



新創建 NWS

新創建集團有限公司*
NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 0659)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

Revenue	:	HK\$9,367.8 million
Profit attributable to shareholders	:	HK\$2,225.4 million
Earnings per share - basic	:	HK\$1.10
Interim dividend per share	:	HK\$0.55

RESULTS

The board of directors (the “Board”) of NWS Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiary companies (collectively, the “Group”) for the six months ended 31 December 2007 (the “Current Period”) together with comparative figures for the six months ended 31 December 2006 (the “Last Period”) as follows:

Condensed Consolidated Income Statement– Unaudited

		For the six months ended	
		31 December	
	<i>Note</i>	2007	2006
		HK\$'m	HK\$'m
Revenue	2	9,367.8	6,902.7
Cost of sales		<u>(8,151.4)</u>	<u>(6,321.3)</u>
Gross profit		1,216.4	581.4
Other income	3	287.9	76.6
General and administrative expenses		<u>(693.7)</u>	<u>(367.6)</u>
Operating profit	3	810.6	290.4
Finance costs		(169.2)	(118.8)
Share of results of			
Associated companies		267.9	248.5
Jointly controlled entities	2(a)(i)	<u>1,605.4</u>	<u>545.9</u>
Profit before income tax		2,514.7	966.0
Income tax expenses	4	<u>(142.6)</u>	<u>(40.4)</u>
Profit for the period		<u>2,372.1</u>	<u>925.6</u>
Attributable to			
Shareholders of the Company		2,225.4	912.2
Minority interests		<u>146.7</u>	<u>13.4</u>
		<u>2,372.1</u>	<u>925.6</u>
Dividend	5	<u>1,116.5</u>	<u>500.0</u>
Earnings per share attributable to the			
shareholders of the Company	6		
Basic		<u>HK\$1.10</u>	<u>HK\$0.47</u>
Diluted		<u>HK\$1.10</u>	<u>HK\$0.46</u>

Condensed Consolidated Balance Sheet – Unaudited

		At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
	<i>Note</i>		
ASSETS			
Non-current assets			
Investment properties		1,103.3	1,103.3
Property, plant and equipment		1,981.8	1,957.1
Leasehold land and land use rights		98.2	99.1
Intangible assets		495.1	499.0
Associated companies		4,650.9	4,103.8
Jointly controlled entities		14,112.6	10,787.5
Available-for-sale financial assets		1,005.1	623.3
Other non-current assets		300.6	229.2
		<u>23,747.6</u>	<u>19,402.3</u>
Current assets			
Inventories		215.8	151.1
Trade and other receivables	7	10,439.1	14,692.1
Financial assets at fair value through profit or loss		410.3	246.9
Cash held on behalf of customers		3,361.9	2,042.4
Short term deposits		126.4	126.4
Cash and bank balances		3,663.2	3,120.8
		<u>18,216.7</u>	<u>20,379.7</u>
Total assets		<u>41,964.3</u>	<u>39,782.0</u>

Condensed Consolidated Balance Sheet – Unaudited (continued)

		At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
	<i>Note</i>		
EQUITY			
Share capital		2,014.8	2,014.2
Reserves		16,107.7	14,577.9
Proposed final dividend		-	604.4
Interim dividend		1,116.5	-
Shareholders' funds		<u>19,239.0</u>	<u>17,196.5</u>
Minority interests		1,250.9	1,002.0
Total equity		<u>20,489.9</u>	<u>18,198.5</u>
LIABILITIES			
Non-current liabilities			
Borrowings		6,270.8	3,937.9
Other non-current liabilities		834.3	683.8
		<u>7,105.1</u>	<u>4,621.7</u>
Current liabilities			
Trade and other payables	8	11,761.0	9,030.3
Taxation		198.3	183.8
Borrowings		2,410.0	7,747.7
		<u>14,369.3</u>	<u>16,961.8</u>
Total liabilities		<u>21,474.4</u>	<u>21,583.5</u>
Total equity and liabilities		<u>41,964.3</u>	<u>39,782.0</u>
Net current assets		<u>3,847.4</u>	<u>3,417.9</u>
Total assets less current liabilities		<u>27,595.0</u>	<u>22,820.2</u>

Notes:

1. 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 (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The interim financial statements should be read in conjunction with the 2007 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 2007 annual financial statements.

For the six months ended 31 December 2007, the Group has adopted the following new standard, amendment to standard and interpretations which are relevant to the Group’s operations and are mandatory for the financial year ending 30 June 2008:

HKAS 1 Amendment	Presentation of Financial Statements: 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 adoption of these new standard, amendment to standard and interpretations does not have any significant impact on the results and financial position or changes in the accounting policies of the Group. However, the adoption of HKAS 1 Amendment and HKFRS 7 requires additional disclosures in the annual financial statements.

The following new or revised standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not yet adopted:

Effective for the year ending 30 June 2009

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for the year ending 30 June 2010

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments

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

2. Revenue and segment information

The Group is principally engaged in the businesses of ports, infrastructure operations, facilities rental, facilities management, contracting, financial services and other services.

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.

(a) Primary reporting format – business segments

In HK\$m	Ports	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Financial services	Other services	Eliminations	Consolidated
For the six months ended 31 December 2007										
External sales	3.1	131.4	–	452.8	1,382.1	6,438.3	922.7	37.4	–	9,367.8
Inter-segment sales	–	–	–	0.2	53.5	469.7	5.7	3.0	(532.1)	–
Total revenue	3.1	131.4	–	453.0	1,435.6	6,908.0	928.4	40.4	(532.1)	9,367.8
Segment results	7.5	68.1	6.4	116.5	95.0	113.4	390.5	4.3	–	801.7
Gain on deemed disposals of interests in a subsidiary company and an associated company	–	–	1.9	–	–	–	76.9	–	–	78.8
Profit on disposal of a subsidiary company	2.4	–	–	–	–	–	–	–	–	2.4
Unallocated corporate expenses										(72.3)
Operating profit										810.6
Finance costs										(169.2)
Share of results of										
Associated companies	25.2	(5.2)	124.6	–	–	46.6	31.3	45.4	–	267.9
Jointly controlled entities	27.4	308.6	103.4	114.2	0.2	(2.2)	–	1,053.8 ⁽ⁱ⁾	–	1,605.4
Profit before income tax										2,514.7
Income tax expenses										(142.6)
Profit for the period										2,372.1
Capital expenditure	–	1.0	–	4.9	31.8	14.4	17.9	6.3	–	76.3
Depreciation	0.4	45.6	–	13.3	15.0	18.4	13.1	4.4	–	110.2
Amortization of leasehold land and land use rights	–	–	–	–	0.1	0.6	–	0.2	–	0.9
Amortization of intangible assets	–	–	–	–	–	–	3.9	–	–	3.9

(i) The share of results of jointly controlled entities included the Group's share of profit of HK\$1,014.8 million from a property development project, Harbour Place. The amount was included under other services segment.

2. Revenue and segment information (continued)

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

	Ports	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Financial services	Other services	Eliminations	Consolidated
In HK\$m										
At 31 December 2007										
Segment assets	37.8	1,833.9	0.3	1,532.9	1,023.9	5,527.8	7,599.0	161.9	–	17,717.5
Associated companies	326.7	445.6	1,903.5	–	1.2	903.2	341.3	729.4	–	4,650.9
Jointly controlled entities	693.2	4,396.1	2,006.7	2,303.2	10.9	80.5	2.6	4,619.4	–	14,112.6
Unallocated assets										5,483.3
Total assets										41,964.3
Segment liabilities	5.6	872.1	0.4	293.0	510.3	5,370.9	4,536.6	15.2	–	11,604.1
Unallocated liabilities										9,870.3
Total liabilities										21,474.4

2. Revenue and segment information (continued)

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

	Ports	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Financial services	Other services	Eliminations	Consolidated
In HK\$'m										
For the six months ended										
31 December 2006										
External sales	10.5	119.9	–	454.0	1,222.1	5,054.9	8.1	33.2	–	6,902.7
Inter-segment sales	–	–	–	0.3	55.7	291.4	7.2	2.3	(356.9)	–
Total revenue	10.5	119.9	–	454.3	1,277.8	5,346.3	15.3	35.5	(356.9)	6,902.7
Segment results	2.4	61.7	6.5	132.6	91.0	61.0	6.3	2.0	–	363.5
Unallocated corporate expenses										(73.1)
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	–	53.0	–	545.9
Profit before income tax										966.0
Income tax expenses										(40.4)
Profit for the period										925.6
Capital expenditure	0.3	0.5	–	10.4	16.7	33.3	0.2	4.5	–	65.9
Depreciation	0.6	43.7	–	11.8	16.8	20.5	0.2	5.4	–	99.0
Amortization of leasehold land and land use rights	–	–	–	–	0.1	0.3	–	0.2	–	0.6

2. Revenue and segment information (continued)

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

In HK\$'m	Ports	Roads and bridges	Energy, water treatment and waste management	Facilities rental	Facilities management	Contracting	Financial services	Other services	Eliminations	Consolidated
At 30 June 2007										
Segment assets	67.1	1,647.4	–	1,341.5	714.9	5,521.4	11,076.5	128.7	–	20,497.5
Associated companies	300.5	422.9	1,656.2	–	1.2	870.5	364.4	488.1	–	4,103.8
Jointly controlled entities	589.0	3,988.0	1,774.4	2,043.9	10.1	89.8	3.0	2,289.3	–	10,787.5
Unallocated assets										4,393.2
Total assets										39,782.0
Segment liabilities	4.1	677.2	0.4	305.6	460.9	4,770.8	3,005.1	15.6	–	9,239.7
Unallocated liabilities										12,343.8
Total liabilities										21,583.5

(b) Secondary reporting format – geographical segments

In HK\$'m	Segment revenue	Segment results	Capital expenditure	Segment assets
	For the six months ended 31 December 2007			At 31 December 2007
Hong Kong	5,375.8	649.7	57.3	13,062.0
Mainland China	796.1	75.7	6.2	2,655.1
Macau	3,192.5	73.2	12.8	1,991.7
Others	3.4	3.1	-	8.7
	9,367.8	801.7	76.3	17,717.5
For the six months ended 31 December 2006				
In HK\$'m				At 30 June 2007
Hong Kong	3,983.8	226.7	51.6	16,842.8
Mainland China	918.9	87.8	14.3	2,223.2
Macau	1,999.6	47.7	-	1,425.6
Others	0.4	1.3	-	5.9
	6,902.7	363.5	65.9	20,497.5

3. Operating profit

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

	For the six months ended 31 December	
	2007 HK\$m	2006 HK\$m
Crediting		
Gross rental income from investment properties	21.6	21.2
Less: Outgoings	(5.1)	(5.3)
	16.5	15.9
Exchange gains	16.1	13.6
Other income		
Profit on disposal of a subsidiary company	2.4	-
Profit on disposal of available-for-sale financial assets	12.9	-
Net profit on disposal of financial assets at fair value through profit or loss	36.2	3.6
Fair value gains on financial assets at fair value through profit or loss	16.7	-
Interest income	112.6	40.8
Management fee income	18.2	12.4
Machinery hire income	1.1	12.8
Gain on deemed disposal of interests in a subsidiary company and an associated company	78.8	-
Dividends and others	9.0	7.0
	287.9	76.6
Charging		
Cost of inventories sold	390.5	365.3
Depreciation	110.2	99.0
Amortization of leasehold land and land use rights	0.9	0.6
Amortization of intangible assets	3.9	-
Impairment of trade and other receivables	1.3	1.9
Operating lease rental expenses	50.8	32.6
Interest expense for securities broking and margin financing operations, included in the cost of sales	150.4	-

4. Income tax expenses

Hong Kong profits tax is provided at the rate of 17.5% (2006: 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. These rates range from 3% to 33% (2006 : 3% to 33%)

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), pursuant to which the corporate income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. The New CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxation profit. On 6 December 2007, the State Council approved the Detailed Implementation Regulations for the implementation of the New CIT Law. The New CIT Law has an impact on the deferred income tax assets and liabilities of the Group and accordingly, the amount of deferred taxation as at 31 December 2007 has been determined based on the best estimation of the applicable corporate income tax rates. The Group will continue to evaluate the impact as more detailed regulations or interpretations on these areas are announced.

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

	For the six months ended	
	31 December	
	2007	2006
	HK\$m	HK\$m
Current income tax		
Hong Kong profits tax	102.8	32.0
Mainland China and overseas tax	15.6	14.7
Deferred income tax charge/(credit)	24.2	(6.3)
	142.6	40.4

Share of associated companies' and jointly controlled entities' taxation for the Current Period of HK\$66.8 million (2006: HK\$46.7 million) and HK\$335.1 million (2006: HK\$86.1 million) are included in the condensed consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

5. Dividend

	For the six months ended	
	31 December	
	2007	2006
	HK\$m	HK\$m
Interim dividend declared of HK\$0.55 (2006: paid of HK\$0.25) per share	1,116.5	500.0

6. 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	
	2007	2006
	HK\$'m	HK\$'m
Profit attributable to shareholders of the Company	2,225.4	912.2
Effect of dilutive potential ordinary shares		
Interest on convertible bonds, net of tax	-	3.2
Adjustment on the effect of dilution in the result of subsidiary companies	(0.5)	-
Profit for calculation of diluted earnings per share	<u>2,224.9</u>	<u>915.4</u>
	Number of shares	
	2007	2006
Weighted average number of shares for calculating basic earnings per share	2,014,615,293	1,958,495,305
Effect of dilutive potential ordinary shares		
Share options	5,598,382	1,775,913
Convertible bonds	-	28,645,840
Weighted average number of shares for calculating diluted earnings per share	<u>2,020,213,675</u>	<u>1,988,917,058</u>

7. Trade and other receivables

Included in trade and other receivables are trade receivables which are further analyzed as follows:

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Receivables arising from securities business	683.6	6,215.6
Other trade receivables	1,938.2	1,902.8
	<u>2,621.8</u>	<u>8,118.4</u>

Receivables arising from securities business mainly represent accounts receivable attributable to dealing in securities and equity options transactions which are to be settled two days after the trade date, accounts receivable attributable to dealing in futures, options and bullion contracts transactions which are to be settled one day after the trade date, and accounts receivable attributable to dealing in new shares subscription on clients' behalf which are normally settled within one week.

The ageing analysis of trade receivables is as follows:

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Under 3 months	2,344.7	7,803.5
4 – 6 months	91.3	104.0
Over 6 months	185.8	210.9
	<u>2,621.8</u>	<u>8,118.4</u>

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

8. Trade and other payables

Included in trade and other payables are trade payables which are further analyzed as follows:

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Payables arising from securities business	4,305.3	2,811.4
Other trade payables	823.2	661.6
	<u>5,128.5</u>	<u>3,473.0</u>

Payables arising from securities business represent accounts payable attributable to various financial services transactions, including securities, equity options, leveraged foreign exchange, futures and options contracts, bullion contracts and other financial services. The balances are mainly repayable on demand. No ageing analysis is disclosed in respect of these balances as an ageing analysis is not meaningful in view of the nature of these transactions.

The ageing analysis of other trade payables is as follows:

	At 31 December 2007 HK\$'m	At 30 June 2007 HK\$'m
Under 3 months	729.1	566.1
4 – 6 months	29.8	32.9
Over 6 months	64.3	62.6
	<u>823.2</u>	<u>661.6</u>

9. 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 2008 in scrip form equivalent to HK\$0.55 per share with a cash option to shareholders registered on 14 April 2008.

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\$0.55 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a circular to be sent to shareholders together with a form of election for cash on or about 8 May 2008.

BOOK CLOSE DATES

Book close dates (both days inclusive)	:	Wednesday, 9 April 2008 to Monday, 14 April 2008
Latest time to lodge transfer with transfer office	:	4:00pm on Tuesday, 8 April 2008
Name and address of transfer office	:	Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East, Hong Kong

FINANCIAL REVIEW

Group overview

The Group reported a profit attributable to shareholders of HK\$2.225 billion for the Current Period, an increase of HK\$1.313 billion or 144%, as compared to HK\$912.2 million for the Last Period. Attributable operating profit (“AOP”) rose by 24% from HK\$1.119 billion in the Last Period to HK\$1.385 billion in the Current Period. Infrastructure division generated an AOP of HK\$692.6 million, a promising increase of 16% as compared to HK\$597.0 million in the Last Period. Service & Rental division achieved a significant growth of 33% and its AOP increased from HK\$521.5 million in the Last Period to HK\$692.8 million in the Current Period.

Apart from the operating results, an encouraging profit of HK\$1.015 billion from the sale of the residential flats of Harbour Place and gain on deemed disposal of interests in Taifook Securities Group Limited (“Taifook Securities”) and an associated company amounting HK\$78.8 million were recognized in the Current Period.

Contribution by Division		
For the six months ended 31 December		
	2007	2006
	HK\$m	HK\$m
Infrastructure	692.6	597.0
Service & Rental	692.8	521.5
Attributable operating profit	1,385.4	1,118.5
<i>Head office and non-operating items</i>		
Share of profit from property development project	1,014.8	-
Net gain from securities investment	44.3	3.6
Gain on deemed disposal of interests in a subsidiary company and an associated company	78.8	-
Profit on disposal of infrastructure project	2.4	-
Share-based payment	(35.1)	-
Other interest income	26.1	28.6
Other finance costs	(161.5)	(112.8)
Others	(129.8)	(125.7)
	840.0	(206.3)
Profit attributable to shareholders	2,225.4	912.2

Contributions from operations in Hong Kong accounted for 46% of AOP in the Current Period as compared to 42% in the Last Period. Mainland China and Macau contributed 45% and 9% respectively, as compared to 48% and 10% respectively in the Last Period.

An interim dividend for the year ending 30 June 2008 of HK\$0.55 per share (2007: HK\$0.25) was declared by the Board. The dividend has included HK\$0.25 per share for reflecting the share of profit from the sales of units of Harbour Place during the Current Period. The interim dividend represents payout ratio of approximately 50% which is in line with the dividend policy of the Company.

Earnings per share

Basic earnings per share increased by 134% from HK\$0.47 in the Last Period to HK\$1.10 in the Current Period.

OPERATIONAL REVIEW – INFRASTRUCTURE

AOP Contribution by segment

For the six months ended 31 December

	2007	2006	Change %
	HK\$'m	HK\$'m	Fav./Unfav)
Roads	363.7	285.0	28
Energy	207.0	214.0	(3)
Water	62.5	56.0	12
Ports	59.4	42.0	41
Total	692.6	597.0	16

Roads

Performance of projects within the Pearl River Delta Region was outstanding. Average daily traffic flow of Guangzhou City Northern Ring Road increased by 6% in the Current Period. Toll income of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) soared by RMB86.5 million or 20% in the Current Period as benefited by the strong economic development of the Pearl River Delta Region. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway increased by 23% when compared to the Last Period.

The average daily traffic flow of Tangjin Expressway (Tianjin North Section) increased by 4% while its toll income grew 29% in the Current Period after the introduction of toll-by-weight policy in August 2007.

AOP contribution from Wuhan Airport Expressway surged 76% in the Current Period. Its average daily traffic flow jumped 31% after the relocation of a new toll station in July 2007.

Energy

Both combined electricity sales volume and average tariff of Zhujiang Power Plants increased by 3% in the Current Period. Its combined AOP, however, dropped 22% when compared to the Last Period. The decrease in AOP was mainly caused by a 19% increase in fuel cost due to the soaring coal price.

AOP from Macau Power, which was restricted by the Scheme of Control, increased 8% in the Current Period. Its sales volume grew satisfactorily by 27% due to the booming economy in Macau.

Guangdong Baolihua New Energy Stock Co Ltd, which was acquired in December 2006, also contributed AOP in the Current Period. Its electricity sales increased 5% when compared to the Last Period.

Two generation units of Chengdu Jintang Power Plant commenced operation in June and October 2007 respectively.

Water

Average daily sales volume of Macau Water Plant increased by 9% on a period-on-period basis. In Mainland China, water sales volume of both Tanggu Water Plant and Chongqing Water Plant grew 8% when compared to the Last Period. Current Period of AOP also increased by contribution of new projects, such as Changshu Water Plant and Chongqing Tangjiatuo Waste Water Treatment Plant.

Ports

Xiamen New World Xiangyu Terminals Co., Ltd. reported a 6% volume growth to 403,000 TEUs. Throughput of Tianjin Orient Container Terminals Co., Ltd. grew 5% to 577,000 TEUs after the conversion of the coal berth into container handling facility was completed in February 2007. In the Current Period, throughput of Tianjin Five Continents International Container Terminal Co., Ltd. stood at 1,029,000 TEUs.

During the Current Period, our 70% interest in Xiamen Xinyuan Container Terminal Co., Ltd. was sold and realized a gain of HK\$2.4 million.

OPERATIONAL REVIEW – SERVICE & RENTAL

Service & Rental division has achieved an AOP of HK\$692.8 million for the Current Period. A significant increase of AOP by HK\$171.3 million or 33% was mainly attributable to the increase in contribution from Taifook Securities after the completion of further acquisition of Taifook Securities' shareholding to 61.3% on 8 June 2007.

After the further acquisition of the Taifook Securities' shareholding, the management decided to reclassify the business of Service & Rental division into four segments, namely "Facilities Rental", "Contracting", "Financial Services" and "Other Services" to facilitate a better analysis of the performance of different business segments under this division.

AOP Contribution by Segment

For the six months ended 31 December

	2007	2006	Change %
	HK\$m	HK\$m	Fav./(Unfav.)
Facilities Rental	212.3	222.5	(5)
Contracting	138.8	110.1	26
Financial Services	214.6	46.5	362
Other Services	127.1	142.4	(11)
Total	<u>692.8</u>	<u>521.5</u>	33

Facilities Rental

Hong Kong Convention and Exhibition Centre ("HKCEC") continued to achieve satisfactory result for the Current Period with 696 events held during the Current Period serving over 3.3 million guests. AsiaWorld-Expo and other conference and exhibition facilities in Macau, Mainland China and other Asian countries have increased competition in this market. Construction works of the Atrium Link expansion in HKCEC has commenced in August 2006 and is due for completion in the first quarter of 2009. The new 19,400 sq m expansion will increase its available space for lease up to a total of 83,400 sq m.

ATL Logistics Centre ("ATL") recorded a steady profit with average occupancy rate reaching 98% during the Current Period. It has benefited from the growth of the local economy and the Mainland China's market. Being Hong Kong's largest multi-storey drive-in warehousing/container freight station complex, ATL continues to provide professional warehousing and terminal services for a demanding global clientele. As such, it remains as the market leader in the industry. The Group expects that ATL will continue to deliver stable profits as a result of the continuous growth of Hong Kong economy, increase in domestic consumption, improving job market and the buoyant property market, which continued to fuel the strong growth in the warehousing business in Hong Kong.

Contracting

The significant improvement in operating results is due to the gradual improvement of the overall operating environment in Hong Kong and the substantial contribution from Macau.

Leveraging its proven expertise in managing mega-sized and high quality construction projects and following the recent recovery of the private property development sector, the construction group, leading by Hip Hing Construction Company Limited (“Hip Hing”) has secured contracts of substantial size with a gross value of contract-on-hand of approximately HK\$33 billion as at 31 December 2007. Macau business continued to be encouraging with the potential high yields from the entertainment and property business. It is expected that Macau will continue to be the major profit contributor in the next year.

Performance of the Group’s engineering business remained satisfactory albeit substantial upsurge of workers’ salary, material price fluctuations and tender price war. Contracts on hand as at 31 December 2007 amounted to HK\$5.3 billion, while the contracts awarded during the Current Period were HK\$1.4 billion of which 21% was secured in Mainland China and 79% was secured in Hong Kong and Macau.

Financial Services

The Financial Services segment mainly comprises the results of Taifook Securities and Tricor Holdings Limited (“Tricor”). The contribution attributable to this segment has become more significant after the Group increased its shareholding in Taifook Securities to 61.3% on 8 June 2007 and the benefit of buoyant stock market.

Taifook Securities achieved excellent results for the Current Period. The remarkable achievement can be mainly attributed to an exceptional robust stock market in 2007, while Taifook Securities’ solid business foundation and massive client base placed the company in an advantageous position to tap the unprecedented business opportunities that arose.

Also benefited from the booming stock market, Tricor achieved excellent results with a growth of 30% during the Current Period. Tricor had successfully expanded into the Mainland China and Singapore markets following the opening of offices in Shanghai and Beijing and the acquisition of Singapore business.

Other Services

This segment comprises various service businesses including the transport and other general services such as retail, property management, cleaning and security guarding.

The Group's transport business achieved an AOP of HK\$41.6 million for the Current Period, representing a 26% decrease over the Last Period. The decrease was mainly attributed to the rising operating costs such as fuel costs, staff wages and insurance payments.

Citybus Limited and New World First Bus Services Limited reported a significant drop in profits as compared with the Last Period. Surge in fuel price and salaries rise led to a heavy burden to the performance of the bus operation.

New World First Ferry Services Limited, which operates ferry business in Hong Kong, continued to suffer a loss mainly due to the high fuel costs, despite a 3.5% rise in fare revenue. The Macau ferry services achieved a satisfactory improvement in both fare revenue and profits in the Current Period resulting from a significant growth of 30% in patronage.

Free Duty engaged in 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 Current Period following robust patronage arising from the rebound in Hong Kong's tourism sector. The Group has also commenced duty free operations in Lok Ma Chau Station in August 2007 and Lo Wu Station in January 2008.

The property management business contributed a stable profit to the Group despite tough market competitions and maintained a clientele of over 139,000 residential units under management. The Group continued to explore new market opportunities in Mainland China.

OUTLOOK

In its ongoing quest for growth and investment opportunities for its core businesses, the Group continued to expand its portfolio of large-scale infrastructure projects with enormous potential, including new roads in Mainland China. For example, the Guangzhou City Nansha Port Expressway, an operational project linking Guangzhou and Nansha Port, while the Conghua-Dongguan Expressway (Huizhou Section) running from Conghua to Dongguan, a green-field project, is expected to become operational in 2012. During the Current Period, the Group also signed a strategic agreement with Xiamen Municipal Government and CMA CGM S.A. to develop Xiamen's Haicang Port into an international transshipment hub. The completed terminal in Kunming was injected by the Chinese partner, China Railway Container Transport Corp., Ltd., into the China Rail Container Terminal joint-venture project as their equity contribution in December 2007. The construction of three new terminals in Qingdao, Zhengzhou and Chongqing was already underway since December 2007 and is expected to be completed in late 2009. The next batch of four new terminals, namely, Wuhan, Xian, Dalian and Chengdu, is scheduled to start construction in mid 2008. Chengdu Jintang Power Plant, in which the Group holds 35% interest, has started to generate profits while Guangdong Baolihua New Energy Stock Co Ltd is constructing another two 300 MW plants to be in operation in second half of the year 2008.

On the home front, while the HKCEC Atrium Link expansion is scheduled to be completed in the first quarter of 2009, Hip Hing has teamed up with Gammon Construction Limited and won the design and construction contract of the new government headquarters at Tamar. The Harbour Place property project has attracted overwhelming response, with over 50% of the units having been sold up to mid-March 2008. Following the Group's further acquisition of approximately 40% interest in Taifook Securities in June 2007, attributable operating profit of the Financial Services segment rose by a significant 362%, testifying the Group's fruitful investment in financial services business.

FINANCIAL RESOURCES

Treasury management and cash funding

The Group's funding and treasury policy is designed to maintain a comprehensively diversified and balanced debt profile to minimize the Group's financial risks. Management of the Group's financing and treasury activities are centralised at the corporate level. The Group's treasury function regularly reviews the funding requirements in order to enhance the cost-efficiency of funding initiatives. With adequate cash deposit and available banking facilities, the Group maintains a strong liquidity position to provide sufficient financial resources to finance its operations and potential investments.

Liquidity

As at 31 December 2007, the Group's total cash and bank balances amounted to HK\$3.790 billion, as compared to HK\$3.247 billion as at 30 June 2007. Net Debt dropped by 42% from HK\$8.438 billion at 30 June 2007 to HK\$4.891 billion as at 31 December 2007. The sharp decrease of Net Debt was mainly resulted from the provision of financing on certain IPO issues by Taifook Securities to clients at the end of June 2007 amounted to HK\$5.644 billion while no such activity was in place as at 31 December 2007. The Group's Gearing Ratio, as a result, also decreased from 46% as at 30 June 2007 to 24% as at 31 December 2007. The aforesaid IPO loans were borrowed back-to-back from banks and were repaid in early July 2007 following the allotment of the corresponding new issues. Taking out these short-lived IPO loans, the Gearing Ratio as at 30 June 2007 would be only 15%. The capital structure of the Group was 30% debt and 70% equity as at 31 December 2007, as compared to 39% debt and 61% equity as at 30 June 2007.

Debt profile and maturity

As at 31 December 2007, the Group's Total Debt decreased to HK\$8.681 billion from HK\$11.686 billion as at 30 June 2007. Long-term bank loans and borrowings increased from HK\$3.938 billion as at 30 June 2007 to HK\$6.271 billion as at 31 December 2007, with HK\$2.030 billion maturing in the second year and the remaining in the third to fifth year. Secured bank loans and overdrafts amounted to HK\$564.4 million as at 31 December 2007 and were secured by the securities clients' listed shares pledged to the Group. All bank loans were denominated in Hong Kong dollars and were bearing interest at floating rate. The Group did not have any material exposure in exchange risk other than RMB during the Current Period. No property, plant and equipment, investment properties nor leasehold land and land use rights were pledged as at 31 December 2007.

Commitments

The Group's commitments for capital expenditure were HK\$2.427 billion as at 31 December 2007 as compared to HK\$1.665 billion as at 30 June 2007. This represented commitment for capital contributions in certain associated companies and jointly controlled entities and other projects of HK\$2.147 billion as at 31 December 2007 as compared to HK\$1.451 billion as at 30 June 2007, and commitments for properties and equipment of HK\$279.8 million as at 31 December 2007 as compared to HK\$213.8 million as at 30 June 2007. The share of commitments for capital expenditure committed by jointly controlled entities was HK\$723.7 million as at 31 December 2007 as compared to HK\$1.055 billion as at 30 June 2007. Sources of funding for capital expenditure are internally generated resources and banking facilities.

CONTINGENT LIABILITIES

Contingent liabilities of the Group were HK\$583.4 million as at 31 December 2007 as compared to HK\$1.107 billion as at 30 June 2007. 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\$516.5 million and HK\$55.0 million as at 31 December 2007 as compared to HK\$11.9 million, HK\$1.041 billion and HK\$55.0 million respectively as at 30 June 2007. The share of contingent liabilities of jointly controlled entities was HK\$71.4 million as at 31 December 2007 as compared to HK\$70.6 million as at 30 June 2007.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, over 43,000 staff were employed by entities under the Group's management of which approximately 24,000 were employed in Hong Kong. Total staff related costs excluding directors' remunerations, were HK\$1.549 billion (2006: HK\$1.047 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 accordingly to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

REVIEW OF INTERIM RESULTS

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

The unaudited interim results of the Company for the Current Period have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA.

CORPORATE GOVERNANCE PRACTICES

The Company commits to achieve high standard of corporate governance practices. During the period under review, the Company has taken active steps for enhancing the overall corporate governance standard of the Group. Except the deviations in code provisions A.5.4 and E.1.2, the Company has complied with all the applicable code provisions and most of the recommended best practices as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Listing Rules during the six months ended 31 December 2007.

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 43,000 employees and operates diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company.

Moreover, 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. Due to the engagement by another meeting held overseas, Dr Cheng Kar Shun, Henry, Chairman of the Board, was unable to attend the annual general meeting of the Company held on 26 November 2007.

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.

THE BOARD

As at the date of this announcement: (a) the executive directors of the Company are Dr Cheng Kar Shun, Henry, Mr Doo Wai Hoi, William, Mr Chan Kam Ling, Mr Tsang Yam Pui, Mr Wong Kwok Kin, Andrew, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung and Mr William Junior Guilherme Doo; (b) the non-executive directors of the Company are Mr Wilfried Ernst Kaffenberger (alternate director to Mr Wilfried Ernst Kaffenberger: Mr Yeung Kun Wah, David), Mr To Hin Tsun, Gerald and Mr Dominic Lai; and (c) the independent non-executive directors of the Company are Mr Kwong Che Keung, Gordon, Mr Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham.

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 17 March 2008

** For identification purposes only*