新創建 NWS
新創建集團有限公司*
NWS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(stock code: 659)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHTS

Revenue	**:**	**HK$8,658.2 million**
Profit attributable to shareholders	**:**	**HK$813.3 million**
Earnings per share - basic	**:**	**HK$0.40**
Interim dividend per share	**:**	**HK$0.20**

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 2008 (the "Current Period") together with comparative figures for the six months ended 31 December 2007 (the "Last Period") as follows:

Condensed Consolidated Income Statement - Unaudited

	Note	**For the six months ended 31 December 2008 HK$'m**	2007 HK$'m (restated)
Revenue	*2*	**8,658.2**	9,367.8
Cost of sales		**(7,681.3)**	(8,151.4)
Gross profit		**976.9**	1,216.4
Other income	*3*	**275.2**	287.9
General and administrative expenses		**(581.4)**	(693.7)
Other charges	*3*	**(290.5)**	-
Operating profit	*3*	**380.2**	810.6
Finance costs		**(142.1)**	(169.2)
Share of results of			
Associated companies		**20.0**	267.9
Jointly controlled entities		**618.6**	1,613.5
Profit before income tax		**876.7**	2,522.8
Income tax expenses	*4*	**(47.6)**	(142.6)
Profit for the period		**829.1**	2,380.2
Attributable to			
Shareholders of the Company		**813.3**	2,233.5
Minority interests		**15.8**	146.7
		829.1	2,380.2
Dividend	*5*	**411.1**	1,116.5
Earnings per share attributable to the shareholders of the Company	*6*		
Basic		**HK$0.40**	HK$1.11
Diluted		**HK$0.40**	HK$1.11

Condensed Consolidated Balance Sheet - Unaudited

	Note	**At 31 December 2008 HK$'m**	At 30 June 2008 HK$'m (restated)
ASSETS			
Non-current assets			
Investment properties		**1,117.7**	1,129.7
Property, plant and equipment		**616.2**	562.2
Leasehold land and land use rights		**743.0**	745.5
Intangible concession rights		**1,130.7**	1,303.1
Intangible assets		**811.5**	728.9
Associated companies		**3,385.9**	3,392.6
Jointly controlled entities		**17,673.2**	16,004.1
Available-for-sale financial assets		**491.8**	663.3
Other non-current assets		**632.0**	643.7
		26,602.0	25,173.1
Current assets			
Inventories		**275.2**	278.9
Trade and other receivables	*7*	**8,125.5**	9,579.6
Taxation recoverable		**29.0**	-
Financial assets at fair value through profit or loss		**175.5**	332.3
Cash held on behalf of customers		**3,165.5**	3,105.8
Short term deposits		**-**	126.4
Cash and bank balances		**3,670.5**	3,997.8
		15,441.2	17,420.8
Total assets		**42,043.2**	42,593.9

Condensed Consolidated Balance Sheet - Unaudited (continued)

	Note	**At 31 December 2008 HK$'m**	At 30 June 2008 HK$'m (restated)
EQUITY			
Share capital		**2,053.2**	2,057.6
Reserves		**18,607.9**	18,366.3
Proposed final dividend		**-**	822.8
Interim dividend		**411.1**	-
Shareholders' funds		**21,072.2**	21,246.7
Minority interests		**1,070.8**	1,266.4
Total equity		**22,143.0**	22,513.1
LIABILITIES			
Non-current liabilities			
Borrowings		**6,052.2**	5,068.6
Other non-current liabilities		**522.6**	658.8
		6,574.8	5,727.4
Current liabilities			
Trade and other payables	*8*	**10,503.8**	10,362.3
Taxation		**147.8**	268.8
Borrowings		**2,673.8**	3,722.3
		13,325.4	14,353.4
Total liabilities		**19,900.2**	20,080.8
Total equity and liabilities		**42,043.2**	42,593.9
Net current assets		**2,115.8**	3,067.4
Total assets less current liabilities		**28,717.8**	28,240.5

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 2008 annual financial statements.

For the six months ended 31 December 2008, the Group has adopted the following amendments to standards and interpretations which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2009:

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
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

Except for HK(IFRIC) - Int 12, the adoption of these amendments and interpretations does not have significant change to the accounting policies or any significant effect on the results and financial position of the Group, the accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the 2008 annual financial statements. The effect of applying HK(IFRIC) - Int 12 is set out below.

1. Basis of preparation and accounting policies (continued)

HK(IFRIC) - Int 12 applies to contractual service concession arrangements ("Service Concessions") whereby the Group participates in the development, financing, operation and maintenance of infrastructures for public services, such as toll roads and bridges, power plants and water treatment plants (the "Infrastructures"). Prior to the adoption of HK(IFRIC) - Int 12, the costs incurred for the construction or upgrade work or the acquisition of the Infrastructures under the Service Concessions were accounted for as property, plant and equipment. On adoption of HK(IFRIC) - Int 12, these Service Concessions are accounted for as intangible assets to the extent that the Group receives a right to charge users of the respective Infrastructures, or as financial assets to the extent that the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the granting authorities under the service concession arrangement.

Intangible assets resulting from the application of HK(IFRIC) - Int 12 are recorded in the balance sheet as "Intangible concession rights". The intangible concession rights are amortized, where applicable, on an economic usage basis or on a straight-line basis over the periods which the Group is granted the rights to operate these Infrastructures.

Financial assets resulting from the application of HK(IFRIC) - Int 12 are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Furthermore, the Group recognizes income and expenses associated with construction services and upgrade services provided under the Service Concessions in accordance with the Group's accounting policy on construction revenue.

1. Basis of preparation and accounting policies (continued)

The adoption of HK(IFRIC) - Int 12 resulted in a change in the Group's principal accounting policies, which has been applied retrospectively and the comparative figures have been restated accordingly. The financial impact which is primarily due to the adoption of HK(IFRIC) - Int 12 is summarized as follows:

Consolidated Balance Sheet

	At 31 December 2008 HK$'m	At 30 June 2008 HK$'m
Decrease in property, plant and equipment	**1,130.7**	1,303.1
Increase in intangible concession rights	**1,130.7**	1,303.1
Increase in jointly controlled entities	**139.8**	129.3
Increase in other non-current liabilities	**30.7**	30.7
Increase in reserves	**109.1**	98.6
Increase in exchange reserve	**43.8**	43.8
Increase in revenue reserve	**65.3**	54.8

Consolidated Income Statement

	For the six months ended 31 December	
	2008 HK$'m	2007 HK$'m
Increase in share of results of jointly controlled entities	**10.5**	8.1
Increase in amortization of intangible concession rights	**38.2**	45.6
Decrease in depreciation	**38.2**	45.6
Increase in basic earnings per share	**HK$0.01**	HK$0.01
Increase in diluted earnings per share	**HK$0.01**	HK$0.01

1. Basis of preparation and accounting policies (continued)

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2010

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

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which may be relevant to the Group's operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

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.

The primary reporting format is by business segments and the secondary reporting format is by geographical segments.

(a) Primary reporting format – business segments

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 2008										
External sales	-	154.1	-	453.2	2,251.2	5,434.2	331.8	33.7	-	8,658.2
Inter-segment sales	-	-	-	-	50.5	364.1	5.8	2.9	(423.3)	-
Total revenue	-	154.1	-	453.2	2,301.7	5,798.3	337.6	36.6	(423.3)	8,658.2
Segment results	1.7	77.6	2.5	127.1	205.2	134.2	9.9	6.8	-	565.0
Gain on deemed acquisition of interests in subsidiary companies	-	105.0	-	-	-	-	32.6	-	-	137.6
Profit on disposal of a subsidiary company	27.4	-	-	-	-	-	-	-	-	27.4
Fair value losses on investment properties	-	-	-	(5.5)	-	(6.5)	-	-	-	(12.0)
Assets impairment loss	-	-	-	-	-	-	(5.1)	-	-	(5.1)
Loss on disposal of a jointly controlled entity	-	-	-	(1.5)	-	-	-	-	-	(1.5)
Unallocated corporate expenses										(331.2)[(i)]
Operating profit										380.2
Finance costs										(142.1)
Share of results of										
Associated companies	27.5	(26.0)	2.5	-	-	24.8	29.3	(38.1)	-	20.0
Jointly controlled entities	26.6	346.7	103.7	116.7	0.2	3.2	-	21.5	-	618.6
Profit before income tax										876.7
Income tax expenses										(47.6)
Profit for the period										829.1

(i) Unallocated corporate expenses included HK$139.5 million impairment loss on available-for-sale financial assets.

2. Revenue and segment information (continued)

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

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 2008										
Capital expenditure	-	1.8	-	155.1	10.9	4.3	29.7	0.8	-	202.6
Depreciation	0.3	0.7	-	13.3	13.7	15.0	13.1	3.6	-	59.7
Amortization of leasehold land and land use rights	-	-	-	-	0.1	0.7	-	0.3	-	1.1
Amortization of intangible concession rights	-	38.2	-	-	-	-	-	-	-	38.2
Amortization of intangible assets	-	-	-	-	-	-	3.9	-	-	3.9
At 31 December 2008										
Segment assets	219.8	1,208.6	1.6	2,292.7	1,061.5	5,379.9	5,828.3	190.1	-	16,182.5
Associated companies	347.9	432.2	424.6	-	1.2	1,047.5	408.7	723.8	-	3,385.9
Jointly controlled entities	469.4	6,164.2	4,919.5	2,318.1	10.7	75.9	-	3,715.4	-	17,673.2
Unallocated assets										4,801.6
Total assets										42,043.2
Segment liabilities	5.7	498.8	1.7	204.0	481.0	4,892.6	3,868.6	0.5	-	9,952.9
Unallocated liabilities										9,947.3
Total liabilities										19,900.2

2. Revenue and segment information (continued)

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

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 (restated)										
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 disposal 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	111.5	114.2	0.2	(2.2)	-	1,053.8 (i)	-	1,613.5
Profit before income tax										2,522.8
Income tax expenses										(142.6)
Profit for the period										2,380.2
Capital expenditure	-	1.0	-	4.9	31.8	14.4	17.9	6.3	-	76.3
Depreciation	0.4	0.7	-	13.3	15.0	18.4	13.1	3.7	-	64.6
Amortization of leasehold land and land use rights	-	-	-	-	0.1	0.6	-	0.2	-	0.9
Amortization of intangible concession rights	-	45.6	-	-	-	-	-	-	-	45.6
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)

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 2008 (restated)										
Segment assets	58.9	1,990.6	-	2,146.7	1,078.8	6,077.4	6,206.1	201.8	-	17,760.3
Associated companies	335.7	454.1	422.2	-	1.4	1,045.6	379.3	754.3	-	3,392.6
Jointly controlled entities	748.4	4,603.7	3,919.0	2,362.0	10.5	88.0	-	4,272.5	-	16,004.1
Unallocated assets										5,436.9
Total assets										42,593.9
Segment liabilities	6.3	624.7	1.0	290.8	502.7	5,442.5	3,801.5	2.5	-	10,672.0
Unallocated liabilities										9,408.8
Total liabilities										20,080.8

(b) Secondary reporting format – geographical segments

HK$'m	Segment revenue	Segment results	Capital expenditure	Segment assets
	For the six months ended 31 December 2008			**At 31 December 2008**
Hong Kong	**5,752.6**	**358.4**	**199.1**	**12,447.2**
Mainland China	**969.2**	**121.3**	**3.5**	**1,935.6**
Macau	**1,933.5**	**83.1**	**-**	**1,792.1**
Others	**2.9**	**2.2**	**-**	**7.6**
	8,658.2	**565.0**	**202.6**	**16,182.5**
	For the six months ended 31 December 2007			At 30 June 2008
Hong Kong	5,375.8	649.7	57.3	12,754.2
Mainland China	796.1	75.7	6.2	2,837.6
Macau	3,192.5	73.2	12.8	2,161.8
Others	3.4	3.1	-	6.7
	9,367.8	801.7	76.3	17,760.3

3. Operating profit

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

	For the six months ended 31 December	
	2008	2007
	HK$'m	HK$'m (restated)
Crediting		
Interest income from margin and other financing of securities business, included in revenue	**47.4**	225.0
Other income		
Profit on disposal of a subsidiary company	**27.4**	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
Fair value gains on financial assets at fair value through profit or loss	**-**	16.7
Interest income	**59.9**	112.6
Management fee income	**23.3**	18.2
Machinery hire income	**22.2**	1.1
Gain on deemed acquisition or disposal of interests in subsidiary companies and an associated company	**137.6**	78.8
Dividends and others	**4.8**	9.0
	275.2	287.9

3. Operating profit (continued)

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

	For the six months ended 31 December	
	2008	2007
	HK$'m	HK$'m (restated)
Charging		
Cost of inventories sold	**781.0**	390.5
Depreciation	**59.7**	64.6
Amortization of leasehold land and land use rights	**1.1**	0.9
Amortization of intangible concession rights	**38.2**	45.6
Amortization of intangible assets	**3.9**	3.9
Impairment of trade and other receivables	**0.3**	1.3
Exchange losses	**0.7**	-
Operating lease rental expenses		
Properties	**65.7**	50.8
Other equipment	**3.5**	-
Interest expense for securities broking and margin financing operations, included in cost of sales	**6.2**	150.4
Other charges		
Fair value losses on investment properties	**12.0**	-
Net loss on disposal of financial assets at fair value through profit or loss	**27.2**	-
Fair value losses on financial assets at fair value through profit or loss	**105.2**	-
Impairment loss on available-for-sale financial assets	**139.5**	-
Assets impairment loss	**5.1**	-
Loss on disposal of a jointly controlled entity	**1.5**	-
	290.5	-

4. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the Current Period. Taxation on Mainland China and overseas profits has been calculated on the estimated assessable 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% (2007: 3% to 33%).

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

	For the six months ended 31 December	
	2008	2007
	HK$'m	HK$'m
Current income tax		
Hong Kong profits tax	**42.7**	102.8
Mainland China and overseas taxation	**24.7**	15.6
Deferred income tax (credit) / charge	**(19.8)**	24.2
	47.6	142.6

Share of associated companies' and jointly controlled entities' taxation of HK$13.4 million (2007: HK$66.8 million) and HK$91.1 million (2007 restated: HK$337.8 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	
	2008	2007
	HK$'m	HK$'m
Interim dividend declared of HK$0.20 (2007: paid of HK$0.55) per share	**411.1**	1,116.5

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	
	2008	2007
	HK$'m	HK$'m
		(restated)
Profit attributable to shareholders of the Company	**813.3**	2,233.5
Adjustment on the effect of dilution in the results of a subsidiary company	**-**	(0.5)
Profit for calculation of diluted earnings per share	**813.3**	2,233.0

	Number of shares	
	2008	2007
Weighted average number of shares for calculating basic earnings per share	**2,056,098,998**	2,014,615,293
Effect of dilutive potential ordinary shares		
Share options	**44,050**	5,598,382
Weighted average number of shares for calculating diluted earnings per share	**2,056,143,048**	2,020,213,675

7. Trade and other receivables

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

	At 31 December 2008 HK$'m	At 30 June 2008 HK$'m
Receivables arising from securities business	**509.1**	586.4
Other trade receivables	**1,683.1**	1,792.8
	2,192.2	2,379.2

Receivables arising from securities business mainly represents 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 2008 HK$'m	At 30 June 2008 HK$'m
Under 3 months	**1,935.8**	1,994.5
4 to 6 months	**94.4**	119.3
Over 6 months	**162.0**	265.4
	2,192.2	2,379.2

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 2008 HK$'m	At 30 June 2008 HK$'m
Payables arising from securities business	**3,726.3**	3,667.1
Other trade payables	**688.4**	795.3
	4,414.7	4,462.4

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.

The ageing analysis of other trade payables is as follows:

	At 31 December 2008 HK$'m	At 30 June 2008 HK$'m
Under 3 months	**604.0**	686.4
4 to 6 months	**23.5**	42.8
Over 6 months	**60.9**	66.1
	688.4	795.3

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 2009 in scrip form equivalent to HK$0.20 per share with a cash option to shareholders registered on 15 April 2009.

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$0.20 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 29 April 2009.

BOOK CLOSE DATES

Book close dates (both days inclusive) :	Wednesday, 8 April 2009 to Wednesday, 15 April 2009
Latest time to lodge transfer with transfer office :	4:30 pm on Tuesday, 7 April 2009
Name and address of transfer office :	Tricor Standard Limited 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong

FINANCIAL REVIEW

Group overview

The Current Period under review saw an unprecedented upheaval in many economies worldwide as a result of the financial tsunami. The Group reported a profit attributable to shareholders of HK$813.3 million for the Current Period, a decrease of HK$405.4 million or 33%, as compared to HK$1,218.7 million for the Last Period, not including the HK$1,014.8 million one-off profit from the sale of the residential flats of Harbour Place. Attributable Operating Profit ("AOP") reduced by 11% from HK$1.394 billion in the Last Period to HK$1.241 billion in the Current Period. Infrastructure division generated an AOP of HK$574.1 million, a reduction of 18% as compared to HK$700.7 million in the Last Period. Service & Rental division encountered a 4% mild drop and its AOP decreased from HK$692.8 million in the Last Period to HK$667.1 million in the Current Period.

Under the current adverse market conditions, the Group seized the opportunity to restructure the investments in several roadways in the Guangxi Province and resulted in gain on deemed acquisition of interests in subsidiary companies of HK$105.0 million in the Current Period.

The worldwide market suffered wealth evaporation during the Current Period. Being prudent in uncertain times, we opted to dispose of and write down part of our securities investment to their market value leading to an impairment loss on available-for-sale financial assets and assets impairment loss of HK$142.7 million (2007: nil) and a net realized and unrealized loss from securities investment of HK$81.7 million (2007: a net realized and unrealized gain of HK$44.3 million) as a result of such disposal and writedown.

Contribution by Division For the six months ended 31 December	2008 HK$'m	2007 HK$'m (restated)
Infrastructure	**574.1**	700.7
Service & Rental	**667.1**	692.8
Attributable operating profit	**1,241.2**	1,393.5
Head office and non-operating items		
Net gain on disposal of projects	**25.9**	2.4
Gain on deemed acquisition or disposal of interests in subsidiary companies and an associated company	**137.6**	78.8
Fair value losses on investment properties, net of tax	**(10.0)**	-
Impairment loss on available-for-sale financial assets and assets impairment loss	**(142.7)**	-
Net (loss) / gain from securities investment	**(81.7)**	44.3
Share of (loss) / profit from Harbour Place	**(32.8)**	1,014.8
Other interest income	**11.8**	26.1
Other finance costs	**(135.5)**	(161.5)
Share based payment	**(25.4)**	(35.1)
Others	**(175.1)**	(129.8)
	(427.9)	840.0
Profit attributable to shareholders	**813.3**	2,233.5

Contributions from operations in Hong Kong accounted for 46% of AOP in the Current Period same as Last Period. Mainland China and Macau contributed 42% and 12% respectively, as compared to 45% and 9% respectively in the Last Period.

Earnings per share

Basic earnings per share decreased by 64% from HK$1.11 in the Last Period to HK$0.40 in the Current Period.

OPERATIONAL REVIEW – INFRASTRUCTURE

AOP of the Infrastructure division for the Current Period decreased 18% to HK$574.1 million, mainly due to the soaring fuel costs which severely impacted the profitability of the Energy segment.

AOP Contribution by Segment

For the six months ended 31 December

	2008 HK$'m	2007 HK$'m (restated)	Change % Fav./(Unfav.)
Roads	**382.6**	363.7	5
Energy	**42.8**	207.0	(79)
Water	**93.1**	70.6	32
Ports	**55.6**	59.4	(6)
Total	**574.1**	700.7	(18)

Roads

The AOP of the Roads segment for the Current Period was HK$382.6 million, grew HK$18.9 million or 5% from the Last Period.

Performance of projects within the Pearl River Delta Region was affected by the slowdown in business activities. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) fell by 3% and 8% respectively. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway dropped by 5% when compared to the Last Period.

AOP of Guangxi Roadways Network rose as certain roadways have undergone capital restructuring which led to an increase in our profit sharing ratios. Its combined average daily traffic flow reduced by 11% in the Current Period, mainly due to revocation of toll stations of certain roadways in December 2007.

Toll revenue of Tangjin Expressway (Tianjin North Section) grew 33% in the Current Period after the introduction of toll-by-weight policy in August 2007. Average daily traffic flow also increased by 15% as traffic was diverted to the expressway due to the temporary traffic measures introduced during Olympic period.

Average daily traffic flow of Wuhan Airport Expressway dropped by 3% as a connecting road was temporarily closed during the Current Period.

The average daily traffic flow of Tate's Cairn Tunnel decreased by 7% after the opening of Route 8 in March 2008. Toll revenue fell only by 3% as there was a toll hike in November 2008.

Energy

AOP of the Energy segment fell by 79% from HK$207.0 million to HK$42.8 million for the Current Period.

Combined electricity sales of Zhujiang Power Plants decreased by 10% in the Current Period due to the downturn of the economy. This was aggravated by the soaring coal price which resulted in a combined AOP loss of 89% when compared to the Last Period.

Sales volume of Macau Power grew by 6% when compared to the Last Period despite the delays or suspension of works of some mega-sized construction projects in Macau.

Electricity sales of Chengdu Jintang Power Plant for the Current Period increased by 12% from the Last Period, as both generation units commenced operation in June and October 2007 respectively.

Electricity sales of Guangdong Baolihua New Energy Stock Co., Ltd. increased by 103% to RMB955.1 million as two generation units came into operation in June and September 2008 respectively.

Water

AOP contribution from the Water segment increased by HK$22.5 million to HK$93.1 million in the Current Period, represented a growth of 32%. The acquisition of 7.5% interest in Chongqing Water Group was completed in August 2008 and its contribution is reflected in the overall AOP.

Average daily sales volume of Macau Water Plant decreased slightly by 1%. In Mainland, Chongqing Tangjiatuo Waste Water Treatment Plant reported a 4% growth in daily average treated volume. Water sales volume of Zhengzhou Water Plant and Changshu Water Plant reduced by 6% and 3% respectively. The overall impact of the global financial tsunami on the Water segment was small when compared to other segments.

Ports

AOP contribution of Ports segment decreased by 6% from HK$59.4 million to HK$55.6 million during the Current Period.

Throughput of Xiamen New World Xiangyu Terminals Co., Ltd. dropped by 6% to 379,000 TEUs as the contract with a major customer had been terminated. As affected by the competition from new terminals and slowdown of economic activities, throughput of Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents International Container Terminal Co., Ltd. dropped by 18% to 473,000 TEUs and 5% to 976,000 TEUs respectively.

OPERATIONAL REVIEW – SERVICE & RENTAL

Service & Rental division achieved an AOP of HK$667.1 million for the Current Period. A slight decrease of AOP by HK$25.7 million or 4% was mainly attributable to the significant drop in the AOP of Taifook Securities Group Limited ("Taifook Securities") but was partly offset by an encouraging performance from our duty free operation.

AOP Contribution by Segment

For the six months ended 31 December	**2008** **HK$'m**	2007 HK$'m	Change % Fav./(Unfav.)
Facilities Rental	**224.0**	212.3	6
Contracting	**142.1**	138.8	2
Financial Services	**37.4**	214.6	(83)
Other Services	**263.6**	127.1	107
Total	**667.1**	692.8	(4)

Facilities Rental

The Group's Facilities Rental segment continued to provide a steady source of income and cash flow to the Group. This segment recorded an AOP of HK$224.0 million for the Current Period, an increase of 6% over the Last Period.

Hong Kong Convention and Exhibition Centre ("HKCEC") continued to achieve satisfactory result for the Current Period with 527 events held. Total patronage exceeded 3.0 million even though the performance of the food and beverage division was affected by the construction works in the Atrium Link expansion. The expansion project is due for completion soon. The added 19,400 sq m will increase available space for lease up to a total of 83,400 sq m commencing from April 2009, enabling HKCEC to maintain its leading position in the market.

ATL Logistics Centre ("ATL") recorded a steady profit with an average occupancy rate maintained at 99% during the Current Period. It has also benefited from the increase in average rental as the demand for storage space remains strong. Being the world's largest multi-storey warehousing and logistics facility, ATL continues to provide professional warehousing and terminal services to an ever-growing global clientele.

China United International Rail Containers Co., Ltd., the joint venture company that develops 18 rail container terminals in Mainland China, was established in March 2007. The current standalone facility in Kunming is operating smoothly while the construction works of the terminals in Chongqing, Zhengzhou, Qingdao and Dalian are well underway and are expected to be completed and operational by the second half of 2009. The next batch of terminals approved to be built which includes Xian and Chengdu is also under way.

Contracting

The Contracting segment achieved an AOP of HK$142.1 million for the Current Period, representing a slight increase of 2% over the Last Period. The profitability of the Contracting segment is stable.

As at 31 December 2008, the gross value of contracts on hand for the construction group was approximately HK$29.0 billion. Although the impact of the global financial tsunami is yet to be fully reflected, the management is cautiously optimistic about the medium to long term prospects in Hong Kong. The Group is well positioned to take advantage of mega sized projects, such as the West Kowloon development, Disney phases 2 and 3, Kai Tak Redevelopment and the Hong Kong – Zhuhai – Macau bridge.

The performance of the Group's mechanical and engineering business remained satisfactory with an improved gross profit margin. The mechanical and engineering contracts awarded for the Current Period were HK$794.0 million in which 77% was secured from Mainland China and 23% from Hong Kong and Macau while the total contracts on hand as at 31 December 2008 amounted to HK$6.6 billion.

Financial Services

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

Significant drop in AOP contribution of Taifook Securities was chiefly due to the substantial decline in earnings from its brokerage and margin financing services during the Current Period. Its businesses seriously deteriorated as a result of the global financial tsunami and the lack of turnover volume in the equity markets. It is expected that the adverse market trend will continue in the near future.

Tricor has successfully expanded into 21 cities in 12 countries. Its business operations in Hong Kong, Singapore and the Mainland China together contributed over 80% of the total profit during the Current Period. In September 2008, Tricor also finalized the acquisition of a corporate service practice in Brunei.

Other Services

The Other Services segment, which comprises transport and other general services businesses, reported an AOP of HK$263.6 million representing a 107% increase over the Last Period. However, there was a 35% decline in the AOP of the local bus operation and a HK$8.4 million operating loss in local ferry's operation for the Current Period (2007: HK$0.4 million). High fuel costs and salaries rise remained heavy burdens to the transport business. The gloomy economy and intense competition from the market have in general led to a drop in patronage of the Group's transport business.

Free Duty engaged in duty free tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong has achieved satisfactory result in the Current Period with increased spending per passenger. Benefiting from the steady traffic growth via railway between Hong Kong and Mainland China, the duty free operation in Lo Wu and Hunghom MTR Stations which commenced in January 2008 brought additional revenue to the Group during the Current Period.

The property management business contributed a stable profit to the Group and maintained a clientele of 108,000 residential units under management despite tough market competitions. The Group will continue to explore new market opportunities in Mainland China.

OUTLOOK

Against the backdrop of the lingering effects of the financial tsunami beyond 2009, the Group will continue to be on the look-out for possible changes and risks while striving to maintain a high level of corporate governance, and focus on seeking quality assets with growth potential. Our Corporate Governance Steering Committee, established in 2007, reflects our belief in achieving sustainable business development via good corporate governance and management expertise.

The economic outlook for 2009 is expected to remain volatile but through prudent investment policies, effective financial control and sound corporate governance, we are confident that we will weather the financial storm and become better prepared in meeting future challenges.

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 centralized at the corporate level. The Group's treasury function regularly reviews the funding requirements in order to enhance the cost-efficiency of funding initiatives. With adequate cash 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 2008, the Group's total cash and bank balances amounted to HK$3.671 billion, as compared to HK$4.124 billion as at 30 June 2008. Net Debt increased by 8% from HK$4.667 billion at 30 June 2008 to HK$5.056 billion as at 31 December 2008. The Group's Gearing Ratio, as a result, also slightly increased from 21% as at 30 June 2008 to 23% as at 31 December 2008. In order to continue develop our core businesses, the Group is prepared to increase the gearing ratio when necessary. The increase in our gearing ratio is mainly due to financing the new and existing investments in the Current Period such as the Guangzhou City Nansha Port Expressway, Chongqing Water Group and Conghua-Dongguan Expressway (Huizhou Section). The capital structure of the Group was 28% debt and 72% equity as at both 31 December 2008 and 30 June 2008.

Debt profile and maturity

As at 31 December 2008, the Group's Total Debt decreased to HK$8.726 billion from HK$8.791 billion as at 30 June 2008. Long-term bank loans and borrowings increased from HK$5.069 billion as at 30 June 2008 to HK$6.052 billion as at 31 December 2008, with HK$1.370 billion maturing in the second year and the remaining in the third to fifth year. Secured bank loans and overdrafts amounted to HK$138.8 million as at 31 December 2008 and were secured by the securities clients' listed shares pledged to the Group. All bank loans were denominated in either Hong Kong dollars or United States 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 2008.

Commitments

The Group's commitments for capital expenditure were HK$1.688 billion as at 31 December 2008 as compared to HK$2.967 billion as at 30 June 2008. This represented commitment for capital contributions in certain associated companies and jointly controlled entities and other projects of HK$1.472 billion as at 31 December 2008 as compared to HK$2.662 billion as at 30 June 2008, and commitments for properties and equipment of HK$216.0 million as at 31 December 2008 as compared to HK$305.0 million as at 30 June 2008. The share of commitments for capital expenditure committed by jointly controlled entities was HK$858.1 million as at 31 December 2008 as compared to HK$1.336 billion as at 30 June 2008. Sources of funding for capital expenditure are internally generated resources and banking facilities.

CONTINGENT LIABILITIES

Contingent liabilities of the Group were HK$354.4 million as at 31 December 2008 as compared to HK$638.0 million as at 30 June 2008. 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$203.5 million and HK$139.0 million as at 31 December 2008 as compared to HK$11.9 million, HK$571.1 million and HK$55.0 million respectively as at 30 June 2008. The share of contingent liabilities of jointly controlled entities was HK$56.2 million as at both 31 December 2008 and 30 June 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, over 44,000 staff were employed by entities under the Group's management of which approximately 26,000 were employed in Hong Kong. Total staff related costs excluding directors' remunerations, were HK$1.422 billion (2007: HK$1.549 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 and has taken active steps for enhancing the overall corporate governance standard of the Group. Throughout the six months ended 31 December 2008, the Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company repurchased a total of 4,712,000 shares of the Company on the Hong Kong Stock Exchange during the Current Period, details of which are summarized as follows:

Month	**Number of shares repurchased**	**Repurchase price per share**		**Aggregate purchase price**
		Highest price	**Lowest price**	
		HK$	*HK$*	*HK$*
August 2008	308,000	17.20	16.00	5,244,680
September 2008	528,000	17.60	16.30	9,000,480
October 2008	3,876,000	10.58	7.07	32,532,320
	4,712,000			46,777,480

The repurchased shares were cancelled during the Current Period and the issued share capital of the Company was reduced by the par value thereof. The directors considered that the shares were repurchased for the purpose of enhancing the net asset value per share of the Company.

Save as disclosed above, 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 2009

* *For identification purposes only*