include capital redemption reserve, share option reserve and cash flow hedges reserve arising from interest rate swap and cross currency swap.

HK\$'m	Company				
	Share premium	Contributed surplus	Special reserves	Revenue reserve	Total
At 1 July 2012	14,130.4	237.3	84.0	2,137.0	16,588.7
Issue of new shares as scrip dividends	940.9	–	–	–	940.9
Profit for the year	–	–	–	2,051.8	2,051.8
Dividends	–	–	–	(1,954.7)	(1,954.7)
Share options					
Share premium on new shares issued	101.4	–	–	–	101.4
At 30 June 2013	15,172.7	237.3	84.0	2,234.1	17,728.1
Representing					
Balance at 30 June 2013	15,172.7	237.3	84.0	1,278.4	16,772.4
Proposed final dividend	–	–	–	955.7	955.7
	15,172.7	237.3	84.0	2,234.1	17,728.1
At 1 July 2011	12,221.0	237.3	83.5	2,089.0	14,630.8
Issue of new shares as scrip dividends	1,740.4	–	–	–	1,740.4
Profit for the year	–	–	–	2,905.1	2,905.1
Dividends	–	–	–	(2,857.1)	(2,857.1)
Share options					
Value of services provided	–	–	0.5	–	0.5
Share premium on new shares issued	169.0	–	–	–	169.0
At 30 June 2012	14,130.4	237.3	84.0	2,137.0	16,588.7
Representing					
Balance at 30 June 2012	14,130.4	237.3	84.0	1,239.0	15,690.7
Proposed final dividend	–	–	–	898.0	898.0
	14,130.4	237.3	84.0	2,137.0	16,588.7

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

Special reserves mainly include capital redemption reserve and share option reserve.

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33 Borrowings

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
Non-current			
Long term bank loans			
Secured	(a),(b),(c)	2,335.5	3,018.3
Unsecured	(a),(c)	8,828.9	7,039.6
Fixed rate bonds			
Unsecured	(d)	5,111.0	5,052.1
Other borrowings			
Unsecured		0.4	–
		16,275.8	15,110.0
Current			
Current portion of long term bank loans			
Secured	(a),(b),(c)	417.7	402.4
Unsecured	(a),(c)	420.2	1,557.0
Short term bank loans and overdrafts			
Unsecured	(c)	565.6	596.7
Other borrowings			
Unsecured		0.2	–
		1,403.7	2,556.1
		17,679.5	17,666.1

(a) Long term bank loans

	Group	
	2013 HK\$'m	2012 HK\$'m
Bank loans, secured and wholly repayable after five years	2,753.2	3,420.7
Bank loans, unsecured and wholly repayable within five years	9,249.1	8,596.6
Total long term bank loans	12,002.3	12,017.3
Amounts repayable within one year included in current liabilities	(837.9)	(1,959.4)
	11,164.4	10,057.9

33 Borrowings (continued)

(a) Long term bank loans (continued)

The maturity of long term bank loans is as follows:

	Group	
	2013 HK\$'m	2012 HK\$'m
Within one year	837.9	1,959.4
In the second year	5,341.5	850.5
In the third to fifth year	5,158.3	7,798.9
After the fifth year	664.6	1,408.5
	12,002.3	12,017.3

As at 30 June 2013, the Group's long term bank loans of HK\$12.002 billion (2012: HK\$12.017 billion) are exposed to interest rate risk of contractual repricing dates falling within one year.

(b) Bank loans are secured by the intangible concession rights of Hangzhou Ring Road (note 18).

(c) The effective interest rates of bank loans at the end of the reporting period were as follows:

	Group	
	2013	2012
Hong Kong dollar	2.13%	1.72%
Renminbi	5.62%	6.12%

(d) Fixed rate bonds

Fixed rate bonds represent RMB1,000.0 million bonds bear interest with a coupon rate of 2.75% per annum and US\$500.0 million bonds bear interest with a coupon rate of 6.5% per annum. These bonds are guaranteed unconditionally and irrevocably by the Company and listed on the Singapore Exchange Securities Trading Limited.

US\$500.0 million bonds are redeemable by the issuer at any time at the option of the issuer, subject to terms governing the bonds. Unless previously redeemed, or purchased and cancelled, RMB1,000.0 million bonds and US\$500.0 million bonds will be redeemed at the principal on the maturity date on 6 July 2014 and 2 February 2017 respectively.

As at 30 June 2013, the fair value of RMB1,000.0 million bonds amounted to RMB985.7 million (equivalent to approximately HK\$1,247.7 million) and the fair value of US\$500.0 million bonds amounted to US\$538.2 million (equivalent to approximately HK\$4,181.9 million) respectively which are based on the quoted market prices.

(e) Other than fixed rate bonds as detailed in note (d) above, the carrying amounts of the borrowings approximate their fair values.

Notes to the Financial Statements

For the year ended 30 June

33 Borrowings (continued)

(f) The carrying amounts of the borrowings are denominated in the following currencies:

	Group	
	2013 HK\$'m	2012 HK\$'m
Hong Kong dollar	9,436.3	8,828.7
Renminbi	4,393.4	4,996.1
United States dollar	3,849.8	3,841.3
	17,679.5	17,666.1

34 Deferred income tax

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
At beginning of year		2,560.3	264.9
Translation differences		91.1	29.4
Net amount credited to the consolidated income statement	11	(46.0)	(20.4)
Acquisition of subsidiaries		–	2,286.4
At end of year		2,605.4	2,560.3

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2012: 16.5%).

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable. The Group has unrecognized tax losses of HK\$1,367.3 million (2012: HK\$1,337.7 million) to be carried forward against future taxable income. These tax losses have no expiry dates.

As at 30 June 2013, the aggregate amount of unrecognized deferred tax liabilities associated with investments in subsidiaries totalled approximately HK\$265.9 million (2012: HK\$276.7 million). For this unrecognized amount, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

34 Deferred income tax (continued)

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

Deferred tax assets

HK\$m	Group					
	Tax losses		Other deductible temporary differences		Total	
	2013	2012	2013	2012	2013	2012
At beginning of year	47.2	1.2	83.3	4.8	130.5	6.0
Translation differences	–	–	2.9	1.0	2.9	1.0
Acquisition of subsidiaries	–	–	–	81.8	–	81.8
(Charged)/credited to the consolidated income statement	(15.8)	46.0	(1.0)	(4.3)	(16.8)	41.7
At end of year	31.4	47.2	85.2	83.3	116.6	130.5

Deferred tax liabilities

HK\$m	Group									
	Accelerated tax depreciation		Amortization of concession rights		Dividend income withholding tax		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
At beginning of year	94.2	44.8	2,350.1	81.9	170.9	65.1	75.6	79.1	2,690.8	270.9
Translation differences	–	–	87.7	29.6	6.3	0.8	–	–	94.0	30.4
Acquisition of subsidiaries	–	–	–	2,278.4	–	89.8	–	–	–	2,368.2
(Credited)/charged to the consolidated income statement	(8.6)	49.4	(59.1)	(39.8)	13.2	15.2	(8.3)	(3.5)	(62.8)	21.3
At end of year	85.6	94.2	2,378.7	2,350.1	190.4	170.9	67.3	75.6	2,722.0	2,690.8

Deferred income tax assets and liabilities are offset when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	Note	Group	
		2013 HK\$m	2012 HK\$m
Deferred tax assets	24	(2.0)	(2.0)
Deferred tax liabilities		2,607.4	2,562.3
		2,605.4	2,560.3

Notes to the Financial Statements

For the year ended 30 June

35 Other non-current liabilities

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
Long service payment obligations		28.6	36.5
Deferred income		133.4	14.8
Loans from non-controlling interests	(a)	98.7	95.1
Derivative financial instruments		78.5	166.5
		339.2	312.9

(a) The loans are interest free, unsecured and not repayable within one year.

36 Trade and other payables

	Note	Group		Company	
		2013 HK\$'m	2012 HK\$'m	2013 HK\$'m	2012 HK\$'m
Trade payables	(a)	555.6	448.6	–	–
Retention money payables		451.2	371.9	–	–
Advances received from customers for contract works		385.4	–	–	–
Amounts due to customers for contract works	30	503.1	279.5	–	–
Amounts due to non-controlling interests	(b)	81.7	40.7	–	–
Other payables and accruals		2,959.0	3,128.4	49.7	49.4
Amounts due to associated companies	(b)	9.6	167.7	–	–
Amounts due to jointly controlled entities	(b)	26.6	27.2	–	–
Amounts due to subsidiaries	(b)	–	–	13,438.5	13,217.3
		4,972.2	4,464.0	13,488.2	13,266.7

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

	Group	
	2013 HK\$'m	2012 HK\$'m
Under 3 months	534.3	425.5
4 to 6 months	5.5	2.7
Over 6 months	15.8	20.4
	555.6	448.6

(b) The amounts payable are interest free, unsecured and have no fixed repayment terms, except for an amount of HK\$1,038.4 million (2012: HK\$1,098.2 million) due to a subsidiary which bears interest at HIBOR plus 1.5% per annum.

36 Trade and other payables (continued)

- (c) Included in the Group's trade and other payables are HK\$393.9 million (2012: HK\$334.7 million) denominated in Renminbi, HK\$164.8 million (2012: HK\$238.9 million) denominated in Macau Pataca and HK\$140.7 million (2012: HK\$209.6 million) denominated in United States dollar. The remaining balances are mainly denominated in Hong Kong dollar.
- (d) The Company's trade and other payables are mainly denominated in Hong Kong dollar.

37 Retirement benefits

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

(a) Defined contribution plans

Mandatory Provident Fund Schemes ("MPF") were established in Hong Kong under the MPF Ordinance in December 2000. Since the Group has obtained exemption for its existing retirement schemes, all staff were offered the choice of switching to the MPF schemes or staying in existing schemes. Where staff elected to join the MPF, both the Group and staff are required to contribute 5% of the employees' relevant income (capped at HK\$15,000 per annum).

Contributions made by the Group to defined contribution plans and MPF amounted to HK\$80.5 million (2012: HK\$71.9 million) during the year. No forfeited contributions were utilized during the year (2012: Nil), leaving HK\$0.8 million (2012: HK\$0.8 million) available at 30 June 2013 to reduce future contributions. HK\$1.5 million (2012: HK\$1.5 million) contributions were payable to the plans at the end of the reporting period.

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

(b) Defined benefit plans

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

- (i) The amounts recognized in the consolidated statement of financial position are as follows:

	Note	Group	
		2013 HK\$m	2012 HK\$m
Present value of defined benefit obligations	(iii)	(60.4)	(62.8)
Fair value of plan assets	(iv)	54.0	55.5
		(6.4)	(7.3)
Unrecognized actuarial losses		17.3	19.1
Retirement benefit assets	24	10.9	11.8

Notes to the Financial Statements

For the year ended 30 June

37 Retirement benefits (continued)

(b) Defined benefit plans (continued)

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

	Note	Group	
		2013 HK\$'m	2012 HK\$'m
Current service cost		2.5	1.7
Interest cost		0.7	1.0
Expected return on plan assets		(3.8)	(3.2)
Net actuarial loss recognized		1.5	–
Total included in staff costs	9	0.9	(0.5)

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

	Group	
	2013 HK\$'m	2012 HK\$'m
At beginning of year	62.8	44.4
Current service cost	2.5	1.7
Interest cost	0.7	1.0
Contributions by plan participants	0.7	0.6
Actuarial (gains)/losses	(0.2)	7.9
Benefits paid	(6.1)	–
Net transfer	–	7.2
At end of year	60.4	62.8

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

	Group	
	2013 HK\$'m	2012 HK\$'m
At beginning of year	55.5	50.7
Expected return on plan assets	3.8	3.2
Actuarial gains/(losses)	0.1	(6.8)
Employee contributions	0.7	0.6
Benefits paid	(6.1)	–
Net transfer	–	7.8
At end of year	54.0	55.5

37 Retirement benefits (continued)

(b) Defined benefit plans (continued)

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

The principal actuarial assumptions used are as follows:

	2013	2012
Discount rates	1.7%	1.0%
Expected rate of return on plan assets	7.5%	7.5%
Expected rate of future salary increases	4%	4%

The actual return on plan assets was a gain of HK\$3.9 million (2012: loss of HK\$3.6 million).

Fair value of the plan asset is analyzed as follows:

	2013	2012
Equity instruments	73%	71%
Debt instruments	23%	25%
Other assets	4%	4%
	100%	100%

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

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

- (v) There are no expected contributions to defined benefit plans for the year ending 30 June 2014.

	2013 HK\$m	2012 HK\$m	2011 HK\$m	2010 HK\$m	2009 HK\$m
Present value of defined benefit obligations	(60.4)	(62.8)	(44.4)	(39.7)	(63.0)
Fair value of plan assets	54.0	55.5	50.7	45.3	76.9
(Deficit)/surplus	(6.4)	(7.3)	6.3	5.6	13.9
Experience (losses)/gains on defined benefit obligations	(2.6)	(1.0)	(1.6)	(0.8)	0.4
Experience gains/(losses) on plan assets	1.2	(6.8)	2.7	3.6	(18.2)

Notes to the Financial Statements

For the year ended 30 June

38 Financial instruments by category

Financial assets in the consolidated statement of financial position include available-for-sale financial assets, financial assets at fair value through profit or loss, derivative financial instruments, trade receivables, loan and other receivables and cash and bank balances. All these financial assets are carried at amortized cost using the effective interest method as "loans and receivables" except for the "available-for-sale financial assets", "financial assets at fair value through profit or loss" and "derivative financial instruments" which are carried at fair value.

Financial liabilities in the consolidated statement of financial position include borrowings, trade payables, derivative financial instruments, loan and other payables. All these financial liabilities are carried at amortized cost using the effective interest method except for the "derivative financial instruments" which are carried at fair value.

39 Commitments

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

	Note	Group	
		2013 HK\$m	2012 HK\$m
Contracted but not provided for			
Intangible concession rights		9.3	–
Property, plant and equipment		14.6	12.3
Capital contributions to/acquisitions of an associated company and jointly controlled entities	(i)	1,427.9	882.0
Other investments		–	5.7
Authorized but not contracted for			
Intangible concession rights		10.9	15.3
Capital contributions to an associated company		–	7.2
		1,462.7	922.5

- (i) The Group has committed to acquire an associated company and certain jointly controlled entities, and to provide sufficient funds in the form of advances, capital and loan contributions to an associated company and certain 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\$1,427.9 million (2012: HK\$882.0 million) which represents the attributable portion of the capital and loan contributions to be made to the associated company and jointly controlled entities.

39 Commitments (continued)

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

	Group	
	2013 HK\$m	2012 HK\$m
Contracted but not provided for		
Intangible concession rights	8.9	23.2
Property, plant and equipment	784.4	723.7
Capital contributions to/acquisitions of associated companies or jointly controlled entities	84.5	69.6
Authorized but not contracted for		
Intangible concession rights	60.5	183.7
Property, plant and equipment	635.8	571.8
	1,574.1	1,572.0

(c) Commitments under operating leases

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

	Group	
	2013 HK\$m	2012 HK\$m
Buildings		
In the first year	54.9	48.9
In the second to fifth year inclusive	49.2	40.9
After the fifth year	6.5	6.8
	110.6	96.6

(d) Future minimum rental payments receivable

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

	Group	
	2013 HK\$m	2012 HK\$m
In the first year	122.0	113.6
In the second to fifth year inclusive	324.8	405.5
After the fifth year	28.0	23.8
	474.8	542.9

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

Notes to the Financial Statements

For the year ended 30 June

40 Contingent liabilities and financial guarantee contracts

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

	Group		Company	
	2013 HK\$m	2012 HK\$m	2013 HK\$m	2012 HK\$m
Guarantees for credit facilities granted to				
Subsidiaries	–	–	22,054.5	21,860.6
Associated companies	24.2	2.2	2.2	2.2
Jointly controlled entities	477.2	600.2	–	–
A related company	101.7	111.7	–	–
	603.1	714.1	22,056.7	21,862.8

(b) The Group's share of contingent liabilities of jointly controlled entities not included above are HK\$20.4 million as at 30 June 2013 (2012: HK\$14.7 million).

41 Notes to consolidated statement of cash flows

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

	2013 HK\$'m	2012 HK\$'m
Operating profit	3,638.1	4,838.0
Depreciation and amortization	853.3	688.0
Share-based payments	–	0.5
Assets impairment losses	–	316.5
Gain on deemed disposal of interest in a subsidiary	–	(1,842.7)
Profit on disposal of a subsidiary	–	(73.4)
Profit on disposal of an associated company	–	(86.9)
Interest income	(396.0)	(345.7)
Gain on fair value of investment properties	(333.6)	(93.3)
Net gain on fair value of financial assets at fair value through profit or loss	(36.9)	–
Gain on fair value of a derivative financial instrument	(58.8)	–
Profit on disposal of investment properties	–	(1.7)
Profit on disposal of assets held for sale	(46.5)	(8.8)
Net profit on disposal of available-for-sale financial assets	(3.3)	(39.1)
Dividend income from available-for-sale financial assets and financial assets at fair value through profit or loss	(6.5)	(8.4)
Other non-cash items	(9.5)	2.8
Operating profit before working capital changes	3,600.3	3,345.8
Decrease/(increase) in retirement benefit assets	0.9	(2.3)
Decrease/(increase) in security deposits	3.1	(810.6)
Decrease/(increase) in inventories	133.0	(158.7)
Increase in trade and other receivables	(597.3)	(360.7)
Increase in trade and other payables	640.9	566.4
Increase in deferred income	118.6	–
(Increase)/decrease in balances with associated companies and jointly controlled entities	(189.8)	199.9
(Decrease)/increase in long service payment obligations	(7.7)	7.5
Increase/(decrease) in amounts due to non-controlling interests	39.5	(12.7)
Net cash generated from operations	3,741.5	2,774.6

Notes to the Financial Statements

For the year ended 30 June

41 Notes to consolidated statement of cash flows (continued)

(b) Disposal of a subsidiary

	2013 HK\$m	2012 HK\$m
Net assets disposed		
Property for development	–	163.4
Trade and other payables	–	(170.4)
	–	(7.0)
Net profit on disposal	–	73.4
	–	66.4
Represented by		
Cash consideration received	–	68.6
Less: professional fees and expenses included under other payables	–	(2.2)
	–	66.4

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

	2013 HK\$m	2012 HK\$m
Cash consideration	–	68.6

42 Related party transactions

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

	Note	2013 HK\$'m	2012 HK\$'m
Transactions with affiliated companies			
Provision of construction work services	(i)		
Provision of other services	(ii)	261.2	565.1
Interest income	(iii)	1.1	1.4
Management fee income	(iv)	18.3	24.8
Rental and other related expenses	(v)	26.2	47.2
	(vi)	(10.3)	(14.6)
Transactions with other related parties			
Provision of construction work services	(i)		
Provision of other services	(ii)	4,462.9	3,224.6
Rental and other related expenses	(iii)	64.3	63.7
Other expenses	(vi)	(34.0)	(27.9)
	(vii)	(477.9)	(520.1)

- (i) Affiliated companies include associated companies and jointly controlled entities of the Group. Related parties are subsidiaries, associated companies and jointly controlled entities of NWD, Chow Tai Fook Enterprises Limited ("CTF Enterprises") and Mr Doo Wai Hoi, William and his associates which are not companies within the Group. NWD is the ultimate holding company of the Company and CTF Enterprises is a substantial shareholder of NWD. Mr Doo Wai Hoi, William was a non-executive director of the Company during the year.
- (ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts.
- (iii) The Group provided various kinds of services including facilities management, property management and other services to certain affiliated companies and 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 agreements as specified in notes 21 and 22 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 the respective tenancy agreements.
- (vii) Other expenses include mechanical and electrical engineering, purchase of construction materials, laundry, security and guarding, landscaping, cleaning and property management services. The services were charged in accordance with the relevant contracts.

Notes to the Financial Statements

For the year ended 30 June

42 Related party transactions (continued)

(b) Key management compensation

No significant compensation arrangement has been entered into with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 15.

- (c) The amounts of outstanding balances with associated companies, jointly controlled entities and non-controlling interests are disclosed in notes 21, 22, 26, 35 and 36.

43 Ultimate holding company

The directors regard NWD, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange, as being the ultimate holding company. The Company is held by NWD and certain of its subsidiaries.

44 Principal subsidiaries

As at 30 June 2013

	Issued share capital#		Approximate percentage of shares held		Principal activities
	Number	Par value per share HK\$	Company	Group	
Incorporated and operate in Hong Kong					
Anway Limited	1	1	–	100.0	Duty free operation and general trading
Billionoble Investment Limited	4,998	1	–	100.0	Investment holding
	2*	1	–	100.0	
Bounty Gain Limited	1	1	–	100.0	Investment holding
Cheering Step Investments Limited	1	1	–	100.0	Investment holding
Chinese Future Limited	1,000,000	1	–	100.0	Investment holding
CiF Solutions Limited	10	100	–	100.0	Provision of information technology solutions
	160,000*	100	–	100.0	
Grace Crystal Limited	1	1	–	100.0	Investment holding
Grand Express International Limited	1	1	–	100.0	Investment holding
Hip Hing Builders Company Limited	40,000	1,000	–	100.0	Construction
	10,000*	1,000	–	100.0	
Hip Hing Construction Company Limited	400,000	100	–	100.0	Construction and civil engineering
	600,000*	100	–	100.0	
Hip Hing Engineering Company Limited	2,000,000	100	–	100.0	Building construction
Hip Seng Construction Company Limited	1	1	–	100.0	Construction
Hong Kong Convention and Exhibition Centre (Management) Limited	3	1	–	100.0	Management of Hong Kong Convention and Exhibition Centre ("HKCEC")
	1*	1	–	100.0	
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	–	100.0	Investment holding
Kiu Lok Property Services (China) Limited	2	1	–	100.0	Property agency management and consultancy
	2*	1	–	100.0	
New World-Guangdong Highway Investments Co. Limited	100	100	–	100.0	Investment holding
	100*	100	–	50.0	
New World Port Investments Limited	2	1	–	100.0	Investment holding
New World (Xiamen) Port Investments Limited	2	1	–	100.0	Investment holding

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For the year ended 30 June

44 Principal subsidiaries (continued)

As at 30 June 2013

	Issued share capital [#]		Approximate percentage of shares held		Principal activities
	Number	Par value per share HK\$	Company	Group	
Incorporated and operate in Hong Kong (continued)					
NWS (Finance) Limited	2	1	–	100.0	Financial services
NWS Holdings (China) Limited	1,501	1	100.0	100.0	Investment holding
NWS Holdings (Finance) Limited	1	1	100.0	100.0	Financing
NWS Hong Kong Investment Limited	1	1	100.0	100.0	Investment holding
NWS Ports Management (Tianjin) Limited	1	1	–	100.0	Investment holding
Polytown Company Limited	2 100,000*	10 10	–	100.0	Property investment, operation, marketing, promotion and management of HKCEC
Profit Now Limited	1	1	–	100.0	Investment holding
Sky Connection Limited	100	1	–	100.0	Duty free liquor and tobacco sales
Trend Wood Investments Limited ^{##}	1	1	–	100.0	Investment holding
True Hope Investment Limited	4,998 2*	1 1	–	100.0	Investment holding
Try Force Limited	4,998 2*	1 1	–	100.0	Investment holding
Twinic International Limited	1	1	–	100.0	Investment holding
Urban Parking Limited	10,000,000	1	–	100.0	Carpark management
Vibro Construction Company Limited	1,630,000 20,000*	100 100	–	100.0	Civil engineering
Vibro (H.K.) Limited	20,000,004	3	–	99.8	Piling, ground investigation and civil engineering
Waking Builders, Limited	20,000	1,000	–	100.0	Construction
Wisemec Enterprises Limited	2	1	–	100.0	Investment holding
Incorporated in the Cayman Islands and operates in Hong Kong					
NWS Service Management Limited	1,323,943,165	0.10	100.0	100.0	Investment holding

44 Principal subsidiaries (continued)

As at 30 June 2013

	Issued share capital [#]		Approximate percentage of shares held		Principal activities
	Number	Par value per share	Company	Group	
Incorporated in the Cayman Islands					
Chinese Future Corporation	1,000,000	US\$0.01	–	100.0	Investment holding
Incorporated in the British Virgin Islands and operate in Hong Kong					
Best Star (BVI) Investments Limited (formerly Best Star Investments Limited)	1	US\$1	–	100.0	Investment holding
Creative Profit Group Limited	1	US\$1	–	100.0	Investment holding
Economic Velocity Limited	1	US\$1	–	100.0	Investment holding
Forever Great Development Limited	1	US\$1	–	100.0	Investment holding
Great Start Group Corporation	1	US\$1	–	100.0	Investment holding
Hetro Limited	101	US\$1	–	100.0	Investment holding
Lucky Strong Limited	1	US\$1	–	100.0	Investment holding
NWS Financial Management Services Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Management Limited	2	US\$1	100.0	100.0	Investment holding
NWS (MTN) Limited	1	US\$1	–	100.0	Financing
NWS Ports Management Limited	2	US\$1	100.0	100.0	Investment holding
Shine Fame Holdings Limited	1	US\$1	–	100.0	Operation of logistics centre
Sunny Start Group Limited	1	US\$1	–	100.0	Investment holding
Tin Fook Development Limited	1	US\$1	–	100.0	Investment holding
Incorporated in the British Virgin Islands					
Beauty Ocean Limited	1	US\$1	–	100.0	Investment holding
Ideal Global International Limited	1	US\$1	–	100.0	Investment holding
Moscan Developments Limited	1	US\$1	–	100.0	Investment holding
NWS CON Limited	1	HK\$1	–	100.0	Investment holding
NWS Construction Limited	190,000 10,000**	US\$0.1 US\$0.1	–	100.0 –	Investment holding
NWS Infrastructure Bridges Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Power Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Roads Limited	1	US\$1	–	100.0	Investment holding
NWS Infrastructure Water Limited	1	US\$1	–	100.0	Investment holding
NWS Ports Management (Haicang) Limited	1	US\$1	–	100.0	Investment holding
Right Heart Associates Limited	4	US\$1	–	100.0	Investment holding
Righteous Corporation	1	US\$1	–	100.0	Investment holding
Rosy Unicorn Limited	1	US\$1	–	100.0	Financing
Silvery Castle Limited	1	US\$1	–	100.0	Financing
Stockfield Limited	1	US\$1	–	100.0	Investment holding

Notes to the Financial Statements

For the year ended 30 June

44 Principal subsidiaries (continued)

As at 30 June 2013

	Amount of fully paid capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Mainland China				
Chaoming (Chongqing) Investment Company Limited	US\$78,000,000(e)	–	100.0	Investment holding
Foshan Gaoming Xinming Bridge Co., Ltd.	RMB60,000,000	–	30.0(c)	Operation of toll bridge
Guangxi Beiliu Xinbei Highways Co., Ltd.	RMB59,520,000	–	100.0	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	RMB57,680,000	–	100.0	Operation of toll road
Guangxi Yulin Xinye Highways Co., Ltd.	RMB63,800,000	–	60.0(b)	Operation of toll road
Guangxi Yulin Xinyu Highways Co., Ltd.	RMB96,000,000	–	65.0(a)	Operation of toll road
Hangzhou Guoyi Expressway and Bridge Management Co., Ltd.	US\$320,590,000	–	95.0(b)	Operation of toll road
Shanxi Xinda Highways Ltd.	RMB49,000,000	–	60.0(d)	Operation of toll road
Shanxi Xinhuang Highways Ltd.	RMB56,000,000	–	60.0(d)	Operation of toll road
Wuzhou Xinwu Highways Limited	RMB72,000,000	–	52.0(a)	Operation of toll road
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$500,000	–	100.0	Management consultation
Incorporated and operate in Macau				
Barbican (Macau) Limited	MOP25,000	–	100.0	Construction
Hip Hing Engineering (Macau) Company Limited	MOP100,000	–	100.0	Construction
Ngo Kee (Macau) Limited	MOP25,000	–	100.0	Construction
Vibro (Macau) Limited	MOP1,000,000	–	99.8	Foundation works

Ordinary shares, unless otherwise stated

* Non-voting deferred shares

** Redeemable, non-convertible and non-voting preference shares

Company classified as assets held for sale

(a) Profit sharing percentage

(b) Percentage of interest in ownership and profit sharing

(c) Cash sharing ratio of 80% for the first 7 years of the joint venture period and thereafter 30%

(d) Cash sharing ratio of 90% for the first 12 years of the joint venture period and thereafter 60%

(e) Capital reduction from US\$80,000,000 to US\$78,000,000 was approved in May 2013 while the business registration was completed in July 2013

45 Principal associated companies

As at 30 June 2013

	Issued share capital#		Approximate percentage of shares held		Principal activities
	Number	Par value per share	Company	Group	
Incorporated and operate in Hong Kong					
GHK Hospital Limited	10	HK\$1	–	40.0	Healthcare
Joy Fortune Investments Limited	10,000	HK\$1	–	50.0	Investment holding
Quon Hing Concrete Company Limited	200,000	HK\$100	–	50.0	Production and sales of ready-mixed concrete
Yargoan Company Limited	150,000	HK\$100	–	42.0	Stone quarrying
Incorporated in the British Virgin Islands and operates in Hong Kong					
VMS Private Investment Partners III Limited	1,500*	US\$0.01	–	–	Securities investment
	1,107**	US\$0.01	–	100.0(c)	
Incorporated in the British Virgin Islands					
East Asia Secretaries (BVI) Limited	300,000,000	HK\$1	–	24.4	Business, corporate and investor services
Tricor Holdings Limited	7,001	US\$1	–	24.4	Business, corporate and investor services
VMS Private Investment Partners II Limited	2,500*	US\$0.01	–	–	Securities investment
	1,493**	US\$0.01	–	100.0(c)	
VMS Private Investment Partners IV Limited	1,500*	US\$0.01	–	–	Securities investment
	35**	US\$0.01	–	60.0(c)	
Incorporated in Bermuda and operate in Hong Kong					
Haitong International Securities Group Limited	1,373,014,059	HK\$0.10	–	7.0(a)	Investment holding
Wai Kee Holdings Limited	793,124,034	HK\$0.10	–	27.0	Construction
Incorporated in the Cayman Islands and operates in Mainland China					
Newton Resources Ltd	4,000,000,000	HK\$0.10	–	48.0	Mining, ore processing and sale of iron concentrate

Notes to the Financial Statements

For the year ended 30 June

45 Principal associated companies (continued)

As at 30 June 2013

	Amount of fully paid capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Mainland China				
Chongqing Silian Optoelectronics Science And Technology Co., Ltd.	RMB500,000,000	–	20.0(d)	Manufacturing and sale of sapphire substrate and wafer, LED packaging and application
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd.	RMB10,000,000	–	37.1(b)	Operating of gasoline station
Tianjin Five Continents International Container Terminal Co., Ltd.	RMB1,145,000,000	–	18.0(a),(d)	Operation of container terminal
Zhaoqing Yuezhao Expressway Co., Ltd.	RMB818,300,000	–	25.0(b)	Operation of toll road

Ordinary shares, unless otherwise stated

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

** Non-voting, redeemable participating shares

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

(b) Percentage of interest in ownership and profit sharing

(c) The directors of the Company considered the Group has significant influence over these companies through its representative on the investment committee which governs the daily financial, operational and investment decisions

(d) Percentage of equity interest in equity joint venture

46 Principal jointly controlled entities

As at 30 June 2013

	Amount of fully paid capital	Approximate percentage of attributable interest		Principal activities
		Company	Group	
Incorporated and operate in Mainland China				
Beijing-Zhuhai Expressway Guangzhou- Zhuhai Section Company Limited	RMB580,000,000	–	25.0(a)	Operation of toll road
China United International Rail Containers Co., Limited	RMB4,200,000,000	–	30.0(b)	Operation of rail container terminals and related business
Chongqing Suyu Business Development Company Limited	RMB650,000,000	–	50.0(a)	Investment holding
Guangzhou Development Nansha Power Co., Ltd.	RMB370,000,000	–	22.0(a)	Generation and supply of electricity
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	65.3(a)	Operation of toll road
Guangzhou Oriental Power Co., Ltd	RMB990,000,000	–	25.0(b)	Generation and supply of electricity
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	RMB613,361,800	–	35.0(b)	Wholesale assembling and storage of fuel
Guangzhou Pearl River Power Company Limited	RMB420,000,000	–	50.0(b)	Generation and supply of electricity
Guodian Chengdu Jintang Power Generation Co., Ltd.	RMB924,000,000	–	35.0(a)	Generation and supply of electricity
Huizhou City Huixin Expressway Company Limited	RMB34,400,000	–	50.0(a)	Investment holding and operation of toll road
Tianjin Xinzhan Expressway Co., Ltd.	RMB2,539,100,000	–	90.0(c)	Operation of toll road
Xiamen Haicang Xinhaida Container Terminals Co., Limited**	RMB756,000,000	–	46.0(b)	Operation of container terminal
Xiamen New World Xiangyu Terminals Co., Ltd.**	RMB384,040,000	–	50.0(b)	Operation of container terminal

Notes to the Financial Statements

For the year ended 30 June

46 Principal jointly controlled entities (continued)

As at 30 June 2013

	Issued share capital [#]		Approximate percentage of shares held		Principal activities
	Number	Par value per share	Company	Group	
Incorporated and operate in Hong Kong					
ATL Logistics Centre Hong Kong Limited	100,000 'A'	HK\$1	–	56.0(d)	Operation of cargo handling and storage facilities
	20,000 'B'**	HK\$1	–	79.6	
	54,918*	HK\$1	–	–	
ATL Logistics Centre Yantian Limited	10,000	HK\$1	–	46.2	Investment holding
Far East Landfill Technologies Limited	1,000,000	HK\$1	–	47.0	Landfill
First Star Development Limited	100	HK\$1	–	50.0	Property development
NWS Infrastructure SITA Waste Services Limited	2	HK\$1	–	50.0	Investment holding
Supertime Holdings Limited	100	HK\$1	–	50.0	Property development
Tate's Cairn Tunnel Company Limited	1,100,000	HK\$0.01	–	29.5	Operation of toll tunnel
	600,000,000*	HK\$1	–	29.5	
Wincon International Limited	300,000,000	HK\$1	–	50.0	Investment holding
Incorporated in the British Virgin Islands and operates in Hong Kong					
NWS Transport Services Limited	500,000,016	HK\$1	–	50.0	Investment holding
Incorporated in the British Virgin Islands					
DP World New World Limited	2,000	US\$1	–	50.0	Investment holding
Success Concept Investments Limited	1,000	US\$1	–	80.0(d)	Investment holding
Incorporated and operates in the Netherlands					
Hyva I B.V.	19,000	EUR1	–	50.0	Manufacturing and supply of components used in hydraulic loading and unloading systems

46 Principal jointly controlled entities (continued)

As at 30 June 2013

	Issued share capital [#]		Approximate percentage of shares held		Principal activities
	Number	Par value per share	Company	Group	
Incorporated in Hong Kong and operates in Macau and Mainland China					
Sino-French Holdings (Hong Kong) Limited	3,748,680	'A' HK\$100	–	–	Investment holding and operation of water and electricity plants
	7,209,000	'B' HK\$100	–	100.0	
	3,460,320	'C' HK\$100	–	–	

Ordinary shares, unless otherwise stated

* Non-voting deferred shares

** Non-voting preference shares

Companies classified as assets held for sale

(a) Percentage of interest in ownership and profit sharing

(b) Percentage of equity interest in equity joint venture

(c) Cash sharing ratio of 90% for the first 15 years of the joint venture period and thereafter 60%

(d) The directors of the Company considered the Group does not have unilateral control governing the financial and operating activities over these jointly controlled entities

Five-Year Financial Summary

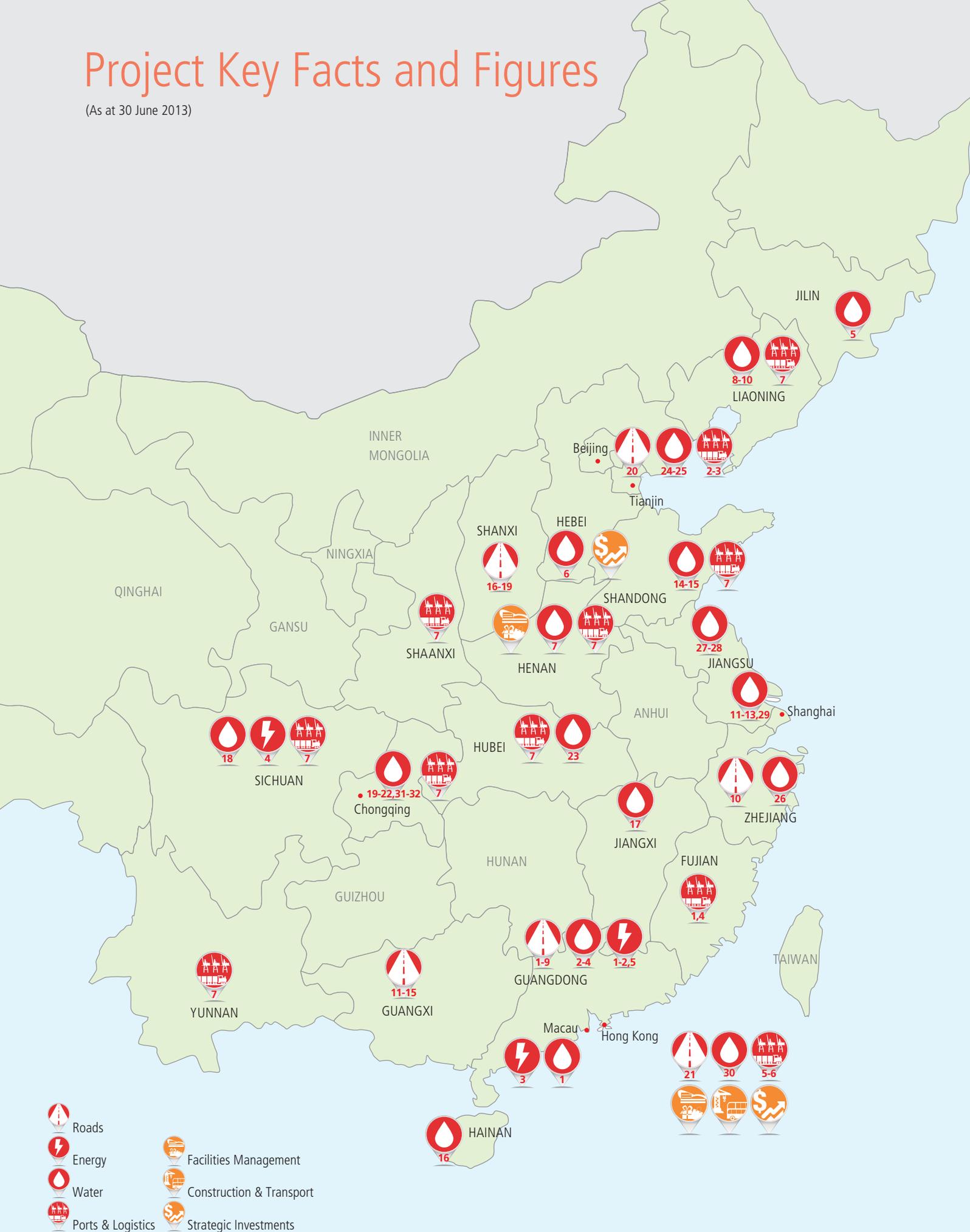
	2013	2012	2011	2010	2009
Earnings per share – Basic (HK\$)	1.11	1.53	1.40	1.26*	0.80*
Earnings per share – Diluted (HK\$)	1.11	1.52	1.40	1.26*	0.80*
Key ratios					
Net Gearing Ratio	24%	34%	7%	N/A	15%
Return on Equity	10%	15%	14%	15%	11%
Return on Capital Employed	7%	10%	13%	13%	9%
Income statement data					
(HK\$'m)					
Revenue	16,247.9	14,954.3	9,560.6	12,089.0	17,250.9
Revenue by segments					
Roads	2,200.3	1,903.5	254.3	225.4	247.6
Energy & Water	–	–	0.6	2.9	8.2
Ports & Logistics	102.1	41.3	–	–	–
Facilities Management	6,471.7	7,177.4	5,792.8	6,163.9	5,404.1
Construction & Transport	7,473.8	5,832.1	3,505.3	5,196.0	10,904.0
Strategic Investments	–	–	7.6	500.8	687.0
Revenue by region					
Hong Kong	13,973.6	12,786.4	8,716.1	9,671.8	11,672.5
Mainland China	2,265.9	1,971.7	609.1	1,421.9	1,832.1
Macau and others	8.4	196.2	235.4	995.3	3,746.3
Profit attributable to shareholders of the Company	4,008.0	5,251.1	4,626.8	4,011.7	2,528.8
Attributable operating profit	4,267.3	4,207.6	4,056.2	3,384.1	2,499.3
Attributable operating profit by segment					
Roads	1,238.2	1,210.1	1,134.9	520.6	789.4
Energy	330.2	262.2	352.4	420.0	245.0
Water	389.3	359.3	297.7	233.3	185.6
Ports & Logistics	330.4	301.4	281.9	278.0	300.1
Facilities Management	1,123.6	1,184.0	876.9	825.1	612.1
Construction & Transport	394.3	334.2	279.1	410.1	285.7
Strategic Investments	461.3	556.4	833.3	697.0	81.4

* Adjusted for the bonus issue of shares in FY2011

	2013	2012	2011	2010	2009
Income statement data (continued)					
(HK\$'m)					
Attributable operating profit by region					
Hong Kong	2,204.7	2,241.4	2,176.8	1,926.3	771.2
Mainland China	1,647.5	1,493.0	1,549.2	1,221.6	1,416.2
Macau and others	415.1	473.2	330.2	236.2	311.9
Corporate office and non-operating items					
Net gain on deemed disposals or acquisitions of interests in a subsidiary and/or an associated company	–	1,833.4	–	–	32.6
Gain/(loss) on fair value on investment properties	333.6	93.3	479.9	5.5	(10.0)
Gain on disposal of projects, net of tax	–	108.7	343.9	944.9	215.7
Excess of fair value of net assets acquired over the cost of acquisition of interests of a jointly controlled entity	–	–	26.8	–	–
Share of profit from Harbour Place	28.1	51.8	1.2	337.9	338.0
Goodwill impairment loss	–	–	–	(226.4)	–
Assets impairment losses	–	(316.5)	–	(30.5)	(4.8)
Share of impairment loss from a jointly controlled entity	–	(200.0)	–	–	–
Corporate net exchange gain/(loss)	104.9	14.0	109.3	(4.2)	(4.1)
Corporate interest income	109.7	51.8	40.1	22.7	16.1
Corporate finance costs	(555.3)	(333.8)	(102.8)	(110.9)	(214.1)
Corporate expenses and others	(280.3)	(259.2)	(327.8)	(311.4)	(339.9)
Statement of financial position data					
(HK\$'m)					
Total assets	67,022.8	62,086.2	44,137.8	37,680.9	44,278.6
Total liabilities and non-controlling interests	26,839.7	26,291.9	13,060.3	11,493.9	21,103.4
Total borrowings	17,679.5	17,666.1	6,662.0	4,890.3	8,806.0
Shareholders' funds	40,183.1	35,794.3	31,077.5	26,187.0	23,175.2

Project Key Facts and Figures

(As at 30 June 2013)



INFRASTRUCTURE



ROADS

The road portfolio comprises 21 roads and related projects in strategic locations in Hong Kong and Mainland China, namely Guangdong, Zhejiang, Guangxi, Shanxi and Tianjin, covering approximately 721 km in length.

Guangdong Province



	1. Guangzhou City Northern Ring Road		
Attributable Interest	65.29%		
Form of Investment	CJV		
Length	22 km		
Lanes	Dual 3-Lane		
Location	Guangzhou City		
Operation Date	January 1994		
Expiry Date	2023		
Current Toll Rates	RMB1 – RMB50		
Average Daily Traffic Flow	2013	2012	2011
	220,815	189,274	168,047

	2. Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Section)			3. Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Northern Section)			4. Guangzhou – Zhaoqing Expressway		
Attributable Interest	25%			15%			25%		
Form of Investment	CJV			CJV			CJV		
Length	Section 1: 8.6 km Section 2: 53.8 km			27 km			Phase 1: 48 km Phase 2: 5.39 km		
Lanes	Section 1: Dual 3-Lane Section 2: Dual 2 to 3-Lane			Dual 3-Lane			Phase 1: Dual 2-Lane Phase 2: Dual 3-Lane		
Location	Zhongshan & Zhuhai City			Guangzhou City			Zhaoqing & Foshan City		
Operation Date	Section 1: May 1997 Section 2: December 1999			December 2005			Phase 1: April 2005 Phase 2: September 2010		
Expiry Date	2030			2032			2031		
Current Toll Rates	Section 1: RMB6 – RMB19 Section 2: RMB2 – RMB109			RMB1 – RMB55			RMB1 – RMB84		
Average Daily Traffic Flow	2013	2012	2011	2013	2012	2011	2013	2012	2011
	119,885	120,440	112,726	27,794	25,181	20,183	53,343	48,479	41,299

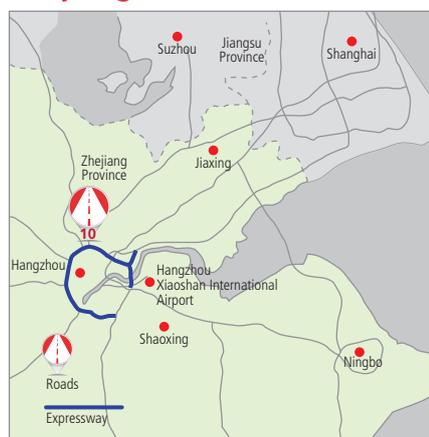
Project Key Facts and Figures

Guangdong Province

	5a. Shenzhen – Huizhou Expressway (Huizhou Section)			5b. Shenzhen – Huizhou Roadway (Huizhou Section)			6. Gaoming Bridge		
Attributable Interest	33.33%			50%			30%*		
Form of Investment	CJV			CJV			CJV		
Length	34.7 km			21.8 km			1.1 km		
Lanes	Dual 2-Lane			Dual 2-Lane			Dual 1-Lane		
Location	Huizhou City			Huizhou City			Foshan City		
Operation Date	June 1993			December 1997			November 1996		
Expiry Date	2023			2023			2013		
Current Toll Rates	RMB2 – RMB55			N / A (Annual toll ticket system has been implemented since January 2011)			N / A (Annual toll ticket system has been implemented since March 2003)		
Average Daily Traffic Flow	2013	2012	2011	2013	2012	2011	2013	2012	2011
	60,293	55,816	51,356	N / A	N / A	N / A	N / A	N / A	N / A

	7. Guangzhou Dongxin Expressway			8. Guangzhou City Nansha Port Expressway			9. Guangdong Unitoll Services Incorporated		
Attributable Interest	40.8%			22.5%			2.4%		
Form of Investment	Equity			Equity			Equity		
Length	46.22 km			72.4 km			N / A		
Lanes	Dual 3 to 4-Lane			Dual 3 to 4-Lane			N / A		
Location	Guangzhou City			Guangzhou City			Guangzhou City		
Operation Date	December 2010			November 2007			January 2013		
Expiry Date	2035			2030			N / A		
Current Toll Rates	RMB2 – RMB98			RMB2 – RMB137			N / A		
Average Daily Traffic Flow	2013	2012	2011	2013	2012	2011	2013	2012	2011
	36,090	27,492	13,872	71,282	71,737	67,164	N / A	N / A	N / A

Zhejiang Province



	10. Hangzhou Ring Road		
Attributable Interest	95%		
Form of Investment	Equity		
Length	103.4 km		
Lanes	Dual 2 to 3-lane		
Location	Hangzhou City		
Operation Date	July 2011		
Expiry Date	2029		
Current Toll Rates	RMB5 – RMB170 (Normal) RMB0.09 / tonne / km (Toll-by-weight vehicle)		
Average Daily Traffic Flow	2013	2012	2011
	82,019	101,573	N / A

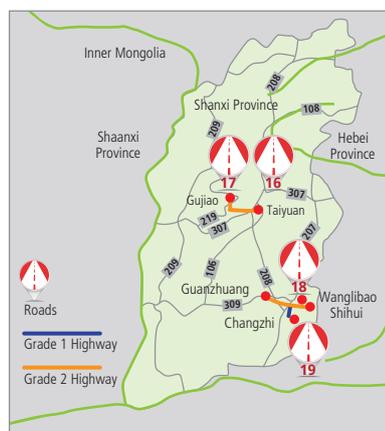
Guangxi Province



	11. Beiliu City Roadways			12. Rongxian Roadways		
Attributable Interest	100%			100%		
Form of Investment	WFOE			WFOE		
Length	16.3 km			16.8 km		
Lanes	Dual 1 to 2-Lane			Dual 1 to 2-Lane		
Location	Beiliu City			Rongxian		
Operation Date	May 1998			May 1998		
Expiry Date	2026			2026		
Current Toll Rates	RMB1 – RMB30 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)			RMB1 – RMB30 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)		
Average Daily Traffic Flow	2013	2012	2011	2013	2012	2011
	1,253	1,749	1,902	1,241	1,733	1,884

	13. Yulin – Shinan Roadway			14. Yulin Shinan – Dajiangkou Roadway			15. Roadway No. 321 (Wuzhou Section)		
Attributable Interest	65%			60%			52%		
Form of Investment	CJV			CJV			CJV		
Length	27.8 km			Phase 1: 8.7 km Phase 2: 30 km			Phase 1: 8.7 km Phase 2: 4.3 km		
Lanes	Dual 2-Lane			Dual 1 to 2-Lane			Dual 2-Lane		
Location	Yulin City			Yulin City			Wuzhou City		
Operation Date	May 1998			Phase 1: August 1997 Phase 2: January 1999			Phase 1: March 1997 Phase 2: December 1998		
Expiry Date	2026			Phase 1: 2026 Phase 2: 2024			2022		
Current Toll Rates	RMB1 – RMB30 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)			RMB1 – RMB30 (Normal) RMB1.45 – RMB1.8 / tonne (Toll-by-weight vehicle)			RMB1 – RMB35 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)		
Average Daily Traffic Flow	2013	2012	2011	2013	2012	2011	2013	2012	2011
	3,030	4,230	4,600	1,911	2,533	2,714	3,109	3,485	4,497

Shanxi Province



	16. Shanxi Taiyuan – Gujiao Roadway (Taiyuan Section)			17. Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)		
Attributable Interest	60% [†]			60% [†]		
Form of Investment	CJV			CJV		
Length	23.18 km			36.02 km		
Lanes	Dual 1-Lane			Dual 1-Lane		
Location	Taiyuan City			Gujiao City		
Operation Date	July 2000			April 1999		
Expiry Date	2025			2025		
Current Toll Rates	RMB10 – RMB60			RMB10 – RMB60		
Average Daily Traffic Flow	2013	2012	2011	2013	2012	2011
	240	1,479	1,167	411	2,282	2,860

Project Key Facts and Figures

Shanxi Province

	18. Roadway No. 309 (Changzhi Section)			19. Taiyuan – Changzhi Roadway (Changzhi Section)		
Attributable Interest	60%†			60%†		
Form of Investment	CJV			CJV		
Length	22.2 km			18.3 km		
Lanes	Dual 1 to 2-Lane			Dual 1 to 2-Lane		
Location	Changzhi City			Changzhi City		
Operation Date	July 2000			August 2000		
Expiry Date	2023			2023		
Current Toll Rates	RMB10 – RMB60			RMB10 – RMB70		
Average Daily Traffic Flow	2013	2012	2011	2013	2012	2011
	3,850	3,672	2,856	1,257	1,542	1,752

Tianjin Municipality



	20. Tangjin Expressway (Tianjin North Section)		
Attributable Interest	90%#		
Form of Investment	CJV		
Length	Section 1: 43.45 km Section 2: 17.22 km		
Lanes	Dual 2 to 3-Lane		
Location	Tianjin Municipality		
Operation Date	Section 1: December 1998 Section 2: December 2000		
Expiry Date	Section 1: 2028 Section 2: 2028		
Current Toll Rates	RMB5 – RMB105 (Normal) RMB0.1 / tonne / km (Toll-by-weight vehicle)		
Average Daily Traffic Flow	2013	2012	2011
	28,110	45,418	45,251

Hong Kong



	21. Tate's Cairn Tunnel		
Attributable Interest	29.5%		
Form of Investment	Equity		
Length	4 km		
Lanes	Dual 2-Lane		
Location	Hong Kong		
Operation Date	June 1991		
Expiry Date	2018		
Current Toll Rates	HK\$12 – HK\$32		
Average Daily Traffic Flow	2013	2012	2011
	56,137	54,589	53,031

* Cash sharing ratio of 80% for the first 7 years of the joint venture period and thereafter 30%

† Cash sharing ratio of 90% for the first 12 years of the joint venture period and thereafter 60%

Cash sharing ratio of 90% for the first 15 years of the joint venture period and thereafter 60%



ENERGY

The Group operates four power plants in Guangdong, Sichuan and Macau with a total installed capacity of approximately 2,892 MW and a coal distributor in Guangdong operating the coal handling pier with capacity of seven million tonnes per year.

	1. Zhujiang Power Station – Phase I			2. Zhujiang Power Station – Phase II			3. Macau Power		
Attributable Interest	50%			25%			19%		
Form of Investment	EJV			EJV			Equity		
Installed Capacity	600 MW			620 MW			472 MW		
Location	Guangzhou City, Guangdong Province			Guangzhou City, Guangdong Province			Macau		
Type of Power	Coal-Fired Thermal			Coal-Fired Thermal			Oil & Gas-Fired Thermal		
Operation Date	January 1994			April 1996			November 1985		
Expiry Date	2017			2020			2025		
Electricity Sales (GWh)	2013	2012	2011	2013	2012	2011	2013	2012	2011
	2,494	3,699	3,483	2,994	3,054	3,609	4,211	4,002	3,665

	4. Chengdu Jintang Power Plant		
Attributable Interest	35%		
Form of Investment	Equity		
Installed Capacity	1,200 MW		
Location	Chengdu City, Sichuan Province		
Type of Power	Coal-Fired Thermal		
Operation Date	June 2007		
Expiry Date	2040		
Electricity Sales (GWh)	2013	2012	2011
	6,338	6,835	6,471

	5. Guangzhou Fuel Company	
Attributable Interest	35%	
Form of Investment	EJV	
Installed Capacity	7 million tonnes / year	
Location	Guangzhou City, Guangdong Province	
Type of Power	Wholesale, assembling and storage of coal	
Operation Date	January 2008	
Expiry Date	2033	

Project Key Facts and Figures



WATER

The Group has invested in 26 water treatment and waste treatment projects and two operation and management consulting companies in Mainland China and Macau through its joint venture company Sino-French Holdings (Hong Kong) Limited. The water projects treat up to a total of 7.04 million cbms of water and waste water as well as 540 tonnes of sludge per day. The Group also invests in a chemical waste incineration plant in Shanghai with annual capacity of 60,000 tonnes and holds a stake in a 61-hectare landfill in Hong Kong and two strategic investments in Chongqing.

	1. Macau Water Plant			2. Zhongshan Tanzhou Water Plant		
Attributable Interest	42.5%			29%		
Form of Investment	Equity			Equity		
Capacity	330,000m ³ / day			Phase 1: 60,000m ³ / day Phase 2: 90,000m ³ / day		
Location	Macau			Zhongshan City, Guangdong Province		
Operation Date	1985			Phase 1: January 1994 Phase 2: May 2007		
Expiry Date	2030			2027		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	2013	2012	2011
	209,935	198,302	187,391	80,092	82,208	78,722

	3. Zhongshan Dafeng Water Plant			4. Zhongshan Quanlu Water Plant			5. Siping Water Plant		
Attributable Interest	25%			25%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	Phase 1: 200,000m ³ / day Phase 2: 300,000m ³ / day			500,000m ³ / day			118,000m ³ / day		
Location	Zhongshan City, Guangdong Province			Zhongshan City, Guangdong Province			Siping City, Jilin Province		
Operation Date	Phase 1: April 1998 Phase 2: November 2008			April 1998			September 2000		
Expiry Date	2020			2020			2030		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	2013	2012	2011	2013	2012	2011
	585,922	645,115	637,392	N / A	N / A	N / A	N / A	N / A	N / A

	6. Baoding Water Plant			7. Zhengzhou Water Plant			8. Panjin Water Plant		
Attributable Interest	27.5%			25%			30%		
Form of Investment	Equity			Equity			Equity		
Capacity	260,000m ³ / day			360,000m ³ / day			110,000m ³ / day		
Location	Baoding City, Hebei Province			Zhengzhou City, Henan Province			Panjin City, Liaoning Province		
Operation Date	June 2000			August 2001			April 2002		
Expiry Date	2020			2031			2032		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	2013	2012	2011	2013	2012	2011
	234,000	234,000	234,000	249,064	230,084	218,919	92,241	84,491	81,014

	9. Changtu Water Plant			10. Dalian Changxing Island Environmental Services Company			11. Shanghai Spark Water Plant		
Attributable Interest	35%			47.5%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	50,000m ³ / day			Waste Water (O&M [*]): 40,000m ³ / day			100,000m ³ / day		
Location	Tieling City, Liaoning Province			Dalian City, Liaoning Province			Shanghai Municipality		
Operation Date	December 2000			June 2010			January 2002		
Expiry Date	2029			2040			2031		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	2013	2012	2011	2013	2012	2011
	26,550	23,663	21,949	10,214	5,280	5,051	44,742	44,860	44,875

	12. Shanghai SCIP Water Treatment Plants			
Attributable Interest	25%			
Form of Investment	Equity			
Capacity	Waste Water:	50,000m ³ / day		
	Industrial Water:	200,000m ³ / day		
	Demineralized Water:	4,800m ³ / day		
Location	Shanghai Municipality			
Operation Date	Waste Water & Industrial Water:	April 2005		
	Demineralized Water:	February 2008		
Expiry Date	2052			
Average Daily Volume Treated / Sold (m ³)		2013	2012	2011
	Waste Water:	51,486	48,367	48,811
	Industrial Water:	126,706	117,152	123,539
	Demineralized Water:	1,466	1,390	1,063

	13. Sino French Water Environmental Technology Consulting Company			14. Qingdao Water Plant			15. Qingdao Dongjiakou Waste Water Plant		
Attributable Interest	50%			25%			16.25%		
Form of Investment	Equity			Equity			Equity		
Capacity	Waste Water (O&M [*]): 10,000m ³ / day			Phase 1: 543,000m ³ / day Phase 2: 183,000m ³ / day			13,200m ³ / day		
Location	Shanghai Municipality			Qingdao City, Shandong Province			Qingdao City, Shandong Province		
Operation Date	October 2009			Phase 1: August 2002 Phase 2: September 2006			1 st half of 2015 (Estimate)		
Expiry Date	2039			2027			2042		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	2013	2012	2011	2013	2012	2011
	4,774	3,920	3,596	590,952	553,639	558,671	N / A	N / A	N / A

	16. Sanya Water Plant			17. Nanchang Water Plant		
Attributable Interest	25%			25%		
Form of Investment	Equity			Equity		
Capacity	235,000m ³ / day			Phase 1: 50,000m ³ / day Phase 2: 50,000m ³ / day		
Location	Sanya City, Hainan Province			Nanchang City, Jiangxi Province		
Operation Date	January 2004			Phase 1: January 1996 Phase 2: September 2008		
Expiry Date	2033			2023		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	2013	2012	2011
	237,835	221,065	205,406	91,862	84,376	88,122

Project Key Facts and Figures

	18. Chengdu Shuangliu Dayi Water Company				19. Chongqing Water Plant		
Attributable Interest	32.5%				27.93%		
Form of Investment	Equity				Equity		
Capacity	Waste Water: 19,800m ³ / day Waste Water (O&M ³): 15,350m ³ / day				Phase 1: 380,000m ³ / day Phase 2: 160,000m ³ / day Phase 3: 200,000m ³ / day		
Location	Chengdu City, Sichuan Province				Chongqing Municipality		
Operation Date	February 2013				Phase 1: November 2002 Phase 2: July 2006 Phase 3: July 2011		
Expiry Date	2043				2052		
Average Daily Volume Treated / Sold (m ³)		2013	2012	2011	2013	2012	2011
	Waste Water:	13,273	N / A	N / A	467,698	438,131	376,625
	Waste Water (O&M ³):	9,312	N / A	N / A			

	20. Chongqing Tangjiatuo Waste Water Plant			21. Chongqing Construction Company		
Attributable Interest	28.36%			20.48%		
Form of Investment	Equity			Equity		
Capacity	300,000m ³ / day			Waste Water: 100,000m ³ / day Sludge Treatment: 240 tonnes / day		
Location	Chongqing Municipality			Chongqing Municipality		
Operation Date	January 2007			Waste Water: 2 nd half of 2013 (Estimate) Sludge Treatment: 2 nd half of 2013 (Estimate)		
Expiry Date	2036			2038		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	N / A		
	335,455	291,584	258,342			

	22. Chongqing CCIP Water Treatment Plants				23. Wuhan Chemical Industry Park Water Treatment Plants		
Attributable Interest	25.52%				21.5%		
Form of Investment	Equity				Equity		
Capacity	Waste Water: 40,000 m ³ / day Industrial Water: 120,000 m ³ / day				Waste Water: 10,000m ³ / day Industrial Water: 50,000m ³ / day		
Location	Chongqing Municipality				Wuhan City, Hubei Province		
Operation Date	September 2011				Waste Water: 2 nd half of 2013 (Estimate) Industrial Water: 2 nd half of 2013 (Estimate)		
Expiry Date	2055				2041		
Average Daily Volume Treated / Sold (m ³)		2013	2012	2011	2013	2012	2011
	Waste Water:	22,128	19,363	N / A	N / A	N / A	N / A
	Industrial Water:	31,508	25,668	N / A	N / A	N / A	N / A

	24. Tianjin Jieyuan Water Plant			25. Tanggu Water Plant			26. Xinchang Water Plant		
Attributable Interest	50%			25%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	500,000m ³ / day			310,000m ³ / day			100,000m ³ / day		
Location	Tianjin Municipality			Tianjin Municipality			Xinchang County, Zhejiang Province		
Operation Date	March 2009			April 2005			March 2002		
Expiry Date	2022			2034			2032		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011	2013	2012	2011	2013	2012	2011
	294,492	281,227	280,646	165,721	175,467	176,645	79,509	77,043	72,189

27. Changshu Water Plant			
Attributable Interest	24.5%		
Form of Investment	Equity		
Capacity	Phase 1: 675,000m ³ / day Phase 2: 200,000m ³ / day		
Location	Changshu City, Jiangsu Province		
Operation Date	Phase 1: December 2006 Phase 2: November 2012		
Expiry Date	2036		
Average Daily Volume Treated / Sold (m ³)	2013	2012	2011
	466,668	459,401	453,040

28. Suzhou Industrial Park Sludge Treatment Plant			
Attributable Interest	24.5%		
Form of Investment	Equity		
Capacity	300 tonnes / day		
Location	Suzhou City, Jiangsu Province		
Operation Date	May 2011		
Expiry Date	2039		
Average Daily Volume Treated (tonnes)	2013	2012	2011
	195	187	193

29. Shanghai SCIP Waste Incineration Plant				30. Far East Landfill Technologies Limited		
Attributable Interest	10%			47%		
Form of Investment	Equity			Equity		
Capacity	60,000 tonnes / year			35 million m ³		
Location	Shanghai Municipality			Hong Kong		
Operation Date	August 2006			June 1995		
Expiry Date	2053			2045		
Annual Volume Treated (tonnes)	2013	2012	2011	2013	2012	2011
	48,563	43,719	44,351	1,050,215	936,487	905,835

31. Chongqing Water Group Company Limited			32. Chongqing Silian Optoelectronics Science & Technology Co. Ltd.		
Attributable Interest	6.72%		20%		
Form of Investment	Equity		Equity		
Location	Chongqing Municipality		Chongqing Municipality		
Operation Date	August 2008		June 2011		

^ O&M stands for operation and management consultancy services

Project Key Facts and Figures



PORTS & LOGISTICS

The Group operates four port projects in strategic coastal locations in Mainland China, namely Xiamen and Tianjin, with an aggregate container handling capacity of 4.9 million TEUs per year. In collaboration with its joint venture enterprise, China United International Rail Containers Co., Limited, the Group develops and operates 18 large-scale pivotal rail container terminals across Mainland China. Two logistics centres in Hong Kong, offering total leasable area of 6.82 million sq ft, also provide logistics services for local and overseas clients.

	1. Xiamen New World Xiangyu Terminals Co., Ltd.	2. Tianjin Orient Container Terminals Co., Ltd.	3. Tianjin Five Continents International Container Terminal Co., Ltd.	4. Xiamen Haicang Xinhaida Container Terminals Co., Limited
Attributable Interest	50%	24.5%	18%	46%
Form of Investment	EJV	Equity	EJV	EJV
Handling Capacity	1 million TEUs / year	1.4 million TEUs / year	1.5 million TEUs / year	1 million TEUs / year
Total Area	483,000 sq m	469,000 sq m	447,000 sq m	431,000 sq m
Location	Xiamen City, Fujian Province	Tianjin Municipality	Tianjin Municipality	Xiamen City, Fujian Province
Operation Date	April 1997	January 1999	November 2005	September 2011
Expiry Date	2052	2027	2035	2058
Length of Berths	976 m	1,136 m	1,202 m	754 m
No. of Cranes	9	10	12	6
Throughput Achieved (TEUs)	2013 952,000	2012 1,000,000	2011 774,000	2013 77,000
				2012 43,000
				2011 N / A
		2013 969,000	2012 886,000	2011 863,000
			2013 2,294,000	2012 2,172,000
			2011 1,983,000	

	5. ATL Logistics Centre Hong Kong Limited	6. NWS Kwai Chung Logistics Centre
Attributable Interest	56%	100%
Form of Investment	Equity	Equity
Leasable Area	5.9 million sq ft	920,000 sq ft
Location	Hong Kong	Hong Kong
Operation Dates	Phase 1: February 1987 Phase 2: March 1988 Phase 3: February 1992 Phase 4: January 1994 Phase 5: November 1994	December 2011
Expiry Date	2047	2058
Average Occupancy Rate	2013 98.8%	2012 97.6%
	2011 95.5%	2013 100.0%
		2012 78.7%
		2011 N / A

	7. China United International Rail Containers Co., Limited
Attributable Interest	30%
Form of Investment	EJV
Investment Scope	18 pivotal rail container terminals
Locations	Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Shanghai, Tianjin, Urumqi, Harbin, Ningbo, Shenzhen, Lanzhou, Beijing, Shenyang, Guangzhou
Operation Dates	Kunming: January 2008 Chongqing: December 2009 Chengdu: March 2010 Zhengzhou: April 2010 Dalian: July 2010 Qingdao: August 2010 Wuhan: August 2010 Xian: December 2010
Expiry Date	2057
Throughput Achieved (TEUs)	2013 1,537,000
	2012 1,508,000
	2011 1,255,000

SERVICES



FACILITIES MANAGEMENT

The portfolio mainly includes facilities rental and duty free sales. Hong Kong Convention and Exhibition Centre, managed and operated by the Group, is an award-winning venue for international exhibitions and conventions. Free Duty retails duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise at the immigration zones.

	Hong Kong Convention and Exhibition Centre (Management) Limited	Hong Kong – Shanghai Venue Management (Zhengzhou) Limited		Free Duty
Attributable Interest	100%	70%	Attributable Interest	100%
Services Offered	Management and operation of venues for exhibitions, conventions, meetings, entertainment events, banquets and catering events, etc	Management and operation of venues for exhibitions, conventions, meetings, entertainment events, banquets and catering events, etc	Services Offered	Retail of duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise
Gross Rentable Space	91,500 sq m	95,272 sq m	Locations of Shops	Hong Kong International Airport, MTR Lo Wu, Hung Hom, Lok Ma Chau Stations, Hong Kong-Macau Ferry Terminal and China Ferry Terminal
No. of Events Held This Year	1,180	212		
No. of Attendants This Year	Approximately 5.21 million	Approximately 2.74 million		



CONSTRUCTION & TRANSPORT

With abundant experience in constructing large-scale projects, the Group provides professional construction services in Hong Kong. The Group is also dedicated to providing reliable public transport services, including bus and ferry services in Hong Kong.

	Hip Hing Construction Company Limited	Hip Seng Construction Company Limited
Attributable Interest	100%	100%
Services Offered	General contracting and construction management and civil engineering works	General contracting and construction management
Total Value of Contracts Awarded This Year	HK\$10.12 billion	HK\$18.91 billion
Value of Contracts on Hand	HK\$25.00 billion (remaining value of works to be completed: HK\$15.49 billion)	HK\$18.91 billion
Major Projects	Cathay Pacific Cargo Terminal; Residential Development at MTR Austin Station; Whampoa Station and Overrun Tunnel for MTR; Residential Development "Argenta" for Swire Properties; Composite Redevelopment "Cadogan" for Kowloon Development; Design, Build and Operation of a District Cooling System at Kai Tak for Hong Kong Government; Residential Development "Double Cove" for New World Development and Henderson Land Development; Commercial Development at Kwun Tong for Wheelock Properties; Shatin Communications and Technology Centre for Hong Kong Jockey Club; Design and Construction of Yau Ma Tei Police Station; Logistic Centre for SF Express; Urban Renewal Project at Sham Shui Po for Hong Kong Housing Society	Construction of Pak Kong Development at Sai Kung; Renovation of Discovery Park Shopping Mall; Clear Water Bay Residential Development; New World Centre Remodeling at Tsim Sha Tsui; Residential Development at South Lane, Sai Wan; Residential Development at Tong Yan San Tsuen lot 2139, Yuen Long; Sai Yee Street Development at Mongkok; Grand Hyatt Hong Kong Renovation

	New World First Ferry Services Limited	Citybus Limited	New World First Bus Services Limited
Attributable Interest	50%	50%	50%
Services Offered	Ferry services of outlying and inner harbour routes	Franchised bus services in Hong Kong	Franchised bus services in Hong Kong
Fleet Size	16 owned vessels and 3 chartered vessels	942 buses	722 buses
No. of Routes	5	114	91
Average Daily Patronage	Approximately 38,000	Approximately 638,000	Approximately 496,000

Glossary of Terms

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

General terms

“Board”	the board of directors of NWS Holdings
“EUR”	Euro, the official currency of the eurozone
“FY2011”	the financial year ended 30 June 2011
“FY2012”	the financial year ended 30 June 2012
“FY2013”	the financial year ended 30 June 2013
“FY2014”	the financial year ending 30 June 2014
“GDP”	gross domestic product
“Group”	NWS Holdings and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK\$m”	million of Hong Kong dollar
“Hong Kong” or “HKSAR”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Macau”	The Macau Special Administrative Region of the PRC
“Mainland China”	the PRC excluding Hong Kong, Macau and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
“MOP”	Macau Pataca, the lawful currency of Macau
“NWD”	New World Development Company Limited
“New World Group”	NWD and its subsidiaries
“NWS Holdings” or “Company”	NWS Holdings Limited
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America

Technical terms

“cbm(s)” or “m ³ ”	cubic metre(s)
“CJV”	co-operative joint venture company
“EJV”	equity joint venture company
“ft”	foot (feet)
“GW”	gigawatt(s), equals to 1,000,000 kilowatts
“ha”	hectare(s), equals to 10,000 square metres

Technical terms (continued)

“km”	kilometre(s)
“kWh”	kilowatt hour(s), a unit of measurement of electric energy, which is equal to the work done by one kilowatt of electric power in one hour
“m”	metre(s)
“MW”	megawatt(s), equals to 1,000 kilowatts
“PMPH(s)”	productive moves per hour, a measure of the productivity of quay cranes
“sq ft”	square foot (feet)
“sq km”	square kilometre(s)
“sq m”	square metre(s)
“TEU(s)”	twenty-foot equivalent unit(s), a standard measurement unit of a container. It is based on the dimensions of a container 20 feet long by 8 feet wide by 8.5 feet high with an average load of approximately nine tonnes
“tonne(s)”	equal to 1,000 kilograms

Financial terms

“Attributable operating profit” or “AOP”	Profit available for appropriation before corporate office and non-operating items
“Dividend Payout Ratio”	$\frac{\text{Dividends}}{\text{Profit attributable to shareholders of the Company}}$
“Earnings per Share – Basic”	$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Weighted average number of shares in issue during the year}}$
“EBIT”	Earnings before interests and tax expenses
“Net Gearing Ratio”	$\frac{\text{Net Debt}}{\text{Total equity}}$
“Net Assets”	Total assets less total liabilities
“Net Assets per Share”	$\frac{\text{Net Assets}}{\text{Number of issued shares at the end of the year}}$
“Net Debt”	Total Debt less cash and bank balances and short term deposits
“Return on Capital Employed”	$\frac{\text{Profit for the year}}{\text{Total equity + Non-current liabilities}}$
“Return on Equity”	$\frac{\text{Profit for the year}}{\text{Total equity}}$
“Total Debt”	The aggregate of bank loans, other loans, overdrafts and finance leases

Corporate Information

Board of Directors

Executive Directors

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

Non-executive Directors

Mr To Hin Tsun, Gerald
Mr Dominic Lai

Independent Non-executive Directors

Mr Kwong Che Keung, Gordon
Dr Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham
Mr Wilfried Ernst Kaffenberger
Mr Yeung Kun Wah, David
(alternate director to Mr Wilfried Ernst Kaffenberger)
Mr Lee Yiu Kwong, Alan

Board Committees

Executive Committee

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

Dr Cheng Kar Shun, Henry (Chairman)
Mr Tsang Yam Pui
Mr Kwong Che Keung, Gordon
Dr 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 Cheung Chin Cheung
Mr William Junior Guilherme Doo
Mr Cheng Chi Ming, Brian
Mr Dominic Lai
Mr Lee Yiu Kwong, Alan
Ms Lam Yuet Wan, Elina
Ms Tang Cheung Yi

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
26 Burnaby Street
Hamilton HM 11
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 America, N.A. Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
BNP Paribas Hong Kong Branch
Chong Hing Bank Limited
DBS Bank Ltd. Hong Kong Branch
Mizuho Bank, Ltd. Hong Kong Branch
Nanyang Commercial Bank, Limited
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

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

This annual report is also available at www.nws.com.hk.

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