



**SUSTAINING SOLID**  
**GROWTH** ➤

**NWS Holdings Limited**

Interim Report 2006 - 2007

Stock code: 0659



# Contents

Chairman's Message	2
Auditors' Review Report	5
Interim Results	6

Interim Dividend	28
Management Discussion and Analysis	29
Disclosure Pursuant to Rule 13.22 of the Listing Rules	36
Corporate Governance	37



SUSTAINING  
SOLID  
GROWTH

# Chairman's Message

## Dear shareholders,

On behalf of the board of directors (the "Board"), I am pleased to report that the financial results in the first half of the financial year ending 30 June 2007 of NWS Holdings Limited ("NWS Holdings" or the "Company", together with its subsidiary companies, the "Group") were again satisfactory. Despite an absence of exceptional gains during the current period, net profit of the Group for the six months ended 31 December 2006 (the "Current Period") in the amount of HK\$912.2 million was maintained at the same level as that of the same period last year.

## INTERIM DIVIDEND

The Board declared an interim dividend for the year ending 30 June 2007 of HK\$0.25 per share, representing an approximate 55% payout ratio.

## ROBUST PERFORMANCE

During the Current Period, financial results were promising and various outstanding corporate achievements were recorded. The Group's recurring operating profit increased 9% year-on-year. Unlike the same period last year, there were no exceptional gains to register in the Current Period. On a like-for-like comparison excluding exceptions, net profit for the Group actually increased 11%.

A number of business segments in both Infrastructure and Service & Rental divisions showed healthy growth, including Roads, Water, Ports, Facilities Rental and Contracting. Increased patronage and lower interest expenses served to improve the profitability of the Transport segment.

This robust performance took place against the backdrop of double-digit economic expansion in Mainland China. Last year's gross domestic product growth rate of 10.7% was the Mainland China's highest since 1995, marking the fourth successive year of expansion exceeding 10%. Although the World Bank forecasts a slowing in the growth rate to 9.6% in 2007, following a mild slowdown in exports and the implementation of policies to reduce Mainland China's trade surplus, the Group expects current performance to continue amid a positive macro-economic environment.

## NEW INVESTMENTS AND GROWTH STRATEGY

In strategic terms, the Group continues to focus on its core competent areas, investing in both infrastructure projects and service businesses with promising returns and positioning itself well to tap further growth opportunities, particularly in Mainland China. The 11th Five-Year Plan of the Chinese government lays particular emphasis on development projects such as water conservation and resources management, railways and ports, from which NWS Holdings should especially benefit.

In September 2006, following the signing of a joint venture agreement to build pivotal railway container terminals in 18 major cities in Mainland China, the Group signed a 50-year joint venture with six major transport, shipping and railway partners to implement the project. NWS Holdings is the second largest shareholder. The project will benefit from the expertise and know-how of individual strategic partners in their respective business sectors. Completion of all 18 terminals is scheduled for 2010, by which time Mainland China's annual rail containerized cargo volume is set to increase more than three-fold on the back of an enhanced rail network. Further rapid growth is expected when the terminals open.

The Group remains optimistic about the outlook for its Energy business and continues to explore new investment opportunities. We have taken a 35% stake in Chengdu Jintang Power Plant, which will commence operation within 2007. NWS Holdings has also acquired 9.45% interest in Guangdong Baolihua New Energy Stock Co., Limited which mainly operates a 2 x 135MW coal-fired power plant in Guangdong. This company is constructing another 2 x 300MW plant that will become operational in 2008.

During the Current Period, our Water portfolio continued to record healthy growth. Further to forming an investment company with Chongqing Water Holding (Group) Co. Ltd. to explore water projects in the mid-western part of the country, the Group has secured a municipal waste water treatment project in Chongqing, which began operation in January 2007. In addition, the Group has secured a water project in Changshu, Jiangsu Province, with positive contributions beginning in December 2006. The capacity of this project amounts to 675,000 cubic metres per day to serve a population of about 1,000,000.

Our Hong Kong business recorded satisfactory growth. The expansion of the Hong Kong Convention and Exhibition Centre (“HKCEC”) to increase exhibition space by 30% to 83,400 sq m is well underway. This expansion, with the completion targeted for 2009, is particularly timely in the light of Hong Kong’s strategic location as an international exhibition centre and the growing numbers of buyers looking to expand their business in Asian markets, in particular Mainland China. Meanwhile, our new duty free business at the terminal of the Lok Ma Chau Spur Line is scheduled to begin in mid-2007. This will benefit from the increasing two-way cross-boundary passenger traffic between Hong Kong and Mainland China.

## LOOKING FORWARD

For the future, we are confident of our long-term strategy. We aim to maintain a balanced portfolio in focused areas of business where we have a proven track record and accumulated expertise. We believe there is strong growth potential in both Infrastructure and Service & Rental businesses, and we aim to sustain our growth momentum and realize shareholder value by making prudent, focused investments while maintaining our healthy capital structure and dividend policy. When seeking investment opportunities, we continue to take into consideration a reasonable rate of return as well as possible market share. Mainland China remains the primary focus of our investments. However, Hong Kong’s economy continues to show signs of a full recovery and our Service & Rental business in Hong Kong is yielding good results. The Group remains committed to building service excellence and expanding brand recognition.

## CORPORATE GOVERNANCE

In the face of an ever changing business world, the strategic functions of the Board and targeted investor relations are keys to sound corporate governance. To maintain our leading edge in a highly competitive marketplace, NWS Holdings has constantly maintained sound corporate governance, transparency and integrity. Through appropriate deployment of internal resources, the Group has also capitalized on the strengths of member companies to create synergies. We lay particular stress on risk management and organize corporate governance seminars for the management team of different business divisions to raise awareness of risk management, changing market conditions and best practices worldwide. To further enhance corporate governance, a Corporate Governance Steering Committee, comprising executive directors and senior management, has been set up to formulate the corporate governance policies.

In recognition of the Group’s exemplary corporate governance, the Board was presented with the Directors Of The Year Award for listed companies by The Hong Kong Institute of Directors in November 2006.

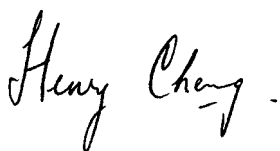
# Chairman's Message

## CORPORATE SOCIAL RESPONSIBILITY

NWS Holdings considers commitment to corporate social responsibility to be an essential way for business to contribute to sustainable economic development. In order to support our charity work, we recently set up the NWS Holdings Charities Foundation as a permanent platform for socially beneficial and philanthropic activities in the community at large. Meanwhile, the volunteer service organized by the corporate volunteer team NWS Volunteer Alliance has become a niche activity of the Group and has won awards and gained extensive recognition from various organizations. Its members will continue to devote their time to the benefit of society.

## VOTE OF THANKS

NWS Holdings is very much a people business. We rely on the dedication, loyalty and drive of our staff to propel us into the future. I would like to take this opportunity to thank everyone in the NWS Holdings team, whether staff, management or fellow directors, for their commitment and energy. All of them have a right to be proud of the continuing good performance of the Company.



**Dr Cheng Kar Shun, Henry**

*Chairman*

Hong Kong, 16 March 2007

# Auditors' Review Report



羅兵咸永道會計師事務所

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

## TO THE BOARD OF DIRECTORS OF NWS HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have been instructed by the Company to review the interim financial statements set out on pages 6 to 27.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of the interim financial statements to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial statements are the responsibility of, and have been approved by, the Board of Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of the management and applying analytical procedures to the interim financial statements and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial statements.

### REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial statements for the six months ended 31 December 2006.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 16 March 2007

# Interim Results

The Board is pleased to present the interim financial statements of the Group for the Current Period. The interim financial statements of the Group include the condensed consolidated income statement, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the Current Period and the condensed consolidated balance sheet as at 31 December 2006, all of which are unaudited and condensed, along with explanatory notes, and are set out on pages 6 to 27 of this report.

## CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Note	For the six months ended 31 December	
		2006 HK\$'m	2005 HK\$'m
Turnover	3	6,902.7	5,753.7
Cost of sales		(6,321.3)	(5,176.4)
Gross profit		581.4	577.3
Other income	4	76.6	160.4
General and administrative expenses		(367.6)	(375.4)
Operating profit	4	290.4	362.3
Finance costs		(118.8)	(125.4)
Share of results of			
Associated companies		248.5	297.5
Jointly controlled entities		545.9	433.3
Profit before income tax		966.0	967.7
Income tax expense	5	(40.4)	(47.1)
Profit for the period		925.6	920.6
Attributable to			
Shareholders of the Company		912.2	909.0
Minority interests		13.4	11.6
		925.6	920.6
Dividend	6	500.0	455.0
Earnings per share attributable to shareholders of the Company	7		
Basic		HK\$0.47	HK\$0.50
Diluted		HK\$0.46	HK\$0.49

**CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED**

	Note	At 31 December 2006 HK\$'m	At 30 June 2006 HK\$'m
<b>ASSETS</b>			
Non-current assets			
Investment properties	8	1,080.1	1,043.6
Property, plant and equipment	9	1,938.5	1,944.2
Leasehold land and land use rights	10	104.5	107.0
Goodwill		329.9	329.9
Associated companies		3,650.5	3,635.6
Jointly controlled entities		10,156.0	9,401.1
Other non-current assets		1,310.2	762.0
		<b>18,569.7</b>	<b>17,223.4</b>
Current assets			
Inventories		130.1	122.8
Trade and other receivables	11	5,696.2	5,692.6
Financial assets at fair value through profit or loss		–	1.1
Short term deposits	12	126.4	126.4
Cash and cash equivalents		2,318.1	2,421.3
		<b>8,270.8</b>	<b>8,364.2</b>
Total assets		<b>26,840.5</b>	<b>25,587.6</b>
<b>EQUITY</b>			
Share capital	13	1,988.8	1,943.8
Reserves	14	13,608.9	12,131.7
Proposed dividend	14	500.0	390.8
Shareholders' funds		<b>16,097.7</b>	<b>14,466.3</b>
Minority interests		405.9	387.1
Total equity		<b>16,503.6</b>	<b>14,853.4</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	15	2,943.1	3,311.6
Other non-current liabilities		777.3	775.7
		<b>3,720.4</b>	<b>4,087.3</b>
Current liabilities			
Trade and other payables	16	5,714.2	5,333.6
Taxation		72.4	96.6
Borrowings	15	829.9	1,216.7
		<b>6,616.5</b>	<b>6,646.9</b>
Total liabilities		<b>10,336.9</b>	<b>10,734.2</b>
Total equity and liabilities		<b>26,840.5</b>	<b>25,587.6</b>
Net current assets		<b>1,654.3</b>	<b>1,717.3</b>
Total assets less current liabilities		<b>20,224.0</b>	<b>18,940.7</b>



# Interim Results

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	For the six months ended 31 December 2006		
	Attributable to shareholders of the Company HK\$'m	Minority interests HK\$'m	Total HK\$'m
Balance at 1 July 2006	14,466.3	387.1	14,853.4
Fair value changes on available-for-sale financial assets	259.5	–	259.5
Currency translation differences	232.0	13.5	245.5
Net gains recognized directly in equity	491.5	13.5	505.0
Profit for the period	912.2	13.4	925.6
Dividend paid			
– to shareholders of the Company	(394.4)	–	(394.4)
– to minority interests	–	(8.3)	(8.3)
Scrip dividend			
– new shares issued – nominal value	12.7	–	12.7
– share premium on issue of new shares	213.2	–	213.2
Convertible bonds			
– new shares issued – nominal value	32.1	–	32.1
– share premium on issue of new shares	387.2	–	387.2
– equity component, net of tax	(23.9)	–	(23.9)
Share option scheme			
– new shares issued – nominal value	0.2	–	0.2
– share premium on issue of new shares	0.6	–	0.6
Capital contribution from minority interests	–	0.2	0.2
<b>Balance at 31 December 2006</b>	<b>16,097.7</b>	<b>405.9</b>	<b>16,503.6</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED  
(CONTINUED)**

	For the six months ended 31 December 2005		
	Attributable to shareholders of the Company HK\$m	Minority interests HK\$m	Total HK\$m
Balance at 1 July 2005	13,024.9	362.2	13,387.1
Fair value changes on available-for-sale financial assets	36.3	–	36.3
Currency translation differences	119.4	9.1	128.5
Net gains recognized directly in equity	155.7	9.1	164.8
Profit for the period	909.0	11.6	920.6
Dividend paid to minority interests	–	(0.6)	(0.6)
Share option scheme			
– value of services provided	1.7	–	1.7
– new shares issued – nominal value	12.0	–	12.0
– share premium on issue of new shares	32.5	–	32.5
Capital contribution from minority interests	–	0.6	0.6
Derecognition of minority interests upon disposal of a subsidiary company	–	(4.8)	(4.8)
Balance at 31 December 2005	14,135.8	378.1	14,513.9

# Interim Results

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	For the six months ended 31 December	
	2006 HK\$'m	2005 HK\$'m
Net cash generated from operating activities	243.3	119.4
Net cash generated from investing activities	201.4	144.2
Net cash used in financing activities	(568.0)	(872.0)
Net decrease in cash and cash equivalents	(123.3)	(608.4)
Cash and cash equivalents at 1 July	2,421.3	3,649.9
Currency translation differences	20.1	2.9
Cash and cash equivalents at 31 December	2,318.1	3,044.4

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of its subsidiary companies include:

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

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

The interim financial statements have been approved for issue by the Board on 16 March 2007.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (the “interim financial statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Hong Kong Stock Exchange. The interim financial statements should be read in conjunction with the 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the 2006 annual financial statements.

In the year ended 30 June 2006, the Group early adopted the amendment to Hong Kong Accounting Standard 21 “The effects of changes in foreign exchange rates – Net investment in a foreign operation”. For the Current Period, the Group has adopted all the remaining new standards, amendments to standards and interpretations that are currently in issue and effective for the accounting periods beginning on or after 1 January 2006. However, the adoption of these new standards does not have any significant effect on the accounting policies or results and financial position of the Group.

Certain new standards, amendments and interpretations to published standards that are mandatory for accounting periods beginning on or after 1 July 2007 but which the Group has not yet adopted, are as follows:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The Group has already commenced an assessment of the impact of these new standards, amendments and interpretations but is not yet in a position to state whether they would have a significant impact on its results and financial position.

# Interim Results

## 3. TURNOVER AND SEGMENT INFORMATION

The Group's turnover is analyzed as follows:

	For the six months ended 31 December	
	2006 HK\$m	2005 HK\$m
Container handling, logistics and warehousing	10.5	7.2
Roads and bridges	119.9	122.4
Facilities rental	454.0	435.9
Facilities management	1,222.1	1,304.6
Contracting	5,054.9	3,767.3
Sales of goods and rendering of other services	41.3	116.3
	<b>6,902.7</b>	<b>5,753.7</b>

In accordance with the Group's internal financial reporting and operating activities, the primary reporting format is by business segments and the secondary reporting format is by geographical segments.

**3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)****(a) Primary reporting format – business segments**

In HK\$m	Container handling, logistics and warehousing	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Transport	Others	Eliminations	Consolidated
<b>For the six months ended</b>										
<b>31 December 2006</b>										
External sales	10.5	119.9	–	454.0	1,222.1	5,054.9	–	41.3	–	6,902.7
Inter-segment sales	–	–	–	0.3	55.7	291.4	–	9.5	(356.9)	–
Total turnover	10.5	119.9	–	454.3	1,277.8	5,346.3	–	50.8	(356.9)	6,902.7
Segment results	2.4	61.7	6.5	132.6	91.0	61.0	2.3	9.7	–	367.2
Unallocated corporate expenses										(76.8)
Operating profit										290.4
Finance costs										(118.8)
Share of results of										
Associated companies	17.8	(8.1)	160.6	–	0.1	37.2	–	40.9	–	248.5
Jointly controlled entities	23.1	253.3	80.6	108.0	0.1	27.8	53.8	(0.8)	–	545.9
Profit before income tax										966.0
Income tax expense										(40.4)
Profit for the period										925.6
Capital expenditure	0.3	0.5	–	10.4	16.7	33.3	–	4.7	–	65.9
Depreciation	0.6	43.7	–	11.8	16.8	20.5	–	5.6	–	99.0
Amortization of leasehold land and land use rights	–	–	–	–	0.1	0.3	–	0.2	–	0.6
<b>At 31 December 2006</b>										
Segment assets	47.4	1,600.3	503.7	1,293.4	662.0	4,979.0	–	667.8	–	9,753.6
Associated companies	315.4	420.1	1,519.5	–	1.0	798.9	–	595.6	–	3,650.5
Jointly controlled entities	606.6	3,955.4	1,658.9	1,760.3	9.3	857.1	1,308.4	–	–	10,156.0
Unallocated assets										3,280.4
Total assets										26,840.5
Segment liabilities	4.6	612.7	0.3	284.0	477.8	4,343.9	–	86.5	–	5,809.8
Unallocated liabilities										4,527.1
Total liabilities										10,336.9

# Interim Results

## 3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

### (a) Primary reporting format – business segments (Continued)

In HK\$m	Container handling, logistics and warehousing	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Transport	Others	Eliminations	Consolidated
For the six months ended										
31 December 2005										
External sales	7.2	122.4	–	435.9	1,304.6	3,767.3	–	116.3	–	5,753.7
Inter-segment sales	–	–	–	–	80.5	228.9	–	11.1	(320.5)	–
Total turnover	7.2	122.4	–	435.9	1,385.1	3,996.2	–	127.4	(320.5)	5,753.7
Segment results	3.4	70.7	6.1	130.8	73.9	58.3	–	(5.5)	–	337.7
Profit on disposal of a subsidiary company	–	65.7	–	–	–	–	–	–	–	65.7
Fair value gains on investment properties	–	–	–	3.0	–	–	–	–	–	3.0
Profit on disposal of land use rights and properties	22.7	–	–	–	–	–	–	–	–	22.7
Unallocated corporate expenses										(66.8)
Operating profit										362.3
Finance costs										(125.4)
Share of results of										
Associated companies	8.3	(2.1)	235.6	–	0.1	27.5	–	28.1	–	297.5
Jointly controlled entities	25.5	192.5	76.7	95.7	(0.1)	6.1	37.4	(0.5)	–	433.3
Profit before income tax										967.7
Income tax expense										(47.1)
Profit for the period										920.6
Capital expenditure	0.1	0.3	–	14.1	10.8	17.0	–	1.6	–	43.9
Depreciation	1.0	37.9	–	9.0	19.7	21.2	–	3.8	–	92.6
Amortization of leasehold land and land use rights	–	–	–	–	0.1	0.7	–	0.2	–	1.0
At 30 June 2006										
Segment assets	139.9	1,872.5	–	1,237.8	671.7	4,860.0	–	517.5	–	9,299.4
Associated companies	292.5	413.2	1,527.9	–	0.8	774.5	–	626.7	–	3,635.6
Jointly controlled entities	405.6	3,699.9	1,451.3	1,822.1	9.2	760.8	1,252.2	–	–	9,401.1
Unallocated assets										3,251.5
Total assets										25,587.6
Segment liabilities	3.4	627.8	0.4	287.9	465.2	4,016.4	–	181.1	–	5,582.2
Unallocated liabilities										5,152.0
Total liabilities										10,734.2

**3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)****(b) Secondary reporting format – geographical segments**

In HK\$m	Turnover	Segment results	Capital expenditure	Segment assets
		For the six months ended 31 December 2006		At 31 December 2006
<b>Hong Kong</b>	3,983.8	230.4	51.6	5,937.6
<b>Mainland China</b>	918.9	87.8	14.3	2,782.6
<b>Macau</b>	1,999.6	47.7	–	1,027.0
<b>Others</b>	0.4	1.3	–	6.4
	<b>6,902.7</b>	<b>367.2</b>	<b>65.9</b>	<b>9,753.6</b>
		For the six months ended 31 December 2005		At 30 June 2006
Hong Kong	4,063.0	214.8	35.2	5,978.7
Mainland China	866.0	85.3	7.5	2,694.8
Macau	824.4	35.8	1.2	613.2
Others	0.3	1.8	–	12.7
	5,753.7	337.7	43.9	9,299.4



# Interim Results

## 4. OPERATING PROFIT

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

	For the six months ended 31 December	
	2006 HK\$'m	2005 HK\$'m
Crediting		
Gross rental income from investment properties	21.2	19.8
Less: Outgoings	(5.3)	(5.1)
	15.9	14.7
Exchange gains	13.6	16.3
Other income		
Profit on disposal of a subsidiary company	–	65.7
Profit on disposal of land use rights and properties	–	22.7
Interest income	40.8	40.3
Management fee	12.4	19.3
Machinery hire income	12.8	0.2
Fair value gains on investment properties	–	3.0
Dividend and other income	10.6	9.2
	76.6	160.4
Charging		
Cost of inventories sold	365.3	429.0
Depreciation	99.0	92.6
Amortization of leasehold land and land use rights	0.6	1.0
Operating lease rental expenses	32.6	29.6

## 5. INCOME TAX EXPENSE

Hong Kong profits tax is provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the Current Period. Tax on Mainland China and overseas profits has been calculated on the estimated taxable profits for the Current Period at the rates of tax prevailing in the countries in which the Group operates.

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

	For the six months ended 31 December	
	2006 HK\$m	2005 HK\$m
Current income tax		
Hong Kong profits tax	32.0	36.8
Mainland China and overseas tax	14.7	10.9
Deferred income tax	(6.3)	(0.6)
	40.4	47.1

Share of associated companies' and jointly controlled entities' tax for the Current Period of HK\$46.7 million (2005: HK\$37.4 million) and HK\$86.1 million (2005: HK\$77.0 million) are included in the condensed consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

## 6. DIVIDEND

	For the six months ended 31 December	
	2006 HK\$m	2005 HK\$m
Interim dividend declared of HK\$0.25 (2005: paid of HK\$0.24) per share	500.0	455.0

# Interim Results

## 7. EARNINGS PER SHARE

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

	For the six months ended 31 December	
	2006 HK\$m	2005 HK\$m
Profit attributable to shareholders of the Company	912.2	909.0
Effect of dilutive potential ordinary shares		
Interest on convertible bonds, net of tax	3.2	11.2
Profit for calculation of diluted earnings per share	915.4	920.2

	Number of shares	
	2006	2005
Weighted average number of shares for calculating basic earnings per share	1,958,495,305	1,832,497,978
Effect of dilutive potential ordinary shares		
Share options	1,775,913	1,858,832
Convertible bonds	28,645,840	49,658,790
Weighted average number of shares for calculating diluted earnings per share	1,988,917,058	1,884,015,600

## 8. INVESTMENT PROPERTIES

	HK\$m
At 1 July 2006	1,043.6
Transfer from leasehold land and land use rights, property, plant and equipment	36.5
<b>At 31 December 2006</b>	<b>1,080.1</b>

Vigers Hong Kong Limited, independent professional property valuers, was engaged to carry out an independent valuation on the investment properties as at 31 December 2006. The independent valuation, performed on an open market value basis, shows no significant difference from the carrying value as at 31 December 2006.

**9. PROPERTY, PLANT AND EQUIPMENT**

In HK\$m	Properties	Roads and bridges	Port facilities and terminal equipment	Other plant and equipment	Total
<b>Cost</b>					
At 1 July 2006	185.8	1,823.3	11.1	1,361.3	3,381.5
Currency translation differences	0.5	79.4	0.4	3.9	84.2
Additions	1.6	–	–	64.3	65.9
Disposals	–	–	–	(18.0)	(18.0)
Transfer to investment properties	(36.4)	–	–	–	(36.4)
<b>At 31 December 2006</b>	<b>151.5</b>	<b>1,902.7</b>	<b>11.5</b>	<b>1,411.5</b>	<b>3,477.2</b>
<b>Accumulated depreciation and impairment</b>					
At 1 July 2006	27.5	409.3	5.9	994.6	1,437.3
Currency translation differences	–	18.0	0.2	1.7	19.9
Depreciation	2.1	42.8	0.4	53.7	99.0
Disposals	–	–	–	(15.4)	(15.4)
Transfer to investment properties	(2.1)	–	–	–	(2.1)
<b>At 31 December 2006</b>	<b>27.5</b>	<b>470.1</b>	<b>6.5</b>	<b>1,034.6</b>	<b>1,538.7</b>
<b>Net book value</b>					
<b>At 31 December 2006</b>	<b>124.0</b>	<b>1,432.6</b>	<b>5.0</b>	<b>376.9</b>	<b>1,938.5</b>
At 30 June 2006	158.3	1,414.0	5.2	366.7	1,944.2

**10. LEASEHOLD LAND AND LAND USE RIGHTS**

	HK\$m
<b>Cost</b>	
At 1 July 2006	144.5
Currency translation differences	0.3
Transfer to investment properties	(3.4)
<b>At 31 December 2006</b>	<b>141.4</b>
<b>Accumulated depreciation and impairment</b>	
At 1 July 2006	37.5
Amortization	0.6
Transfer to investment properties	(1.2)
<b>At 31 December 2006</b>	<b>36.9</b>
<b>Net book value</b>	
<b>At 31 December 2006</b>	<b>104.5</b>
At 30 June 2006	107.0

# Interim Results

## 11. TRADE AND OTHER RECEIVABLES

	Note	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Trade receivables	11(a)	1,710.6	1,193.5
Retention money receivables		1,075.4	904.2
Current portion of long term receivable		77.7	77.7
Amounts due from customers for contract works		355.1	356.2
Other receivables, deposits and prepayments		2,208.7	2,869.2
Amounts due from associated companies		93.6	26.7
Amounts due from jointly controlled entities		175.1	265.1
		<b>5,696.2</b>	<b>5,692.6</b>

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

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Under 3 months	1,389.7	962.4
Between 4 – 6 months	113.3	108.2
Over 6 months	207.6	122.9
	<b>1,710.6</b>	<b>1,193.5</b>

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

## 12. SHORT TERM DEPOSITS

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

**13. SHARE CAPITAL**

	Ordinary shares	
	Number of shares	HK\$m
Authorized		
At 30 June 2006 and 31 December 2006	2,400,000,000	2,400.0
Issued and fully paid		
At 1 July 2006	1,943,752,725	1,943.8
Exercise of share options	229,629	0.2
Issued as scrip dividend	12,738,418	12.7
Conversion of convertible bonds	32,116,836	32.1
At 31 December 2006	1,988,837,608	1,988.8

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

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

	Number of options
At 1 July 2006	2,548,937
Exercised	(229,629)
Lapsed	(6,746)
At 31 December 2006	2,312,562

On 21 July 2003, 41,497,000 share options were granted to directors and certain eligible participants at the exercise price of HK\$3.725 per share, which represented the average of the closing price of the Company's shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of grant. Such share options will expire on 21 July 2008.

Due to the distribution of dividends of the Company in scrip form, several adjustments had been made for the number of unexercised share options and the exercise price pursuant to the Share Option Scheme. The exercise price per share of share options was adjusted to HK\$3.711 with effect from 6 January 2006.

# Interim Results

## 14. RESERVES

In HK\$m	Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	Total
At 1 July 2006	8,596.2	336.8	43.2	123.5	3,422.8	12,522.5
Profit attributable to shareholders of the Company	–	–	–	–	912.2	912.2
Dividend	–	–	–	–	(394.4)	(394.4)
Fair value changes on available-for-sale financial assets	–	–	259.5	–	–	259.5
Currency translation differences						
– Group	–	–	–	45.8	–	45.8
– Associated companies	–	–	–	74.3	–	74.3
– Jointly controlled entities	–	–	–	111.9	–	111.9
Scrip dividend						
– share premium on issue of new shares	213.2	–	–	–	–	213.2
Convertible bonds						
– share premium on issue of new shares	387.2	–	–	–	–	387.2
– equity component	–	(29.0)	–	–	–	(29.0)
– deferred tax on equity component	–	5.1	–	–	–	5.1
Share option scheme						
– share premium on issue of new shares	0.6	–	–	–	–	0.6
<b>At 31 December 2006</b>	<b>9,197.2</b>	<b>312.9</b>	<b>302.7</b>	<b>355.5</b>	<b>3,940.6</b>	<b>14,108.9</b>
Representing						
Balance as at 31 December 2006	9,197.2	312.9	302.7	355.5	3,440.6	13,608.9
2007 declared interim dividend	–	–	–	–	500.0	500.0
	9,197.2	312.9	302.7	355.5	3,940.6	14,108.9

**15. BORROWINGS**

	At 31 December 2006 HK\$'m	At 30 June 2006 HK\$'m
Non-current		
Bank loans	2,809.6	2,791.6
Convertible bonds	133.5	520.0
	<b>2,943.1</b>	3,311.6
Current		
Current portion of bank loans	751.7	882.9
Short term bank loans and overdrafts – unsecured	78.2	333.8
	<b>829.9</b>	1,216.7
	<b>3,773.0</b>	4,528.3

Movement in borrowings is analyzed as follows:

	HK\$'m
At 1 July 2006	4,528.3
Repayments of bank loans and borrowings	(1,888.3)
Drawdown of bank loans and borrowings	1,519.5
Conversion and amortization of convertible bonds	(386.5)
<b>At 31 December 2006</b>	<b>3,773.0</b>

**16. TRADE AND OTHER PAYABLES**

	Note	At 31 December 2006 HK\$'m	At 30 June 2006 HK\$'m
Trade payables	16(a)	702.3	685.1
Retention money payables		674.8	566.8
Advances received from customers for contract works		60.7	123.4
Other payables and accruals		3,293.5	3,212.2
Amounts due to customers for contract works		688.0	485.4
Amount due to a fellow subsidiary company		219.2	210.8
Amounts due to minority interests		38.0	31.6
Amounts due to associated companies		3.1	3.3
Amounts due to jointly controlled entities		34.6	15.0
		<b>5,714.2</b>	5,333.6



# Interim Results

## 16. TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Under 3 months	569.3	567.4
Between 4 – 6 months	58.3	51.3
Over 6 months	74.7	66.4
	<b>702.3</b>	<b>685.1</b>

## 17. COMMITMENTS

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

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Contracted but not provided for		
Property, plant and equipment	–	1.3
Investment properties	253.9	285.0
Capital contributions in associated companies and jointly controlled entities	896.9	928.1
Investment in other projects	2,640.0	–
	<b>3,790.8</b>	<b>1,214.4</b>
Authorized but not contracted for		
Investment in other projects	–	2,824.0
	–	2,824.0
	<b>3,790.8</b>	<b>4,038.4</b>

**17. COMMITMENTS (CONTINUED)**

(b) The Group's share of commitments for capital expenditure of the jointly controlled entities is as follows:

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Contracted but not provided for		
Property, plant and equipment	270.7	385.7
Capital contributions in jointly controlled entities	–	115.0
Authorized but not contracted for		
Property, plant and equipment	81.0	101.0
	<b>351.7</b>	<b>601.7</b>

In addition, the Group's share of commitments for property development expenditure of the jointly controlled entities as at 31 December 2006 amounted to HK\$633.4 million (30 June 2006: HK\$701.1 million).

(c) Commitments under operating leases

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

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Buildings		
In the first year	47.4	45.3
In the second to fifth year inclusive	62.9	38.8
After the fifth year	25.9	3.8
	<b>136.2</b>	<b>87.9</b>
Other equipment		
In the first year	0.5	1.8
	<b>136.7</b>	<b>89.7</b>

(d) Future minimum rental payments receivable

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

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
In the first year	10.9	10.1
In the second to fifth year inclusive	20.9	11.8
	<b>31.8</b>	<b>21.9</b>

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

# Interim Results

## 18. CONTINGENT LIABILITIES

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

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Guarantees for credit facilities granted to		
Associated companies	11.9	11.9
Jointly controlled entities	1,047.6	1,074.0
A related company	55.0	55.0
	<b>1,114.5</b>	<b>1,140.9</b>

(b) The Group's share of contingent liabilities of the jointly controlled entities is HK\$160.7 million (30 June 2006: HK\$65.0 million).

## 19. RELATED PARTY TRANSACTIONS

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

	Note	For the six months ended 31 December	
		2006 HK\$m	2005 HK\$m
<b>Transactions with affiliated companies</b>	(i)		
Provision of contracting work services	(ii)	296.9	136.2
Provision of other services	(iii)	15.9	13.4
Interest income	(iv)	8.4	7.1
Management fee	(v)	6.7	6.2
Rental and other related expenses	(vi)	(4.3)	(3.0)
<b>Transactions with other related parties</b>	(i)		
Provision of contracting work services	(ii)	690.3	1,099.7
Provision of other services	(iii)	71.0	64.4
Rental and other related expenses	(vi)	(11.1)	(12.9)

- (i) Affiliated companies include associated companies and jointly controlled entities of the Group. Related parties are group companies, associated companies and jointly controlled entities of New World Development Company Limited ("NWD"), which are not companies within the Group. NWD is the ultimate holding company of the Company.
- (ii) Revenue from the provision of contracting work services was charged on normal contract terms no less favourable than those charged to and contracted with third party customers of the Group.
- (iii) The Group provided various kinds of services including facilities management, financial, environmental and other services to certain related parties. Revenue was made in the normal course of business at prices and at terms no less favourable than those charged to third party customers of the Group in accordance with the relevant contracts.

**19. RELATED PARTY TRANSACTIONS (CONTINUED)**

(iv) Interest income was charged at interest rates in accordance with relevant contracts.

(v) Management fee was charged at rates in accordance with relevant contracts.

(vi) Rental and other related expenses were charged at rates in accordance with respective tenancy agreements.

**(b) Key management compensation**

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

	For the six months ended 31 December	
	2006 HK\$m	2005 HK\$m
Fees	1.2	1.2
Basic salaries, allowances and other benefits	14.4	12.5
Share option benefits	–	14.9
Employer's contributions to retirement benefits schemes	0.8	0.7
	<b>16.4</b>	<b>29.3</b>

(c) The amounts receivable from associated companies and jointly controlled entities are HK\$2,609.1 million (30 June 2006: HK\$2,606.0 million). The amounts receivable are unsecured, of which HK\$413.7 million (30 June 2006: HK\$387.0 million) are interest bearing. The amounts payable to associated companies, jointly controlled entities, minority shareholders and a fellow subsidiary company are HK\$783.3 million (30 June 2006: HK\$745.8 million). The amounts payable are unsecured, of which HK\$417.7 million (30 June 2006: HK\$402.2 million) are interest bearing.

**(d) Loan to a director**

	At 31 December 2006 HK\$m	At 30 June 2006 HK\$m
Loan to a director of the Company	4.4	4.6

The loan is secured, bears interest at 3% per annum and has repayment terms as specified in the loan agreement. The maximum outstanding balance during the Current Period was HK\$4.6 million. No provision has been made in the Current Period.

**20. COMPARATIVE FIGURES**

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

# Interim Dividend

The Board has resolved to declare an interim dividend for the year ending 30 June 2007 in scrip form equivalent to HK\$0.25 per share with a cash option to shareholders registered on 13 April 2007.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they be given the option to elect to receive payment in cash of HK\$0.25 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 3 May 2007.

## **BOOK CLOSE DATES**

Book close dates (both days inclusive):	10 April 2007 to 13 April 2007
Latest time to lodge transfer with transfer office:	4:00pm on 4 April 2007
Name and address of transfer office:	Standard Registrars Limited 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong

# Management Discussion and Analysis

## GROUP OVERVIEW

The Group reported a profit attributable to shareholders of HK\$912.2 million for the Current Period, as compared to HK\$909.0 million for the corresponding period in last financial year (the “Last Period”). Attributable operating profit (“AOP”) rose by 9% from HK\$1.024 billion in the Last Period to HK\$1.119 billion in the Current Period. Infrastructure division achieved an AOP of HK\$597.0 million, a slight decrease of 5% as compared to HK\$626.2 million in the Last Period. Service & Rental division reported an AOP of HK\$521.5 million, representing a significant increase of 31% from HK\$398.2 million in the Last Period.

### Contribution by division

	For the six months ended 31 December	
	2006 HK\$'m	2005 HK\$'m
Infrastructure	597.0	626.2
Service & Rental	521.5	398.2
<b>Attributable operating profit</b>	<b>1,118.5</b>	<b>1,024.4</b>
<i>Head office and non-operating items</i>		
Net profit on disposal of infrastructure projects	–	83.8
Other interest income	28.6	43.3
Other finance costs	(112.8)	(109.9)
Others	(122.1)	(132.6)
	<b>(206.3)</b>	<b>(115.4)</b>
<b>Profit attributable to shareholders</b>	<b>912.2</b>	<b>909.0</b>

Contributions from Hong Kong accounted for 42% of AOP while Mainland China and Macau contributed 58%, as compared to 35% and 65% respectively in the Last Period.

### Earnings per share

Basic earnings per share were HK\$0.47 for the Current Period, a slight decrease over HK\$0.50 in the Last Period. If the net profit on disposal of infrastructure projects recorded in the Last Period was excluded, earnings per share actually increased by 4%.

### Treasury management and cash funding

The Group’s funding and treasury policy is to maintain a comprehensively diversified and balanced debt profile to minimize financial risks. Management of the Group’s financing and treasury activities are centralized at the corporate level. The Group’s treasury function regularly reviews the funding requirements of its subsidiary companies in order to enhance the cost-efficiency of funding initiatives. With bank deposits and cash in hand as well as available banking facilities, the Group maintains a strong liquidity position, and has sufficient financial resources to fund its recurring operating activities, present investments and future investment opportunities.

# Management Discussion and Analysis

## GROUP OVERVIEW (CONTINUED)

### Liquidity

As at 31 December 2006, total cash and bank balances amounted to HK\$2.445 billion, as compared to HK\$2.548 billion as at 30 June 2006. Net debt dropped by 33% from HK\$1.981 billion as at 30 June 2006 to HK\$1.329 billion as at 31 December 2006. The gearing ratio, which represents net debt to equity, decreased from 13% as at 30 June 2006 to 8% as at 31 December 2006. The capital structure of the Group was 19% debt and 81% equity as at 31 December 2006, similar to 23% debt and 77% equity as at 30 June 2006. As at 31 December 2006, bank loan facilities totalled HK\$6.9 billion, of which HK\$3.6 billion had been drawn down.

### Debt profile and maturity

As at 31 December 2006, total debt decreased to HK\$3.773 billion from HK\$4.528 billion as at 30 June 2006. Apart from the zero coupon guaranteed convertible bonds, long-term bank loans and borrowings increased from HK\$2.792 billion as at 30 June 2006 to HK\$2.810 billion as at 31 December 2006, with HK\$800.7 million maturing in the second year and the remaining in the third to fifth year. No bank loans and overdrafts were secured as at 31 December 2006. All bank loans were denominated in Hong Kong dollars. Except for the convertible bonds, all other debts were bearing interest at floating rate. The Group did not have any material exposure in exchange risk other than RMB during the period. No property, plant and equipment, investment properties nor leasehold land and land use rights were pledged as at 31 December 2006.

### Commitments

The Group's commitments for capital expenditure were HK\$3.791 billion as at 31 December 2006 as compared to HK\$4.038 billion as at 30 June 2006. This represented mainly the commitment for a project of development and operation of rail container terminals and related businesses in Mainland China of HK\$2.640 billion as at 31 December 2006 as compared to HK\$2.539 billion as at 30 June 2006, commitments for capital contributions in certain associated companies, jointly controlled entities and other projects of HK\$896.9 million as at 31 December 2006 as compared to HK\$1.213 billion as at 30 June 2006, and commitments for properties and equipment of HK\$253.9 million as at 31 December 2006 as compared to HK\$286.3 million as at 30 June 2006. The share of commitments for capital expenditure committed by jointly controlled entities was HK\$985.1 million as at 31 December 2006 as compared to HK\$1.303 billion as at 30 June 2006. Sources of funding for commitments for capital expenditure are internally generated resources and banking facilities.

### Contingent liabilities

Contingent liabilities of the Group were HK\$1.115 billion as at 31 December 2006 as compared to HK\$1.141 billion as at 30 June 2006. These were composed of guarantees for credit facilities granted to associated companies, jointly controlled entities and a related company of HK\$11.9 million, HK\$1.048 billion and HK\$55.0 million as at 31 December 2006 as compared to HK\$11.9 million, HK\$1.074 billion and HK\$55.0 million respectively as at 30 June 2006. The share of contingent liabilities of jointly controlled entities was HK\$160.7 million as at 31 December 2006 as compared to HK\$65.0 million as at 30 June 2006.

### Employees and remuneration policies

As at 31 December 2006, over 41,000 staff were employed by companies under the Group's management of which over 23,000 were employed in Hong Kong. Total staff related costs, excluding directors' remunerations, were HK\$1.047 billion (2005: HK\$1.152 billion) of which provident funds and staff bonuses were included. Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structural training programmes were provided to employees on an ongoing basis.

**OPERATIONAL REVIEW – INFRASTRUCTURE****AOP contribution by segment**

	For the six months ended 31 December		
	2006 HK\$'m	2005 HK\$'m	Change % Fav./ (Unfav.)
Roads	285.0	238.7	19
Energy	214.0	299.4	(29)
Water	56.0	51.2	9
Ports	42.0	36.9	14
Total	597.0	626.2	(5)

AOP of the Infrastructure division for the Current Period decreased 5% from HK\$626.2 million to HK\$597.0 million.

**Roads**

The AOP of the Roads segment for the Current Period was HK\$285.0 million, grew HK\$46.3 million or 19% from the Last Period. Appreciation of RMB during the Current Period has also contributed to such increase in AOP.

Performance of projects within the Pearl River Delta Region continues to shine. Average daily traffic flow of Guangzhou City Northern Ring Road reported a 15% growth and toll income increased by RMB28.5 million during the Current Period. Toll income of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) soared by RMB111.1 million or 34% in the Current Period as benefited by the strong economic development of the Pearl River Delta Region and the opening of a connecting expressway in November 2005. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway increased by 13% when compared to the Last Period.

Affected by the opening of a nearby expressway in November 2005, toll revenue of Guangxi Roadways Network was down slightly by 1% with average daily traffic flow reduced 2% in the Current Period.

AOP contribution from Shanxi Roadways Network reduced by 37% in the Current Period. Closure of small coalmines in the latter half of 2005 drove its average daily traffic flow, on a combined basis, down 13%.

The average daily traffic flow of Tangjin Expressway (Tianjin North Section) increased 22% and toll income increased by RMB33.9 million, as a result of renovation of a competing road network since mid-2006.

The increase in the utilization of Wuhan Tianhe Airport boosted the traffic flow of the Wuhan Airport Expressway. The average daily traffic flow increased by 9% during the Current Period.

AOP from Tate's Cairn Tunnel ("TCT") grew 5% when compared to the Last Period. The increase in toll rates since August 2005 had driven the average daily traffic flow of TCT down by 1% but its toll revenue increased by 1% for the Current Period.



# Management Discussion and Analysis

## OPERATIONAL REVIEW – INFRASTRUCTURE (CONTINUED)

### Energy

AOP of the Energy segment reduced 29% or HK\$85.4 million to HK\$214.0 million in the Current Period.

The combined AOP of Zhujiang Power Plant dropped by 30% during the Current Period, partly due to a one-off gain in the Last Period due to a change in depreciation policy as required by the tax authority. Moreover, combined electricity sales decreased by 9% in the Current Period as more electricity imported from the western provinces and also new generation units coming into the market. Such adverse impact was partly compensated by the increase in average tariff of 4% arising from the coal-link tariff adjustments during the Current Period. Despite the decrease in electricity sales, the average utilization of Zhujiang Power Plant stayed in the high level of about 80%. The Group is optimistic towards the outlook of the energy business and will continue to explore new investment opportunities. Performance of Macau Power was satisfactory with 14% increase in electricity sales.

The Group acquired 35% interest in Chengdu Jintang Power Plant, a 2 x 600MW coal-fired power plant, which supplies electricity in Chengdu, Sichuan Province. The project will commence operation in 2007. In addition, the Group also acquired a 9.45% shareholding in Guangdong Baolihua New Energy Stock Co., Limited, which mainly operates a 2 x 135MW coal-fired power plant in Guangdong and is listed on the Shenzhen Stock Exchange.

### Water

AOP contribution from Water segment grew to HK\$56.0 million, up HK\$4.8 million or 9% when compared to the Last Period.

Macau Water Plant reported a 10% increase in average daily water sales volume while the Chongqing Water Plant and Shanghai SCIP Water Treatment Plants had an impressive growth of 20% and 54% respectively in water sales volume. Performance of other water projects in Mainland China was satisfactory. During the Current Period, a new water project in Changshu, Jiangsu Province was contracted and commenced profit contribution to the Group from December 2006. The Group has also acquired an indirect stake of 25% in Chongqing Tangjiatuo Waste Water Plant via Sino-French Holdings (Hong Kong) Limited ("SFH"). This is the first municipal waste water treatment project for SFH and it commenced operations on 1 January 2007.

**OPERATIONAL REVIEW – INFRASTRUCTURE (CONTINUED)****Ports**

AOP contribution of Ports segment increased from HK\$36.9 million in the Last Period to HK\$42.0 million for the Current Period.

Although Xiamen New World Xiangyu Terminals Co., Ltd. reported a 4% volume growth to 380,000 TEUs in the Current Period, its AOP reduced by 17%. Decrease in AOP was mainly due to additional depreciation and interest expenses incurred for newly acquired fixed assets.

Despite a 3% decrease in throughput to 549,000 TEUs, AOP of Tianjin Orient Container Terminals Co., Ltd. maintained at the same level of the Last Period due to an increase in average revenue per TEU as a result of more foreign cargo volume. The conversion of the existing coal berth to container handling facility was completed and commenced operation in February 2007.

Tianjin Five Continents International Container Terminal Co., Ltd. handled 1,036,000 TEUs during the Current Period and produced positive contribution to AOP.

In August 2006, the Group acquired 55% interest of Wenzhou Zhuangyuan Ao New World International Terminals Company Limited, which operates two multi-purpose berths in Zhuangyuanao, Zhejiang Province. The project is expected to be operational by early 2008.

# Management Discussion and Analysis

## OPERATIONAL REVIEW – SERVICE & RENTAL

Service & Rental division has achieved an AOP of HK\$521.5 million for the Current Period, representing an increase of 31% when compared to the Last Period. The significant increment in AOP was attributable to the steadily growing economy.

### AOP contribution by segment

	For the six months ended 31 December		
	2006 HK\$m	2005 HK\$m	Change % Fav./ (Unfav.)
Facilities Rental	222.5	206.4	8
Contracting	110.1	73.5	50
Transport	56.2	37.4	50
Others	132.7	80.9	64
Total	521.5	398.2	31

### Facilities Rental

The Facilities Rental segment, mainly comprises HKCEC and ATL Logistics Centre (“ATL”), has persistently contributed a stable profit and cash inflow to the Group. The segment reported an AOP of HK\$222.5 million, an increment of 8% over the Last Period.

HKCEC reported a slight increase in profit during the Current Period. It has achieved a record high attendance for the first half of any fiscal year of over 3.5 million persons attending more than 600 events held during the Current Period. Competitions from the AsiaWorld Expo, Venetian Macau and other conferences and exhibitions venues in the Mainland China will pose increasing challenges to HKCEC. As such, HKCEC is dedicated to further enhance its service quality, facilities and equipment in order to strengthen its leading and world-class exhibition centre position. Construction works of the atrium link expansion has commenced in August 2006 and is due for completion in 2009. The new 19,400 sq m expansion will increase HKCEC's available space to a total of 83,400 sq m.

Benefiting from the positive warehousing industry in Hong Kong, ATL recorded a steady profit with average occupancy rate reaching 98% during the Current Period. Being one of the market leaders in the industry, ATL continues to provide professional warehousing and terminal services to its global and sophisticated clientele at its large multi-storey drive-in warehousing/container freight station complex. The Group believes that ATL will keep on delivering steady contribution along with the persistent growth of both the Hong Kong and Mainland China economies.

## **OPERATIONAL REVIEW – SERVICE & RENTAL (CONTINUED)**

### **Contracting**

With gradual improvement of the overall operating environment, the Contracting segment has achieved satisfactory results with a profit of HK\$110.1 million during the Current Period.

Although the recovery of construction industry in Hong Kong is still lagging behind, it has shown clear signs of bottom-out. As at 31 December 2006, the Group's construction business has secured contracts, which are of substantial size with gross value of contract-on-hand over HK\$24.1 billion. Business performance in Macau continues to be encouraging, with all tendered and awarded projects being predominantly sizeable ones. It is expected that Macau will continue to be the major profit contributor in the upcoming years.

Performance of the Group's engineering business was satisfactory albeit the material price fluctuations and tender price war. Contracts on hand as at 31 December 2006 amounted to HK\$5.5 billion, while contracts awarded during the Current Period were HK\$991 million of which 53% was secured in Mainland China and Macau.

### **Transport**

The Transport segment recorded a 50% increase in AOP to HK\$56.2 million in the Current Period. Citybus Limited and New World First Bus Services Limited reported an increase in profit as compared with the Last Period, mainly due to the increase in patronage. In addition, the reduction in interest cost resulting from bank loan repayment also contributed to the increase in AOP.

On the other hand, the operating loss of local ferry services has been reduced as a result of its fare rise since February 2006, while the Macau ferry services continued to benefit from the guaranteed profit under the current vessel leasing arrangement with Chow Tai Fook Enterprises Limited ("CTF").

### **Others**

With the satisfactory performance of our various service businesses, the Others segment reported a 64% increase in AOP, totalling HK\$132.7 million.

Following the ongoing robust tourism sector and patronage, Free Duty – our duty free tobacco and liquor retail business at Hong Kong International Airport and the ferry terminals in China Hong Kong City and Shun Tak Centre – has achieved excellent result during the period. Accompanied by the increasing spending per passenger and the opening of its new retail outlets totalling approximately 28,000 sq ft at the KCRC Lok Ma Chau Station, the Group expects Free Duty to persistently contribute steady profit to the Group.

The profitability of Tricor Holdings Limited and Taifook Securities Group Limited benefited from the increase in IPO activities and the increasing demand from Hong Kong and Mainland China enterprises for financial management services.

The property management business successfully maintained a clientele of over 135,000 residential units under management and continued to deliver steady revenue to the Group despite tough market competitions. Meanwhile, the Group will continue to actively search for new market opportunities from Mainland China.

## Disclosure Pursuant to Rule 13.22 of the Listing Rules

The information as required to disclose under Rule 13.22 of the Listing Rules in relation to the financial assistance and guarantees to affiliated companies provided by the Company are as follows:

### FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

As at 31 December 2006, the Group has provided financial assistance, by way of shareholders' loans/advances, in the aggregate amount of HK\$2.609 billion to its affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$1.06 billion and contracted to provide an aggregate amount of HK\$896.9 million in capital and loans to affiliated companies. The said amounts, in aggregate, represent approximately 17% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

The advances are unsecured, interest free and have no definite repayment terms except for an amount of HK\$247.3 million which carries interest ranging from 6% to 10% per annum, an amount of HK\$102.4 million which carries interest at 0.6% over Hong Kong Interbank Offered Rate per annum, an amount of HK\$64.0 million which carries interest at Hong Kong prime rate per annum, and an amount of HK\$226.3 million which is repayable on or before 2010. Contracted capital and loan contributions to affiliated companies would be funded by borrowings or internal resources of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2006 are presented as follows:

	Proforma combined balance sheet HK\$m	Group's attributable interest HK\$m
Non-current assets	31,887.9	14,081.2
Current assets	11,737.6	4,628.6
Current liabilities	(10,328.0)	(3,889.8)
Non-current liabilities	(8,463.9)	(3,704.0)
Shareholders' loan and advances	(6,160.1)	(2,609.1)
	18,673.5	8,506.9

# Corporate Governance

## CORPORATE GOVERNANCE PRACTICES

NWS Holdings is committed to achieve a high standard of corporate governance practices. It has taken active steps to establish well-defined corporate governance processes to enhance corporate performance and accountability. During the Current Period, a series of seminars on corporate governance has been organized for promoting the standard within the Group.

The Board is constituted by a team of professionals with extensive experience on the Group's areas of businesses. 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 the following members:

Executive directors	Non-executive directors	Independent non-executive directors
Dr Cheng Kar Shun, Henry ( <i>Chairman</i> )	Mr Wilfried Ernst Kaffenberger	Mr Kwong Che Keung, Gordon Mr Cheng Wai Chee, Christopher
Mr Doo Wai Hoi, William ( <i>Deputy Chairman</i> )	Mr To Hin Tsun, Gerald Mr Dominic Lai	Mr Shek Lai Him, Abraham
Mr Chan Kam Ling ( <i>Chief Executive Officer</i> )	Mr Yeung Kun Wah, David (alternate director to Mr Wilfried Ernst Kaffenberger)	
Mr Tsang Yam Pui		
Mr Wong Kwok Kin, Andrew		
Mr Lam Wai Hon, Patrick		
Mr Cheung Chin Cheung		
Mr William Junior Guilherme Doo		

For the purposes of enhancing good corporate governance practices and promoting an efficient and effective management of the Group, the Board has established various board committees (with written terms of reference) under its supervision. Current members of the respective board committees are listed as follows:

Executive Committee	Audit Committee	Remuneration Committee	Corporate Social Responsibility Committee
Dr Cheng Kar Shun, Henry ( <i>Chairman</i> )	Mr Kwong Che Keung, Gordon ( <i>Chairman</i> )	Mr Chan Kam Ling ( <i>Chairman</i> )	Mr Tsang Yam Pui ( <i>Chairman</i> )
Mr Doo Wai Hoi, William	Mr Dominic Lai Mr Cheng Wai Chee, Christopher	Mr Lam Wai Hon, Patrick	Mr Lam Wai Hon, Patrick
Mr Chan Kam Ling	Mr Shek Lai Him, Abraham	Mr Kwong Che Keung, Gordon	Mr Dominic Lai
Mr Tsang Yam Pui		Mr Cheng Wai Chee, Christopher	
Mr Wong Kwok Kin, Andrew		Mr Shek Lai Him, Abraham	
Mr Lam Wai Hon, Patrick			
Mr Cheung Chin Cheung			
Mr William Junior Guilherme Doo			

# Corporate Governance

## **CORPORATE GOVERNANCE PRACTICES (CONTINUED)**

A lot of effort has been put by the Company on the enhancement of its internal control and risk management. Written guidelines have been laid down for facilitating the control processes to be conducted by the Company's subsidiary companies while close guidance by the relevant departments is also provided.

As reported by the Company in the Corporate Governance Report, which was included in its 2006 annual report, that it has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the year ended 30 June 2006 except for the code provisions A.4.2 and A.5.4. The requirement under the code provision A.4.2 has been complied by the Company since November 2005 by the approval of the relevant amendments of the Company's bye-laws.

During the six months ended 31 December 2006, only code provision A.5.4 has not yet been complied by the Company. As required under code provision A.5.4 of the CG Code, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") for relevant employees in respect of their dealing in the securities of the Company. The Board has established guidelines for employees in respect of their dealing in the Company's securities as set out in the handbook for "Corporate Policy on Staff Responsibility" but they are not on no less exacting terms than the Model Code. The deviation is mainly due to the fact that the Company currently has over 41,000 employees and operates diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code. Having made specific enquiry of all directors, they had complied with the required standards of the said code during the Current Period.

**DIRECTORS' INTERESTS IN SECURITIES**

As at 31 December 2006, the directors and their respective associates had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO:

**(a) Long position in shares**

	Number of shares/amount of registered capital				Approximate percentage of issued share capital/registered capital as at 31.12.06
	Personal interests	Family interests	Corporate interests	Total	
<b>the Company</b>					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	9,179,199	587,000 <sup>(1)</sup>	8,000,000 <sup>(2)</sup>	17,766,199	0.89%
Mr Doo Wai Hoi, William	2,006,566	–	9,130,000 <sup>(3)</sup>	11,136,566	0.56%
Mr Chan Kam Ling	828,991	–	10,254,321 <sup>(4)</sup>	11,083,312	0.56%
Mr Wong Kwok Kin, Andrew	3,021,981	–	–	3,021,981	0.15%
Mr Lam Wai Hon, Patrick	967,714	–	4,950 <sup>(5)</sup>	972,664	0.05%
Mr Cheung Chin Cheung	973,692	–	–	973,692	0.05%
Mr William Junior Guilherme Doo	–	–	165,566 <sup>(6)</sup>	165,566	0.01%
Mr Kwong Che Keung, Gordon	608,757	–	–	608,757	0.03%
Mr Cheng Wai Chee, Christopher	703,288	–	–	703,288	0.04%
<b>NWD</b>					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	–	300,000 <sup>(1)</sup>	–	300,000	0.01%
Mr Chan Kam Ling	140,031	–	–	140,031	0.00%
Mr Wong Kwok Kin, Andrew	100,000	–	–	100,000	0.00%
Mr Cheung Chin Cheung	61,405	–	–	61,405	0.00%
Mr Kwong Che Keung, Gordon	30,000	–	–	30,000	0.00%
<b>New World China Land Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Dr Cheng Kar Shun, Henry	12,500,000	–	52,271,200 <sup>(2)</sup>	64,771,200	1.69%
Mr Doo Wai Hoi, William	8,750,000	–	65,050,000 <sup>(3)</sup>	73,800,000	1.93%
Mr Chan Kam Ling	1,250,000	–	–	1,250,000	0.03%
Mr Wong Kwok Kin, Andrew	2,590,000	–	–	2,590,000	0.07%
Mr Lam Wai Hon, Patrick	100,000	–	–	100,000	0.00%



# Corporate Governance

## DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

### (a) Long position in shares (continued)

	Number of shares/amount of registered capital				Approximate percentage of issued share capital/registered capital as at 31.12.06
	Personal interests	Family interests	Corporate interests	Total	
<b>New World Mobile Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr Cheng Kar Shun, Henry	780,000	–	–	780,000	0.80%
Mr Doo Wai Hoi, William	300,000	–	–	300,000	0.31%
Mr Kwong Che Keung, Gordon	78,000	–	–	78,000	0.08%
<b>Fung Seng Estate Development (Shanghai) Co., Ltd.</b>					
(Registered capital in US\$)					
Mr Doo Wai Hoi, William	–	–	US\$3,000,000 <sup>(7)</sup>	US\$3,000,000	30.00%
<b>HH Holdings Corporation</b>					
(Ordinary shares of HK\$1.00 each)					
Mr Chan Kam Ling	15,000	–	–	15,000	2.50%
<b>Master Services Limited</b>					
(Ordinary shares of US\$0.01 each)					
Mr Chan Kam Ling	16,335	–	–	16,335	1.63%
Mr Wong Kwok Kin, Andrew	44,915	–	–	44,915	4.49%
<b>Ramada Property Ltd.</b>					
(Ordinary shares of US\$1.00 each)					
Mr Doo Wai Hoi, William	–	–	200 <sup>(8)</sup>	200	20.00%
<b>Shanghai Juyi Real Estate Development Co., Ltd.</b>					
(Registered capital in RMB)					
Mr Doo Wai Hoi, William	–	–	RMB229,500,000 <sup>(7)</sup>	RMB229,500,000	30.00%
<b>Taifook Securities Group Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr Doo Wai Hoi, William	–	–	4,346,000 <sup>(3)</sup>	4,346,000	0.74%
Mr William Junior Guilherme Doo	24,406,085	–	–	24,406,085	4.15%
<b>Wai Kee Holdings Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr Lam Wai Hon, Patrick	300,000	–	–	300,000	0.04%

**DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)****(a) Long position in shares (continued)**

Notes:

- (1) The shares are held by the spouse of Dr Cheng Kar Shun, Henry.
- (2) The shares are held by a company wholly owned by Dr Cheng Kar Shun, Henry.
- (3) The shares are held by a company wholly owned by Mr Doo Wai Hoi, William.
- (4) The shares are held by a company of which Mr Chan Kam Ling holds 50% equity interests.
- (5) The shares are held by a company wholly owned by Mr Lam Wai Hon, Patrick.
- (6) The shares are held by a company wholly owned by Mr William Junior Guilherme Doo.
- (7) The interests represent the participating interests held by a company wholly owned by Mr Doo Wai Hoi, William.

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

(i) the Company

As at 31 December 2006, the following director of the Company has personal interest in options to subscribe for shares of the Company:

Name	Date of grant	Exercisable period (Note)	Number of share options		Exercise price per share HK\$
			Balance as at 01.07.06	Exercised during the period	
Mr Wilfried Ernst Kaffenberger	21 July 2003	(1)	607,248	–	607,248 3.711

Notes:

- (1) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (2) The cash consideration paid by the above director for the share options granted on 21 July 2003 was HK\$10.

# Corporate Governance

## DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

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

#### (ii) New World Mobile Holdings Limited

Under the share option scheme of New World Mobile Holdings Limited, a fellow subsidiary company of the Company during the Current Period, the following directors of the Company have personal interests in options to subscribe for its shares which have been granted to them as follows:

Name	Date of grant	Exercisable period	Number of share options			Exercise price per share HK\$
			Balance as at 01.07.06	Exercised during the period	Balance as at 31.12.06	
Dr Cheng Kar Shun, Henry	28 January 2005	28 January 2005 to 31 December 2010	780,000	(780,000)	–	1.26
Mr Doo Wai Hoi, William	28 January 2005	28 January 2005 to 31 December 2010	300,000	(300,000)	–	1.26
Mr To Hin Tsun, Gerald	28 January 2005	28 January 2005 to 31 December 2010	482,000	–	482,000	1.26
Mr Kwong Che Keung, Gordon	28 January 2005	28 January 2005 to 31 December 2010	78,000	(78,000)	–	1.26

Note: The cash consideration paid by each director for each grant of the share options was HK\$1.

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

## SHARE OPTION SCHEME

During the Current Period, movements of share options granted by the Company under the Share Option Scheme were as follows:

(a) Details of movement of share options granted to the directors of the Company were disclosed under the section headed “Directors’ interests in securities” above.

(b) Details of movement of share options granted to other eligible participants were as follows:

Date of grant	Exercisable period (Note)	Number of share options			Balance as at 31.12.06	Exercise price per share HK\$
		Balance as at 01.07.06	Exercised during the period	Lapsed during the period		
21 July 2003	(1)	1,941,689	(229,629)	(6,746)	1,705,314	3.711

Notes:

(1) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.

(2) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$15.40.

## SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SECURITIES

As at 31 December 2006 so far as are known to the directors, the following parties (other than a director or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to the issued share capital of the Company as at 31.12.06
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited <sup>(1)</sup>	–	1,176,736,804	1,176,736,804	59.17%
Centennial Success Limited <sup>(2)</sup>	–	1,176,736,804	1,176,736,804	59.17%
CTF <sup>(3)</sup>	59,831,893	1,116,904,911	1,176,736,804	59.17%
NWD <sup>(4)</sup>	733,946,827	382,958,084	1,116,904,911	56.16%
Mombasa Limited	335,201,826	–	335,201,826	16.85%

# Corporate Governance

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (CONTINUED)**

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited holds 51% direct interest in Centennial Success Limited ("CSL") and is accordingly deemed to have an interest in the shares deemed to be interested by CSL.
- (2) CSL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (3) CTF, together with its subsidiary companies, hold more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (4) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD is also deemed to be interested in 2,041,513 shares held by Financial Concepts Investment Limited, a non wholly owned subsidiary company of NWD.
- (5) All the interests stated above represent long positions.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2006.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

**Dr Cheng Kar Shun, Henry**

*Chairman*

Hong Kong, 16 March 2007



## NWS Holdings Limited

*(incorporated in Bermuda with limited liability)*

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

Tel : (852) 2131 0600

Fax : (852) 2131 0611

E-mail: [nwshnews@nwsh.com.hk](mailto:nwshnews@nwsh.com.hk)

<http://www.nwsh.com.hk>