新創建 NWS

ONWARDS AND UPWARDS

ANNUAL REPORT 2014

NWS HOLDINGS LIMITED

STOCK CODE: 659

ABOUT NWS HOLDINGS

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

With a workforce of approximately 28,500 people, NWS Holdings is committed to achieving sustainable growth in its two core business areas of infrastructure and services.

VISION

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

MISSION

Synergize and develop business units that:

- Nurture total integrity
- Attain total customer satisfaction
- Foster learning culture and employee pride
- Build a world-class service provider brand
- Maximize financial returns

CORE VALUES

- Reputable customer care
- Pride and teamwork
- Innovation
- Community contributions and environmental awareness
- Stakeholders' interest

CONTENTS

Design rationale

ONWARDS AND UPWARDS

Subsequent to the use of sailboat last year, a glider has been adopted as the main theme of this year's annual report. The design depicts a flow of air outlined in a shape similar to the logo of NWS Holdings. This flow of air propels movement of the glider, which flies into a sky of unmeasured vastness. The analogy of soaring wings flying farther and higher implies new attainments of NWS Holdings and an even brighter future.

Download the NWS Holdings Annual Report 2014

CORPORATE PROFILE

As at 23 September 2014

Project key facts and figures as at 30 June 2014 on P.176 to P.189 of this annual report

* Macau Power disposal completed in July 2014

INFRASTRUCTURE

As one of the leading infrastructure players in Mainland China, NWS Holdings possesses an extensive business network in managing and operating 67 projects and two strategic investments in four major segments, namely Roads, Energy, Water and Ports & Logistics as at 30 June 2014.

ROADS

The road portfolio comprises 20 roads and related projects in strategic locations in Hong Kong and Mainland China.

Roads network approximately

720 km in length

ENERGY

The Group operates four power plants in Guangdong, Sichuan and Macau and a coal distributor in Guangdong.

Total installed capacity of approximately

2,892 MW

WATER

This segment comprises of water treatment, and waste water and sludge treatment.

Treat up to a total of

7.73 million cbms of water and waste water per day

PORTS & LOGISTICS

The Group invests in three port projects, 18 large-scale pivotal rail container terminals and Beijing Capital International Airport in Mainland China, as well as two logistics centres in Hong Kong.

Handling capacity of

12 million TEUs per year for ports projects

Logistics facilities offer total leasable area of

6.82 million sq ft

SERVICES

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

FACILITIES MANAGEMENT

The portfolio mainly comprises the management and operation of Hong Kong Convention and Exhibition Centre and the business of Free Duty.

Approximately

5.9 million visitors attended events at Hong Kong Convention and Exhibition Centre this year

CONSTRUCTION & TRANSPORT

The Group is dedicated to providing professional construction services and reliable public transport services in Hong Kong.

The bus and ferry fleets carry over

1.2 million patronage per day

STRATEGIC INVESTMENTS

The segment includes Tricor Holdings Limited, Haitong International Securities Group Limited, Newton Resources Ltd, Hyva Holding B.V. and securities investments held by the Group.

MAJOR EVENTS AND ACCOLADES

2013

July

- Hip Hing Construction Company Limited was awarded a HK$2 billion contract to build the Goldin Financial Global Centre, a 27-storey Grade A commercial building in Kowloon Bay, Hong Kong.

August

- Sino French Water Development Company Limited ("Sino French Water"), the Group's joint venture with Suez Environnement, signed an agreement with its Mainland partner to jointly operate the Chongzhou Dayi Wastewater Treatment Plant that serves over 600,000 residential and commercial customers in Chongzhou City, Chengdu of Sichuan Province.

- NWS Holdings Annual Report 2012 received a bronze and an honours award at the 2013 International ARC Awards, followed by another bronze at the 2013 Galaxy Awards in October.

September

- NWS Holdings has been selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the third consecutive year, reflecting the Group's high standards in corporate governance, social and environmental performance.

- A record number of over 6,700 Hong Kong employees and their family members took part in the NWS Adventure Day 2013 at Hong Kong Disneyland.

October

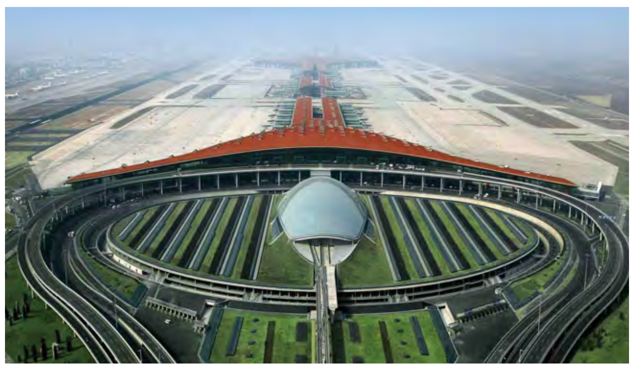
- The Hong Kong Convention and Exhibition Centre ("HKCEC") was voted the Best Convention & Exhibition Centre for the fifth time in the 24th Annual TTG Travel Awards. It was also voted Asia's Best Convention and Exhibition Centre for the 11th time by readers of *CEI Asia Magazine*, reinforcing its leading position in the industry.

November

- NWS Holdings received the Best Practice Award 2013 in Employee Care from the Best Practice Management Group, followed by scooping the Grand Award of the Year and the Best Practice in Engagement & Retention of the Year at the 16th China Staff Awards in December.

December

- NWS Holdings acquired a stake in Beijing Capital International Airport Co., Ltd. ("BCIA"), becoming its second largest shareholder after Capital Airports Holding Company. As at 30 June 2014, the Group holds 10.35% of the total issued share capital of BCIA.



- The YWCA NWS Y-Care Centre (North District) was established with a HK$3 million donation from the NWS Holdings Charities Foundation. It provides comprehensive daycare services for the elderly in Hong Kong.

- Hong Kong Convention and Exhibition Centre (Management) Limited celebrated the 25th anniversary of HKCEC with a series of festive events.

- Xiamen Container Terminal Group Co., Ltd. was legally established with 13.8% interest being held by the Group. Its scope of business mainly includes container cargo stevedoring and related services.

2014

January

- The New Year • New World – Hong Kong Countdown Celebrations showcased the biggest-ever pyrotechnic musical at the Victoria Harbour, with HKCEC as the featured landmark.

- The Gleneagles Hong Kong Hospital, jointly developed by the Group and Parkway Pantai Limited with the Li Ka Shing Faculty of Medicine of The University of Hong Kong as the clinical partner, held the groundbreaking ceremony.

- Sino French Water was committed to building and operating a new facility to provide sludge drying treatment service to 4.5 million residential and industrial clients in Yangzhou City of Jiangsu Province for a period of 30 years.

- NWS Holdings won the Gold Award in the volunteer team category for the third consecutive year at the 4th Hong Kong Corporate Citizenship Programme.

February

- NWS Holdings, together with its parent company and Hong Kong subsidiaries, received Caring Company Logos from The Hong Kong Council of Social Service.

March

- New World First Ferry Services Limited received an extension of licences from Transport Department for the operation of ferry services for five main inner harbour and outlying island routes.

May

- NWS Holdings announced the disposal of its interest in Macau Power. The disposal was completed in July 2014 and a gain of about HK$1.5 billion will be recognized in FY2015.

FINANCIAL HIGHLIGHTS

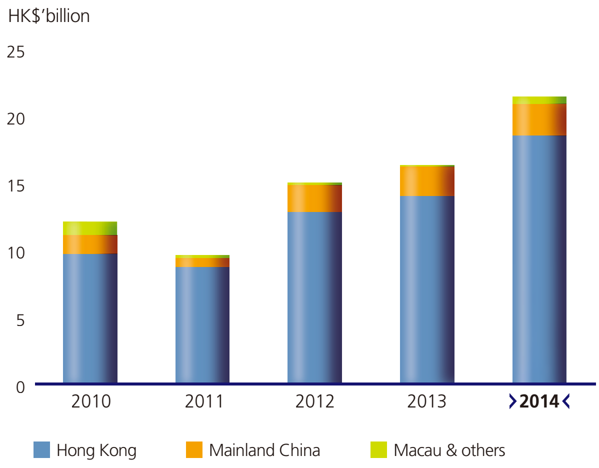
	2014 HK$'m	2013 HK$'m
Revenue	**21,443.0**	16,247.9
Profit Attributable to Shareholders of the Company	**4,324.9**	4,008.0
Net Debt	**10,030.6**	9,911.3
Total Assets	**71,554.1**	67,022.8
Net Assets	**43,043.4**	41,021.0
Shareholders' Funds	**42,216.4**	40,183.1

	2014 HK$	2013 HK$
Earnings per Share – Basic	**1.17**	1.11
Net Assets per Share	**11.50**	11.16

	2014	2013
Net Gearing Ratio	**23%**	24%
Return on Equity	**10%**	10%
Return on Capital Employed	**8%**	7%
Dividend Payout Ratio	**50%**	50%

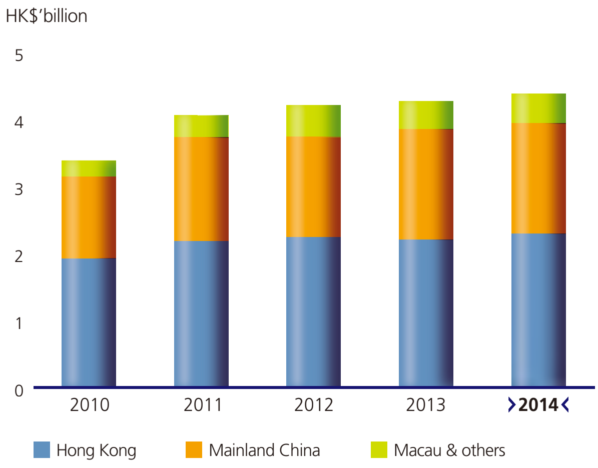
Revenue by Region

for the year ended 30 June



AOP by Region

for the year ended 30 June

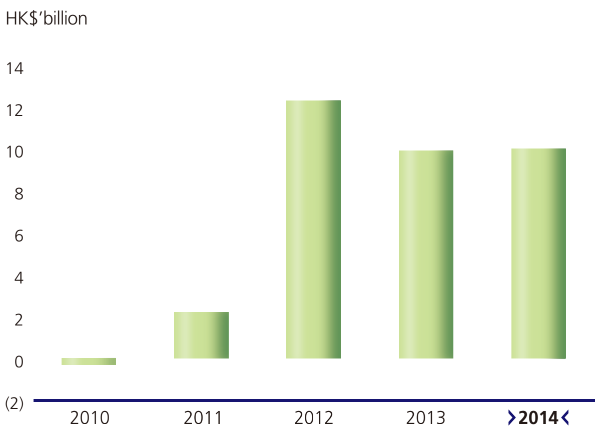


AOP by Division

for the year ended 30 June

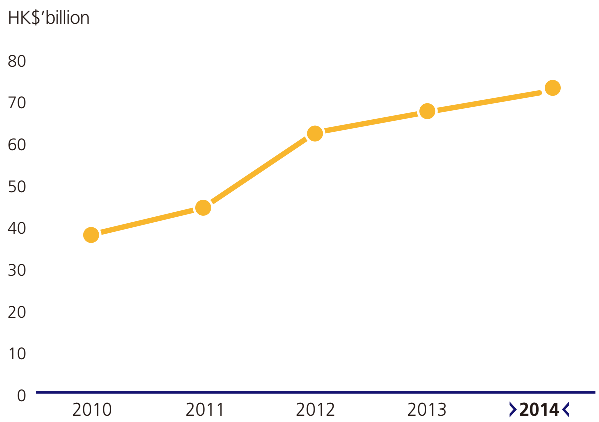
Net Debt/(Net Cash)

as at 30 June



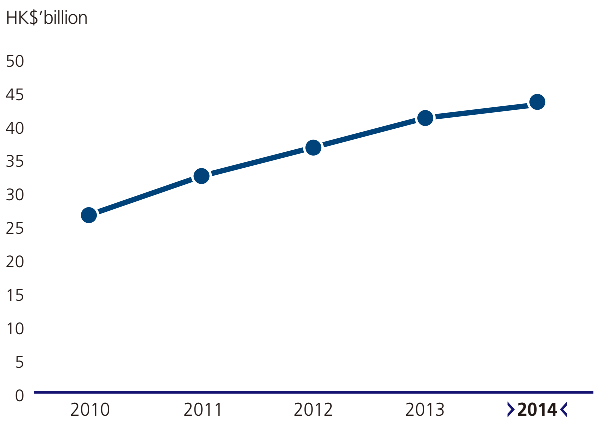
Total Assets

as at 30 June



Total Equity

as at 30 June



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to report that the Group has continued to deliver quality growth amidst slow and uneven global economic recovery. Adhering to our shareholder-centric corporate strategy and prudent financial management policy in allocating and recycling capital, the Group successfully embraced merger and acquisition opportunities to reinforce the core businesses and unlocked the value of certain mature assets through divestment activities. Looking ahead, the Group will endeavour to leverage on its financial strength and resilience in maintaining the excellent track record of performance and creating long-term shareholder value.

In Position for Value Creation

Recent economic trends indicate that the global economy will expand at a fairly modest pace as the advanced economies tend to generate moderate growth rates while the emerging markets remain plagued by weak market conditions and the signs of slowdown in Mainland China following years of blistering growth. That said, the Group welcomes the positive outcomes of the Third Plenary Session held in November 2013 which confirmed the full support and firm reliance of the Chinese government on urbanization and comprehensive reforms as the ultimate driving force for sustained and healthy economic growth.

Accordingly, the Chinese leaders have pledged to accelerate reforms and ensure fair competition to encourage the participation of private companies in public projects in order to expedite urban planning and development. The immense demand to establish and revitalize new and existing public utilities to support the future rise in local population and demographic transition naturally presents tremendous investment opportunities across a broad spectrum of asset classes. This background entails that public infrastructure spending in Mainland China will remain on an uptrend in the foreseeable future and act as catalyst for economic growth. As a pioneer foreign investor in Mainland China with a wide range of market resources and business networks, the Group is in an ideal position to secure value accretive opportunities by selectively investing in its niche areas and tapping into synergistic business segments.

Business Development and Outlook

The Ports & Logistics segment saw a remarkable AOP growth of 70%. This impressive performance reflected positively on the Group's foresight and perseverance in connection with the Xiamen port merger and acquisition of interest in Beijing Capital International Airport Co., Ltd. ("BCIA") during FY2014. The full-year contribution from both of these projects together with the robust demand for logistics and warehousing facilities in Hong Kong will undoubtedly bode well for the future earnings for this segment. The Energy segment remained buoyant as the power plants in Mainland China continued to benefit from softening coal prices. The Group has divested its interest in Macau Power and a disposal gain of approximately HK$1.5 billion will be recognized in FY2015. Having maintained a long position in Macau Power over the years, the Group considers this to be an opportune moment to exit and apply the sale proceeds as additional working capital to develop new business platforms and exploit opportunities with high growth potentials.

"The Group continued to leverage on its financial strength and proficiency in developing value accretive investment opportunities to reinforce its core business and ensure sustainable growth."

The Group remains optimistic on the outlook of the toll roads and water industries despite a 9% drop in AOP for each of these segments. The majority of the road projects posted healthy toll revenue and traffic growth in line with the pick-up in economic activity. Regrettably, this favourable effect was offset by the significant reduction in extra profit recognition from Tangjin Expressway (Tianjin North Section) resulting from its partial closure for the expansion project although the impact has begun to dissipate as the expansion is due for completion by the end of 2014. Meanwhile, road traffic efficiency in the Pearl River Delta region is expected to improve following the unification of toll collection systems within Guangdong Province since June 2014. With regard to the Water segment, it is noted that the environmental protection industry is also poised for rapid growth in the near future based on the directives and support policies from the 12th Five Year Plan to increase and upgrade municipal wastewater and sludge treatment facilities. Against this backdrop, the Group will maintain its proactive approach in seizing and maximizing both organic and inorganic growth along the entire value chain of water, waste and wastewater businesses in Mainland China.

Performance Review

AOP grew by 3% to HK$4.379 billion while profit attributable to shareholders rose by 8% to reach HK$4.325 billion in FY2014. AOP growth of 6% for the Infrastructure division bears testimony to the Group's proficiency in acquiring and operating quality infrastructure assets. On the other hand, AOP of the Services division fell slightly by 1%. However, this result was hard earned and creditable as Construction & Transport segment was able to deliver robust earnings growth of 54% and mitigated the expected profit dip of Facilities Management segment arising from the expiration and renewal of Free Duty's concession contracts as previously reported. The overall results once again endorsed the Group's sterling effort and commitment in maintaining a balanced and defensive business portfolio.

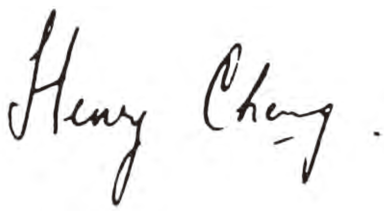
The Board is pleased to propose a final dividend of HK$0.22 per share, representing a payout ratio of approximately 50%.

Community Care

The Group advocates the principles of good corporate citizenship and the philosophy that corporate success should be accompanied by making positive contributions to the community. During FY2014, the Group partnered with Hong Kong Young Women's Christian Association and opened an elderly daycare centre with rehabilitation bus service in Hong Kong's North District. Such conviction which underpins all our business undertakings has always been well acknowledged by the community, as evident by the numerous accolades received including the third consecutive gold award at the Hong Kong Corporate Citizenship Programme and the Caring Company logo for twelve consecutive years. The Group continued to be a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index, reflecting its excellent social, environmental and governance performance.

Acknowledgement

Last but not least, I would like to express my deepest gratitude and appreciation to the Board, management team and employees of the Group for their advice, dedication and commitment. I must also take this opportunity to thank our shareholders, business partners and associates for their loyal support. The Group values and looks forward to receiving your dependable support as we take on new challenges and opportunities.



Dr Cheng Kar Shun, Henry
Chairman
Hong Kong, 23 September 2014

BOARD OF DIRECTORS

Dr Cheng Kar Shun, Henry **GBS**
Chairman

Dr Cheng, aged 67, was appointed as Executive Director in March 2000 and became the Chairman in March 2001. He is also the Chairman of the Executive Committee and the Nomination Committee of the Company and a director of certain subsidiaries of the Group. Dr Cheng is the Chairman and Executive Director of New World Development Company Limited, a substantial shareholder of the Company, the Chairman and Managing Director of New World China Land Limited, the Chairman and Non-executive Director of New World Department Store China Limited and Newton Resources Ltd, the Chairman and Executive Director of Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation, an independent non-executive director of HKR International Limited and Hang Seng Bank Limited (appointed on 26 May 2014) and a non-executive director of Lifestyle International Holdings Limited and SJM Holdings Limited, all being listed public companies in Hong Kong. Dr Cheng is also the Chairman of New World Hotels (Holdings) Limited and a director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Chow Tai Fook Enterprises Limited and Mombasa Limited. Dr Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. In 2001, he was awarded the Gold Bauhinia Star by the Government of the HKSAR. Dr Cheng is the father of Mr Cheng Chi Ming, Brian and the uncle of Mr William Junior Guilherme Doo.

Mr Tsang Yam Pui **GBS, OBE, QPM, CPM**
Executive Director

Mr Tsang, aged 68, was appointed as Executive Director in June 2004 and is also the Chairman of the Corporate Social Responsibility Committee and a member of the Executive Committee, the Remuneration Committee and the Nomination Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Tsang is the Vice Chairman of New World First Bus Services Limited, Citybus Limited, New World First Bus Services (China) Limited and New World First Ferry Services Limited. He is also the Vice Chairman of China United International Rail Containers Co., Limited in Mainland China. Mr Tsang is a director of Mapletree Investments Pte Ltd in Singapore and is the Chairman and a non-executive director of Mapletree Commercial Trust Management Ltd. (as manager of Mapletree Commercial Trust which is listed on the Singapore Stock Exchange). He was the Chairman and a non-executive director of Newton Resources Ltd, a listed public company in Hong Kong, up to his retirement on 23 May 2012. Prior to joining the Company, Mr Tsang had served with the Hong Kong Police Force for 38 years and retired from the Force as its Commissioner in December 2003. He has extensive experience in corporate leadership and public administration. Mr Tsang was awarded the Gold Bauhinia Star, the OBE, the Queen's Police Medal, the Colonial Police Medal for Meritorious Service, the Commissioner's Commendation, and the HKSAR Police Long Service Medal.

Mr Lam Wai Hon, Patrick
Executive Director

Mr Lam, aged 52, was appointed as Executive Director in January 2003 and is also a member of the Executive Committee, the Remuneration Committee and the Corporate Social Responsibility Committee of the Company. He is also a director of certain subsidiaries of the Group. He is mainly responsible for overseeing the services business of the Group and managing the financial and human resources aspects of the Company. Mr Lam is the Vice Chairman and a non-executive director of Newton Resources Ltd and a non-executive director of Wai Kee Holdings Limited and Road King Infrastructure Limited, all being listed public companies in Hong Kong. Mr Lam is a Chartered Accountant by training and is a fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Chartered Accountants of Ontario, Canada. He is a member of the Asian advisory board of Richard Ivey School of Business, Western University, Canada.

Mr Cheung Chin Cheung
Executive Director

Mr Cheung, aged 58, was appointed as Executive Director in October 2003 and is also a member of the Executive Committee and the Corporate Social Responsibility Committee of the Company. He had been an executive director of the Company during the period from May 1998 to January 2003. Mr Cheung is also a director of NWS Infrastructure Management Limited, Sino-French Holdings (Hong Kong) Limited, Far East Landfill Technologies Limited and a number of companies in Mainland China. He is the Managing Director of The Macao Water Supply Company Limited and a director of Chongqing Water Group Company Limited (appointed on 28 April 2014), a company listed in Shanghai, the PRC. He is a director of certain subsidiaries of the Group and is mainly responsible for managing the Group's infrastructure business. Mr Cheung had been a member of the Infrastructure Development Advisory Committee and the China Trade Advisory Committee of the Hong Kong Trade Development Council. He has over 20 years of experience in business development, investment and management in the infrastructure business in Mainland China. Mr Cheung is a member of the Hebei Province Committee of the Eleventh Chinese People's Political Consultative Conference of The People's Republic of China.

BOARD OF DIRECTORS

Mr Cheng Chi Ming, Brian

Executive Director

Mr Cheng, aged 31, was appointed as Executive Director in July 2009 and is also a member of the Executive Committee and the Corporate Social Responsibility Committee of the Company. He is also a director of certain subsidiaries of the Group. He has been with the Company since January 2008 and is mainly responsible for overseeing the infrastructure business and the merger and acquisition affairs of the Group. Mr Cheng is the Chairman and non-executive director of Integrated Waste Solutions Group Holdings Limited and a non-executive director of Newton Resources Ltd, Haitong International Securities Group Limited, Wai Kee Holdings Limited and Beijing Capital International Airport Co., Ltd. (appointed on 26 February 2014), all being listed public companies in Hong Kong. He is also a director of Sino-French Holdings (Hong Kong) Limited, The Macao Water Supply Company Limited and a number of companies in Mainland China. Before joining the Company, Mr Cheng had been working as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets. Mr Cheng holds a Bachelor of Science degree from Babson College in Massachusetts, USA. Mr Cheng is the son of Dr Cheng Kar Shun, Henry and the cousin of Mr William Junior Guilherme Doo.

Mr To Hin Tsun, Gerald

Non-executive Director

Mr To, aged 65, was appointed as Independent Non-executive Director in May 1998 and was re-designated to Non-executive Director in August 2002. Mr To has been a practising solicitor in Hong Kong since 1975. He is also qualified as a solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore. Mr To is also a non-executive director of Mongolia Energy Corporation Limited and an executive director of International Entertainment Corporation, both companies' shares being listed on the Main Board of the Hong Kong Stock Exchange.

Mr Dominic Lai
Non-executive Director

Mr Lai, aged 67, was appointed as Independent Non-executive Director in August 2002 and was re-designated to Non-executive Director in September 2004. He is also a member of the Audit Committee and the Corporate Social Responsibility Committee of the Company. Mr Lai is a practising solicitor in Hong Kong and is also admitted in England and Wales, the Republic of Singapore and the States of New South Wales and Victoria, Australia. Mr Lai is a senior partner of the Hong Kong law firm, Iu, Lai & Li. He is also a non-executive director of Midas International Holdings Limited and Oriental Press Group Limited, both being listed public companies in Hong Kong.

Mr William Junior Guilherme Doo
Non-executive Director

Mr Doo, aged 40, was appointed as Director in December 2005 and was re-designated from Executive Director to Non-executive Director on 1 July 2014. He is also a member of the Corporate Social Responsibility Committee of the Company. Mr Doo is a director and the Deputy Chief Executive Officer of FSE Holdings Limited. He is a solicitor admitted in the HKSAR and is currently a non-practising solicitor in England and Wales. Before joining the Company, he had legal practice experience in one of the largest global law firms specializing in finance and corporate transactions. He is a member of the Standing Committee of the Twelfth Chinese People's Political Consultative Conference in Beijing of The People's Republic of China. Mr Doo is the nephew of Dr Cheng Kar Shun, Henry and the cousin of Mr Cheng Chi Ming, Brian.

BOARD OF DIRECTORS

Mr Kwong Che Keung, Gordon
Independent Non-executive Director

Mr Kwong, aged 65, was appointed as Independent Non-executive Director in October 2002 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He is also an independent non-executive director of a number of Hong Kong listed public companies including Agile Property Holdings Limited, CITIC Telecom International Holdings Limited, China COSCO Holdings Company Limited, China Power International Development Limited, Chow Tai Fook Jewellery Group Limited, Global Digital Creations Holdings Limited, Henderson Investment Limited, Henderson Land Development Company Limited and OP Financial Investments Limited. He was an independent non-executive director of Quam Limited (retired on 6 September 2012) and China Chengtong Development Group Limited (resigned on 1 November 2013) and an independent supervisor of Beijing Capital International Airport Co., Ltd. (retired on 30 June 2014), all being listed public companies in Hong Kong. Mr Kwong is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institutes of Certified Public Accountants. He was a Partner of Price Waterhouse from 1984 to 1998 and an independent member of the Council of the Hong Kong Stock Exchange from 1992 to 1997, during which, he had acted as convener of both the Compliance Committee and the Listing Committee.

Dr Cheng Wai Chee, Christopher GBS, OBE, JP
Independent Non-executive Director

Dr Cheng, aged 66, was appointed as Independent Non-Executive Director in January 2003 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr Cheng is the Chairman of Wing Tai Properties Limited and an independent non-executive director of New World China Land Limited and Kingboard Chemical Holdings Limited, all being listed public companies in Hong Kong. He is an independent non-executive director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust which is listed on the Hong Kong Stock Exchange), upon re-designation from non-executive director on 16 May 2014. Dr Cheng is also an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Moreover, he was the Chairman of Windsor Properties Holdings Limited (now known as Vanke Property (Overseas) Limited), a listed public company in Hong Kong, and an independent non-executive director of DBS Group Holdings Limited, a listed public company in Singapore, up to his resignation on 1 September 2012 and 29 April 2013 respectively. Dr Cheng has a keen interest in the public services. He is currently a member of the Judicial Officers Recommendation Commission, a member of the Council of The University of Hong Kong and a steward of the Hong Kong Jockey Club. He also serves as a member of the board of Overseers at Columbia Business School, the board of Temasek Foundation CLG Limited, and a member on the President's Council on International Activities of the Yale University. Dr Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York and was conferred the degree of Doctor of Social Sciences *honoris causa* by The University of Hong Kong.

The Honourable Shek Lai Him, Abraham GBS, JP

Independent Non-executive Director

Mr Shek, aged 69, was appointed as Independent Non-executive Director in September 2004 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr Shek is a director of The Hong Kong Mortgage Corporation Limited, and an independent non-executive director of MTR Corporation Limited, Midas International Holdings Limited, Paliburg Holdings Limited, Lifestyle International Holdings Limited, Chuang's Consortium International Limited, Chuang's China Investments Limited (also acts as Chairman), ITC Corporation Limited, ITC Properties Group Limited (also acts as Vice Chairman), Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, SJM Holdings Limited, Dorsett Hospitality International Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited and Cosmopolitan International Holdings Limited, all being listed public companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both of the trusts are listed on the Hong Kong Stock Exchange. Mr Shek was an independent non-executive director of Titan Petrochemicals Group Limited (up to expiry of his contract on 27 February 2014) and Hsin Chong Construction Group Ltd. (retired on 12 May 2014), both are listed public companies in Hong Kong. Mr Shek is a member of the Legislative Council for the HKSAR representing real estate and construction functional constituency since 2000. He is also the Vice Chairman of the Independent Police Complaints Council. Mr Shek was appointed as Justice of the Peace in 1995 and was awarded the Gold Bauhinia Star in 2013. Mr Shek graduated from the University of Sydney with Bachelor of Arts.

Mr Wilfried Ernst Kaffenberger

Independent Non-executive Director

Mr Kaffenberger, aged 70, was appointed as Non-executive Director in January 2003 and re-designated to Independent Non-executive Director with effect from 1 March 2012. He is an independent financial advisor. In June 2008, he completed his role as Chief Executive Officer of the AIG Asian Infrastructure Fund II (the "Fund"), a US$1.67 billion direct equity investment fund he organized in 1997. Prior to organizing the Fund, he was the Vice President, Operations, of the International Finance Corporation ("IFC"), a World Bank affiliate. His career at IFC covered 25 years. Mr Kaffenberger is a director of Duquesne Light Holdings Inc. and Duquesne Light Company, which is an electricity transmission and distribution company operating in Pennsylvania, USA. Mr Kaffenberger was also a director of AEI, a Houston, USA based energy infrastructure company operating in Latin America, Central and Eastern Europe and Asia and a director of BAA Airports Limited, which owns and operates airports throughout the United Kingdom.

BOARD OF DIRECTORS

Mr Yeung Kun Wah, David

Alternate Director to Mr Wilfried Ernst Kaffenberger

Mr Yeung, aged 64, was appointed as Alternate Director to Mr Wilfried Ernst Kaffenberger in January 2003. Mr Yeung has over 20 years' experience in infrastructure and private equity businesses in major emerging market regions. Mr Yeung is an independent financial advisor. He currently served as investment committee member and advisor to the US$1.2 billion IFC Global Infrastructure Fund. From 2005 till his retirement in 2011, Mr Yeung was the President and Chief Executive Officer of AIG Capital Partners, a wholly owned subsidiary of AIG Investments focusing on emerging market ("EM") private equity funds and concurrently served as the firm's Head of EM infrastructure investments, a position he held since 2000. He represented AIG Investments on its sponsored regional EM infrastructure funds with total committed capital of US$4.7 billion, sat on the Investment Committees of its sponsored regional EM private equity funds totaling US$3.0 billion and on the boards of various portfolio companies. Prior to joining AIG Investments, Mr Yeung was with BCE Ventures, Inc. investing principal capital in telecom ventures globally. Mr Yeung holds a MBA degree from the University of Chicago Booth School of Business. He is a US Certified Public Accountant and a Canadian Chartered Accountant.

Mr Lee Yiu Kwong, Alan

Independent Non-executive Director

Mr Lee, aged 70, was appointed as Independent Non-executive Director and a member of the Corporate Social Responsibility Committee of the Company on 1 October 2012. He is the former Chief Executive Officer of CSX World Terminals Hong Kong Limited and ATL Logistics Centre Hong Kong Limited. Mr Lee has over 40 years of shipping and logistics experience, including over 15 years of international experience working in the United States, the Netherlands, Malaysia, Singapore and Thailand. Mr Lee is the former Chairman of Hong Kong Container Terminal Operators' Association. He was also a committee member of Hong Kong Business Advisory Committee, Logistics Advisory Committee of Hong Kong Trade Development Council, Hong Kong Port Development Council, Hong Kong Logistics Development Council and the Sailors Home and Missions to Seamen Hong Kong. Mr Lee is an accountant by training and has over six years of experience at KPMG.

SENIOR MANAGEMENT

Mr Chow Tak Wing
Group Financial Controller and Company Secretary
NWS Holdings Limited

Mr Chow, aged 47, joined the Company in 2002 and is the Group Financial Controller and Company Secretary of the Company. He is responsible for the financial management, treasury and corporate governance functions of the Group. Mr Chow is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants (UK), The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He holds an Executive MBA degree from Richard Ivey School of Business, Western University, Canada. Mr Chow has over 20 years' experience in accounting and financial management and corporate governance. Prior to joining the Group, he was a manager of an international accounting firm and senior executive of several Hong Kong listed public companies.

Mr Mak Kai Lert, Russell
Head – Audit & Risk Assurance
NWS Holdings Limited

Mr Mak, aged 59, joined the Company in 2006 and is the Head of Audit & Risk Assurance of the Company. He is responsible for internal audit and risk management of the Group. Mr Mak is a fellow of the Institute of Chartered Accountants in England & Wales and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Information Security Manager of the Information Systems Audit and Control Association (USA). He holds a BA (Hons) in Accountancy. Mr Mak has profound professional knowledge in auditing and corporate governance issues with over 25 years' auditing experience in various listed companies, financial institutions and investment banks. Prior to joining the Company, he had worked as the Head of Audit Departments in several Hong Kong listed public companies.

Mr Ng Tik Hong
General Manager – Merger & Acquisition
NWS Holdings Limited

Mr Ng, aged 44, joined New World Group in 1997 and is the General Manager of Merger & Acquisition Department of the Company. He is responsible for the merger and acquisition affairs of the Group. Mr Ng is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants (UK). He holds a bachelor degree in accountancy, and a master degree of business administration from The Chinese University of Hong Kong. Mr Ng has over 20 years' experience in accounting, finance and project management. Prior to joining the Group, he worked in an international accounting firm.

Ms Lam Yuet Wan, Elina
General Manager – Human Resources
NWS Holdings Limited

Ms Lam, aged 51, joined the Company in 1997 and is the General Manager of Human Resources Department of the Company. She is responsible for managing the human resources and administration affairs of the Group. Ms Lam is a professional member of the Hong Kong Institute of Human Resources Management. She holds an Executive MBA degree from Richard Ivey School of Business, Western University, Canada and a Master of Business Administration degree from University of Strathclyde, United Kingdom. Ms Lam has over 25 years' experience in human resources and training and development. Prior to joining the Group, she was a senior executive of human resources in several companies in Hong Kong.

SENIOR MANAGEMENT

Ms Tang Cheung Yi
General Manager – Corporate Communication
NWS Holdings Limited

Ms Tang, aged 50, joined the Company in 2012 and is the General Manager of Corporate Communication Department of the Company. She is responsible for the Group's corporate communication, public affairs and corporate social responsibility functions. Ms Tang possesses more than 20 years of management experience in corporate communication, government relations and journalism in Hong Kong and the United States. Prior to joining the Group, she was the corporate affairs director with a multinational company in information technology. Ms Tang holds a Bachelor of Social Science degree and a Master of Arts degree in Telecommunications.

Mr Cheng Chi Kwok
Director and General Manager – Roads
NWS Infrastructure Management Limited

Mr Cheng, aged 50, joined New World Group in 1993 and is the Director and General Manager (Roads) of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company. He is also a director of several major PRC joint ventures in the Roads segment of the Group. Mr Cheng holds a Bachelor of Business Administration degree and he has over 20 years of experience in project development, investment and management in the infrastructure and roads business in Mainland China.

Mr Lam King Sang
General Manager – Water
NWS Infrastructure Management Limited

Mr Lam, aged 54, joined New World Group in 1993 and is the General Manager (Water) of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company. He is mainly responsible for managing the Group's water business. Mr Lam is an executive director of Sino French Water Development Company Limited, a director of Sino-French Holdings (Hong Kong) Limited, The Macao Water Supply Company Limited, Far East Landfill Technologies Limited as well as a number of companies in Mainland China. Mr Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK). He has over 20 years of experience in business development, investment and management in the infrastructure and water business in Mainland China.

Ms Cheng Ka Ki, Joanna
General Manager – Energy
NWS Infrastructure Management Limited

Ms Cheng, aged 47, has been the General Manager (Energy) of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company, since 2008. She is also a director of Far East Landfill Technologies Limited and all other PRC joint ventures in the Energy segment of the Group. Ms Cheng is a member of the Institute of Chartered Accountant of Ontario, Canada. She has more than 15 years of experience in business development, investment and management in power industry in Mainland China. Prior to joining the Group, she had worked for audit firms in Canada and Hong Kong.

Mr Lee Wai Bong, Stephen

General Manager – Ports

NWS Ports Management Limited

Mr Lee, aged 49, joined the Group in 2002 and is the General Manager (Ports) of NWS Ports Management Limited, a wholly owned subsidiary of the Company. Mr Lee holds a Bachelor of Business Administration Degree from The Chinese University of Hong Kong and a Master of Business Administration Degree from the University of Toronto, Canada. Mr Lee has extensive experience in project management and merger and acquisition activities. Prior to joining the Group, he had worked in several major multinational corporations.

Mr To Tsan Wai

General Manager – Logistics

NWS Service Management Limited

Mr To, aged 52, joined New World Group in 1998, mainly responsible for infrastructures, ports and logistics projects. Mr To has over 15 years of experience in project investment and management. He is responsible for managing the Group's logistics projects including ATL Logistics Centre, NWS Kwai Chung Logistics Centre, Beijing Capital International Airport and a rail container terminal project in Mainland China. He also participated in managing the container terminal projects in Hong Kong, Xiamen, Tianjin, etc. Before joining the Group, Mr To had worked for international shipping and airline companies. Mr To is a member of the Hong Kong Institute of Certified Public Accountants.

Mr Chu Tat Chi

Managing Director

Hip Hing Construction Company Limited

Mr Chu, aged 57, joined Hip Hing Construction Company Limited ("Hip Hing", a wholly owned subsidiary of the Company) in 1979 and is the Managing Director of Hip Hing. Mr Chu graduated from the Hong Kong Polytechnic in 1978 with a Diploma in Building Studies. He has over 30 years of experience in the civil engineering and construction industries. Mr Chu is a director of NWS Service Management Limited, Quon Hing Concrete Company Limited and Ngo Kee (Macau) Limited. Prior to joining Hip Hing, he had worked in the Public Works Department of the Hong Kong Government.

Mr Choy Hon Ping

Managing Director

New World Construction Company Limited

Mr Choy, aged 57, joined the Group in 2012 and is the Managing Director of New World Construction Company Limited, a wholly owned subsidiary of the Company. Mr Choy is a fellow of The Hong Kong Institution of Engineers and a member of The Chartered Institute of Building (UK). He has been appointed by The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) as the "Construction Specialist" since 2006. He was the building committee (1998-2007 and 2010-2012) and the council member of The Hong Kong Construction Association, Limited. He has over 38 years of experience in building construction in Hong Kong.

SENIOR MANAGEMENT

Clifford Noble Wallace III

Chairman

Shenyang New World Expo (Management) Limited

Mr Wallace, aged 67, is the Chairman of Shenyang New World Expo (Management) Limited and the Managing Director of NWS Venue Management Limited, both are the wholly owned subsidiaries of the Company. He was the Managing Director of Hong Kong Convention and Exhibition Centre (Management) Limited, a wholly owned subsidiary of the Company, through 30 June 2012 having served in this position since May 1995. He remains a member of the board of Hong Kong Convention and Exhibition Centre (Management) Limited.

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

Lee Yuk Har, Monica

Managing Director

Hong Kong Convention and Exhibition Centre (Management) Limited

Ms Lee, aged 49, joined Hong Kong Convention and Exhibition Centre (Management) Limited, a wholly owned subsidiary of the Company, in 1994 and is currently its Managing Director. Ms Lee is a proven veteran in the hospitality industry for 30 years. She is an executive committee member of the Hong Kong Exhibition & Convention Industry Association, as well as a board member of UFI, The Global Association of the Exhibition Industry and Ocean Park Corporation. Since January 2013, Ms Lee was appointed a member of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission of the HKSAR Government.

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

Mr Abu Baker Salleh
Chief Executive Officer
Anway Limited and Sky Connection Limited

Mr Salleh, aged 67, joined DFS after his graduation from The University of Hong Kong, and worked in various senior management positions in Hong Kong, Honolulu, Singapore, Taipei, Los Angeles and San Francisco. Prior to joining Sky Connection Limited, a wholly owned subsidiary of the Company, Mr Salleh was the President of DFS West with retail operations in several major cities, including Los Angeles, San Francisco, Dallas and Houston.

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

Mr Cheng Wai Po, Samuel
Managing Director
New World First Bus Services Limited and Citybus Limited

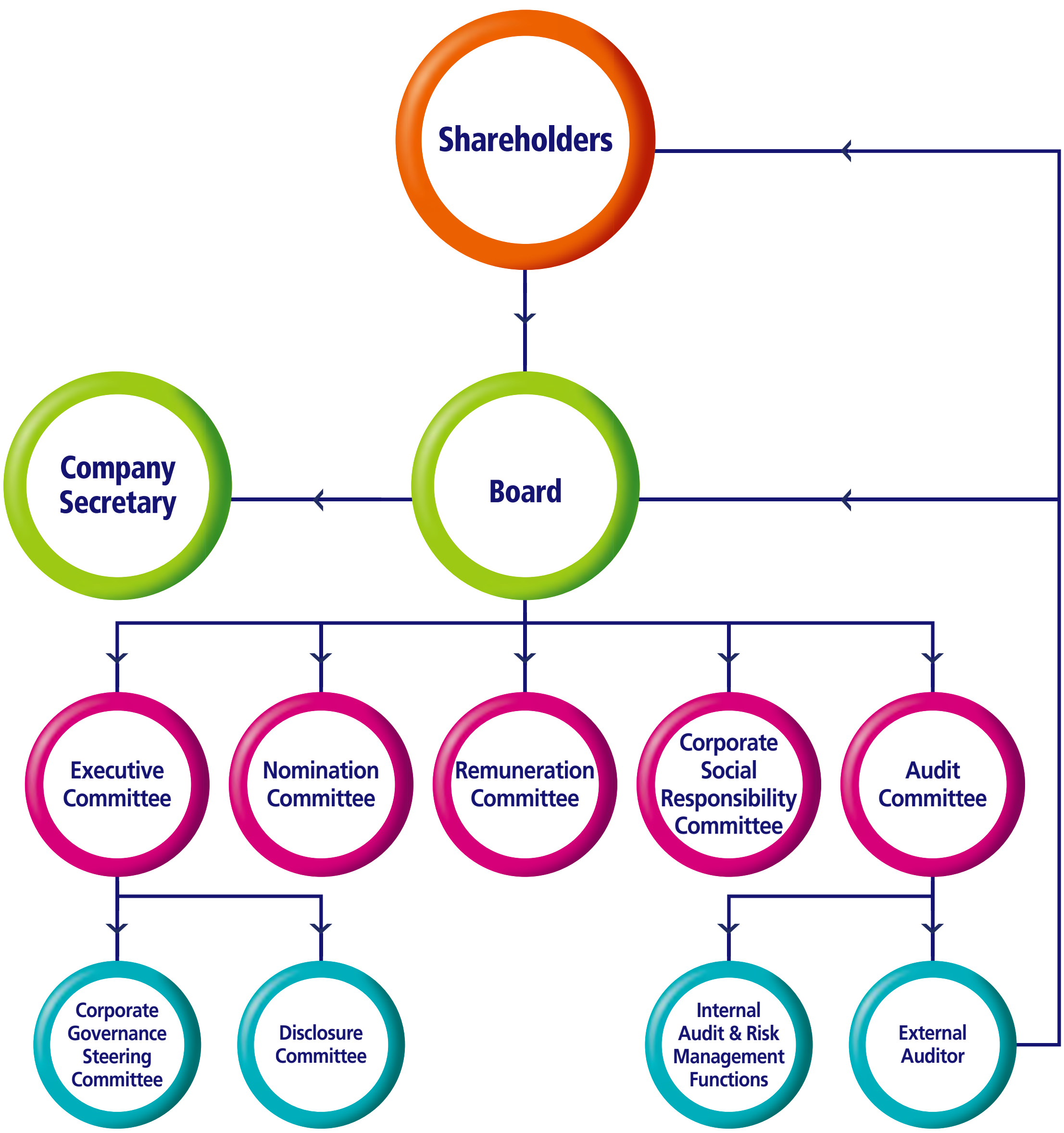
Mr Cheng, aged 55, joined Citybus Limited in 1992 and is the Managing Director of New World First Bus Services Limited and Citybus Limited. Both companies are wholly owned subsidiaries of NWS Transport Services Limited which is a joint venture of the Company. Mr Cheng is a member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Social Sciences Degree from The University of Hong Kong. Mr Cheng has over 20 years' experience in the public transport industry. Prior to joining Citybus Limited, he had worked in an international accounting firm for over six years.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

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

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



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

The Company has complied with all the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules (the "CG Code") throughout FY2014.

The Board

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

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

Directors attending the Christmas party

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

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

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

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

Board Meetings

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

During FY2014, five Board meetings were held and notice of no less than 14 days was given to directors for each of these meetings. Draft agenda for Board meetings were prepared by the Company Secretary and were circulated to all directors for comments before each meeting. Directors were given an opportunity to include any other matters in the agenda. The agenda, together with Board papers, were sent in full to the directors not less than three business days before the intended date of the Board meeting.

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

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

Throughout FY2014, directors of the Company also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by the subject executive directors or the Company Secretary when required.

Pursuant to the bye-laws of the Company, a director, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered. Furthermore, a director shall not vote (nor be counted in the quorum) on any resolution of the directors in respect of any contract or arrangement or proposal in which he or any of his associate(s) is to his knowledge materially interested. Matters to be decided at Board meetings are decided by a majority of votes from directors allowed to vote. These bye-laws were strictly observed throughout FY2014.

Directors of the Company play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance record of each of the directors for the Board meetings, the board committees meetings and the general meetings held during FY2014 is listed as follows:

	Meetings attended/held					
Name of director	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Corporate Social Responsibility Committee meeting	General meeting
Executive directors:						
Dr Cheng Kar Shun, Henry (Chairman of the Board)	5/5	–	1/1	–	–	2/2
Mr Tsang Yam Pui	5/5	–	1/1	1/1	2/2	2/2
Mr Lam Wai Hon, Patrick	5/5	2/2(1)	–	1/1	2/2	2/2
Mr Cheung Chin Cheung	5/5	–	–	–	2/2	2/2
Mr Cheng Chi Ming, Brian	4/5	–	–	–	1/2	2/2
Non-executive directors:						
Mr To Hin Tsun, Gerald	4/5	–	–	–	–	2/2
Mr Dominic Lai	5/5	2/2	–	–	2/2	2/2
Mr William Junior Guilherme Doo(2)	5/5	–	–	–	1/2	2/2
Independent non-executive directors:						
Mr Kwong Che Keung, Gordon	5/5	2/2	1/1	1/1	–	2/2
Dr Cheng Wai Chee, Christopher	5/5	2/2	1/1	1/1	–	2/2(3)
Mr Shek Lai Him, Abraham	5/5	2/2	1/1	1/1	–	2/2
Mr Wilfried Ernst Kaffenberger	5/5	–	–	–	–	2/2(3)
Mr Yeung Kun Wah, David (alternate director to Mr Wilfried Ernst Kaffenberger)	5/5	–	–	–	–	2/2
Mr Lee Yiu Kwong, Alan	5/5	–	–	–	2/2	2/2

Notes:

(1) Mr Lam Wai Hon, Patrick attended the Audit Committee meetings as an invitee.

(2) Mr William Junior Guilherme Doo was re-designated from an executive director to a non-executive director of the Company with effect from 1 July 2014.

(3) Joining the two general meetings by way of telephone conference.

Board Committees

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

(a) Executive Committee

Members	Dr Cheng Kar Shun, Henry (Chairman), Mr Tsang Yam Pui, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung and Mr Cheng Chi Ming, Brian
Major responsibilities	• to review the Group's performance and manage its assets and liabilities in accordance with the policies and directives of the Board • to make recommendations to the Board in respect of the overall strategy for the Group from time to time

(b) Audit Committee

Members	Mr Kwong Che Keung, Gordon (Chairman), Mr Dominic Lai, Dr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham
Major responsibilities	• to monitor the financial reporting process of the Company • to review the Company's financial control, internal control and risk management systems and arrangements under the Company's whistleblowing policy • to govern the engagement of external auditor and its performance
Work performed during FY2014	• reviewing the audited financial statements of the Group for FY2013 and the interim results of the Group for FY2014 • reviewing the system of internal control of the Company • reviewing the revised "*Guidelines on Internal Control System*" of the Company • reviewing the revised terms of reference of the Company's Group Audit & Risk Assurance Department ("GARA") • reviewing the internal audit plan of the Group for FY2015 and the internal audit reports prepared by GARA • reviewing the audit plan from external auditor and its remuneration • making recommendations on the re-appointment of the external auditor • reviewing the manpower of the Group's finance team

The Audit Committee meets regularly with at least two meetings annually. It also has separate meeting with the Company's external auditor at least once a year in the absence of the management.

(c) *Nomination Committee*

Members	Dr Cheng Kar Shun, Henry (Chairman), Mr Tsang Yam Pui, Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham
Major responsibilities	• to review the structure, size and composition (including the skills, knowledge and experience) of the Board • to make recommendations to the Board on the appointment or re-appointment of directors
Work performed during FY2014	• reviewing the structure of the Board • reviewing the independence of independent non-executive directors • making recommendations in relation to the re-appointment of the retiring directors • setting an annual measurable objective in respect of conducting a survey for board diversity

(d) *Remuneration Committee*

Members	Mr Shek Lai Him, Abraham (Chairman), Mr Tsang Yam Pui, Mr Lam Wai Hon, Patrick, Mr Kwong Che Keung, Gordon and Dr Cheng Wai Chee, Christopher
Major responsibilities	• to review and make recommendations to the Board on the Company's policy and structure for remuneration of directors and on the establishment of a formal and transparent procedure for developing policy on such remuneration • to make recommendations to the Board on the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual executive directors • to determine the remuneration packages of senior management
Work performed during FY2014	• reviewing the remuneration policy, structure and packages for directors and senior management • making recommendations to the Board regarding the directors' fee and other allowances for FY2014 and the remuneration package of executive directors • determining the remuneration packages of senior management

(e) *Corporate Social Responsibility Committee*

Members	Mr Tsang Yam Pui (Chairman), Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr Cheng Chi Ming, Brian, Mr Dominic Lai, Mr William Junior Guilherme Doo, Mr Lee Yiu Kwong, Alan, Ms Lam Yuet Wan, Elina and Ms Tang Cheung Yi
Major responsibilities	• to formulate the corporate social responsibilities ("CSR") strategies and policies of the Group • to oversee the development and implementation of the Group's CSR strategies, policies and practices as well as the Group's corporate volunteer team, NWS Volunteer Alliance and other charitable activities
Work performed during FY2014	• reviewing the Group's CSR and volunteering development plan and its progress • reviewing the development and implementation of the Group's human resources strategy, policies and employee wellness matters • reviewing the funding commitments and statement of financial position of NWS Holdings Charities Foundation, including the donation to establish the YWCA NWS Y-Care Centre • reviewing the progress of the Group's first sustainability report

CORPORATE GOVERNANCE REPORT

Non-executive Directors

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

During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive directors and having at least one independent non-executive director with appropriate professional qualifications or accounting or relating financial management expertise. The Company also complied with Rule 3.10A of the Listing Rules since 2012 regarding the appointment of sufficient number of independent non-executive directors represented more than one-third of the board. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive directors in relation to his independence to the Company. The Company considers all its independent non-executive directors to be independent.

Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher, Mr Shek Lai Him, Abraham and Mr Wilfried Ernst Kaffenberger, all being independent non-executive directors of the Company, have served the Company in this capacity for more than nine years. Notwithstanding their long term service, given their extensive business experience and not connected with any director or substantial shareholder of the Company, the Board is of the opinion that they continue to bring independent and objective perspectives to the Company's affairs.

Remuneration of Directors

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

The emoluments paid to each director for FY2014 are shown in note 15 to the financial statements on pages 131 and 132 of this annual report.

Nomination, Appointment and Re-election of Directors

Formal nomination procedures were adopted by the Board for governing the nomination and re-election of directors. Any nomination of director will be reviewed and discussed by the Nomination Committee for his suitability on the basis of qualifications, experience and background. Suitable candidate will be recommended by the Nomination Committee to the Board for consideration of the appointment.

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

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

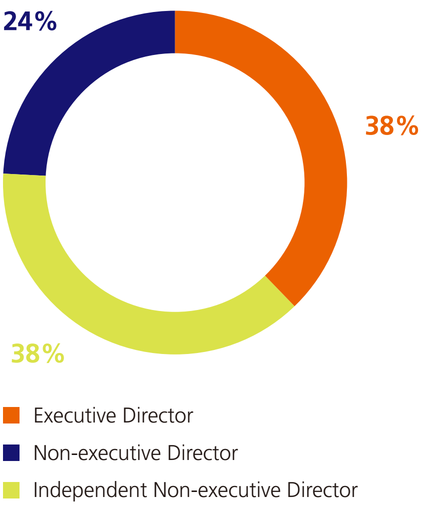
Board Diversity

The Board adopted the "*Board Diversity Policy*" in June 2013 setting out the approach to diversity on the Board. As set out in this policy, a truly diverse board will include and make good use of differences in the skills, regional and industrial experience, background, race, gender and other qualities of members of the Board. These differences will be taken into account in determining the optimum composition of the Board.

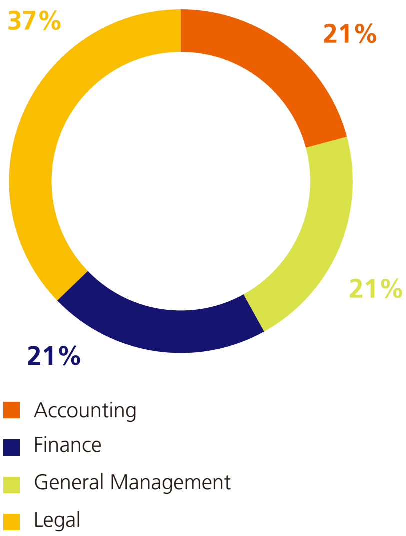
The "*Board Diversity Policy*" also states that the Nomination Committee is responsible for setting annually measurable objectives for implementing diversity on the Board and recommends them to the Board for adoption. In 2014, an external consultant was engaged to conduct a survey on board diversity on certain Hong Kong listed companies and the survey report has been reviewed by the Nomination Committee.

In addition, the "*Board Diversity Policy*" shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness.

Board Composition



Professional Experience of Directors



Induction and Continuous Professional Development

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

The Company has arranged training programmes as part of the continuous professional development for its directors to develop and refresh their knowledge and skills. During FY2014, the Company organized seminars for its directors on corporate governance related topics including updates on corporate sustainability and the new Hong Kong Companies Ordinance. Reading materials on regulatory updates were also provided to the directors for updating their knowledge on the relevant issues.

Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for maintaining a training record for them. According to the training records maintained by the Company, the training received by each of the directors during FY2014 is summarized as follows:

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

In accordance with the training records provided by the Company's directors, an average of over 15 training hours were undertaken by each director (not including time spent for reviewing information relevant to the Company or its businesses, or attending corporate events or site visits of the Group) during FY2014.

Directors enjoying the Christmas party with our staff

Corporate Governance Function

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

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

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Group strives to keep staff members abreast of the latest development of corporate governance issues, through education and promotion. In FY2014, a corporate governance related seminar was organized for senior management of the Group, including directors of the Company. Besides, a series of training sessions on corporate governance and internal control practices were also given to staff members to update and improve their knowledge in these matters.

Directors' Responsibilities for Financial Reporting and Disclosures

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

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

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

Securities Transactions of Directors and Relevant Employees

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code. Having made specific enquiry of all directors, the Company is satisfied that they have complied with the required standards of the said code during FY2014. Securities interests in the Company and its associated corporations held by each of the directors of the Company are disclosed in the Report of Directors on pages 69 to 73 of this annual report.

The Company has also adopted the "*Code for Securities Transactions by Relevant Employees*" for governing the securities transactions of specified employees ("Relevant Employees") who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees have confirmed that they complied with the standards set out in the "*Code for Securities Transactions by Relevant Employees*" during FY2014.

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

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

Internal Control and Risk Management

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

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

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

Monitoring

- Ongoing assessment of control systems' performance.
- Internal audits performed by GARA.

Information and Communication

- Information in sufficient detail is provided to the right person timely.
- Channels of communication across the Group and with customers, suppliers and external parties.
- Channels of communication for people to report any suspected improprieties.

Control Activities

- Policies and procedures for ensuring management directives are carried out.
- Control activities include performance review, segregation of duties, authorization, physical count, access control, documentation and records, etc.

Risk Assessment

- Identification, evaluation and assessment of the key risk factors affecting the achievement of the Company's objectives are performed regularly.
- Undertake proper actions to manage the risks so identified.

Control Environment

- Channels to communicate the Company's commitment to integrity and high ethical standards to the staff are established.
- Organizational chart and limits of authority are set and communicated to staff concerned.
- Reporting lines in accordance with organizational chart and line of authority are set.

Effectiveness and efficiency of operations

Reliability of financial reporting

Compliance with applicable laws and regulations

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

The Board has conducted a review on the effectiveness of the system of internal control of the Group for FY2014. The review covers the areas of control environment, risk assessment, control activities, information and communication and monitoring within the Group. Management of all subsidiaries are required to submit to GARA an Internal Control Compliance Certificate and an Internal Control Assessment Checklist for reporting the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations half-yearly. Executive directors of the Company would also submit a written report on the effectiveness of the Group's internal control system to the Audit Committee for review on a half-yearly basis.

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

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

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

The Group identifies and assesses risks both at the Group and individual business unit levels. GARA monitors and updates the Group's risk profile and exposure, and reviews the effectiveness of the Group's system of internal control in mitigating risks. In FY2014, GARA oversaw the Group's risks in actual and potential legal cases by reviewing the legal case registers of business units and submitted reports to the Executive Committee on a regular basis. Recommendations on risk responses were provided as well.

Furthermore, we have the "*Whistleblowing Policy*" for staff members to raise concerns, in strict confidence, about possible improprieties in any matters related to the Group.

External Auditor

The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditor subject to endorsement by the Board and final approval and authorization by the shareholders of the Company in general meetings. PricewaterhouseCoopers, who was first appointed in 2000 and is also the Group's principal auditor, is the existing auditor of the Company. PricewaterhouseCoopers adopts a policy of rotating every seven years the engagement partner servicing their client companies and the last rotation took place during the year ended 30 June 2010. The reporting responsibilities of PricewaterhouseCoopers are stated in the Independent Auditor's Report on page 84 of this annual report.

Total auditors' remuneration for FY2014 in relation to statutory audit work of the Group amounted to HK$20.0 million (2013: HK$18.9 million), of which a sum of HK$18.8 million (2013: HK$18.1 million) was paid to PricewaterhouseCoopers. The remuneration paid to PricewaterhouseCoopers and its affiliated firms for services rendered is listed as follows:

	2014 HK$'m	2013 HK$'m
Statutory audit	**18.8**	18.1
Non-audit services(Note)	**3.8**	5.5
	22.6	23.6

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

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

Review of Audited Results

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for FY2014.

Company Secretary

The Company Secretary of the Company, who is also the Group Financial Controller, has day-to-day knowledge of the Company's affairs. He reports to the Chairman and the Board and is responsible for providing advice on governance matters. The Company Secretary's biography is set out in the "Board of Directors and Senior Management" section of this annual report. During FY2014, the Company Secretary undertook over 23 hours of professional training to update his skills and knowledge.

Communication with Shareholders

The Board recognizes the importance of communication with the Company's shareholders. A "*Shareholders' Communication Policy*" was adopted by the Board for ensuring effective and transparent communication between the Company and its shareholders.

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

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

Analysis of Shareholding Structure (as at 30 June 2014)

Category	Number of shares	Approximate percentage to the total issued share capital
NWD and its subsidiaries	2,293,892,682	61.30%
Chow Tai Fook Enterprises Limited	97,034,424	2.59%
Directors	36,928,701	0.99%
Individuals	13,137,860	0.35%
Institutions, corporates and nominees	1,300,921,575	34.77%
Total	3,741,915,242	100.00%

Stock Code

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

Board Lot

1,000 shares

Shareholder Services

Any matter in relation to the transfer of shares, change of name or address, or loss of share certificates or dividend cheques, registrations and requests for annual/interim report copies should be addressed to the Company's branch share registrar as follows:

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: 2980 1333
Fax: 2810 8185

Dividend Policy

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

Dividend per share (in HK$)

Financial Year	Interim	Final	Total	Payout ratio
2010	0.62	0.33	0.95	50.6%
2011	0.37	0.33	0.70	50.7%
2012	0.50	0.25	0.75	50.2%
2013	0.29	0.26	0.55	50.2%
2014	0.36	0.22	0.58	50.0%

Financial Calendar

Announcement of FY2014 final results	23 September 2014
For determining eligibility to attend and vote at the 2014 annual general meeting of the Company ("2014 AGM"):	
Latest time to lodge transfer documents for registration	4:30 pm on 13 November 2014
Closure of register of members	14 to 18 November 2014 (both days inclusive)
Record date	18 November 2014
2014 AGM	18 November 2014
For determining entitlement to the proposed final dividend:	
Latest time to lodge transfer documents for registration	4:30 pm on 21 November 2014
Closure of register of members	24 November 2014
Record date	24 November 2014
Final dividend payment date	on or about 30 December 2014

Company Website and Annual Report

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

Shareholders' Rights

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

1. The written requisition must state the purposes of the meeting, and must be signed by all the shareholders concerned and may consist of several documents in like form each signed by one or more shareholders concerned.

2. The written requisition must be deposited at the Company's registered office in Bermuda as well as the principal place of business in Hong Kong for the attention of the Company Secretary.

3. The written requisition will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the relevant resolution in the agenda for such general meeting provided that the shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders. Such general meeting shall be held within two months after deposit of such requisition.

4. If within 21 days of such deposit, the Board fails to proceed to convene such general meeting, the shareholders concerned, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

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

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

General Meetings

Two general meetings of the Company were held during FY2014. The 2013 annual general meeting ("2013 AGM") and the special general meeting (the "SGM") were held on 18 November 2013 and 22 May 2014 respectively both at Hong Kong Convention and Exhibition Centre.

The Company's annual report and the circular containing information on the proposed resolutions and the notice of the 2013 AGM were sent to shareholders more than 20 clear business days prior to the meeting. All directors of the Company joined the meeting. Chairmen or members of the board committees, as well as representative from the Company's external auditor, were available at the 2013 AGM to answer questions from the shareholders. A separate resolution was proposed by the chairman of this meeting in respect of each separate issue, and voting on each resolution was conducted by way of a poll.

In addition, the SGM was held in FY2014 for considering the revised annual cap in respect of the continuing connected transactions under the master services agreement entered into with NWD and the renewal of certain continuing connection transactions of the Company. The circular containing information on the proposed resolution and the notice of the SGM was sent to shareholders more than 10 clear business days prior to the meeting. All directors of the Company joined the meeting. Chairman of the Board, Chairmen of the board committees, representatives from the legal adviser and independent financial adviser were available at the SGM to answer questions from shareholders. Four resolutions were proposed at this meeting and voting on each resolution was conducted by way of a poll.

The poll voting procedure was explained fully to shareholders during the 2013 AGM and the SGM. Tricor Standard Limited, the branch share registrar of the Company in Hong Kong, was appointed as scrutineer to monitor and count the poll votes cast at each of the 2013 AGM and the SGM. All resolutions proposed at the 2013 AGM and the SGM were passed by the Company's shareholders.

The 2014 AGM will be held on 18 November 2014. Details of the 2014 AGM are set out in the notice of the 2014 AGM which constitutes part of the circular to shareholders sent together with this annual report. Notice of the 2014 AGM and the proxy form are also available on our corporate website.

SGM held on 22 May 2014

Briefing for the annual results of FY2013 at press conference

Investor Relations

The Company is committed to upholding the highest standards of corporate governance practices and maintaining effective communication with shareholders and the financial community. To this end, the Company maintains an open-dialogue with investors and analysts to ensure transparent, timely and accurate dissemination of information including operating performance and strategic business developments.

The investor relations team of the Company, comprising executive directors and senior management, meets existing and potential shareholders, research analysts and investment managers on a regular basis. During FY2014, the team participated in over 140 investor meetings in Hong Kong and overseas cities including London, New York, Boston, San Francisco, Kuala Lumpur, Singapore and Beijing. To foster direct interaction between analysts and the management team, an analyst briefing session is held as soon as practicable following results announcement.

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

To ensure fair and equal access to material information, the Company utilizes multiple communication channels such as results announcements and presentations, press releases, annual and interim reports, corporate website and e-news notifications, to reach out to individual shareholders and stakeholders within the investment community.

Constitutional Documents

During FY2014, the Company's bye-laws was amended and the new bye-laws was adopted by the shareholders of the Company at the 2013 AGM. The purposes of making the amendments were to bring the bye-laws in line with certain amendments made to the Companies Act 1981 of Bermuda and the Listing Rules, to provide flexibility to the Company's administration and to make certain housekeeping changes.

A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Hong Kong Stock Exchange.

SUSTAINABILITY

Investing in People and Communities

Under the guidance of the Corporate Social Responsibility Committee of the Board, and with the full support of subsidiaries, we continue to make strides in our efforts to invest in people and the communities where we operate. We will be publishing our first standalone sustainability report in 2014 as part of our effort to improve performance and enhance communication with our stakeholders.

UNLEASHING TALENT AND ENHANCING CAPABILITIES

NWS Holdings believes staff members are its most valuable asset. The pride, passion and commitment demonstrated by approximately 28,500 employees in Hong Kong, Mainland China and Macau are essential to our day-to-day operation and long-term sustainable development and success.

Comprehensive Training and Development

In addition to offering competitive remuneration and compensation schemes to our highly valued talent, the Group places great emphasis on continuous professional development. The Staff Career Development and Advancement Plan helps identify training needs that play to individual strengths. Supervisory staff and department heads are encouraged to coach and mentor subordinates in a collaborative working environment that focuses on specific professional development needs.

Corporate Team-building Programme boosts staff morale and enhances team spirit.

This dedication to meeting and even surpassing employee training needs is achieved by offering a full spectrum of courses, from management and professional development to technical skills. A diverse range of structured courses, training classes, seminars and visits have been implemented to help unlock staff potential and encourage a culture of lifelong learning. Building on this strong commitment to staff development, employees are entitled to annual subsidies for external job-related training, in addition to three days of paid examination leave.

To accelerate the development of managerial staff and facilitate succession planning, the Group sponsors the outstanding staff to join the New World Star Executive Development Programme. The 16-month course is taught by Richard Ivey School of Business, Western University, Canada and provides high-calibre staff with the tools to become future leaders. In addition, the Canadian educational establishment also offers the Accelerating Management Talent Programme, a 12-day executive course to transform mid-level managers into more effective leaders, equipped with a broad global business vision.

Recognition for Outstanding Performers

NWS Holdings recognizes the importance of rewarding exceptional performance and offering a timely boost for staff morale. The annual NWS Awards Presentation Ceremony has become a much anticipated event that enhances unity and acknowledges outstanding staff performance across the Group. Our parent company, NWD, is also dedicated to highlighting significant contributions in the workplace by introducing the first New World Group Annual Outstanding Employee Award in 2013. The annual event salutes the achievements of frontline, general office and managerial staff, motivating team members to learn from and support each other.

Winners of NWS Scholarships for Employees' Children Scheme celebrated with the Group's senior management at the NWS Awards Presentation Ceremony 2013.

“A record number of over 6,700 Hong Kong staff members and their families enjoyed the NWS Adventure Day 2013 at Hong Kong Disneyland, reinforcing the Group’s family-friendly culture.”

Building a Caring Culture

We firmly believe that active engagement with staff helps to foster a strong sense of belonging and empowerment. Multiple channels are in place to facilitate effective communication and encourage team members to air their thoughts on company policies. The online platform has become increasingly important for staff to share ideas and make suggestions.

A healthy work-life balance is a key factor in ensuring the long-term health and motivation of employees. Staff members can select from an array of programmes from a latte art course to a macaron-making workshop. Fun-filled, creative events such as the Corporate Team-building Programme and Corporate Outing help to build strong team cohesiveness. Other popular and successful energy-raising initiatives include the “Monthly Booster” which offers employees a healthy drink or snack at the beginning of each month.

A wide range of leisure activities such as this macaron-making workshop are organized by the Group to promote work-life balance.

The Group also extends its care to staff family members. Paternity leave, birthday leave, marriage leave and bereavement leave are granted to staff in appropriate circumstances. Special events such as NWS Adventure Day and Staff & Family Movie Day enable our hard-working personnel to spend some quality time with their loved ones. Entering its second year, the NWS Scholarships for Employees’ Children Scheme gives positive recognition to employees’ children for outstanding academic or non-academic achievements.

Staff and their family members enjoying themselves during the Staff & Family Movie Day.

A Fruitful Year

Over the years, NWS Holdings has been consistently looking for ways to ensure that staff feel valued. Our unyielding efforts were rewarded with the Grand Award of the Year and Best Practice in Engagement & Retention of the Year at the 16th China Staff Awards and the Best Practice Award 2013 in Employee Care organized by Best Practice Management Group.

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

SUSTAINABILITY

COMMUNITY CARE

A STEADFAST COMMITMENT TO SERVING THE COMMUNITY

NWS Holdings engages with local communities by responding to their needs in a strategic, relevant and focused way. Our involvement encompasses donations and sponsorship, Corporate Social Responsibility programmes and activities spearheaded by the Group and in partnership with non-profit organizations, and the caring services from some 2,400 corporate volunteers under the NWS Volunteer Alliance ("Alliance").

To illustrate our commitment, over 180 community and volunteering activities were organized across the Group during FY2014, offering support and empowerment to underprivileged groups in Hong Kong.

Providing Resources to those in Need

NWS Holdings Charities Foundation was established in 2006 with the intention of making a positive contribution in four focused areas: community welfare, environmental protection, education and health care. In FY2014, approximately HK$3.7 million has been donated by the Group to more than 20 non-profit organizations, supporting the elderly, youth, children, psychiatric rehabilitants and people with mental disabilities. In line with this spirit and in celebration of the 10th anniversary of the Group's listing, NWS Holdings Charities Foundation committed a donation of HK$3 million to the Hong Kong Young Women's Christian Association ("HKYWCA") to establish the "YWCA NWS Y-Care Centre (North District)" ("NWS Y-Care Centre"). The 325 square metre centre is furnished with facilities including a life skill training room, a physiotherapy room and a computer room that is expected to serve 30,000 accumulated users within the first three years of operation.

"Working with non-profit organizations to address social and environmental needs underpins our core values and reinforces our commitment to the communities in which we operate."

Nurturing Future Generations

Besides taking care of the elderly, who have contributed to the development and success of Hong Kong, we place great emphasis on helping children and young adults maximize their potential.

To integrate community programmes with our business operations, we have joined hands with Hong Kong Playground Association to launch a three-year Career GPS Programme. The diversified career planning and job shadowing programme aims to enhance employability among the unemployed and youngsters who leave school early. In the first phase of the programme, which began in October 2013, 50 youngsters received help in planning long-term career goals and advice on how to increase their prospects of employment.

Outstanding participants of Career GPS Programme visit Hip Hing to learn more about working environment.

Commemorating the 10th anniversary of our partnership with Hans Andersen Club, a special programme under the theme of "A Journey to Realizing Dreams" was undertaken to encourage children to pursue their dreams, realize their creative potential and build good reading habits. Close to 1,500 primary school students took part in the Dream Sharing Writing Contest while the carnivals and colourful Fairy Bus attracted crowds of children and their parents.

The Fairy Bus and community activities are organized with the aim to encourage children to pursue their dreams.

NWS Y-Care Centre

- A landmark project with our long-term strategic partner HKYWCA
- Comprehensive daycare services for senior citizens in the North District supported by a **HK$3 million** donation from the NWS Holdings Charities Foundation
- Rehabilitation bus service coupled with corporate volunteer support

The Group also organized "NWS Caring Day 2014", an annual signature event to commemorate the listing of the Company. More than 400 participants including mentally disabled students, their parents and corporate volunteers took part in a carnival under the theme of "Rainbow Spreads". The event featured talent shows and game stalls which were performed and designed by volunteers from the Alliance and the Group's subsidiaries.

Members of the Alliance and beneficiaries kicked off the NWS Caring Day 2014 with a music performance.

Cultivating the Talents of our Corporate Volunteers

Volunteering is an integral part of the Group's ethos of Corporate Social Responsibility. Since 2001, considerable resources have gone into facilitating staff involvement in community initiatives under the establishment of the Alliance. In FY2014, staff volunteers have put in 12,700 service hours, accumulating 124,000 service hours to date. The volunteers also share their techniques and receive training in various skills and activities including haircutting, clown performances, balloon-modelling, dancing and a recently-added handicraft interest group, which help enrich our community service and are well received by beneficiaries.

Achievements and Accolades

The Group has been a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index since 2011 and our efforts to uphold the principles and responsibilities are reflected in a series of awards and accolades. The tireless contribution of Alliance members has translated into our third Gold Award in the volunteer team category of the Hong Kong Corporate Citizenship Programme. In addition, the websites of NWS Holdings Charities Foundation and New World First Ferry Services Limited received Gold and Silver Awards respectively in the second Web Accessibility Recognition Scheme, jointly organized by the Office of the Government Chief Information Officer and the Equal Opportunities Commission.

These honours reflect the Group's dedication to the welfare of all Hong Kong citizens as part of our ongoing commitment to making the best use of our business strengths and resources to benefit the larger community.

Members of the Alliance enrich their community service by adding various interest groups.

SUSTAINABILITY

ENVIRONMENTAL FRIENDLINESS

DRIVING SUSTAINABLE COMPETITIVE ADVANTAGE

At NWS Holdings, we believe that going green is not a choice but a necessity. We consider the environmental, economic and social implications of our actions and feel strongly that an eco-friendly approach is vital for sustained business growth. Environmental priorities are integrated into the decision-making process across the Group. The Group's Environmental Sustainability Committee formulates strategies and oversees the implementation of environmental initiatives. Under its stewardship, targets have been achieved in energy and water savings, air quality management, as well as paper and waste management. To ensure that the message gets out, we run environmental awareness campaigns, both internally and across the wider community.

Expanding Green Investments

We are committed to sustainable development by investing in environmental projects that contribute to shareholder value. In tandem with Mainland China's goal of increasing hazard-free treatment of municipal sludge under the 12th Five Year Plan, and building on the success of our sludge drying project in Suzhou Industrial Park, we continue to make progress in this industry segment.

In January 2014, Sino French Water Development Company Limited, the Group's joint venture with Suez Environnement, joined hands with Mainland partners to set up a sludge treatment facility for exclusive provision of safe, energy-saving drying treatment of green sludge in Yangzhou. After the drying process, the organic waste material will be transferred to the adjacent power plant and mixed with coal to produce fuel for power generation. This win-win outcome will maximize the recovery of resources, lead to lower coal consumption and greater environmental synergies.

> "We strive to make sustainable choices to enhance our operational efficiency while doing everything possible to minimize our impact on the environment."

The Group has also taken the lead in adopting energy-saving solutions in our roads projects in Mainland China. In the third quarter of FY2014, 3,700 LED lamps were installed along bridges, highway interchanges and toll booth roofs on the Hangzhou Ring Road and Guangzhou City Northern Ring Road. The low-carbon lights can be activated remotely in accordance with weather conditions and daylight intensity and boost a higher output and significantly extended service life. Energy savings are expected to exceed 60%.

Turning Waste into Resources

HML staff packing unconsumed food for storage in blast chillers before delivery to Food Angel.

Our determination to remain at the forefront of sustainable development and care for the community has led to continual deployment of practical green solutions. Companies supplying New World First Bus Services Limited and Citybus Limited now deliver spare parts on reusable plastic, rather than wooden pallets. Hong Kong Convention and Exhibition Centre (Management) Limited ("HML") has given its full support to a programme organized by Food Angel that rescues and redistributes unconsumed food to underprivileged communities in Hong Kong. To reduce landfill construction waste, Hip Hing Construction Company Limited has launched the Inert Construction Materials Transfer Programme, which transfers excavated soil, rocks, broken concrete and other discarded materials from one construction project to another, for reuse or for backfilling. Savings are made in the cost of dumping unwanted materials and in the purchase of new backfills.

Young Ambassadors for Geoconservation

- **This training programme has involved students from more than 150 secondary schools in classroom tutorials and field trips, totalling over 10,000 training hours**

Spreading the Green Message

Raising environmental awareness is a guiding principle of the Group's long-term eco-strategy. Co-organized by the Group and the Association for Geoconservation, Hong Kong, the NWS Hong Kong Geo Wonders Hike, since 2008 has attracted more than 23,000 people who have taken part in community activities that both educate and enhance understanding of geoconservation issues faced today.

In 2013, under the theme of "Geoconservation without Boundaries", the Geo-Month rolled out a series of events including the first-of-its-kind Asia Pacific Geotourism Conference, and community activities including a guided tour of Lantau Island and a GeoMazing Hunt orienteering contest. As part of the campaign, funds were raised to support a social integration initiative led by The Hong Kong Society for the Deaf.

In addition, we continue to engage senior secondary students and pass the torch of geoconservation. The award-winning Young Ambassadors for Geoconservation Training Programme has drawn senior secondary students from close to 100 schools to train as geoconservationists in FY2014. The wide-ranging course included class-based study, field trips, a newly added leadership training module, and a cross-border study tour for top performers.

Over 23,000 members of the public have taken part in NWS Hong Kong Geo Wonders Hike Programme.

Internally, the "3R Formula" Campaign was launched to raise waste management awareness among our employees. The initiative included updates of environment policies and the sharing of best practices by industry specialists, site visits as well as light-hearted events such as a green birthday party and a used banner upcycling workshop.

The "Foodwise Cooking Challenge" promotes food waste reduction across the Group.

Raising Sustainability Standards

Sustainable development forms an integral part of the Group's business strategy. We continue to balance the social and environmental dimensions of our business with the interests of our shareholders and stakeholders. We are committed to improving our environmental performance by regularly assessing ways of incorporating new concepts and adopting green technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing up and reaching new heights

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

With a clear mandate to build and operate a well-diversified asset portfolio through efficient capital and human resource management, the Group has once again demonstrated its ability to withstand challenges and maintain growth momentum by increasing the AOP to HK$4.379 billion for FY2014. This represented an increase of HK$111.7 million from HK$4.267 billion for FY2013. Infrastructure division achieved an AOP of HK$2.428 billion, representing an increase of 6% when compared to HK$2.288 billion in FY2013. The AOP of HK$1.951 billion for Services division was comparable to the previous year.

In February 2013, the Company announced the plan to establish a company with other major port operators in Xiamen which would involve the injection of its two port investments in Xiamen — Xiamen New World Xiangyu Terminals Co., Ltd. and Trend Wood Investments Limited (which invested in Xiamen Haicang Xinhaida Container Terminals Co., Limited) in exchange for a 13.8% interest in the new company. The new company, Xiamen Container Terminal Group Co., Ltd. ("XCTG"), was legally established in December 2013 and a one-off gain on deemed disposal of HK$594.3 million from the restructuring was recognized in FY2014.

Contribution by Division

For the year ended 30 June

	2014 HK$'m	2013 HK$'m
Infrastructure	**2,428.0**	2,288.1
Services	**1,951.0**	1,979.2
Attributable operating profit	**4,379.0**	4,267.3
Corporate office and non-operating items		
Gain on deemed disposal of interests in joint ventures	**594.3**	–
Gain on disposal of projects, net of tax	**79.0**	–
Gain on fair value of investment properties	**111.4**	333.6
Share of profit from Harbour Place	**41.8**	28.1
Provision for impairment on a joint venture	**(72.1)**	–
Net exchange (loss)/gain	**(28.0)**	104.9
Interest income	**113.2**	109.7
Finance costs	**(561.9)**	(555.3)
Expenses and others	**(331.8)**	(280.3)
	(54.1)	(259.3)
Profit attributable to shareholders	**4,324.9**	4,008.0

Contributions from the operations in Hong Kong, Mainland China and Macau & others accounted for 52%, 38% and 10% of AOP respectively in both FY2013 and FY2014.

Earnings per share

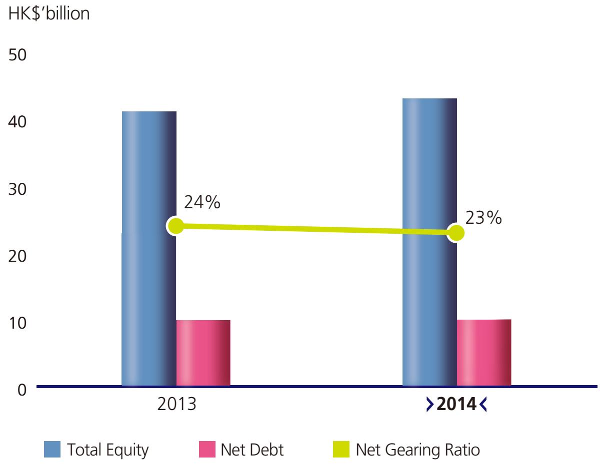
The basic earnings per share was HK$1.17 in FY2014, representing an increase of 5% from HK$1.11 in FY2013.

Treasury Management and Cash Funding

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

Net Gearing Ratio

as at 30 June



Liquidity

As at 30 June 2014, the Group's total cash and bank balances amounted to HK$7.637 billion, as compared to HK$7.768 billion a year ago. The Group's net debt as at 30 June 2014 was HK$10.031 billion, comparable to HK$9.911 billion as at 30 June 2013. The capital structure of the Group was 29% debt and 71% equity as at 30 June 2014, similar to 30% debt and 70% equity as at 30 June 2013. The Group has net current assets amounting to HK$2.902 billion as at 30 June 2014, as compared to HK$8.154 billion as at 30 June 2013. The decrease was mainly attributed to the reclassification of the Renminbi bonds which are due for redemption and certain bank borrowings which are due for refinancing in the following financial year as current liabilities. After FY2014, the Group has redeemed the Renminbi bonds and successfully arranged new or refinanced banking facilities amounting to approximately HK$2.5 billion.

Debt Profile and Maturity

As at 30 June 2014, the Group's total debt amounted to HK$17.668 billion, similar to HK$17.680 billion as at 30 June 2013. The Group has spaced out its debt maturity profile to reduce refinancing risks. Among the long-term loans and borrowings of HK$12.154 billion as at 30 June 2014, 28% will mature in the second year and 72% will mature in the third to fifth year. Bank loans were denominated in Hong Kong Dollar or Renminbi, while bonds were denominated in Renminbi or United States Dollar. Apart from the fixed rate bonds, bank loans were mainly floating rate interest-bearing. Cross currency swaps and interest rate swaps are used to hedge part of the Group's underlying exchange risk and interest rate exposure respectively. The Group did not have any material exposure to exchange risk other than Renminbi during FY2014. As at 30 June 2014, intangible concession rights of Hangzhou Ring Road ("HZRR") were pledged as securities for a banking facility of the Group.

Commitments

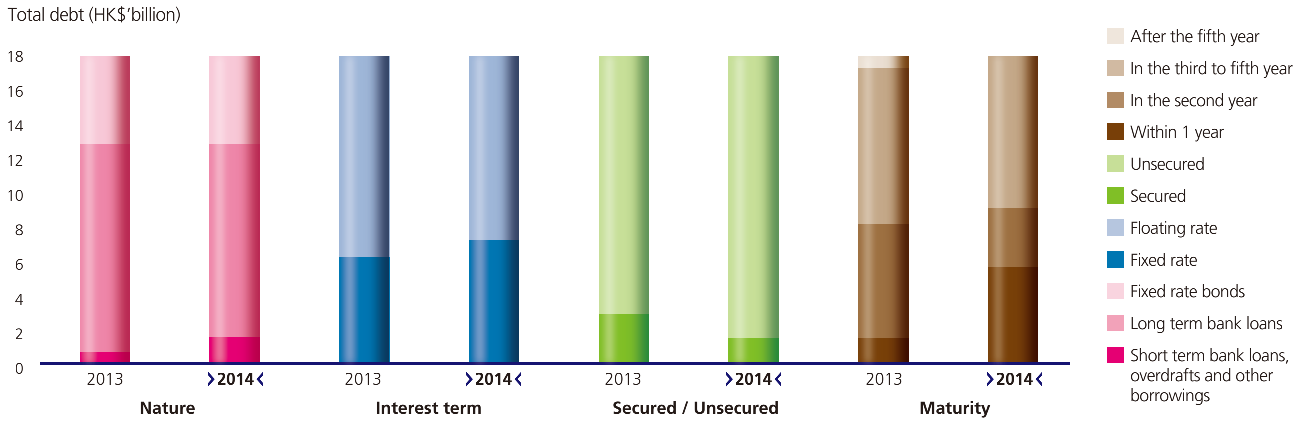
The Group's commitments for capital expenditure were HK$1.616 billion as at 30 June 2014, as compared to HK$1.463 billion as at 30 June 2013. This represented commitment for capital contributions to an associated company and certain joint ventures, properties and equipment and intangible concession rights. Sources of funding for capital expenditure include internally generated resources and banking facilities.

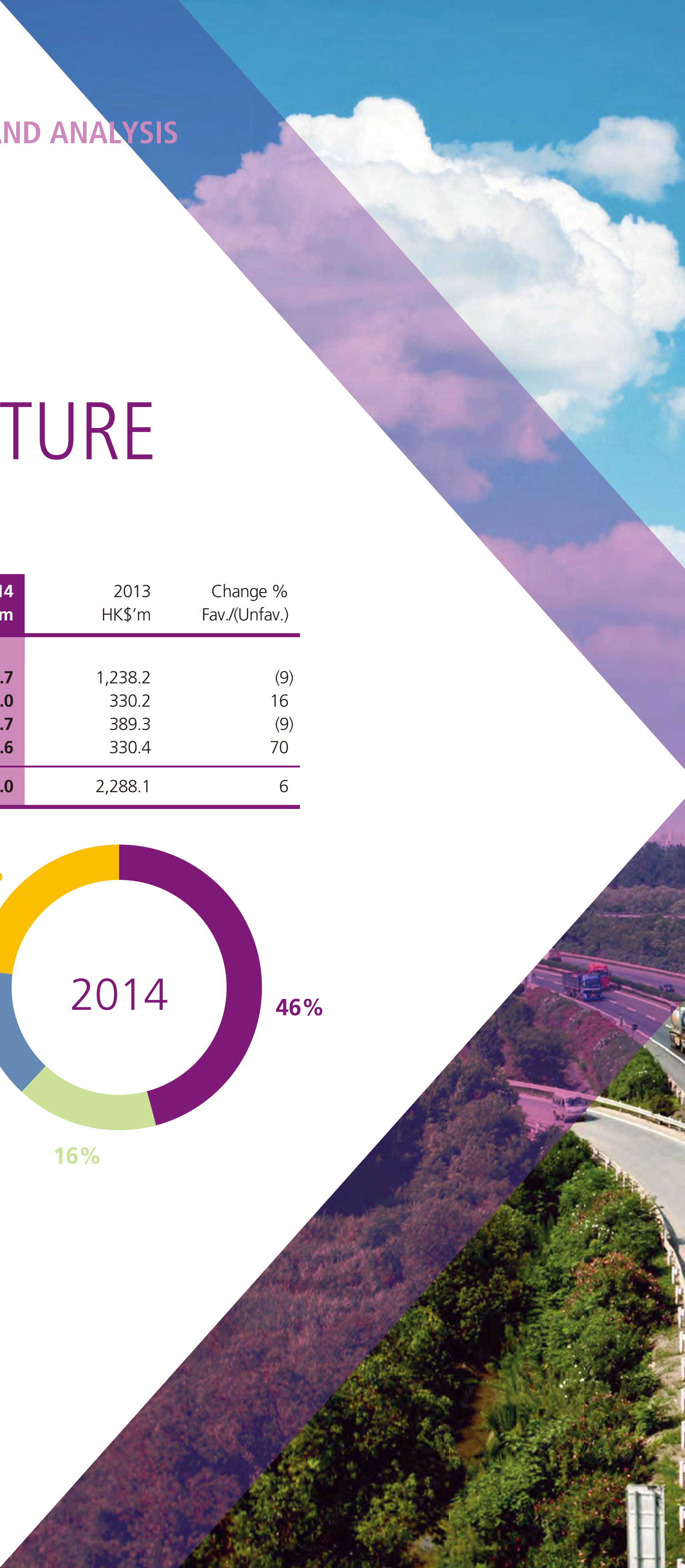
Contingent Liabilities

Contingent liabilities of the Group were HK$1.104 billion as at 30 June 2014, as compared to HK$603.1 million as at 30 June 2013. These composed of guarantees for credit facilities of an associated company, joint ventures and a related company.

Debt Profile

as at 30 June



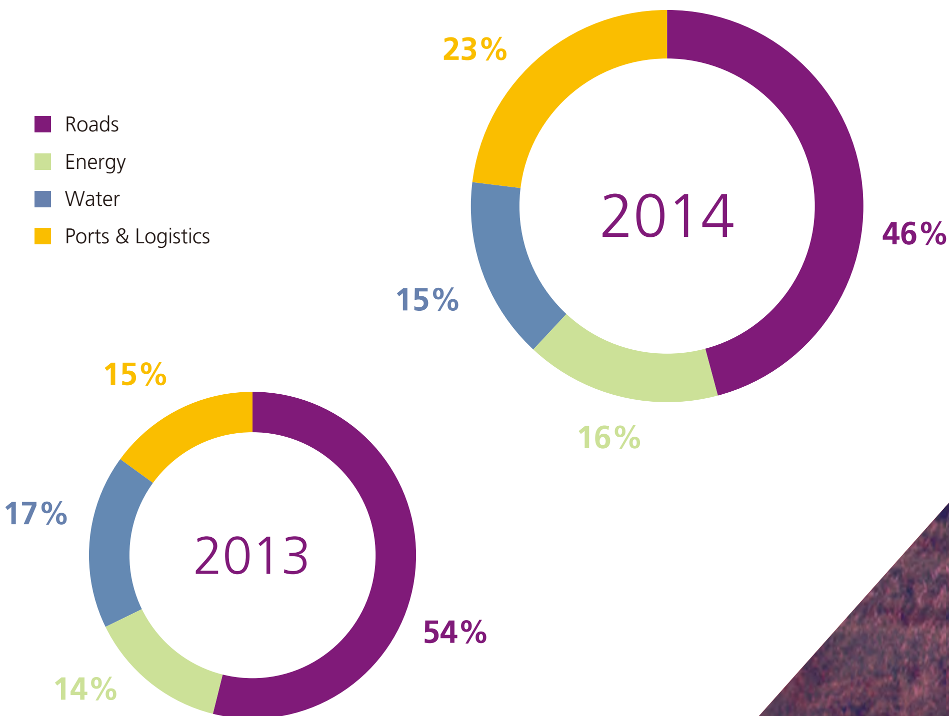


INFRASTRUCTURE

AOP Contribution by Segment

For the year ended 30 June

	2014 HK$'m	2013 HK$'m	Change % Fav./(Unfav.)
Roads	**1,126.7**	1,238.2	(9)
Energy	**384.0**	330.2	16
Water	**355.7**	389.3	(9)
Ports & Logistics	**561.6**	330.4	70
Total	**2,428.0**	2,288.1	6



Notwithstanding the challenging economic and operating environment, the Infrastructure division achieved satisfactory results with its AOP increased by 6% from HK$2,288.1 million to HK$2,428.0 million in FY2014.

OPERATIONAL REVIEW

Roads

AOP from the Roads segment decreased by 9% to HK$1,126.7 million in FY2014 which was mainly due to a significant decrease in gain on extra profit recognition from Tangjin Expressway (Tianjin North Section) in FY2014 in comparison with FY2013 despite a 7% increase in its average daily traffic flow. Excluding the AOP contribution from Tangjin Expressway (Tianjin North Section), AOP of the Roads segment actually increased by 3% in FY2014.

HZRR continued to be the most significant AOP contributor for the Roads segment in FY2014. Its average daily traffic flow grew by 4% when compared to FY2013 while the reduction in bank loan interest expenses also had a positive impact on its AOP contribution.

Benefitting from the economic development in the Pearl River Delta region, all of the Group's expressways in Guangdong Province registered traffic growth in FY2014. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) rose by 12% and 10% respectively. Shenzhen-Huizhou Expressway (Huizhou Section) and Guangzhou-Zhaoqing Expressway saw an increase in traffic volume by 6% and 18% respectively when compared with FY2013. Guangzhou Dongxin Expressway also reported a traffic growth of 23% while a modest 4% increase in traffic volume was recorded by Guangzhou City Nansha Port Expressway in FY2014.

Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Section)

After the removal of a toll station in June 2013, average daily traffic flow of Guangxi Roadways Network dropped significantly by 35% in FY2014.

In Hong Kong, average daily traffic flow of Tate's Cairn Tunnel reduced slightly by 1% but the toll revenue rose as a result of the tariff increase in August 2013.

Energy

AOP of the Energy segment rose by 16% from HK$330.2 million to HK$384.0 million in FY2014.

Falling coal prices continued to have a positive impact on the overall financial performance of the Group's power plants in Mainland China during FY2014. Compared with FY2013, the volume of electricity sales at the Zhujiang Power Plants maintained at a similar level while the sales volume at the Chengdu Jintang Power Plant dropped by 11% as one of its generators underwent system upgrade during FY2014.

AOP from Guangzhou Fuel Company also improved as trading margin was more stable in FY2014 while trading volume grew by 11%.

In May 2014, the Group announced the divestment of its interest in Macau Power and accordingly, the Group ceased to account for its results upon the signing of the relevant agreements. The disposal was completed in the first quarter of FY2015.

Chengdu Jintang Power Plant

Water

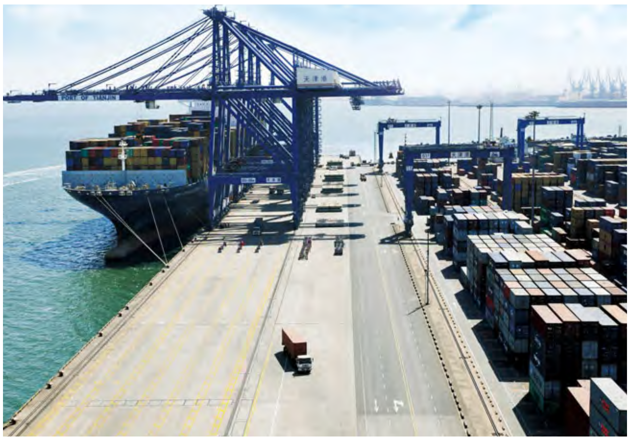
The Water segment reported an AOP of HK$355.7 million for FY2014, down 9% from FY2013. The decrease in AOP was mainly attributable to the drop in Chongqing Water Group's contribution resulting from the impairment loss on an investment and the reduction in exchange gain in FY2014.

Notwithstanding the above, the other water projects in Mainland China reported favourable results including water sales, treatment volumes and network income. Sales volume of Chongqing Water Plant and Tanggu Water Plant increased by 11% and 10% respectively during FY2014. Waste water treated by Chongqing Tangjiatuo Waste Water Plant increased by 24% while Shanghai SCIP Water Treatment Plants also reported a healthy growth of waste water revenue by 19% during FY2014.

During FY2014, several new operating projects were acquired including Jiangsu Water Company and Chengdu Chongzhou Dayi Waste Water Plant by Sino-French Holdings (Hong Kong) Limited ("SFH", a 50/50 joint venture between the Group and Suez Environnement). SFH was also committed to build and operate a sludge treatment plant in Yangzhou. In addition, with the goal to establish a new business line and remain at the forefront of the water and recycling industry, Sino French Solutions Holdings Limited was set up by SFH to provide technical consultancy services and a research and development centre for environmental technology was established in Chongqing.

The sales volume of Macau Water Plant grew by 6% and the tariff hike in June 2013 also contributed to the increase in its AOP in FY2014.

A laboratory technician of Macau Water Plant takes samples for water tests



Tianjin Five Continents International Container Terminal

Ports & Logistics

The Ports & Logistics segment registered a significant increase in AOP by 70% from HK$330.4 million to HK$561.6 million in FY2014.

XCTG generated AOP for this segment since its establishment in December 2013 and its throughput volume since then was 3,106,000 TEUs. Being an operating asset, BCIA also contributed to the significant growth of this segment by providing immediate and recurring AOP when the Group became its second largest shareholder following the share acquisition in December 2013.

In Tianjin, the throughput of Tianjin Five Continents International Container Terminal Co., Ltd. rose by 5% to 2,408,000 TEUs but terminal modification at Tianjin Orient Container Terminals Co., Ltd. resulted in a 3% decrease in its throughput to 937,000 TEUs in FY2014.

ATL Logistics Centre continued to take advantage of the strong demand for logistics and warehousing facilities in Hong Kong during FY2014. Its average rental rose by 16% while occupancy rate remained at a remarkably high level of 99%. NWS Kwai Chung Logistics Centre, which has been fully leased out, continued to provide a strong and recurring AOP contribution to the segment.

Throughput of China United International Rail Containers Co., Limited ("CUIRC") grew by 5% to 1,618,000 TEUs and continued to make positive AOP contribution during FY2014.

BUSINESS OUTLOOK – INFRASTRUCTURE

The economic growth of Mainland China is expected to soften slightly in 2014. With the implementation of various economic and structural reforms in progress, the Chinese government will address economic and social issues by moving towards a domestic demand driven economy and driving the urbanization process. The Group is well prepared and equipped to capture investment opportunities to strengthen its infrastructure assets portfolio and deliver value to its shareholders as and when they arise.

Beijing Capital International Airport

Roads

After the implementation of toll standardization measures in Guangdong Province and the Holiday Toll-free Policy in 2012, the operating environment of toll road business is expected to remain relatively stable in the near term. Urbanization in Mainland China will continue to stimulate traffic growth.

The competitiveness of the Group's road portfolio will be further enhanced upon the completion of the road expansion works of Tangjin Expressway (Tianjin North Section) and Shenzhen-Huizhou Expressway (Huizhou Section) in late 2014 and 2015 respectively. The performance of Guangzhou Dongxin Expressway and Guangzhou City Nansha Port Expressway which is linked to the pace of local road network and economic development, will continue to be closely monitored.

Energy

The downward trend in coal prices will enable coal-fired power plants to maintain reasonable production costs notwithstanding a minor reduction in on-grid tariff with effect from September 2014. Production is expected to normalize when the emission upgrade programme for the Group's power plants in Mainland China is duly completed by the end of 2014. Preferential government policies should create business opportunities for renewable energy in Mainland China.

In early FY2015, the Group has divested its interest in Macau Power and the expected disposal gain to be shared by the Group amounts to about HK$1.5 billion. The divestment unlocks the value of Macau Power to the shareholders of the Company and provides capital for new investments.

Water

The Chinese government support for environmental business continues to create favourable operating environment for industry participants in Mainland China. The reduction of value-added tax on water tariff effective from July 2014 will have a positive impact on the performance of the Group's water concessionary projects. The Group will stay focused on potential investment opportunities especially in waste and related businesses in the absence of public tender for sizeable government water project in Mainland China. The results of the Water segment in FY2015 will also benefit from the full-year contribution from Jiangsu Water Company and Chengdu Chongzhou Dayi Waste Water Plant, and tariff hikes for certain water projects. The new investment in Yangzhou Sludge Treatment Plant, which is scheduled to commence operation in 2016, has effectively strengthened the Group's presence in this niche market. SFH will broaden its revenue stream by providing various technical consultancy services. The setting up of a research and development centre in Chongqing will boost the Group's professional stature and competitiveness in the environmental industry.

To cater for the rising local demand, Macau Water Plant has commenced expansion works on its water plant. Upon the completion in 2015, the daily treatment capacity of Macau Water Plant will be increased by 60,000m^3 to 390,000m^3.

Ports & Logistics

Throughput growth at China's ports is expected to be mild in 2014. Following the formation of XCTG during FY2014, the Group will make good use of the synergy effect to capture business opportunities arising from this strategic alliance. AOP of the Ports & Logistics segment for FY2015 will also be boosted by the full-year contribution from BCIA which has continued to maintain a stable return profile and solid growth outlook.

NWS Kwai Chung Logistics Centre

The railway freight reforms introduced in 2013 have set forth the framework for a more market-oriented and customer-focused rail freight sector in Mainland China. Under the Chinese government's initiative of building the Silk Road Economic Belt, international rail container transportation from Chongqing and Chengdu to Europe has been progressing satisfactorily. The successful launch of block train services from Zhengzhou and Wuhan to Europe reaffirmed the growing demand for rail container transportation from inland China to Europe which would benefit CUIRC's business growth in the long run. Capitalizing on these developments, Chongqing terminal will undergo an expansion plan in FY2015 to raise its handling capacity, while the construction of two new terminals at Urumqi and Tianjin is also in the pipeline.

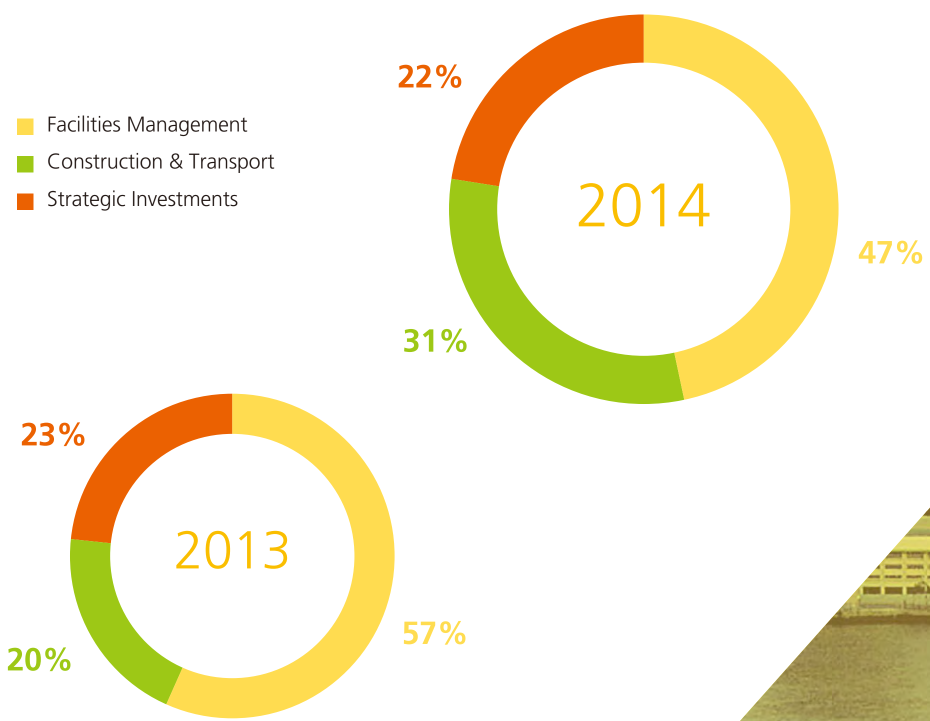
Sustained demand for logistics and warehousing facilities in Hong Kong will continue to support the high occupancy rate and rental growth of ATL Logistics Centre. This strong demand has propelled the development of new logistics centres in the Tsing Yi area over the next few years.

SERVICES

AOP Contribution by Segment

For the year ended 30 June

	2014 HK$'m	2013 HK$'m	Change % Fav./(Unfav.)
Facilities Management	**910.7**	1,123.6	(19)
Construction & Transport	**605.3**	394.3	54
Strategic Investments	**435.0**	461.3	(6)
Total	**1,951.0**	1,979.2	(1)



The Services division recorded an AOP of HK$1.951 billion in FY2014, similar to that in FY2013. The year saw a significant growth from the construction business, which compensated the negative impact on Free Duty's earnings from the expiry of Hong Kong International Airport concession contract and renewed concession terms.

Facilities Management

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

HKCEC, an iconic Hong Kong landmark, continued to maintain its steady growth momentum by leveraging on the strong demand to host international exhibitions and conventions at prime locations with state-of-art facilities. The strategy to offer low season rental incentives has been fruitful in recent years, as evidenced by the growing list of international events being held during off-peak periods. During FY2014, 1,086 events were held at HKCEC with a total patronage of approximately 5.9 million. Through continuous investment in upgrading of its complex and facilities and proactive marketing effort, turnover from exhibition rental has grown steadily over the years.

Free Duty's travel retail, duty free liquor and tobacco business at all land border crossings continued to benefit from the rise in per passenger spending and increased patronage of visitors from Mainland China but the growth has been hindered by the Chinese government's anti-corruption drive and crackdown on extravagant consumption.

Hong Kong Convention and Exhibition Centre

Construction & Transport

AOP contribution from the Construction business increased substantially by 84% to HK$432.7 million in FY2014 mainly due to improved gross profit margin and project progress. Major projects during FY2014 included New World Centre Remodeling, residential developments "The Austin" at the MTR Austin Station, "Double Cove" in Ma On Shan, "Park Signature" in Yuen Long, residential development at Clear Water Bay Road, logistics centre for SF Express at Tsing Yi and Shatin Communications and Technology Centre for Hong Kong Jockey Club. As at 30 June 2014, the gross value of contracts on hand for the Construction business was approximately HK$50.1 billion and the remaining works to be completed amounted to approximately HK$34.5 billion.

The Group's Transport business reported an AOP of HK$172.6 million in FY2014, representing an 8% increase. This was mainly attributable to the increase in fare revenue in connection with the ridership growth and decrease in depreciation expenses for buses. Fuel costs decreased because of fuel cost hedging arrangements. In April 2014, the Transport business fully divested its 28.92% interest in Kwoon Chung Bus Holdings Limited in order to stay focus on the bus and ferry operations in Hong Kong. The existing five ferry service licences have been renewed by the Hong Kong government. With the exception of the North Point to Joss House Bay route which is renewed on an annual basis, the other four licences will expire in 2017.

Strategic Investments

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

New World First Bus and Citybus

New World First Ferry

Tricor's corporate services businesses performed solidly during FY2014 and captured about 42% of the total share of new listings in Hong Kong. Its business operations in Hong Kong, Singapore and Mainland China altogether contributed about 82% of the total profit of Tricor in FY2014.

Haitong International attained notable growth across all business lines including securities brokerage, margin and structured financing, fixed income, currency and commodity. Further to a series of financing projects to strengthen its capital base in 2013 in anticipation for future expansion and growth, Haitong International bolstered its financial resources by issuing right issues and securing new syndicated loans in 2014. As the only Mainland brokerage firm with full listing status alongside its parent in Hong Kong, Haitong International is well positioned to grasp opportunities from the "Shanghai-Hong Kong Stock Connect" pilot programme.

The Laboratory and Testing Department of New World Construction Company Limited carries out a proof load test

During FY2014, disturbances caused by neighbouring villages and their inhabitants around the mine site of Newton Resources have been mitigated through mediation by local government authorities and village representatives. However, disputes over land expropriation and other external problems still prevented Newton Resources from resuming its mining activities. The trial production of iron concentrates at the Yanjiazhuang Mine has yet to resume. Following the restructuring of the management team in late 2013, with the efforts to enhance local communications and security measures, as well as the mediations and negotiations by local government officials, Newton Resources has gradually developed mutual trust and understanding with the neighbouring villages. This will help create favourable conditions for its next move to resolve the land expropriation issues at the Yanjiazhuang Mine that have long plagued Newton Resources, thus be conducive to its future business development in the long run. On the other hand, Newton Resources intends to create a new income stream through the sale of gabbro-diabase products like quarry stones, crushed stones and decorative slabs.

For Hyva, a company engaged in the manufacturing and supply of components used in hydraulic loading and unloading systems on trucks and trailers, revenue from Mainland China and Western Europe has improved due to market recovery but sales in India, Eastern Europe and other Asian countries remained flat as in FY2013.

Piling and site formation works undertaken by Vibro (H.K.) Limited

BUSINESS OUTLOOK – SERVICES

Hong Kong's economy slowed down in the second quarter of 2014. The global economy is expected to remain on a moderate recovery path in the second half of 2014. The Mainland economy with its resilient domestic demand, and helped by the momentum released from further economic reforms, should remain a key pillar to regional economic growth. In Hong Kong, government spending on infrastructure, together with the domestic consumption underpinned by favourable employment conditions amid a tight labour market, is expected to hold up in 2014, but the growth momentum is likely to dissipate.

The Free Duty shop at Lok Ma Chau

Facilities Management

HKCEC celebrated its 25th anniversary in FY2014. Having been voted the "Best Convention and Exhibition Centre in Asia" for 11 times from 2001 to 2014 by CEI Asia Magazine, one of the most influential trade publications in the region, and awarded the "Best Convention & Exhibition Centre" title for the fifth time by TTG Magazine, a leading travel trade business resource publication in the Asia-Pacific, HKCEC has firmly solidified its leading position in the industry and continued to host premier international events such as Art Basel Hong Kong and Watches & Wonders. HKCEC will continue to sustain healthy organic growth through different channels including proactive business development, facility enhancements, space optimization and service excellence. The re-opening of the newly refurbished Congress Plus in July 2014 with an innovative dining concept is set to enhance the food and beverage business. Looking ahead, the food and beverage business and exhibitions for high-end life style products such as luxury jewellery, watch, art and antique will be the major growth drivers.

The stance of the Chinese government against luxury consumption by public officials has negatively impacted Free Duty's business as the sales mix shifted away from high-end liquor and tobacco. However, Free Duty has successfully remodeled its shops and introduced additional branded products to increase sales and customer spending. On the other hand, the Group will actively seek opportunities to extend its footprint overseas.

The construction phase of the Gleneagles Hong Kong Hospital ("GHKH"), which the Group has 40% interest, officially kicked off in January 2014 and the foundation works are due to be completed by the end of this year. GHKH will have a capacity of 500 beds and provide a full range of clinical services with more than 15 specialties. This new business will augment our services portfolio in Hong Kong and develop a new growth driver for the Services division.

Construction and Transport

The realization of the Top Ten Mega Infrastructure Projects and the government's plan to increase land supply to cater for the ever increasing demand for residential, commercial and institutional properties in both public and private sectors has generated an unprecedented opportunity for the construction industry in Hong Kong. The need for construction services in Hong Kong, particularly demand from the public sector, will remain high. Based on the existing contracts on hand and the opportunities to participate in other sizeable projects, the Group maintains a positive and confident outlook on its construction business. However, labour shortage, fast escalating wages and material costs and more stringent rules on industrial safety and environmental protection are posing pressure on profit margins. Therefore, risk management, cost controls, staff training and retention, industrial safety and environmental protection continue to be the key management focus areas.

Profitability of the Transport business is highly dependable on fuel prices and the Group has been able to manage fuel costs effectively through hedging arrangements. This hedging strategy will continue into 2015. The Western Island Line of MTR is expected to be commissioned in December 2014 and final negotiation with the Hong Kong government regarding provision and rationalization of future bus services is well underway. In the meantime, the Group will make every effort to improve service quality and reliability, passenger safety, comfort and convenience.

A Hip Hing construction worker in action

Conclusions

The solid financial and operating performance in FY2014 bears testimony to the Group's effort and proficiency in maximizing growth potentials and overcoming challenges across different business segments. The acquisition of interest in BCIA and establishment of XCTG played a significant role in maintaining the growth momentum of the Infrastructure division. The full-year contribution from these two investments and newly acquired water projects, as well as the traffic growth of Tangjin Expressway (Tianjin North Section) upon the completion of its expansion works by the end of 2014, will act as growth drivers in the coming years. On the other hand, the anticipated profit gap for the Free Duty business was substantially bridged by the rise in profit contribution from the Construction & Transport segment.

The divestment of Macau Power and certain non-core assets reaffirmed the Group's long-term strategy in consolidating its asset portfolio and realizing the underlying value of assets while developing new investment opportunities. Having earmarked some HK$4.0 billion of financial resources for new and potential investments, the Group will continue in this vein and forge ahead with its strategic plans for sustainable growth.

REPORTS AND FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors of the Company submit their report together with the audited financial statements of the Group for the year ended 30 June 2014.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

(i) the investment in and/or operation of facilities, construction, transport and strategic investments; and

(ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

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

Results and Appropriations

The results of the Group for the year and the state of affairs of the Company and of the Group as at 30 June 2014 are set out in the financial statements on pages 85 to 173.

The Board has resolved to recommend a final dividend for the year ended 30 June 2014 (the "Final Dividend") in scrip form equivalent to HK$0.22 per share (2013: HK$0.26 per share) with a cash option to the shareholders whose names appear on the register of members of the Company on 24 November 2014. Together with the interim dividend of HK$0.36 per share (2013: HK$0.29 per share) paid in May 2014, total distribution of dividend by the Company for the year ended 30 June 2014 will thus be HK$0.58 per share (2013: HK$0.55 per share).

Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 18 November 2014 and the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Final Dividend, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they will be given the option of electing to receive payment in cash of HK$0.22 per share instead of the allotment of shares. A circular containing details of the scrip dividend arrangement will be despatched to the shareholders of the Company together with a form of election for cash dividend on or about 26 November 2014.

Subsidiaries

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

Associated Companies and Joint Ventures

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

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

Distributable Reserves
At 30 June 2014, the Company's reserves available for distribution amounted to HK$2,649.4 million (2013: HK$2,555.4 million).

Donations
During the year, the Group made charitable donations amounting to HK$3.7 million (2013: HK$0.5 million).

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

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

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

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

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

Major Customers and Suppliers
The aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively accounted for less than 30% of the Group's total turnover and purchases for the year ended 30 June 2014.

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

Directors

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

Executive directors

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

Non-executive directors

Mr To Hin Tsun, Gerald
Mr Dominic Lai
Mr William Junior Guilherme Doo (re-designated from executive director on 1 July 2014)

Independent non-executive directors

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

In accordance with bye-law 87 of the Company's bye-laws, Dr Cheng Kar Shun, Henry, Mr Lam Wai Hon, Patrick, Mr Cheng Chi Ming, Brian and Dr Cheng Wai Chee, Christopher will retire by rotation at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

Directors' Service Contracts

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

Directors' Interests in Contracts

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

Directors' Interests in Competing Business

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

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Dr Cheng Kar Shun, Henry	Chow Tai Fook Enterprises Limited ("CTF Enterprises") group of companies	Investment in transport services business	Director
Mr Lam Wai Hon, Patrick	Road King Infrastructure Limited	Development, operation and management of toll roads	Director
Mr Cheng Chi Ming, Brian	Integrated Waste Solutions Group Holdings Limited	Investment in waste management business	Director
Mr To Hin Tsun, Gerald	Mongolia Energy Corporation Limited	Investment in coal mining	Director

As the Board is independent of the boards of the abovementioned entities and none of the above directors of the Company can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the business of these entities.

Directors' Rights to Acquire Shares or Debentures

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

Directors' Interests in Securities

As at 30 June 2014, the directors of the Company and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO:

(a) Long position in shares

	Number of shares				Approximate percentage of shareholding as at 30.06.14
	Personal interests	Family interests	Corporate interests	Total	
The Company					
(Ordinary shares of HK$1.00 each)					
Dr Cheng Kar Shun, Henry	18,349,571	–	12,000,000[(1)]	30,349,571	0.811%
Mr Tsang Yam Pui	180,000	–	–	180,000	0.005%
Mr Lam Wai Hon, Patrick	1,316,207	–	7,608[(2)]	1,323,815	0.035%
Mr William Junior Guilherme Doo	484,813	–	111,235[(3)]	596,048	0.016%
Mr Kwong Che Keung, Gordon	1,207,077	–	–	1,207,077	0.032%
Dr Cheng Wai Chee, Christopher	2,548,818	–	–	2,548,818	0.068%
Mr Wilfried Ernst Kaffenberger	723,372	–	–	723,372	0.019%
NWD					
(Ordinary shares)					
Dr Cheng Kar Shun, Henry	–	600,000[(4)]	–	600,000	0.007%
Mr Cheung Chin Cheung	124,400	–	–	124,400	0.001%
Mr William Junior Guilherme Doo	–	40,000[(5)]	–	40,000	0.000%
Mr Kwong Che Keung, Gordon	40,000	–	–	40,000	0.000%
New World China Land Limited					
(Ordinary shares of HK$0.10 each)					
Dr Cheng Kar Shun, Henry	29,985,826	4,387,500[(4)]	117,610,200[(1)]	151,983,526	1.750%
Mr William Junior Guilherme Doo	–	112,500[(5)]	405,000[(3)]	517,500	0.006%
Dr Cheng Wai Chee, Christopher	387,448	–	–	387,448	0.004%
Newton Resources Ltd					
(Ordinary shares of HK$0.10 each)					
Mr Cheung Chin Cheung	7,154	–	–	7,154	0.000%
Mr Kwong Che Keung, Gordon	11,307	–	–	11,307	0.000%
Wai Kee Holdings Limited					
(Ordinary shares of HK$0.10 each)					
Mr Lam Wai Hon, Patrick	300,000	–	–	300,000	0.038%

Directors' Interests in Securities (continued)

(a) Long position in shares (continued)

Notes:

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

(2) The shares are held by a company wholly owned by Mr Lam Wai Hon, Patrick.

(3) The shares are held by a company wholly owned by Mr William Junior Guilherme Doo.

(4) The shares are held by the spouse of Dr Cheng Kar Shun, Henry.

(5) The shares are held by the spouse of Mr William Junior Guilherme Doo.

(b) Long position in underlying shares – share options

(i) NWD

Under the share option scheme of NWD, the holding company of the Company, the following director of the Company has personal interest in options to subscribe for its shares. Details of the share options of NWD granted to him are as follows:

			Number of share options				
Name	**Date of grant**	**Exercisable period** (Note)	**Balance as at 01.07.13**	**Adjusted during the year[(2)]**	**Exercised during the year**	**Balance as at 30.06.14**	**Exercise price per share** HK$
Dr Cheng Kar Shun, Henry	19 March 2012	(1)	10,014,956	633,328	–	10,648,284	9.176

Notes:

(1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.

(2) NWD announced rights issue on 13 March 2014 which became unconditional on 24 April 2014 and declared interim dividend for the six months ended 31 December 2013 in cash (with scrip option) during the year. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK$9.756 to HK$9.184 on 25 April 2014, and further to HK$9.176 on 23 May 2014.

(3) The cash consideration paid by the director for the grant of the share options was HK$10.

Directors' Interests in Securities (continued)

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

(ii) New World China Land Limited

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

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 01.07.13	Exercised during the year	Balance as at 30.06.14	Exercise price per share HK$
Dr Cheng Kar Shun, Henry	18 January 2011	(1)	2,077,922	–	2,077,922	3.036
Dr Cheng Wai Chee, Christopher	18 January 2011	(1)	311,688	–	311,688	3.036

Notes:

(1) Divided into 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015 respectively to 18 February 2016.

(2) The cash consideration paid by each director for the grant of the share options was HK$10.

(iii) New World Department Store China Limited

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

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 01.07.13	Lapsed during the year	Balance as at 30.06.14	Exercise price per share HK$
Dr Cheng Kar Shun, Henry	27 November 2007	(1)	1,000,000	(1,000,000)	–	8.660

Notes:

(1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013 provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.

(2) The cash consideration paid by the director for the grant of share option was HK$1.

Directors' Interests in Securities (continued)

(c) Long position in debentures

(i) Rosy Unicorn Limited

The following director of the Company has interest in the US$500,000,000 6.50% guaranteed bonds due 2017 issued by Rosy Unicorn Limited, an indirect wholly owned subsidiary of the Company. Details of the debentures held by him are as follows:

	Amount of debentures in US$				Approximate percentage to the total amount of debentures
Name	Personal interests	Family interests	Corporate interests	Total	in issue as at 30.06.14
Mr William Junior Guilherme Doo	–	–	4,500,000[Note]	4,500,000	0.900%

Note: The debentures are held by companies wholly owned by Mr William Junior Guilherme Doo.

(ii) NWCL

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

	Amount of debentures in RMB					Approximate percentage to the total amount of debentures
Name	Personal interests	Family interests	Corporate interests	Other interests	Total	in issue as at 30.06.14
Mr Tsang Yam Pui	3,500,000	–	–	–	3,500,000	0.048%
Mr Lam Wai Hon, Patrick	1,000,000	–	–	–	1,000,000	0.014%
Mr William Junior Guilherme Doo	–	–	21,500,000[1]	–	21,500,000	0.295%
Dr Cheng Wai Chee, Christopher	–	–	–	30,000,000[2]	30,000,000	0.411%

Notes:

(1) The debentures are held by a company wholly owned by Mr William Junior Guilherme Doo.

(2) The debentures are owned by a controlled corporation of a trust and Dr Cheng Wai Chee, Christopher is one of the beneficiaries under the trust.

Directors' Interests in Securities (continued)

(c) Long position in debentures (continued)

(iii) Fita International Limited

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

Name	Amount of debentures in US$				Approximate percentage to the total amount of debentures in issue as at 30.06.14
	Personal interests	Family interests	Corporate interests	Total	
Mr William Junior Guilherme Doo	–	–	3,000,000(Note)	3,000,000	0.400%

Note: The debentures are held by a company wholly owned by Mr William Junior Guilherme Doo.

(iv) NWD (MTN) Limited

The following director of the Company has interest in the debentures issued under the medium term note programme of NWD (MTN) Limited, a fellow subsidiary of the Company. Details of the debentures held by him are as follows:

Name	Amount of debentures in US$				Approximate percentage to the total amount of debentures in issue as at 30.06.14
	Personal interests	Family interests	Corporate interests	Total	
Mr William Junior Guilherme Doo	–	–	2,000,000(Note)	2,000,000	0.139%

Note: The debentures are held by a company wholly owned by Mr William Junior Guilherme Doo.

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

Share Option Scheme

The existing share option scheme of the Company (the "Scheme") was adopted at the annual general meeting of the Company held on 21 November 2011. Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

Purpose of the Scheme	To reward directors and employees of the Group for their past service or performance, providing incentive and motivation or reward to eligible participants for optimizing their performance or making contribution to the Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to the Group; and fostering a sense of corporate identity.
Participants of the Scheme	Eligible participant may be a person or an entity belonging to any of the following classes: (i) any eligible employee; (ii) any non-executive director (including independent non-executive director) of the Group or any invested entity of the Group ("Invested Entity"); (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the Scheme and percentage of the issued share capital as at the date of this report	No share option of the Company has been granted under the Scheme since its adoption and up to the date of this report. The total number of shares available for issue under the Scheme is 338,799,387 shares representing approximately 9.05% of the Company's issued share capital as at the date of this report.

Share Option Scheme (continued)

Maximum entitlement of each participant under the Scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the share capital of the Company in issue.
The period within which the shares must be taken up under an option	At any time during a period as specified by the directors, however in any event the share options must be exercised within 10 years from the date of grant.
The minimum period for which an option must be held before it can be exercised	Any period as determined by the directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK$10 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by the directors which must be at least the highest of: (i) the closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five dealing days immediately preceding the date of grant; and (iii) the nominal value of the share.
The remaining life of the Scheme	The Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 November 2011.

During the year ended 30 June 2014, no share option of the Company has been granted under the Scheme.

Substantial Shareholders' Interests in Securities

As at 30 June 2014, the following parties (other than a director or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to the issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	2,390,927,106[1]	2,390,927,106	63.90%
Cheng Yu Tung Family (Holdings II) Limited	–	2,390,927,106[2]	2,390,927,106	63.90%
Chow Tai Fook Capital Limited	–	2,390,927,106[3]	2,390,927,106	63.90%
Chow Tai Fook (Holding) Limited	–	2,390,927,106[4]	2,390,927,106	63.90%
CTF Enterprises	97,034,424	2,293,892,682[5]	2,390,927,106	63.90%
NWD	1,544,138,947	749,753,735[6]	2,293,892,682	61.30%
Mombasa Limited	685,781,658	–	685,781,658	18.33%

Notes:

(1) Cheng Yu Tung Family (Holdings) Limited holds approximately 48.98% direct interest in Chow Tai Fook Capital Limited ("CTFC") and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(2) Cheng Yu Tung Family (Holdings II) Limited holds approximately 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(3) CTFC hold approximately 78.58% direct interest in Chow Tai Fook (Holding) Limited ("CTFH") and is accordingly deemed to have an interest in the shares deemed to be interested by CTFH.

(4) CTFH holds 100% direct interest in CTF Enterprises and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises.

(5) CTF Enterprises together with its subsidiaries hold more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.

(6) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD is also deemed to be interested in 2,979,975 shares held by Financial Concepts Investment Limited, 30,496,051 shares each held by Hing Loong Limited and Fine Reputation Incorporated, all of them are subsidiaries of NWD.

(7) All the interests stated above represent long positions.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2014.

Sufficiency of Public Float

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

Connected Transactions

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

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

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

The Master Services Agreement and the transactions contemplated thereunder were approved by the independent shareholders at the special general meeting of the Company held on 29 June 2011. The Master Services Agreement has an initial term of three years commencing from 1 July 2011 to 30 June 2014 (both days inclusive). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under the Listing Rules at the relevant time, the Master Services Agreement may be renewed for a further term of three years.

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

During the year ended 30 June 2014, the contract amounts for the operational services under the Master Services Agreement are summarized as follows:

Categories	**Approximate total contract sum** HK$'m	**Annual cap** HK$'m
Operational services by members of the Group to members of the Services Group	2.0	18.4
Operational services by members of the Services Group to members of the Group	841.7	1,944.0

Connected Transactions (continued)

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

In the ordinary course of businesses prior to completion of the Disposal, members of the Group have regularly entered into transactions (the "Existing Continuing Transactions") with certain companies under the Disposal Group. As a result of the completion of the Disposal, members of the Disposal Group became associates of Mr Doo, who is a connected person of the Company, and are regarded as connected persons of the Company. The Existing Continuing Transactions therefore became continuing connected transactions of the Company upon the completion of the Disposal. Pursuant to Rule 14A.60 of the Listing Rules, the Company has to comply in full with all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of the Existing Continuing Transactions.

The Existing Continuing Transactions involved the provision of the mechanical and electrical engineering services, property management services and cleaning services from members of the Disposal Group to members of the Group. As at 30 June 2014, all the agreements included in these Existing Continuing Transactions expired.

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

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

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

During the year ended 30 June 2014, the contract amounts for the operational services under the CTF Enterprises Master Services Agreement are summarized as follows:

Categories	**Approximate total contract sum** HK$'m	**Annual cap** HK$'m
Operational services by members of the Group to members of the CTF Enterprises Group	49.1	207.0
Operational services by members of the CTF Enterprises Group to members of the Group	0.7	5.7

Connected Transactions (continued)

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

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

The NWD Master Services Agreement and the transactions contemplated thereunder were approved by the independent shareholders at the special general meeting of the Company held on 8 August 2011. The NWD Master Services Agreement has an initial term of three years commencing from 1 July 2011 to 30 June 2014 (both days inclusive). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under the Listing Rules at the relevant time, the NWD Master Services Agreement may be renewed for a further term of three years.

Following a review by the Board of the continuing connected transactions under the NWD Master Services Agreement, the Board envisaged that there would be an expected increase in the continuing connected transactions (in terms of volume and transaction values) for the year ended 30 June 2014 and annual cap for the same period as approved by the independent shareholders of the Company on 8 August 2011 would not be sufficient. The revised annual cap in respect of the said continuing connected transactions for the year ended 30 June 2014 was approved by the independent shareholders at the special general meeting of the Company held on 22 May 2014.

During the year ended 30 June 2014, the contract amounts for the operational services under the NWD Master Services Agreement are summarized as follows:

Categories	**Approximate total contract sum** HK$'m	**Annual cap** HK$'m
Operational services by members of the Group to members of the NWD Group	6,256.0	7,589.1
Operational services by members of the NWD Group to members of the Group	42.9	44.3

Connected Transactions (continued)

(5) On 8 April 2014, a conditional sale and purchase agreement (the "SP Agreement") was entered into among Young's Engineering Company Limited and Trident Engineering Company Limited (together, the "Purchaser", and each of them is beneficially owned as to 90% by Mr Doo) and NWS Holdings (China) Limited (the "Vendor", a direct wholly owned subsidiary of the Company) whereby the Purchaser agreed to purchase and the Vendor agreed to sell the entire registered and paid up capital of 新創機電工程有限公司 (NWS Engineering Ltd) ("NWSE") in the amount of RMB150,000,000, which carries with it all dividends or distribution which may be declared, paid or made in respect of them on or after the date of completion of the SP Agreement but without any right whatsoever to all dividends, distributions or otherwise in respect of the profits for the period up to 31 December 2012 to be distributed or otherwise paid to the Vendor (or other members of the Group as the Vendor may direct) at the consideration of approximately RMB177.1 million (equivalent to approximately HK$221.4 million). The consideration was paid in full on the date of signing of the SP Agreement by the Purchaser to the Vendor and subject to adjustment for the net asset value attributable to the non-engineering business of NWSE as at the date of completion of the SP Agreement.

Mr Doo was a connected person of the Company under the Listing Rules as Mr Doo was the Deputy Chairman and a non-executive director of the Company within the preceding 12 months of the date of the SP Agreement, who resigned as the Deputy Chairman and a non-executive director of the Company with effect from 1 July 2013. As Mr Doo has an indirect 90% interest in the Purchaser, the Purchaser was an associate of Mr Doo and hence a connected person of the Company under the Listing Rules. The disposal under the SP Agreement therefore constituted a connected transaction for the Company.

Completion of the SP Agreement took place on 27 June 2014. Upon completion, the Company ceased to have any equity interest in NWSE. The consideration for this disposal in the amount of approximately RMB177.1 million was agreed to be adjusted for approximately RMB3.0 million (equivalent to approximately HK$3.8 million) with reference to the statement of assets of NWSE as at 27 June 2014. The said amount of approximately RMB3.0 million has been paid by the Purchaser to the Vendor on the date of completion of the SP Agreement.

(6) On 11 April 2014, in view of the expiry of the Master Services Agreement, the CTF Enterprises Master Services Agreement and the NWD Master Services Agreement, three new master services agreements were entered into by the Company with details as follows:

(a) a new master services agreement entered into between the Company and CTF Enterprises (the "New CTF Enterprises Master Services Agreement") whereby each of the Company and CTF Enterprises agrees to, and agrees to procure that members of the Group or the New CTF Enterprises Group (being (a) CTF Enterprises; (b) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company; (c) any other company in the equity capital of which CTF Enterprises and/or such other companies referred to in (b) above taken together are or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors; and (d) the subsidiaries of such other companies referred to in (b) and (c) above, but excluding members of the NWD Group and the Group) (to the extent practicable), engage relevant members of the New CTF Enterprises Group or the Group to provide certain operational services to members of the Group or the New CTF Enterprises Group during the term of the New CTF Enterprises Master Services Agreement;

(b) a new master services agreement entered into between the Company and NWD (the "New NWD Master Services Agreement") whereby each of the Company and NWD agrees to, and agrees to procure that members of the Group or the NWD Group (to the extent practicable), engage relevant members of the NWD Group or the Group to provide certain operational services to relevant members of the Group or the NWD Group during the term of the New NWD Master Services Agreement; and

Connected Transactions (continued)

(6) (continued)

(c) a new master services agreement entered into between the Company and Mr Doo (the "New DOO Master Services Agreement") whereby each of the Company and Mr Doo agrees to, and agrees to procure that members of the Group or the Services Group (to the extent practicable), engage relevant members of the Services Group or the Group to provide certain operational services to relevant members of the Group or the Services Group during the term of the New DOO Master Services Agreement.

(the New CTF Enterprises Master Services Agreement, the New NWD Master Services Agreement and the New DOO Master Services Agreement collectively, the "New Master Services Agreements")

As at the date of signing of the New Master Services Agreements, CTF Enterprises held approximately 42.89% of the total issued share capital of NWD and approximately 2.61% of the total issued share capital of the Company. NWD held approximately 61.30% of the total issued share capital of the Company and was a substantial shareholder of the Company. CTF Enterprises was a controlling shareholder of NWD. Accordingly both CTF Enterprises and NWD were regarded as connected persons of the Company under the Listing Rules. In addition, Mr Doo was the Deputy Chairman and a non-executive director of the Company within the preceding 12 months of the date of the New DOO Master Services Agreement. Accordingly, Mr Doo was regarded as a connected person of the Company under the Listing Rules. Each of the members of the Services Group was an associate of the Mr Doo and hence a connected person of the Company. Thus, the New Master Services Agreements and all the transactions contemplated thereunder constituted continuing connected transactions of the Company under the Listing Rules.

The New Master Services Agreements and the transactions contemplated thereunder were approved by the independent shareholders at the special general meeting of the Company held on 22 May 2014. Each of the New Master Services Agreements has an initial term of three years commencing from 1 July 2014. Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules at the relevant time, each of the New Master Services Agreements may be renewed for a further term of three years.

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

(a) in the ordinary and usual course of business of the Company;

(b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties;

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(d) within the caps or the aggregate transaction values set out in the relevant announcements or circulars.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Save as disclosed above, a summary of significant related party transactions made during the year is disclosed in note 41 to the financial statements.

Disclosure Pursuant to Rule 13.22 of the Listing Rules

As at 30 June 2014, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK$4,092.3 million to its affiliated companies (included in amounts disclosed in notes 21, 22 and 26 to the financial statements), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK$1,039.7 million (included in the amounts disclosed in note 39 to the financial statements) and contracted to provide an aggregate amount of HK$1,492.9 million in capital and/or loans to affiliated companies. The said amounts, in aggregate, represent approximately 9.4% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

The advances are unsecured, interest free and have no definite repayment terms except for (i) an aggregate amount of HK$104.7 million which carries interest at 8% per annum; (ii) an amount of HK$29.3 million which carries interest at Hong Kong prime rate; and (iii) an amount of HK$723.1 million which carries interest at 6-month Hong Kong Interbank Offered Rate plus a margin of 1.3% per annum and is not repayable within the next 12 months from the end of the reporting period. The advances also include an aggregate amount of HK$197.5 million which has been subordinated to certain indebtedness of an affiliated company. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2014 are presented as follows:

	Proforma combined statement of financial position HK$'m	**Group's attributable interest** HK$'m
Non-current assets	76,740.8	18,767.8
Current assets	13,149.2	4,281.4
Current liabilities	(18,566.1)	(6,142.3)
Non-current liabilities	(24,029.3)	(6,317.8)
	47,294.6	10,589.1

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2014.

Employees and Remuneration Policies

As at 30 June 2014, approximately 28,500 staff were employed by entities under the Group's management of which approximately 10,000 staff were employed in Hong Kong. Total staff related costs, including provident funds and staff bonus but excluding directors' remunerations, were HK$2.222 billion (2013: HK$1.767 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

Five-Year Financial Summary

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

Auditor

The financial statements for the year ended 30 June 2014 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 23 September 2014

INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF NWS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of NWS Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 85 to 173, which comprise the consolidated and Company statements of financial position as at 30 June 2014, and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 September 2014

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

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	Note	**2014 HK$'m**	2013 HK$'m
Revenue	6	**21,443.0**	16,247.9
Cost of sales		**(18,363.1)**	(13,114.0)
Gross profit		**3,079.9**	3,133.9
Gain on deemed disposal of interests in joint ventures	21(b)	**594.3**	–
Other income/gains (net)	7	**763.3**	1,251.3
General and administrative expenses		**(881.1)**	(747.1)
Operating profit	8	**3,556.4**	3,638.1
Finance costs	10	**(694.1)**	(768.7)
Share of results of			
Associated companies	21	**572.2**	438.0
Joint ventures	22	**1,553.3**	1,415.8
Profit before income tax		**4,987.8**	4,723.2
Income tax expenses	11	**(605.3)**	(640.9)
Profit for the year		**4,382.5**	4,082.3
Attributable to			
Shareholders of the Company	12	**4,324.9**	4,008.0
Non-controlling interests		**57.6**	74.3
		4,382.5	4,082.3
Dividends	13	**2,160.6**	2,012.4
Earnings per share attributable to the shareholders of the Company	14		
Basic		**HK$1.17**	HK$1.11
Diluted		**N/A**	HK$1.11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

	2014 HK$'m	2013 HK$'m
Profit for the year	**4,382.5**	4,082.3
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligation	**(9.8)**	–
Revaluation of property, plant and equipment upon reclassification to investment properties	**119.3**	–
Items that have been reclassified/may be subsequently reclassified to profit or loss		
Fair value changes of available-for-sale financial assets	**(186.0)**	(13.5)
Release of reserves upon deemed disposal of interests in joint ventures	**(127.8)**	–
Release of reserves upon disposal of assets held for sale	**–**	(2.4)
Release of exchange reserve upon disposal of subsidiaries	**(71.5)**	–
Share of other comprehensive (loss)/income of associated companies and joint ventures	**(103.6)**	25.7
Cash flow hedges	**15.8**	55.1
Currency translation differences	**(420.1)**	1,165.2
Other comprehensive (loss)/income for the year, net of tax	**(783.7)**	1,230.1
Total comprehensive income for the year	**3,598.8**	5,312.4
Total comprehensive income attributable to		
Shareholders of the Company	**3,551.3**	5,207.2
Non-controlling interests	**47.5**	105.2
	3,598.8	5,312.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2014 HK$'m	2013 HK$'m
ASSETS			
Non-current assets			
Investment properties	16	**3,643.8**	3,443.1
Property, plant and equipment	17	**552.7**	454.1
Intangible concession rights	18	**15,697.0**	16,660.4
Intangible assets	19	**455.1**	486.3
Associated companies	21	**12,972.0**	9,686.2
Joint ventures	22	**19,181.9**	19,861.7
Available-for-sale financial assets	23	**1,599.4**	424.1
Other non-current assets	24	**1,033.6**	1,073.4
		55,135.5	52,089.3
Current assets			
Inventories	25	**329.6**	366.3
Trade and other receivables	26	**8,444.3**	5,464.1
Available-for-sale financial asset	23	**–**	583.5
Cash and bank balances	28	**7,636.9**	7,768.2
		16,410.8	14,182.1
Assets held for sale	29	**7.8**	751.4
		16,418.6	14,933.5
Total assets		**71,554.1**	67,022.8
EQUITY			
Share capital	31	**3,741.9**	3,675.6
Reserves	32	**37,651.3**	35,551.8
Proposed final dividend	32	**823.2**	955.7
Shareholders' funds		**42,216.4**	40,183.1
Non-controlling interests		**827.0**	837.9
Total equity		**43,043.4**	41,021.0
LIABILITIES			
Non-current liabilities			
Borrowings	33	**12,154.0**	16,275.8
Deferred tax liabilities	34	**2,512.1**	2,607.4
Other non-current liabilities	35	**328.2**	339.2
		14,994.3	19,222.4
Current liabilities			
Borrowings	33	**5,513.5**	1,403.7
Trade and other payables	36	**7,644.0**	4,972.2
Taxation		**358.9**	403.5
		13,516.4	6,779.4
Total liabilities		**28,510.7**	26,001.8
Total equity and liabilities		**71,554.1**	67,022.8
Net current assets		**2,902.2**	8,154.1
Total assets less current liabilities		**58,037.7**	60,243.4

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2014 HK$'m	2013 HK$'m
ASSETS			
Non-current assets			
Property, plant and equipment	17	**9.8**	15.7
Subsidiaries	20	**8,064.6**	8,064.6
		8,074.4	8,080.3
Current assets			
Trade and other receivables	26	**27,069.1**	25,499.7
Cash and bank balances	28	**526.3**	1,311.9
		27,595.4	26,811.6
Total assets		**35,669.8**	34,891.9
EQUITY			
Share capital	31	**3,741.9**	3,675.6
Reserves	32	**17,706.2**	16,772.4
Proposed final dividend	32	**823.2**	955.7
Total equity		**22,271.3**	21,403.7
LIABILITIES			
Current liabilities			
Trade and other payables	36	**13,398.5**	13,488.2
Total liabilities		**13,398.5**	13,488.2
Total equity and liabilities		**35,669.8**	34,891.9
Net current assets		**14,196.9**	13,323.4
Total assets less current liabilities		**22,271.3**	21,403.7

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Shareholders' funds					Non-controlling interests	Total
HK$'m	**Share capital**	**Share premium**	**Revenue reserve**	**Other reserves**	**Total**		
At 1 July 2013	**3,675.6**	**15,172.7**	**17,002.1**	**4,332.7**	**40,183.1**	**837.9**	**41,021.0**
Total comprehensive income/ (loss) for the year	**–**	**–**	**4,193.5**	**(642.2)**	**3,551.3**	**47.5**	**3,598.8**
Contributions by/(distribution to) owners							
Dividends paid to							
Shareholders of the Company	–	–	(2,293.1)	–	(2,293.1)	–	(2,293.1)
Non-controlling interests	–	–	–	–	–	(58.4)	(58.4)
Scrip dividends							
Nominal value of new shares issued	66.3	–	–	–	66.3	–	66.3
Share premium on new shares issued	–	707.3	–	–	707.3	–	707.3
Share options							
Value of services provided	–	–	–	1.5	1.5	–	1.5
Transfer	–	–	(8.3)	8.3	–	–	–
Total transactions with owners	**66.3**	**707.3**	**(2,301.4)**	**9.8**	**(1,518.0)**	**(58.4)**	**(1,576.4)**
At 30 June 2014	**3,741.9**	**15,880.0**	**18,894.2**	**3,700.3**	**42,216.4**	**827.0**	**43,043.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June

	Note	2014 HK$'m	2013 HK$'m
Cash flows from operating activities			
Net cash generated from operations	40(a)	**4,280.8**	3,741.5
Finance costs paid		**(612.0)**	(725.4)
Interest received		**203.9**	203.7
Hong Kong profits tax paid		**(255.9)**	(285.6)
Mainland China and overseas taxation paid		**(451.8)**	(459.4)
Net cash generated from operating activities		**3,165.0**	2,474.8
Cash flows from investing activities			
Dividends received from associated companies		**1,403.9**	873.4
Dividends received from joint ventures		**1,858.5**	1,813.0
Deemed disposal/disposal of joint ventures		**488.4**	–
Disposal of subsidiaries	40(c)	**45.9**	–
Increase in investments in associated companies		**(3,433.7)**	(785.1)
Decrease/(increase) in investments in joint ventures		**341.3**	(880.5)
Deposits paid for potential investments		**(1,875.0)**	–
Additions of investment properties		**(0.1)**	(0.3)
Additions of property, plant and equipment		**(223.3)**	(139.7)
Additions of intangible concession rights		**–**	(0.8)
Disposal of property, plant and equipment		**1.4**	1.5
Additions of available-for-sale financial assets and financial assets at fair value through profit or loss		**(233.3)**	(425.3)
Disposal of available-for-sale financial assets and financial assets at fair value through profit or loss		**14.5**	460.4
Disposal of assets held for sale		**–**	90.9
Dividends received from available-for-sale financial assets		**7.8**	6.5
Increase in other non-current assets		**(0.8)**	(16.0)
Decrease in short-term bank deposits maturing after more than three months		**2.7**	166.4
Net cash (used in)/from investing activities		**(1,601.8)**	1,164.4

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June

	Note	2014 HK$'m	2013 HK$'m
Cash flows from financing activities			
New bank loans and other borrowings		**4,772.1**	4,179.3
Repayment of bank loans and other borrowings		**(4,812.4)**	(4,412.5)
Issuance of new shares		**–**	111.9
Dividends paid to shareholders of the Company		**(1,519.5)**	(930.3)
Dividends paid to non-controlling interests		**(58.4)**	(105.8)
Net cash used in financing activities		**(1,618.2)**	(1,157.4)
Net (decrease)/increase in cash and cash equivalents		**(55.0)**	2,481.8
Cash and cash equivalents at the beginning of year		**7,747.8**	5,199.0
Currency translation differences		**(73.8)**	67.0
Cash and cash equivalents at the end of year		**7,619.0**	7,747.8
Analysis of cash and cash equivalents			
Cash and bank balances	28	**7,636.9**	7,768.2
Short-term bank deposits maturing after more than three months	28	**(17.9)**	(20.6)
Cash and bank balances of subsidiaries reclassified as assets held for sale		**–**	0.2
		7,619.0	7,747.8

1 General Information

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

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include:

(a) the investment in and/or operation of facilities, construction, transport and strategic investments, and

(b) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

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

The consolidated financial statements were approved for issuance by the Board on 23 September 2014.

2 Basis of Preparation

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

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

(a) Adoption of new standards and amendments to standards

During the year, the Group adopted the following new standards and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2014:

HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRSs Amendments	Improvements to HKFRSs issued in June 2012
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Except as described below, the adoption of the above new standards and amendments to standards has no material effect on the results and financial position of the Group.

2 Basis of Preparation (continued)

(a) Adoption of new standards and amendments to standards (continued)

As a result of the adoption of HKFRS 10 on 1 July 2013, the accounting policy for subsidiaries has been revised as detailed in note 3(a)(i). The Group assessed that the adoption of HKFRS 10 did not result in any change in the determination of control over its subsidiaries.

The Group also adopted HKFRS 11 on 1 July 2013. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangements. The Group has assessed the nature of its joint arrangements and the application of HKFRS 11 has no material impact on the Group's accounting treatment for joint ventures.

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures. The Group provided these disclosures accordingly in notes to the financial statements.

The Group also adopted HKAS 19 (2011) on 1 July 2013. The revised standard calculates interest expense/income by applying the discount rate to the net defined benefit liability/asset. This replaces the interest cost on the defined benefit obligation and the expected return on plan assets. The initial application of this standard constitutes a change in accounting policy but is not material for restatement of the comparative figures.

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

The following new standards, amendments to standards and interpretation are mandatory for accounting period beginning on or after 1 July 2014 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2015

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HKFRSs Amendments	Annual improvements to HKFRSs 2010-2012 Cycle and Annual improvements to HKFRSs 2011-2013 Cycle

Effective for the year ending 30 June 2016 or after

HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 9	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptance Methods of Depreciation and Amortization

2 Basis of Preparation (continued)

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

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

3 Principal Accounting Policies

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

(a) Consolidation

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

(i) Subsidiaries

Subsidiaries are entities in which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in the consolidated income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

3 Principal Accounting Policies (continued)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

Inter-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

(ii) Associated companies

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

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

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

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

3 Principal Accounting Policies (continued)

(a) Consolidation (continued)

(ii) Associated companies (continued)

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

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

(iii) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has.

(1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(2) Joint ventures

A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of that joint venture.

The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

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

3 Principal Accounting Policies (continued)

(a) Consolidation (continued)

(iii) Joint arrangements (continued)

(2) Joint ventures (continued)

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

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

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Non-controlling interests

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

(c) Intangible assets

(i) Goodwill

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

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

(ii) Operating right

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

3 Principal Accounting Policies (continued)

(c) Intangible assets (continued)

(iii) Intangible concession rights

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

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

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

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

(iv) Mining rights

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

(d) Revenue recognition

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

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

3 Principal Accounting Policies (continued)

(d) Revenue recognition (continued)

(i) Port revenue

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

(ii) Toll revenue

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

(iii) Service fee income

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

(iv) Rental income

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

(v) Construction revenue

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

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

(vi) Sales of goods

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

(vii) Interest income

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

(viii) Dividend income

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

3 Principal Accounting Policies (continued)

(e) Leases

(i) Finance leases

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

(ii) Operating leases

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

(f) Land use rights

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

(g) Investment properties

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

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

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

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

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

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

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

3 Principal Accounting Policies (continued)

(h) Property, plant and equipment

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

(i) Assets under construction

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

(ii) Depreciation

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

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

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

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

(iii) Gain or loss on disposal

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

(i) Impairment of investments in subsidiaries, associated companies, joint ventures and non-financial assets

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

3 Principal Accounting Policies (continued)

(j) Financial assets

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

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

Financial assets at fair value through profit or loss are financial assets held for trading and those designated as at fair value through profit or loss at inception. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods and services directly to a debtor with no intention of trading the receivable and are included in current assets, except for those with maturities more than 12 months after the end of the reporting period, which are classified as non-current assets. These are accounted for in accordance with the policy set out in note 3(m).

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

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

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

3 Principal Accounting Policies (continued)

(j) Financial assets (continued)

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

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

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

(k) Deferred income

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

(l) Derivative financial instruments and hedging activities

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

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

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

The fair values of various derivative instruments used for hedging purposes are disclosed in notes 24, 26 and 35. Movements in the hedging reserve in shareholders' equity are shown in note 32. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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

3 Principal Accounting Policies (continued)

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

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

(m) Trade and other receivables

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

(n) Inventories

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

(o) Contracts in progress

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

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

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

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

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

3 Principal Accounting Policies (continued)

(p) Assets held for sale

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

(q) Cash and cash equivalents

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

(r) Trade payables

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

(s) Provisions

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

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

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

(t) Share capital

Ordinary shares are classified as equity.

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

(u) Contingent liabilities and contingent assets

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

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

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

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

3 Principal Accounting Policies (continued)

(v) Current and deferred income tax

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

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

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

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

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

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

(w) Borrowing costs

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

(x) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

3 Principal Accounting Policies (continued)

(x) Foreign currencies (continued)

(ii) Transactions and balances (continued)

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

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

(iii) Group companies

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

(a) assets and liabilities for each consolidated statement of financial position presented are translated at the exchange rate prevailing at the date of that consolidated statement of financial position;

(b) income and expenses for each consolidated income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and

(c) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity.

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

(iv) Disposal of foreign operation and partial disposal

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and not recognized in consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to consolidated income statement.

3 Principal Accounting Policies (continued)

(y) Employee benefits

(i) Employee leave entitlements

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

(ii) Bonus plans

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

(iii) Defined contribution plans

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

(iv) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on Exchange Fund Notes that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to other comprehensive income in the period in which they arise.

(v) Share-based compensation

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

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

3 Principal Accounting Policies (continued)

(z) Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(aa) Segment reporting

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

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

(ab) Dividend distribution

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

(ac) Insurance contracts

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

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

4 Financial Risk Management and Fair Value Estimation

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

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

(a) Market risk

(i) Interest rate risk

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

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

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

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been HK$67.1 million (2013: HK$84.9 million) lower/higher respectively.

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

(ii) Foreign exchange risk

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

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

At 30 June 2014, the Group's entities with functional currency of Hong Kong dollar had net monetary liabilities denominated in United States dollar of HK$3,239.6 million (2013: HK$2,494.9 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there is no significant foreign exchange risk with respect to the United States dollar.

4 Financial Risk Management and Fair Value Estimation (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

At 30 June 2014, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in Renminbi of HK$4,887.5 million (2013: HK$4,453.8 million) which the related foreign exchange risk has not been hedged. If Hong Kong dollar had strengthened/weakened by 5% against Renminbi with all other variables held constant, the Group's profit for the year would have been HK$244.4 million (2013: HK$222.7 million) lower/higher respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. There are no other significant monetary balances held by Group companies as at 30 June 2014 and 2013 that are denominated in a non-functional currency. Currency risks arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(iii) Price risk

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

At 30 June 2014, if the price of listed and unlisted equity investments, classified as available-for-sale financial assets and financial assets at fair value through profit or loss (notes 23 and 27) had been 25% higher with all other variables held constant, the Group's profit for the year and investment revaluation reserve would have been HK$0.1 million and HK$399.8 million (2013: HK$0.2 million and HK$251.9 million) higher respectively. If the price of the above-mentioned listed and unlisted equity investments had been 25% lower with all other variables held constant, the Group's profit for the year would have been HK$585.5 million (2013: HK$35.2 million) lower which would include impairment charge of available-for-sale financial assets of HK$585.4 million (2013: HK$35.0 million) and investment revaluation reserve would have been HK$185.6 million higher (2013: HK$216.9 million lower) primarily due to the transfer of investment revaluation deficit to the consolidated income statement that would result from the impairment charge. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(b) Credit risk

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

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

4 Financial Risk Management and Fair Value Estimation (continued)

(b) Credit risk (continued)

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

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

(c) Liquidity risk

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

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

Group

At 30 June 2014

Non-derivative financial liabilities

HK$'m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years
Trade payables	36	808.4	808.4	808.3	0.1
Retention money payables and other payables		4,699.2	4,699.2	3,999.7	699.5
Amounts due to non-controlling interests	36	44.6	44.6	44.6	–
Amounts due to associated companies	36	5.4	5.4	5.4	–
Amounts due to joint ventures	36	0.6	0.6	0.6	–
Borrowings and contracted interest payment	33	17,667.5	18,841.6	6,011.1	12,830.5
Loans from non-controlling interests	35	97.5	97.5	–	97.5

Derivative financial liabilities

HK$'m	Note	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Derivative financial instruments (net settled)	35	172.2	28.5	114.2	29.5

4 Financial Risk Management and Fair Value Estimation (continued)

(c) Liquidity risk (continued)

Group (continued)

At 30 June 2013

Non-derivative financial liabilities

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

Derivative financial liabilities

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

4 Financial Risk Management and Fair Value Estimation (continued)

(c) Liquidity risk (continued)

Company

At 30 June 2014

Non-derivative financial liabilities

HK$'m	Note	**Carrying amount**	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**
Other payables		**46.4**	**46.4**	**46.4**
Amounts due to subsidiaries	36	**13,349.1**	**13,349.1**	**13,349.1**

At 30 June 2013

Non-derivative financial liabilities

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

(d) Capital management

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

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

4 Financial Risk Management and Fair Value Estimation (continued)

(d) Capital management (continued)

The net gearing ratios at 30 June were as follows:

	Note	2014 HK$'m	2013 HK$'m
Total borrowings	33	**(17,667.5)**	(17,679.5)
Add: Cash and bank balances	28	**7,636.9**	7,768.2
Net debt		**(10,030.6)**	(9,911.3)
Total equity		**43,043.4**	41,021.0
Net gearing ratio		**23%**	24%

There are no significant changes in terms of net debt and net gearing ratio as at 30 June 2014 when compared to the same as at 30 June 2013.

(e) Fair value estimation

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

(i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.

(ii) The fair value of long-term financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(iii) The carrying values of bank balances, receivables, payables and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

(iv) The following table presents the Group's assets and liabilities that are measured at fair value at 30 June:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 Financial Risk Management and Fair Value Estimation (continued)

(e) Fair value estimation (continued)

(iv) (continued):

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2014:

HK$'m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Trading securities	**0.6**	**–**	**–**	**0.6**
Available-for-sale financial assets				
Equity securities	**1,167.5**	**–**	**187.5**	**1,355.0**
Debt securities	**244.4**	**–**	**–**	**244.4**
Derivative financial instruments	**–**	**22.9**	**58.8**	**81.7**
	1,412.5	**22.9**	**246.3**	**1,681.7**
Liabilities				
Derivative financial instruments	**–**	**(38.9)**	**(35.6)**	**(74.5)**

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

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

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

4 Financial Risk Management and Fair Value Estimation (continued)

(e) Fair value estimation (continued)

(iv) (continued):

The following table presents the changes in Level 3 instruments for the year ended 30 June 2014:

HK$'m	**Available-for-sale financial assets**	**Derivative financial assets**	**Derivative financial liabilities**
At 1 July 2013	**729.3**	**58.8**	**(40.9)**
Transfer to Level 1 instruments (note 23(a))	**(583.5)**	**–**	**–**
Total gain recognized in the consolidated statement of comprehensive income/income statement	**41.7**	**–**	**5.3**
At 30 June 2014	**187.5**	**58.8**	**(35.6)**

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

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

5 Critical Accounting Estimates and Judgements

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

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

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

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

5 Critical Accounting Estimates and Judgements (continued)

(b) Valuation of investment properties

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

At 30 June 2014, if the market value of investment properties had been 5% (2013: 8%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$182.2 million (2013: HK$275.4 million) higher/lower respectively.

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

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

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

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

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

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

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

5 Critical Accounting Estimates and Judgements (continued)

(e) Income taxes

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

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

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

(g) Estimated volume of Infrastructures of public services

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

The traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads and the existence of other means of transportation. The growth of the traffic flow is also highly tied to the future economic and transportation network development of the area in which the Infrastructures serve, in particular those projects still in their ramp-up period such as Guangzhou Dongxin Expressway and Guangzhou City Nansha Port Expressway. The growth in future traffic flow projected by the management is highly dependent on the realization of the aforementioned factors. Appropriate adjustment will be made should there be a material change.

(h) Impairment of the Group's investments in associated companies and joint ventures

Management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies and joint ventures based on value in use calculations. In determining the value in use, management assesses the present value of estimated future cash flows expected to arise from their businesses. Estimates and judgements are applied in determining these future cash flows and discount rate.

As at 30 June 2014, the Group's share of market value of Newton Resources Ltd, a listed associated company of the Group, amounting to approximately HK$1.3 billion, is lower than its carrying value of approximately HK$3.4 billion (note 21(a)). Management has carried out an impairment assessment on the carrying value of such investment using the discounted cash flow method. Management estimates the future cash flows based on assumptions, such as revenue growth, selling price, production cost, proved and probable mining reserve, production capacity and discount rate, with reference to the business plans and prevailing market conditions. Based on the assessment, management is of the view that there is no impairment of the Group's investment in Newton Resources Ltd as at 30 June 2014.

It should be noted that the assumptions used to determine the "value in use" calculations are judgmental, and heavily dependent on the discount rate used and revenue growth projections. For example, a 1% increase in the risk premium discount rate, or a 0.5% decrease in the revenue growth projection, would reduce the "value in use" of the investment by 10% and 8% respectively. Any of such changes, if adopted, would reduce the "value in use" calculations to approximately the carrying value at 30 June 2014.

6 Revenue and Segment Information

The Group's revenue is analyzed as follows:

	2014 HK$'m	2013 HK$'m
Roads	**2,306.8**	2,200.3
Ports & Logistics	**99.7**	102.1
Facilities Management	**6,174.2**	6,471.7
Construction & Transport	**12,862.3**	7,473.8
	21,443.0	16,247.9

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

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

6 Revenue and Segment Information (continued)

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

HK$'m	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Total
2014							
Total revenue	2,306.8	–	99.7	6,195.4	12,986.1	–	21,588.0
Inter-segment	–	–	–	(21.2)	(123.8)	–	(145.0)
Revenue – external	2,306.8	–	99.7	6,174.2	12,862.3	–	21,443.0
Attributable operating profit							
Company and subsidiaries	756.3	6.3	71.3	906.1	283.2	221.2	2,244.4
Associated companies	51.8	8.3	135.5	(2.4)	148.8	241.6 (ii)	583.6 (b)
Joint ventures	318.6	725.1	354.8	7.0	173.3 (i)	(27.8)	1,551.0 (b)
	1,126.7	739.7	561.6	910.7	605.3	435.0	4,379.0
Reconciliation – corporate office and non-operating items							
Gain on deemed disposal of interests in joint ventures							594.3
Gain on disposals of projects, net of tax							79.0
Gain on fair value of investment properties							111.4
Share of profit from Harbour Place							41.8
Provision for impairment on a joint venture							(72.1)
Net exchange loss							(28.0)
Interest income							113.2
Finance costs							(561.9)
Expenses and others							(331.8)
Profit attributable to shareholders							4,324.9

(i) The amount includes the Group's share of attributable operating profit of HK$172.6 million from its Transport business.

(ii) The amount includes the Group's share of attributable operating profit of HK$180.2 million from three associated companies engaged in investment activities.

6 Revenue and Segment Information (continued)

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

HK$'m	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Segment Total	Corporate	Eliminations	Consolidated
2014										
Depreciation	9.8	–	–	53.2	39.6	–	102.6	9.0	–	111.6
Amortization of intangible concession rights	764.5	–	–	–	–	–	764.5	–	–	764.5
Amortization of intangible assets	–	–	–	31.2	–	–	31.2	–	–	31.2
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	14.2	–	–	141.6	67.0	–	222.8	0.6	–	223.4
Interest income	112.5	23.1	6.3	2.0	7.3	209.3	360.5	113.2	(18.4)	455.3
Finance costs	120.7	–	8.8	0.5	20.4	0.2	150.6	561.9	(18.4)	694.1
Income tax expenses	358.9	19.7	25.0	178.9	16.5	6.2	605.2	0.1	–	605.3
As at 30 June 2014										
Company and subsidiaries	19,079.9	400.5	2,237.9	3,883.5	6,914.3	1,740.9	34,257.0	5,143.2	–	39,400.2
Associated companies	441.0	623.7	4,305.1	734.7	1,472.3	5,336.0	12,912.8	59.2	–	12,972.0
Joint ventures	6,189.7	6,772.4	2,961.2	5.6	1,965.8 (i)	1,238.4	19,133.1	48.8	–	19,181.9
Total assets	25,710.6	7,796.6	9,504.2	4,623.8	10,352.4	8,315.3	66,302.9	5,251.2	–	71,554.1
Total liabilities	5,481.6	41.9	74.1	896.4	6,299.0	138.3	12,931.3	15,579.4	–	28,510.7

(i) The balance includes the Group's investment in its Transport business of HK$1,955.3 million.

6 Revenue and Segment Information (continued)

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

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

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

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

6 Revenue and Segment Information (continued)

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

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

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

6 Revenue and Segment Information (continued)

(b) Reconciliation of attributable operating profit from associated companies and joint ventures to the consolidated income statement:

	Associated companies		Joint ventures	
HK$'m	**2014**	2013	**2014**	2013
Attributable operating profit	**583.6**	455.1	**1,551.0**	1,532.7
Corporate associated companies, joint ventures and non-operating items				
Harbour Place	**–**	–	**41.8**	28.1
Others	**(11.4)**	(17.1)	**(39.5)**	(145.0)
Share of results of associated companies and joint ventures	**572.2**	438.0	**1,553.3**	1,415.8

(c) Information by geographical areas:

	Revenue		Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	
HK$'m	**2014**	2013	**2014**	2013
Hong Kong	**18,504.2**	13,973.6	**4,569.7**	4,306.4
Mainland China	**2,381.2**	2,265.9	**15,773.3**	16,731.8
Macau	**557.6**	8.4	**5.6**	5.7
	21,443.0	16,247.9	**20,348.6**	21,043.9

7 Other Income/Gains (Net)

	Note	2014 HK$'m	2013 HK$'m
Gain on fair value of investment properties	16	**111.4**	333.6
Gain on fair value of a derivative financial instrument		**–**	58.8
Profit on disposal of subsidiaries		**75.7**	–
Net gain on fair value of financial assets at fair value through profit or loss		**–**	36.9
Profit on disposal of an available-for-sale financial asset		**14.3**	3.3
Profit on disposal of assets held for sale		**–**	46.5
Net exchange gain		**–**	214.4
Interest income			
Available-for-sale financial asset		**176.9**	191.0
Bank deposits and others		**278.4**	205.0
Machinery hire income		**101.1**	86.9
Dividends and other income		**51.8**	43.6
Management fee income		**25.8**	31.3
Provision for impairment on a joint venture		**(72.1)**	–
		763.3	1,251.3

8 Operating Profit

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

	2014 HK$'m	2013 HK$'m
Crediting		
Gross rental income from investment properties	**157.1**	155.2
Less: outgoings	**(19.4)**	(29.4)
	137.7	125.8

8 Operating Profit (continued)

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

	Note	2014 HK$'m	2013 HK$'m
Charging			
Auditor's remuneration		**20.0**	18.9
Cost of inventories sold		**2,076.9**	2,171.2
Cost of services rendered		**16,286.2**	10,942.8
Depreciation	17	**111.6**	107.0
Net exchange loss		**34.0**	–
Amortization of intangible concession rights	18	**764.5**	715.0
Amortization of intangible assets	19	**31.2**	31.3
Operating lease rental expenses			
Properties		**57.0**	51.8
Other equipment		**3.1**	2.8
Impairment of trade and other receivables		**28.6**	2.5
Staff costs (including directors' emoluments)	9	**2,171.2**	1,708.5

9 Staff Costs

	Note	2014 HK$'m	2013 HK$'m
Wages, salaries and other benefits		**2,177.3**	1,734.6
Pension costs – defined contribution plans		**94.7**	80.5
Pension costs – defined benefits plans		**2.4**	0.9
		2,274.4	1,816.0
Less: capitalized under contracts in progress		**(103.2)**	(107.5)
	8	**2,171.2**	1,708.5

Directors' emoluments are included in staff costs.

10 Finance Costs

	2014 HK$'m	2013 HK$'m
Interest on borrowings		
Wholly repayable within five years	**375.6**	256.1
Not wholly repayable within five years	**–**	206.5
Interest on fixed rate bonds		
Wholly repayable within five years	**288.1**	287.1
Others	**30.4**	19.0
	694.1	768.7

11 Income Tax Expenses

Hong Kong profits tax is provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of tax prevailing in the countries in which the Group operates. These rates range from 9% to 25% (2013: 9% to 25%).

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

	Note	2014 HK$'m	2013 HK$'m
Current income tax			
Hong Kong profits tax		**186.8**	237.4
Mainland China and overseas taxation		**484.3**	449.5
Deferred income tax credit	34	**(65.8)**	(46.0)
		605.3	640.9

Share of taxation of associated companies and joint ventures of HK$90.4 million (2013: HK$54.0 million) and HK$416.2 million (2013: HK$340.2 million) respectively are included in the consolidated income statement as share of results of associated companies and joint ventures respectively.

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

	2014 HK$'m	2013 HK$'m
Profit before income tax	**4,987.8**	4,723.2
Excluding share of results of associated companies	**(572.2)**	(438.0)
Excluding share of results of joint ventures	**(1,553.3)**	(1,415.8)
	2,862.3	2,869.4
Calculated at a taxation rate of 16.5% (2013: 16.5%)	**472.3**	473.5
Effect of different taxation rates in other countries	**94.0**	94.6
Tax exemption granted	**(1.2)**	(7.5)
Income not subject to taxation	**(204.5)**	(160.1)
Expenses not deductible for taxation purposes	**167.3**	141.8
Tax losses not recognized	**8.2**	18.3
Utilization of previously unrecognized tax losses	**(41.2)**	(23.1)
Withholding tax	**109.5**	121.3
Others	**0.9**	(17.9)
Income tax expenses	**605.3**	640.9

12 Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$2,387.1 million (2013: HK$2,051.8 million).

13 Dividends

	2014 **HK$'m**	2013 HK$'m
Interim dividend paid of HK$0.36 (2013: HK$0.29) per share	**1,337.4**	1,056.7
Final dividend proposed of HK$0.22 (2013: paid of HK$0.26) per share	**823.2**	955.7
	2,160.6	2,012.4

At a meeting held on 23 September 2014, the Board recommended a final dividend of HK$0.22 per share in scrip form with a cash option. This proposed dividend is not reflected as a dividend payable in the financial statements but will be reflected as an appropriation of the retained profits for FY2015.

Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 18 November 2014 and the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they will be given the option of electing to receive payment in cash of HK$0.22 per share instead of the allotment of shares. A circular containing details of the scrip dividend arrangement will be despatched to the shareholders of the Company together with a form of election for cash dividend on or about 26 November 2014.

14 Earnings Per Share

The calculation of basic earnings per share for the year is based on earnings of HK$4,324.9 million (2013: HK$4,008.0 million) and on the weighted average of 3,695,430,964 (2013: 3,621,018,152) ordinary shares outstanding during the year.

There is no dilutive potential ordinary share during the year. The calculation of diluted earnings per share for the year ended 30 June 2013 was as follows:

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

	Number of shares 2013
Weighted average number of shares for calculating basic earnings per share	3,621,018,152
Effect of dilutive potential ordinary shares	
Share options	289,260
Weighted average number of shares for calculating diluted earnings per share	3,621,307,412

15 Emoluments of Directors and Senior Management

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

	Note	**2014 HK$'m**	2013 HK$'m
Fees		**4.1**	3.8
Basic salaries, allowances and other benefits		**45.9**	42.6
Employer's contribution to retirement benefits schemes		**2.5**	2.2
	(i)	**52.5**	48.6

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

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

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

Name of director	Fees HK$'m	Basic salaries, allowances and other benefits HK$'m	Employer's contribution to retirement benefits schemes HK$'m	**2014 Total emoluments HK$'m**	2013 Total emoluments HK$'m
Dr Cheng Kar Shun, Henry	0.46	11.94	0.48	**12.88**	12.20
Mr Doo Wai Hoi, William^	0.09	0.02	–	**0.11**	0.21
Mr Tsang Yam Pui	0.38	7.96	0.41	**8.75**	8.30
Mr Lam Wai Hon, Patrick	0.29	7.02	0.46	**7.77**	7.37
Mr Cheung Chin Cheung	0.24	6.36	0.42	**7.02**	6.66
Mr William Junior Guilherme Doo	0.24	6.43	0.42	**7.09**	6.39
Mr Cheng Chi Ming, Brian	0.24	5.82	0.29	**6.35**	5.37
Mr To Hin Tsun, Gerald	0.19	0.03	–	**0.22**	0.21
Mr Dominic Lai	0.32	0.06	–	**0.38**	0.36
Mr Kwong Che Keung, Gordon	0.44	0.07	–	**0.51**	0.46
Dr Cheng Wai Chee, Christopher	0.36	0.07	–	**0.43**	0.39
Mr Shek Lai Him, Abraham	0.41	0.07	–	**0.48**	0.43
Mr Wilfried Ernst Kaffenberger	0.19	0.04	–	**0.23**	0.21
Mr Yeung Kun Wah, David	–	–	–	**–**	0.01
Mr Lee Yiu Kwong, Alan*	0.24	0.05	–	**0.29**	0.07
Total	4.09	45.94	2.48	**52.51**	48.64

^ Resigned on 1 July 2013
* Appointed on 1 October 2012

15 Emoluments of Directors and Senior Management (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2013: four) directors whose emoluments are reflected in note 15(a). The emoluments to the remaining one individual for FY2013 were HK$7.22 million.

(c) Emoluments of senior management

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

	Number of individual(s)	
	2014	2013
Emolument band (HK$)		
1,000,001–2,000,000	**1**	2
2,000,001–3,000,000	**8**	8
3,000,001–4,000,000	**2**	3
4,000,001–5,000,000	**1**	–
5,000,001–6,000,000	**1**	1
6,000,001–7,000,000	**2**	–

16 Investment Properties

HK$'m	Note	Group: Commercial and industrial properties in Hong Kong	Residential properties in Hong Kong	Residential properties in PRC	Total
At 1 July 2013		**3,380.0**	**41.0**	**22.1**	**3,443.1**
Additions		**–**	**–**	**0.1**	**0.1**
Disposal of subsidiaries	40(b)	**–**	**(41.0)**	**–**	**(41.0)**
Transfer from property, plant and equipment	17	**130.1**	**–**	**–**	**130.1**
Fair value changes	7	**109.7**	**–**	**1.7**	**111.4**
Translation differences		**–**	**–**	**(0.2)**	**(0.2)**
Adjustment to total estimated construction costs		**0.3**	**–**	**–**	**0.3**
At 30 June 2014		**3,620.1**	**–**	**23.7**	**3,643.8**

HK$'m	Note	Group: Commercial and industrial properties in Hong Kong	Residential properties in Hong Kong	Residential properties in PRC	Total
At 1 July 2012		3,100.0	39.0	17.8	3,156.8
Additions		–	–	0.3	0.3
Fair value changes	7	329.8	2.0	1.8	333.6
Translation differences		–	–	2.2	2.2
Adjustment to total estimated construction costs		(49.8)	–	–	(49.8)
At 30 June 2013		3,380.0	41.0	22.1	3,443.1

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

	Group: 2014 HK$'m	2013 HK$'m
Held in Hong Kong, on		
Leases of over 50 years	**–**	41.0
Leases of between 10 to 50 years	**3,620.1**	3,380.0
Held in Mainland China, on		
Leases of over 50 years	**–**	15.8
Lease of between 10 to 50 years	**23.7**	6.3
	3,643.8	3,443.1

The investment properties of the Group measured at fair value are categorized as Level 3 in the fair value hierarchy. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer among Levels 1, 2, and 3 during the year.

16 Investment Properties (continued)

(a) Valuation process of the Group

The investment properties were revalued on 30 June 2014 by independent, professionally qualified valuers, Savills Valuation and Professional Services Limited or Knight Frank Petty Limited. As detailed in note 5(b), valuation for properties were based on market value assessment or the income approach.

The Group's management reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

(b) Valuation methods

Fair values of the residential properties in the PRC and industrial properties in Hong Kong are generally derived using the sales comparison method. This valuation method is based on comparing the properties to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the properties under consideration.

Fair values of commercial properties in Hong Kong are generally derived using the income capitalization method. This valuation method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the year.

(c) Significant unobservable inputs used to determine fair value

	Fair value at 30 June 2014 HK$'m	Valuation methods	Unobservable inputs	Range of unobservable inputs	Note
Commercial and industrial properties in Hong Kong	**3,490.0**	Income capitalization	Capitalization rate	4.25% – 6.5%	(i)
			Average monthly rental	HK$13 – HK$435/sq.ft HK$2,800 – HK$3,800 per carpark space	(ii)
	130.1	Sales comparison	Property–specific adjusting factor	0.9 – 1.2	(ii)
Residential properties in the PRC	**23.7**	Sales comparison	Property–specific adjusting factor	0.9 – 1.2	(ii)
	3,643.8				

Notes: Descriptions of the sensitivity in unobservable inputs and inter-relationship:

(i) The fair value measurement is negatively correlated to the unobservable input that the lower the input will result in a higher fair value.

(ii) The fair value measurement is positively correlated to the unobservable input that the higher the input will result in a higher fair value.

17 Property, Plant and Equipment

HK$'m	Note	Group: Land and properties	Group: Other plant and equipment	Group: Total	Company: Other plant and equipment
Cost					
At 1 July 2013		**44.4**	**1,456.3**	**1,500.7**	**42.1**
Additions		**–**	**223.3**	**223.3**	**0.5**
Disposals		**(1.5)**	**(46.6)**	**(48.1)**	**(0.1)**
Disposal of subsidiaries	40(b)	**–**	**(0.8)**	**(0.8)**	**–**
Revaluation upon transfer to investment properties		**119.3**	**–**	**119.3**	**–**
Transfer to investment properties	16	**(137.1)**	**–**	**(137.1)**	**–**
Translation differences		**–**	**(0.9)**	**(0.9)**	**–**
At 30 June 2014		**25.1**	**1,631.3**	**1,656.4**	**42.5**
Accumulated depreciation and impairment					
At 1 July 2013		**15.9**	**1,030.7**	**1,046.6**	**26.4**
Depreciation	8	**0.7**	**110.9**	**111.6**	**6.4**
Disposals		**(0.7)**	**(46.0)**	**(46.7)**	**(0.1)**
Disposal of subsidiaries	40(b)	**–**	**(0.1)**	**(0.1)**	**–**
Transfer to investment properties	16	**(7.0)**	**–**	**(7.0)**	**–**
Translation differences		**–**	**(0.7)**	**(0.7)**	**–**
At 30 June 2014		**8.9**	**1,094.8**	**1,103.7**	**32.7**
Net book value					
At 30 June 2014		**16.2**	**536.5**	**552.7**	**9.8**
At 30 June 2013		28.5	425.6	454.1	15.7

17 Property, Plant and Equipment (continued)

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

The Group's interests in land use rights grouped under land and properties amounted to HK$9.2 million (2013: HK$12.3 million) and their net book value are analyzed as follows:

	Group: 2014 HK$'m	Group: 2013 HK$'m
Held in Hong Kong, on		
Leases of over 50 years	**3.8**	3.8
Leases of between 10 to 50 years	**2.8**	5.9
Held overseas, on		
Freehold land	**2.6**	2.6
	9.2	12.3

18 Intangible Concession Rights

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Cost			
At beginning of year		**20,935.1**	20,181.7
Additions		**–**	0.8
Translation differences		**(249.4)**	752.6
At end of year		**20,685.7**	20,935.1
Accumulated amortization and impairment			
At beginning of year		**4,274.7**	3,434.2
Amortization	8	**764.5**	715.0
Translation differences		**(50.5)**	125.5
At end of year		**4,988.7**	4,274.7
Net book value			
At end of year		**15,697.0**	16,660.4

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

Certain amount of bank loans of the Group is secured by intangible concession rights with net book value of HK$14,980.8 million (2013: HK$15,868.6 million) (note 33(b)).

19 Intangible Assets

		Group		
HK$'m	Note	**Goodwill**	**Operating right**	**Total**
Cost				
At 1 July 2013 and at 30 June 2014		**67.2**	**567.2**	**634.4**
Accumulated amortization and impairment				
At 1 July 2013		**15.4**	**132.7**	**148.1**
Amortization	8	**–**	**31.2**	**31.2**
At 30 June 2014		**15.4**	**163.9**	**179.3**
Net book value				
At 30 June 2014		**51.8**	**403.3**	**455.1**
At 30 June 2013		**51.8**	**434.5**	**486.3**

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

19 Intangible Assets (continued)

(a) Goodwill

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

HK$'m	Hong Kong	Mainland China	Total
2014 and 2013			
Roads	–	17.7	17.7
Strategic Investments	34.1	–	34.1
	34.1	17.7	51.8

Impairment tests for goodwill

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

(b) Operating right

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

(c) Amortization

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

20 Subsidiaries

	Company	
	2014 HK$'m	2013 HK$'m
Unlisted shares, at cost	**8,064.6**	8,064.6

Particulars of principal subsidiaries are given in note 44. The directors of the Company were of the view that as at 30 June 2014, there was no individual subsidiary that had non-controlling interests that were material to the Group.

21 Associated Companies

		Group	
	Note	2014 HK$'m	2013 HK$'m
Group's share of net assets			
Listed shares in Hong Kong	(a)	**7,694.1**	5,099.2
Unlisted shares	(b), (c)	**3,600.1**	3,395.1
		11,294.2	8,494.3
Goodwill		**777.3**	339.6
Amounts receivable	(d)	**900.5**	852.3
		12,972.0	9,686.2

(a) The market value of the Group's listed associated companies in Hong Kong amounts to HK$4,722.4 million (2013: HK$2,039.8 million). Management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies based on value in use calculations as detailed in note 5(h). Management is of the view that there is no impairment of the Group's investments in associated companies as at 30 June 2014.

(b) Pursuant to the announcement made by the Company on 25 February 2013 in relation to the establishment of a company with other major port operators in Xiamen which would involve the injection of the Group's two port investments in Xiamen — Xiamen New World Xiangyu Terminals Co., Ltd. ("NWXY Terminal") and Trend Wood Investments Limited ("Trend Wood", which invested in Xiamen Haicang Xinhaida Container Terminals Co., Limited) in exchange for a 13.8% interest in the new company, the carrying values of NWXY Terminal and Trend Wood, thereafter, had been reclassified as assets held for sale. The new company, namely Xiamen Container Terminal Group Co., Ltd. ("XCTG"), was legally established in December 2013 and a gain on deemed disposal of interests in joint ventures of HK$594.3 million was recognized by the Group in FY2014. The Group's investment in XCTG was accounted for as an associated company as at 30 June 2014.

(c) The balance also included three investment companies in which the Group has participating interests and held for investment purposes. The Group's investment in these companies as at 30 June 2014 amounted to HK$822.8 million (2013: HK$1,855.6 million), which mainly represents various loans receivables and the fair value of investments in various listed and unlisted securities. The Group's share of attributable operating profit of these three investment companies for the year amounted to HK$180.2 million (2013: HK$215.3 million) as detailed in note 6(a)(ii).

(d) The amounts receivable are unsecured, interest free and have no fixed terms of repayment except for (i) an amount of HK$104.7 million (2013: HK$104.7 million) which bears interest at 8% per annum; and (ii) an aggregate amount of HK$723.1 million (2013: HK$691.0 million) which bears interest at 6-month Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of 1.3% per annum and is not repayable within the next 12 months from the end of the reporting period. As at 30 June 2014, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.

(e) Dividend income from associated companies for the year is HK$1,446.6 million (2013: HK$864.7 million).

21 Associated Companies (continued)

(f) Details of principal associated companies are given in note 45. The directors of the Company were of the view that as at 30 June 2014, there was no individual associated company that was material to the Group.

(g) Contingent liabilities relating to the Group's interests in the associated companies are disclosed in note 39(a).

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

	Group	
	2014 HK$'m	2013 HK$'m
Revenue	**3,033.7**	2,086.5
Profit for the year	**572.2**	438.0
Other comprehensive (loss)/income for the year	**(42.7)**	229.1
Total comprehensive income for the year	**529.5**	667.1
Non-current assets	**13,544.9**	8,187.6
Current assets	**4,550.4**	3,696.4
Current liabilities	**(3,845.9)**	(1,944.8)
Non-current liabilities	**(2,955.2)**	(1,444.9)
Net assets	**11,294.2**	8,494.3

22 Joint Ventures

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Co-operative joint ventures			
Cost of investment less provision		**1,856.2**	1,864.8
Goodwill		**90.0**	90.0
Share of undistributed post-acquisition results		**1,586.5**	1,683.7
Amounts receivable	(a)	**29.3**	21.3
Amounts payable		**(133.7)**	–
		3,428.3	3,659.8
Equity joint ventures			
Group's share of net assets		**3,430.2**	3,575.3
Goodwill		**87.2**	159.3
		3,517.4	3,734.6
Companies limited by shares			
Group's share of net assets		**9,090.0**	8,929.4
Goodwill		**532.1**	555.8
Amounts receivable	(a)	**2,780.9**	2,982.1
Amounts payable		**(166.8)**	–
		12,236.2	12,467.3
		19,181.9	19,861.7

(a) Amounts receivable are analyzed as follows:

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Bearing variable interest rates	(i)	**29.3**	647.9
Non-interest bearing	(ii)	**2,780.9**	2,355.5
		2,810.2	3,003.4

(i) The balance includes an amount of HK$29.3 million (2013: HK$21.3 million) which carries interest at Hong Kong prime rate. The balance as at 30 June 2013 included an amount of HK$126.6 million which carried interest at the People's Bank of China two-year benchmark lending rate with 15% premium and an amount of HK$500.0 million which carried interest at HIBOR plus a margin of 1.5% per annum. The amount of HK$500.0 million has been subordinated to the bank loan of a joint venture.

(ii) The balance includes an amount of HK$197.5 million (2013: HK$197.5 million) which has been subordinated to certain indebtedness of a joint venture.

As at 30 June 2014, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.

22 Joint Ventures (continued)

(b) Dividend income from joint ventures for the year is HK$1,863.7 million (2013: HK$1,733.3 million).

(c) Details of principal joint ventures are given in note 46. The directors of the Company were of the view that as at 30 June 2014, there was no individual joint venture that was material to the Group.

(d) Contingent liabilities relating to the Group's interests in the joint ventures are disclosed in note 39.

(e) The Group's share of revenue, results, assets and liabilities of joint ventures are summarized below:

	Group	
	2014 HK$'m	2013 HK$'m
Revenue	**13,604.8**	11,582.2
Profit for the year	**1,553.3**	1,415.8
Other comprehensive (loss)/income for the year	**(397.7)**	513.7
Total comprehensive income for the year	**1,155.6**	1,929.5
Non-current assets	**23,563.5**	23,659.5
Current assets	**6,052.1**	6,153.4
Current liabilities	**(6,685.0)**	(7,883.8)
Non-current liabilities	**(6,967.7)**	(5,875.9)
Net assets	**15,962.9**	16,053.2

23 Available-for-Sale Financial Assets

		Group	
	Note	2014 HK$'m	2013 HK$'m
Non-current assets			
Equity securities listed in Hong Kong		**430.9**	278.3
Equity securities listed overseas	(a)	**736.6**	–
Debt securities listed in Hong Kong		**244.4**	–
Unlisted equity securities		**187.5**	145.8
		1,599.4	424.1
Current assets			
Unlisted debt securities	(a)	**–**	583.5
		1,599.4	1,007.6
Market value of listed securities		**1,411.9**	278.3

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

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

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

	Group	
	2014 HK$'m	2013 HK$'m
Hong Kong dollar	**430.9**	278.3
Renminbi	**5.8**	5.8
United States dollar	**426.1**	723.5
South African Rand	**736.6**	–
	1,599.4	1,007.6

(a) The unlisted debt securities and interest receivables associated with this investment amounted to HK$1,136.1 million was converted into equity securities upon the listing of the investment in April 2014. Subsequent to the listing, a fair value deficit of HK$399.5 million was recognized against the investment revaluation reserve, resulting in a carrying amount of HK$736.6 million as at 30 June 2014. The fair value change during the year is due to the decline in share price of approximately 35% since its listing. Management considered that the period from the listing to 30 June 2014 was relatively short. It would be prudent to establish if there is a sustained decrease in share price prior to considering an impairment provision. Therefore, for the year ended 30 June 2014, management did not make any impairment provision for this investment and the decline in fair value was recognized in the investment revaluation reserve.

24 Other Non-Current Assets

		Group	
	Note	**2014 HK$'m**	2013 HK$'m
Security deposits		**962.0**	962.0
Derivative financial instruments		**39.5**	61.4
Retirement benefit assets		**0.3**	10.9
Deferred tax assets	34	**2.0**	2.0
Others		**29.8**	37.1
		1,033.6	1,073.4

25 Inventories

	Group	
	2014 HK$'m	2013 HK$'m
Raw materials	**10.6**	52.7
Finished goods	**319.0**	313.6
	329.6	366.3

26 Trade and Other Receivables

		Group		Company	
	Note	**2014 HK$'m**	2013 HK$'m	**2014 HK$'m**	2013 HK$'m
Trade receivables	(a)	**1,926.7**	1,144.1	**–**	–
Retention money receivables		**803.8**	439.7	**–**	–
Amounts due from customers for contract works	30	**94.9**	122.8	**–**	–
Other receivables, deposits and prepayments	(b)	**5,194.5**	2,996.0	**9.0**	8.8
Financial assets at fair value through profit or loss	27	**0.6**	0.8	**–**	–
Derivative financial instruments		**42.2**	19.3	**–**	–
Amounts due from associated companies	(c)	**70.3**	25.1	**–**	–
Amounts due from joint ventures	(c)	**311.3**	716.3	**–**	–
Amounts due from subsidiaries	(c)	**–**	–	**27,060.1**	25,490.9
		8,444.3	5,464.1	**27,069.1**	25,499.7

26 Trade and Other Receivables (continued)

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

The ageing analysis of trade receivables is as follows:

	Group	
	2014 HK$'m	2013 HK$'m
Under 3 months	**1,807.2**	1,018.3
4 to 6 months	**50.5**	90.8
Over 6 months	**69.0**	35.0
	1,926.7	1,144.1

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

The maximum exposure of trade receivables equals their carrying amounts.

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

At 30 June 2014, trade receivables of HK$529.3 million (2013: HK$311.3 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2014 HK$'m	2013 HK$'m
Under 3 months	**409.8**	185.5
4 to 6 months	**50.5**	90.8
Over 6 months	**69.0**	35.0
	529.3	311.3

26 Trade and Other Receivables (continued)

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

At 30 June 2014, trade receivables of HK$1.1 million (2013: HK$7.0 million) were impaired, which were related to customers that were in financial difficulties and were past due for more than 6 months.

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

	Group	
	2014 HK$'m	2013 HK$'m
At beginning of year	**7.0**	7.0
Amounts written off during the year	**(5.9)**	–
At end of year	**1.1**	7.0

(b) The balance includes (i) an amount receivable of RMB400.0 million (equivalent to approximately HK$500.0 million) (2013: RMB400.0 million, equivalent to approximately HK$506.3 million) which is secured, carries interest at 7.65% (2013: 7.65%) per annum; and (ii) an amount receivable of RMB1,500.0 million (equivalent to approximately HK$1,875.0 million) (2013: Nil) which is secured, carries interest at 12% (2013: Nil) per annum and repayable within one year.

(c) The amounts receivable are interest free, unsecured and repayable on demand except for (i) an amount of HK$478.5 million (2013: HK$1,038.4 million) due from a subsidiary which bears interest at HIBOR plus 1.5% per annum; and (ii) an aggregate amount of HK$723.1 million (2013: Nil) due from a subsidiary which bears interest at 6-month HIBOR plus 1.3% per annum. The amounts receivable are fully performing as at 30 June 2014.

Included in the Group's trade and other receivables are HK$2,904.8 million (2013: HK$954.8 million) denominated in Renminbi, HK$206.8 million (2013: HK$58.9 million) denominated in Macau Pataca and HK$0.9 million (2013: HK$376.3 million) denominated in United States dollar. The remaining balances are mainly denominated in Hong Kong dollar.

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

27 Financial Assets at Fair Value through Profit or Loss

		Group	
	Note	**2014 HK$'m**	2013 HK$'m
Unlisted equity securities	26	**0.6**	0.8

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

28 Cash and Bank Balances

	Group		Company	
	2014 HK$'m	2013 HK$'m	**2014 HK$'m**	2013 HK$'m
Time deposits – maturing within three months	**4,524.1**	5,294.5	**445.3**	1,247.7
Time deposits – maturing after more than three months	**17.9**	20.6	**–**	–
Other cash at bank and on hand	**3,094.9**	2,453.1	**81.0**	64.2
Cash and bank balances	**7,636.9**	7,768.2	**526.3**	1,311.9

The effective interest rate on time deposits is 3.2% (2013: 3.8%) per annum; these deposits have an average maturity of 32 days (2013: 30 days).

The balances include HK$2,285.5 million (2013: HK$2,385.0 million) which are kept in the bank accounts opened with banks in Mainland China where the remittance of funds is subject to foreign exchange control.

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

	Group		Company	
	2014 HK$'m	2013 HK$'m	**2014 HK$'m**	2013 HK$'m
Hong Kong dollar	**1,726.3**	1,728.9	**186.4**	920.1
United States dollar	**311.4**	374.3	**306.8**	369.4
Renminbi	**5,525.3**	5,612.3	**4.0**	0.3
Macau Pataca	**38.4**	22.9	**–**	–
Others	**35.5**	29.8	**29.1**	22.1
	7,636.9	7,768.2	**526.3**	1,311.9

29 Assets Held for Sale

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Equity securities listed in Hong Kong		**7.8**	7.8
Assets reclassified as held for sale	21(b)	**–**	743.6
		7.8	751.4

30 Contracts in Progress

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Contract costs incurred plus attributable profits less foreseeable losses		**42,501.6**	29,583.8
Progress payments received and receivable		**(43,212.6)**	(29,964.1)
		(711.0)	(380.3)
Representing			
Gross amount due from customers for contract works	26	**94.9**	122.8
Gross amount due to customers for contract works	36	**(805.9)**	(503.1)
		(711.0)	(380.3)

31 Share Capital

	Ordinary Shares	
	No. of shares	HK$'m
Authorized		
At 1 July 2013 and 30 June 2014	**6,000,000,000**	**6,000.0**
Issued and fully paid		
At 1 July 2012	3,581,550,854	3,581.6
Exercise of share options	10,549,291	10.5
Issued as scrip dividends	83,525,293	83.5
At 30 June 2013	**3,675,625,438**	**3,675.6**
Issued as scrip dividends	**66,289,804**	**66.3**
At 30 June 2014	**3,741,915,242**	**3,741.9**

Share Option Scheme

The existing share option scheme of the Company was adopted by its shareholders on 21 November 2011. No share option has been granted under this scheme since its adoption.

As at 30 June 2014, there was no outstanding share option of the Company which was granted under any other share option schemes previously adopted by the Company.

32 Reserves

HK$'m	Group					
	Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	Total
At 1 July 2013	15,172.7	480.2	101.1	3,751.4	17,002.1	36,507.5
Profit for the year	–	–	–	–	4,324.9	4,324.9
Dividends paid to shareholders of the Company	–	–	–	–	(2,293.1)	(2,293.1)
Fair value changes on available-for-sale financial assets						
Group	–	–	(192.1)	–	–	(192.1)
Associated companies	–	–	3.9	–	–	3.9
Joint ventures	–	–	2.2	–	–	2.2
Release of reserves upon deemed disposal of interests in joint ventures	–	(3.1)	–	(124.7)	–	(127.8)
Release of exchange reserve upon disposal of subsidiaries	–	–	–	(71.5)	–	(71.5)
Currency translation differences						
Group	–	–	–	(194.9)	–	(194.9)
Associated companies	–	–	–	(46.9)	–	(46.9)
Joint ventures	–	–	–	(168.2)	–	(168.2)
Scrip dividends						
Share premium on new shares issued	707.3	–	–	–	–	707.3
Share options						
Value of services provided – associated company	–	1.5	–	–	–	1.5
Share of other comprehensive (loss)/income of an associated company and joint ventures	–	18.0	–	–	(121.6)	(103.6)
Cash flow hedges	–	15.8	–	–	–	15.8
Revaluation of property, plant and equipment upon reclassification to investment properties	–	119.3	–	–	–	119.3
Remeasurement of post-employment benefit obligation	–	–	–	–	(9.8)	(9.8)
Transfer	–	8.3	–	–	(8.3)	–
At 30 June 2014	**15,880.0**	**640.0**	**(84.9)**	**3,145.2**	**18,894.2**	**38,474.5**
Representing						
Balance at 30 June 2014	15,880.0	640.0	(84.9)	3,145.2	18,071.0	37,651.3
Proposed final dividend	–	–	–	–	823.2	823.2
	15,880.0	640.0	(84.9)	3,145.2	18,894.2	38,474.5

32 Reserves (continued)

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

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

32 Reserves (continued)

	Company				
HK$'m	Share premium	Contributed surplus	Special reserves	Revenue reserve	Total
At 1 July 2013	**15,172.7**	**237.3**	**84.0**	**2,234.1**	**17,728.1**
Issue of new shares as scrip dividends	**707.3**	**–**	**–**	**–**	**707.3**
Profit for the year	**–**	**–**	**–**	**2,387.1**	**2,387.1**
Dividends	**–**	**–**	**–**	**(2,293.1)**	**(2,293.1)**
At 30 June 2014	**15,880.0**	**237.3**	**84.0**	**2,328.1**	**18,529.4**
Representing					
Balance at 30 June 2014	**15,880.0**	**237.3**	**84.0**	**1,504.9**	**17,706.2**
Proposed final dividend	**–**	**–**	**–**	**823.2**	**823.2**
	15,880.0	**237.3**	**84.0**	**2,328.1**	**18,529.4**
At 1 July 2012	14,130.4	237.3	84.0	2,137.0	16,588.7
Issue of new shares as scrip dividends	940.9	–	–	–	940.9
Profit for the year	–	–	–	2,051.8	2,051.8
Dividends	–	–	–	(1,954.7)	(1,954.7)
Share options					
Share premium on new shares issued	101.4	–	–	–	101.4
At 30 June 2013	15,172.7	237.3	84.0	2,234.1	17,728.1
Representing					
Balance at 30 June 2013	15,172.7	237.3	84.0	1,278.4	16,772.4
Proposed final dividend	–	–	–	955.7	955.7
	15,172.7	237.3	84.0	2,234.1	17,728.1

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

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

33 Borrowings

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Non-current			
Long term bank loans			
Secured	(a),(b),(c)	**1,018.7**	2,335.5
Unsecured	(a),(c)	**7,276.2**	8,828.9
Fixed rate bonds			
Unsecured	(d)	**3,858.8**	5,111.0
Other borrowings			
Unsecured		**0.3**	0.4
		12,154.0	16,275.8
Current			
Current portion of long term bank loans			
Secured	(a),(b),(c)	**412.5**	417.7
Unsecured	(a),(c)	**2,300.9**	420.2
Fixed rate bonds			
Unsecured	(d)	**1,250.0**	–
Short term bank loans and overdrafts			
Unsecured	(c)	**1,549.9**	565.6
Other borrowings			
Unsecured		**0.2**	0.2
		5,513.5	1,403.7
		17,667.5	17,679.5

(a) Long term bank loans

	Group 2014 HK$'m	Group 2013 HK$'m
Bank loans, secured		
Wholly repayable within five years	**1,431.2**	–
Wholly repayable after five years	**–**	2,753.2
Bank loans, unsecured and wholly repayable within five years	**9,577.1**	9,249.1
Total long term bank loans	**11,008.3**	12,002.3
Amounts repayable within one year included in current liabilities	**(2,713.4)**	(837.9)
	8,294.9	11,164.4

33 Borrowings (continued)

(a) Long term bank loans (continued)

The maturity of long term bank loans is as follows:

	Group	
	2014 **HK$'m**	2013 HK$'m
Within one year	**2,713.4**	837.9
In the second year	**3,414.2**	5,341.5
In the third to fifth year	**4,880.7**	5,158.3
After the fifth year	**–**	664.6
	11,008.3	12,002.3

As at 30 June 2014, the Group's long term bank loans of HK$11.008 billion (2013: HK$12.002 billion) are exposed to interest rate risk of contractual repricing dates falling within one year.

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

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

	Group	
	2014	2013
Hong Kong dollar	**1.79%**	2.13%
Renminbi	**5.85%**	5.62%

(d) Fixed rate bonds

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

US$500.0 million bonds are redeemable by the issuer at any time at the option of the issuer, subject to terms governing the bonds. Unless previously redeemed, or purchased and cancelled, RMB1,000.0 million bonds and US$500.0 million bonds will be redeemed at the principal on the maturity date on 14 July 2014 and 9 February 2017 respectively.

As at 30 June 2014, the fair value of US$500.0 million bonds amounted to US$543.0 million (equivalent to approximately HK$4,219.4 million) which is based on the quoted market prices.

The RMB1,000.0 million bonds was fully redeemed at principal on 14 July 2014.

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

33 Borrowings (continued)

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

	Group	
	2014 HK$'m	2013 HK$'m
Hong Kong dollar	**10,114.9**	9,436.3
Renminbi	**3,693.8**	4,393.4
United States dollar	**3,858.8**	3,849.8
	17,667.5	17,679.5

34 Deferred Income Tax

		Group	
	Note	**2014 HK$'m**	2013 HK$'m
At beginning of year		**2,605.4**	2,560.3
Translation differences		**(29.5)**	91.1
Net amount credited to the consolidated income statement	11	**(65.8)**	(46.0)
At end of year		**2,510.1**	2,605.4

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2013: 16.5%).

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable. The Group has unrecognized tax losses of HK$1,445.2 million (2013: HK$1,367.3 million) to be carried forward against future taxable income. These tax losses have no expiry dates.

As at 30 June 2014, the aggregate amount of unrecognized deferred tax liabilities associated with investments in subsidiaries totalled approximately HK$252.3 million (2013: HK$265.9 million). For this unrecognized amount, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

34 Deferred Income Tax (continued)

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

Deferred tax assets

	Group					
	Tax losses		Other deductible temporary differences		Total	
HK$'m	2014	2013	2014	2013	2014	2013
At beginning of year	**31.4**	47.2	**85.2**	83.3	**116.6**	130.5
Translation differences	**–**	–	**(1.0)**	2.9	**(1.0)**	2.9
(Charged)/credited to the consolidated income statement	**(9.0)**	(15.8)	**4.6**	(1.0)	**(4.4)**	(16.8)
At end of year	**22.4**	31.4	**88.8**	85.2	**111.2**	116.6

Deferred tax liabilities

	Group									
	Accelerated tax depreciation		Amortization of concession rights		Dividend income withholding tax		Others		Total	
HK$'m	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
At beginning of year	**85.6**	94.2	**2,378.7**	2,350.1	**190.4**	170.9	**67.3**	75.6	**2,722.0**	2,690.8
Translation differences	**–**	–	**(28.5)**	87.7	**(1.0)**	6.3	**(1.0)**	–	**(30.5)**	94.0
Charged/(credited) to the consolidated income statement	**10.1**	(8.6)	**(89.3)**	(59.1)	**8.9**	13.2	**0.1**	(8.3)	**(70.2)**	(62.8)
At end of year	**95.7**	85.6	**2,260.9**	2,378.7	**198.3**	190.4	**66.4**	67.3	**2,621.3**	2,722.0

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

		Group	
	Note	2014 HK$'m	2013 HK$'m
Deferred tax assets	24	**(2.0)**	(2.0)
Deferred tax liabilities		**2,512.1**	2,607.4
		2,510.1	2,605.4

35 Other Non-Current Liabilities

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Long service payment obligations		**24.5**	28.6
Deferred income		**129.7**	133.4
Loans from non-controlling interests	(a)	**97.5**	98.7
Derivative financial instruments		**74.5**	78.5
Retirement benefit obligations		**2.0**	–
		328.2	339.2

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

36 Trade and Other Payables

		Group		Company	
	Note	2014 HK$'m	2013 HK$'m	2014 HK$'m	2013 HK$'m
Trade payables	(a)	**808.4**	555.6	**–**	–
Retention money payables		**809.3**	451.2	**–**	–
Advances received from customers for contract works		**1,111.8**	385.4	**–**	–
Amounts due to customers for contract works	30	**805.9**	503.1	**–**	–
Amounts due to non-controlling interests	(b)	**44.6**	81.7	**–**	–
Other payables and accruals		**4,058.0**	2,959.0	**49.4**	49.7
Amounts due to associated companies	(b)	**5.4**	9.6	**–**	–
Amounts due to joint ventures	(b)	**0.6**	26.6	**–**	–
Amounts due to subsidiaries	(b)	**–**	–	**13,349.1**	13,438.5
		7,644.0	4,972.2	**13,398.5**	13,488.2

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

	Group 2014 HK$'m	Group 2013 HK$'m
Under 3 months	**781.0**	534.3
4 to 6 months	**14.0**	5.5
Over 6 months	**13.4**	15.8
	808.4	555.6

36 Trade and Other Payables (continued)

(b) The amounts payable are interest free, unsecured and have no fixed repayment terms, except for (i) an amount of HK$478.5 million (2013: HK$1,038.4 million) due to a subsidiary which bears interest at HIBOR plus 1.5% per annum; and (ii) an aggregate amount of HK$723.1 million (2013: Nil) due to a subsidiary which bears interest at 6-month HIBOR plus 1.3% per annum.

(c) Included in the Group's trade and other payables are HK$431.1 million (2013: HK$393.9 million) denominated in Renminbi, HK$308.7 million (2013: HK$164.8 million) denominated in Macau Pataca and HK$153.1 million (2013: HK$140.7 million) denominated in United States dollar. The remaining balances are mainly denominated in Hong Kong dollar.

(d) The Company's trade and other payables are mainly denominated in Hong Kong dollar.

37 Financial Instruments by Category

Financial assets in the consolidated statement of financial position include available-for-sale financial assets, financial assets at fair value through profit or loss, derivative financial instruments, trade receivables, loan and other receivables and cash and bank balances. Financial assets in the Company's statement of financial position include other receivables and cash and bank balances. All these financial assets are carried at amortized cost using the effective interest method as "loans and receivables" except for the "available-for-sale financial assets", "financial assets at fair value through profit or loss" and "derivative financial instruments" which are carried at fair value.

Financial liabilities in the consolidated statement of financial position include borrowings, trade payables, derivative financial instruments, loan and other payables. Financial liabilities in the Company's statement of financial position include other payables. All these financial liabilities are carried at amortized cost using the effective interest method except for the "derivative financial instruments" which are carried at fair value.

38 Commitments

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

	Note	Group 2014 HK$'m	Group 2013 HK$'m
Contracted but not provided for			
Intangible concession rights		**22.7**	9.3
Property, plant and equipment		**53.6**	14.6
Capital contributions to/acquisitions of an associated company and joint ventures	(i)	**1,492.9**	1,427.9
Authorized but not contracted for			
Intangible concession rights		**47.0**	10.9
		1,616.2	1,462.7

(i) The Group has committed to acquire an associated company and joint ventures, and to provide sufficient funds in the form of advances, capital and loan contributions to an associated company and certain joint ventures to finance relevant projects. The directors estimate that the Group's share of projected funds requirements of these projects would be approximately HK$1,492.9 million (2013: HK$1,427.9 million) which represents the attributable portion of the capital and loan contributions to be made to the associated company and joint ventures.

38 Commitments (continued)

(b) The Group's share of commitments for capital expenditure committed by joint ventures not included above are as follows:

	Group	
	2014 HK$'m	2013 HK$'m
Contracted but not provided for		
Intangible concession rights	**–**	8.9
Property, plant and equipment	**797.8**	784.4
Capital contributions to/acquisitions of an associated company and joint ventures	**73.8**	84.5
Authorized but not contracted for		
Intangible concession rights	**–**	60.5
Property, plant and equipment	**479.0**	635.8
	1,350.6	1,574.1

(c) Commitments under operating leases

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

	Group	
	2014 HK$'m	2013 HK$'m
Buildings		
In the first year	**57.4**	54.9
In the second to fifth year inclusive	**28.5**	49.2
After the fifth year	**5.8**	6.5
	91.7	110.6

The lease terms range from 1 to 19 years.

(d) Future minimum rental payments receivable

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

	Group	
	2014 HK$'m	2013 HK$'m
In the first year	**119.8**	122.0
In the second to fifth year inclusive	**222.1**	324.8
After the fifth year	**8.1**	28.0
	350.0	474.8

The lease terms range from one to eight years.

39 Contingent Liabilities and Financial Guarantee Contracts

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

	Group		Company	
	2014 HK$'m	2013 HK$'m	**2014 HK$'m**	2013 HK$'m
Guarantees for credit facilities granted to				
Subsidiaries	**–**	–	**21,677.0**	22,054.5
Associated companies	**20.0**	24.2	**–**	2.2
Joint ventures	**1,019.7**	477.2	**900.0**	–
A related company	**64.7**	101.7	**–**	–
	1,104.4	603.1	**22,577.0**	22,056.7

(b) The Group's share of contingent liabilities of joint ventures not included above are HK$16.8 million as at 30 June 2014 (2013: HK$20.4 million).

40 Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to net cash generated from operations:

	2014 HK$'m	2013 HK$'m
Operating profit	**3,556.4**	3,638.1
Depreciation and amortization	**907.3**	853.3
Provision for impairment on a joint venture	**72.1**	–
Gain on deemed disposal of interests in joint ventures	**(594.3)**	–
Profit on disposal of subsidiaries	**(75.7)**	–
Interest income	**(455.3)**	(396.0)
Gain on fair value of investment properties	**(111.4)**	(333.6)
Net gain on fair value of financial assets at fair value through profit or loss	**–**	(36.9)
Gain on fair value of a derivative financial instrument	**–**	(58.8)
Profit on disposal of assets held for sale	**–**	(46.5)
Profit on disposal of available-for-sale financial assets	**(14.3)**	(3.3)
Dividend income from available-for-sale financial assets	**(7.8)**	(6.5)
Other non-cash items	**5.6**	(9.5)
Operating profit before working capital changes	**3,282.6**	3,600.3
Decrease in retirement benefit assets	**2.9**	0.9
Decrease in security deposits	**236.6**	3.1
Decrease in inventories	**36.7**	133.0
Increase in trade and other receivables	**(1,261.5)**	(597.3)
Increase in trade and other payables	**2,016.2**	640.9
Increase in deferred income	**7.1**	118.6
Decrease/(increase) in balances with associated companies and joint ventures	**0.1**	(189.8)
Decrease in long service payment obligations	**(3.8)**	(7.7)
(Decrease)/increase in amounts due to non-controlling interests	**(36.1)**	39.5
Net cash generated from operations	**4,280.8**	3,741.5

40 Notes to Consolidated Statement of Cash Flows (continued)

(b) Disposal of subsidiaries

	Note	2014 HK$'m	2013 HK$'m
Net assets disposed			
Investment properties	16	**41.0**	–
Property, plant and equipment	17	**0.7**	–
Cash and bank balances		**230.8**	–
		272.5	–
Net profit on disposal		**75.7**	–
Release of reserve upon disposal		**(71.5)**	–
		276.7	–
Represented by			
Cash consideration received		**276.7**	–

(c) Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	2014 HK$'m	2013 HK$'m
Cash consideration	**276.7**	–
Cash and bank balances disposed of	**(230.8)**	–
	45.9	–

41 Related Party Transactions

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

	Note	2014 HK$'m	2013 HK$'m
Transactions with affiliated companies	(i)		
Provision of construction work services	(ii)	**0.5**	261.2
Provision of other services	(iii)	**0.7**	1.1
Interest income	(iv)	**29.7**	18.3
Management fee income	(v)	**20.6**	26.2
Rental and other related expenses	(vi)	**(6.0)**	(10.3)
Transactions with other related parties	(i)		
Provision of construction work services	(ii)	**6,221.0**	4,462.9
Provision of other services	(iii)	**66.3**	64.3
Rental and other related expenses	(vi)	**(40.2)**	(34.0)
Other expenses	(vii)	**(868.4)**	(477.9)

(i) Affiliated companies include associated companies and joint ventures of the Group. Related parties are subsidiaries, associated companies and joint ventures of NWD, Chow Tai Fook Enterprises Limited ("CTF Enterprises") and Mr Doo Wai Hoi, William and his associates which are not companies within the Group. NWD is the ultimate holding company of the Company and CTF Enterprises is a substantial shareholder of NWD. Mr Doo Wai Hoi, William is the Vice-chairman and a non-executive director of NWD.

(ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts.

(iii) The Group provided various kinds of services including facilities management, property management and other services to certain affiliated companies and related parties. The services were provided and charged in accordance with the relevant contracts.

(iv) Interest income was charged at interest rates as specified in notes 21 and 22 on the outstanding balances due from the affiliated companies.

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

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

(vii) Other expenses include mechanical and electrical engineering, purchase of construction materials, laundry, security and guarding, landscaping, cleaning and property management services. The services were charged in accordance with the relevant contracts.

41 Related Party Transactions (continued)

(b) Key management compensation

No significant compensation arrangement has been entered into with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 15.

(c) The amounts of outstanding balances with associated companies, joint ventures and non-controlling interests are disclosed in notes 21, 22, 26, 35 and 36.

42 Events Subsequent to Year End

On 15 May 2014, Sino-French Holdings (Hong Kong) Limited ("SFH", a 50% owned joint venture of the Group) and a third party entered into a conditional share purchase agreement pursuant to which SFH agreed to sell 90% of the issued share capital in Sino-French Energy Development Company Limited ("SFED") together with the assignment of the shareholder loans owed by SFED to SFH at the aggregate cash consideration of US$612.0 million (equivalent to HK$4,755.24 million) (the "Disposal"). SFED owns approximately 42.2% interest in Companhia de Electricidade de Macau – CEM, S.A. ("Macau Power").

In connection with the Disposal, SFH has granted a put option (the "Option") to King Class Limited ("KCL", the 10% shareholder of SFED) to require SFH to purchase, through a special purpose vehicle, effectively 9% of the issued share capital in SFED and 90% shareholder loans owed by SFED to KCL within a period of around seven months after the completion of the Disposal.

The Disposal was completed on 15 July 2014. As at the date of this report, the Option has not been exercised by KCL and accordingly, SFH ceased to have any interest in SFED. The expected gain to be shared by the Group in FY2015 amounts to approximately HK$1.5 billion.

43 Ultimate Holding Company

The directors of the Company regard NWD, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange, as being the ultimate holding company. The Company is held by NWD and certain of its subsidiaries.

44 Principal Subsidiaries

As at 30 June 2014

	Issued and fully paid share capital#		Approximate percentage of shares held		
	Number	Amount HK$	Company	Group	Principal activities
Incorporated and operate in Hong Kong					
Anway Limited	1	1	–	100.0	Duty free operation and general trading
Billionoble Investment Limited	4,998	4,998	–	100.0	Investment holding
	2*	2	–	100.0	
Bounty Gain Limited	1	1	–	100.0	Investment holding
Cheering Step Investments Limited	1	1	–	100.0	Investment holding
CiF Solutions Limited	10	1,000	–	100.0	Provision of information technology solutions
	160,000*	16,000,000	–	100.0	
Grace Crystal Limited	1	1	–	100.0	Investment holding
Grand Express International Limited	1	1	–	100.0	Investment holding
Hip Hing Builders Company Limited	40,000	40,000,000	–	100.0	Construction
	10,000*	10,000,000	–	100.0	
Hip Hing Construction Company Limited	400,000	40,000,000	–	100.0	Construction and civil engineering
	600,000*	60,000,000	–	100.0	
Hip Hing Engineering Company Limited	2,000,000	200,000,000	–	100.0	Building construction
Hip Seng Construction Company Limited	1	1	–	100.0	Construction
Hong Kong Convention and Exhibition Centre (Management) Limited	3	3	–	100.0	Management of Hong Kong Convention and Exhibition Centre
	1*	1	–	100.0	
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	–	100.0	Investment holding
Kiu Lok Property Services (China) Limited	2	2	–	100.0	Property agency management and consultancy
	2*	2	–	100.0	
New World Construction Company Limited	1	1	–	100.0	Construction
New World-Guangdong Highway Investments Co. Limited	100	10,000	–	100.0	Investment holding
	100*	10,000	–	50.0	
New World Port Investments Limited	2	2	–	100.0	Investment holding
New World (Xiamen) Port Investments Limited	2	2	–	100.0	Investment holding

44 Principal Subsidiaries (continued)

As at 30 June 2014

	Issued and fully paid share capital#		Approximate percentage of shares held		
	Number	Amount HK$	Company	Group	Principal activities
Incorporated and operate in Hong Kong (continued)					
NWS (Finance) Limited	2	2	–	100.0	Financial services
NWS Holdings (China) Limited	1,501	171,369,817	100.0	100.0	Investment holding
NWS Holdings (Finance) Limited	1	1	100.0	100.0	Financing
NWS Hong Kong Investment Limited	1	1	100.0	100.0	Investment holding
NWS Ports Management (Tianjin) Limited	1	1	–	100.0	Investment holding
Polytown Company Limited	2	20	–	100.0	Property investment, operation, marketing, promotion and management of HKCEC
	100,000*	1,000,000	–	100.0	
Profit Now Limited	1	1	–	100.0	Investment holding
Sky Connection Limited	100	100	–	100.0	Duty free liquor and tobacco sales
True Hope Investment Limited	4,998	4,998	–	100.0	Investment holding
	2*	2	–	100.0	
Try Force Limited	4,998	4,998	–	100.0	Investment holding
	2*	2	–	100.0	
Twinic International Limited	1	1	–	100.0	Investment holding
Urban Parking Limited	10,000,000	10,000,000	–	100.0	Carpark management
Vibro Construction Company Limited	1,630,000	163,000,000	–	100.0	Civil engineering
	20,000*	2,000,000	–	100.0	
Vibro (H.K.) Limited	20,000,004	60,328,449	–	99.8(a)	Piling, ground investigation and civil engineering
Waking Builders, Limited	20,000	20,000,000	–	100.0	Construction
Wisemec Enterprises Limited	2	2	–	100.0	Investment holding

44 Principal Subsidiaries (continued)

As at 30 June 2014

	Issued share capital#		Approximate percentage of shares held		
	Number	Par value per share	Company	Group	Principal activities
Incorporated in the Cayman Islands and operates in Hong Kong					
NWS Service Management Limited	1,323,943,165	HK$0.10	100.0	100.0	Investment holding
Incorporated in the Cayman Islands					
Chinese Future Corporation	1,000,000	US$0.01	–	100.0	Investment holding
Incorporated in the British Virgin Islands and operate in Hong Kong					
Best Star (BVI) Investments Limited	1	US$1	–	100.0	Investment holding
Creative Profit Group Limited	1	US$1	–	100.0	Investment holding
Economic Velocity Limited	1	US$1	–	100.0	Investment holding
Forever Great Development Limited	1	US$1	–	100.0	Investment holding
Great Start Group Corporation	1	US$1	–	100.0	Investment holding
Hetro Limited	101	US$1	–	100.0	Investment holding
Lucky Strong Limited	1	US$1	–	100.0	Investment holding
NWS Financial Management Services Limited	1	US$1	–	100.0	Investment holding
NWS Infrastructure Management Limited	2	US$1	100.0	100.0	Investment holding
NWS (MTN) Limited	1	US$1	–	100.0	Financing
NWS Ports Management Limited	2	US$1	100.0	100.0	Investment holding
Shine Fame Holdings Limited	1	US$1	–	100.0	Operation of logistics centre
Sunny Start Group Limited	1	US$1	–	100.0	Investment holding
Tin Fook Development Limited	1	US$1	–	100.0	Investment holding

44 Principal Subsidiaries (continued)

As at 30 June 2014

	Issued share capital#		Approximate percentage of shares held		
	Number	Par value per share	Company	Group	Principal activities
Incorporated in the British Virgin Islands					
Beauty Ocean Limited	1	US$1	–	100.0	Investment holding
Fortland Ventures Limited	1	US$1	–	100.0	Investment holding
Ideal Global International Limited	1	US$1	–	100.0	Investment holding
Moscan Developments Limited	1	US$1	–	100.0	Investment holding
NWS CON Limited	1	HK$1	–	100.0	Investment holding
NWS Construction Limited	190,000	US$0.1	–	100.0	Investment holding
	8,825**	US$0.1	–	–	
NWS Infrastructure Bridges Limited	1	US$1	–	100.0	Investment holding
NWS Infrastructure Power Limited	1	US$1	–	100.0	Investment holding
NWS Infrastructure Roads Limited	1	US$1	–	100.0	Investment holding
NWS Infrastructure Water Limited	1	US$1	–	100.0	Investment holding
NWS Ports Management (Haicang) Limited	1	US$1	–	100.0	Investment holding
Right Heart Associates Limited	4	US$1	–	100.0	Investment holding
Righteous Corporation	1	US$1	–	100.0	Investment holding
Rosy Unicorn Limited	1	US$1	–	100.0	Financing
Silvery Castle Limited	1	US$1	–	100.0	Financing
Stockfield Limited	1	US$1	–	100.0	Investment holding

44 Principal Subsidiaries (continued)

As at 30 June 2014

	Amount of fully paid capital	Approximate percentage of attributable interest: Company	Approximate percentage of attributable interest: Group	Principal activities
Incorporated and operate in Mainland China				
Chaoming (Chongqing) Investment Company Limited	US$78,000,000	–	100.0	Investment holding
Guangdong Xin Chuan Co., Ltd.	RMB714,853,600	–	100.0	Investment holding
Guangxi Beiliu Xinbei Highways Co., Ltd.	RMB59,520,000	–	100.0	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	RMB57,680,000	–	100.0	Operation of toll road
Guangxi Yulin Xinye Highways Co., Ltd.	RMB63,800,000	–	60.0(b)	Operation of toll road
Guangxi Yulin Xinyu Highways Co., Ltd.	RMB96,000,000	–	65.0(c)	Operation of toll road
Hangzhou Guoyi Expressway and Bridge Management Co., Ltd.	US$320,590,000	–	95.0(d)	Operation of toll road
Shanxi Xinda Highways Ltd.	RMB49,000,000	–	60.0(e)	Operation of toll road
Shanxi Xinhuang Highways Ltd.	RMB56,000,000	–	60.0(e)	Operation of toll road
Wuzhou Xinwu Highways Limited	RMB72,000,000	–	52.0(f)	Operation of toll road
Xiamen NWS Management Consultancy Limited (Formerly: Xiamen New World Xiangyu Warehouse & Processing Zone Limited)	US$500,000	–	100.0	Management consultation
Incorporated and operate in Macau				
Barbican (Macau) Limited	MOP25,000	–	100.0	Construction
Hip Hing Engineering (Macau) Company Limited	MOP100,000	–	100.0	Construction
Ngo Kee (Macau) Limited	MOP25,000	–	100.0	Construction
Vibro (Macau) Limited	MOP1,000,000	–	99.8(a)	Foundation works

Ordinary shares, unless otherwise stated

* Non-voting deferred shares

** Redeemable, non-convertible and non-voting preference shares

(a) The approximate percentage of shares held by non-controlling interests is 0.2%

(b) Percentage of interest in ownership and profit sharing (percentage for non-controlling interest: 40%)

(c) Profit sharing percentage (percentage for non-controlling interest: 35%)

(d) Percentage of interest in ownership and profit sharing (percentage for non-controlling interest: 5%)

(e) Cash sharing ratio of 90% (percentage for non-controlling interest: 10%) for the first 12 years from the operation date and thereafter 60% (percentage for non-controlling interest: 40%)

(f) Profit sharing percentage (percentage for non-controlling interest: 48%)

45 Principal Associated Companies

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2014 is as follow:

	Issued and fully paid share capital#		Approximate percentage of shares held		
	Number	Amount HK$	Company	Group	Principal activities
Incorporated and operate in Hong Kong					
GHK Hospital Limited	10	10	–	40.0	Healthcare
Joy Fortune Investments Limited	10,000	10,000	–	50.0	Investment holding
Quon Hing Concrete Company Limited	200,000	20,000,000	–	50.0	Production and sales of ready-mixed concrete
Yargoon Company Limited	150,000	15,000,000	–	42.0	Stone quarrying

	Issued share capital#		Approximate percentage of shares held		
	Number	Par value per share	Company	Group	Principal activities
Incorporated in the British Virgin Islands and operates in Hong Kong					
VMS Private Investment Partners III Limited	1,500*	US$0.01	–	–	Securities investment
	1,107**	US$0.01	–	100.0(a)	
Incorporated in the British Virgin Islands					
East Asia Secretaries (BVI) Limited	300,000,000	HK$1	–	24.4	Business, corporate and investor services
Tricor Holdings Limited	7,001	US$1	–	24.4	Business, corporate and investor services
VMS Private Investment Partners II Limited	2,500*	US$0.01	–	–	Securities investment
	1,493**	US$0.01	–	100.0(a)	
VMS Private Investment Partners IV Limited	1,500*	US$0.01	–	–	Securities investment
	35**	US$0.01	–	60.0(a)	
Incorporated in Bermuda and operate in Hong Kong					
Haitong International Securities Group Limited	2,093,939,436	HK$0.10	–	6.9(b)	Investment holding
Wai Kee Holdings Limited	793,124,034	HK$0.10	–	27.0	Construction
Incorporated in the Cayman Islands and operates in Mainland China					
Newton Resources Ltd	4,000,000,000	HK$0.10	–	48.0	Mining, ore processing and sale of iron concentrates; and mining, processing and sale of gabbro-diabase products

45 Principal Associated Companies (continued)

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2014 is as follow (continued):

		Approximate percentage of attributable interest		
	Amount of fully paid capital	Company	Group	Principal activities
Incorporated and operate in Mainland China				
Chongqing Silian Optoelectronics Science And Technology Co., Ltd.	RMB500,000,000	–	20.0(c)	Manufacturing and sale of sapphire substrate and wafer, LED packaging and application
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd.	RMB10,000,000	–	37.1(d)	Operating of gasoline station
Tianjin Five Continents International Container Terminal Co., Ltd.	RMB1,145,000,000	–	18.0(b),(c)	Operation of container terminal
Xiamen Container Terminal Group Co., Ltd.	RMB2,436,604,228	–	13.8(b),(c)	Operation of container terminals
Zhaoqing Yuezhao Expressway Co., Ltd.	RMB818,300,000	–	25.0(d)	Operation of toll road

	Issued and fully paid share capital#		Approximate percentage of shares held		
	Number	Par value per share	Company	Group	Principal activities
Incorporated and operates in Mainland China					
Beijing Capital International Airport Co., Ltd.	2,451,526,000 domestic shares	RMB1.0	–	–	Operation of an international airport
	1,879,364,000 H shares	RMB1.0	–	23.9(b)	

\# Ordinary shares, unless otherwise stated
* Voting, non-participating, non-redeemable management shares
** Non-voting, redeemable participating shares

(a) The directors of the Company considered the Group has significant influence over these companies through its representative on the investment committee which governs the daily financial, operational and investment decisions

(b) The directors of the Company considered the Group has significant influence over these companies through its representatives on the board of directors of these companies

(c) Percentage of equity interest in equity joint venture

(d) Percentage of interest in ownership and profit sharing

46 Principal Joint Ventures

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2014 is as follow:

	Amount of fully paid capital	Approximate percentage of attributable interest: Company	Approximate percentage of attributable interest: Group	Principal activities
Incorporated and operate in Mainland China				
Beijing-Zhuhai Expressway Guangzhou–Zhuhai Section Company Limited	RMB580,000,000	–	25.0(a)	Operation of toll road
China United International Rail Containers Co., Limited	RMB4,200,000,000	–	30.0(b)	Operation of rail container terminals and related business
Chongqing Suyu Business Development Company Limited	RMB650,000,000	–	50.0(a)	Investment holding
Guangzhou Development Nansha Power Co., Ltd.	RMB450,000,000	–	22.0(a)	Generation and supply of electricity
Guangzhou Northring Freeway Company Limited	US$19,255,000	–	65.3(a)	Operation of toll road
Guangzhou Oriental Power Co., Ltd.	RMB990,000,000	–	25.0(b)	Generation and supply of electricity
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	RMB613,361,800	–	35.0(b)	Wholesale assembling and storage of fuel
Guangzhou Pearl River Power Company Limited	RMB420,000,000	–	50.0(b)	Generation and supply of electricity
Guodian Chengdu Jintang Power Generation Co., Ltd.	RMB924,000,000	–	35.0(a)	Generation and supply of electricity
Huizhou City Huixin Expressway Company Limited	RMB34,400,000	–	50.0(a)	Investment holding and operation of toll road
Tianjin Xinzhan Expressway Co., Ltd.	RMB2,539,100,000	–	60.0(c)	Operation of toll road

	Issued and fully paid share capital#: Number	Issued and fully paid share capital#: Amount HK$	Approximate percentage of shares held: Company	Approximate percentage of shares held: Group	Principal activities
Incorporated and operate in Hong Kong					
ATL Logistics Centre Hong Kong Limited	100,000 'A'	100,000	–	56.0(d)	Operation of cargo handling and storage facilities
	20,000 'B'**	20,000	–	79.6	
	54,918*	54,918	–	–	
ATL Logistics Centre Yantian Limited	10,000	10,000	–	46.2	Investment holding
Far East Landfill Technologies Limited	1,000,000	1,000,000	–	47.0	Landfill
First Star Development Limited	100	100	–	50.0	Property development
NWS Infrastructure SITA Waste Services Limited	2	2	–	50.0	Investment holding
Supertime Holdings Limited	100	100	–	50.0	Property development
Tate's Cairn Tunnel Investment Holdings Company Limited	1,100,000	1,100,000	–	29.5	Investment holding
Wincon International Limited	300,000,000	300,000,000	–	50.0	Investment holding

46 Principal Joint Ventures (continued)

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2014 is as follow (continued):

	Issued share capital#		Approximate percentage of shares held		
	Number	Par value per share	Company	Group	Principal activities
Incorporated in the British Virgin Islands and operates in Hong Kong					
NWS Transport Services Limited	500,000,016	HK$1	–	50.0	Investment holding
Incorporated in the British Virgin Islands					
DP World New World Limited	2,000	US$1	–	50.0	Investment holding
Success Concept Investments Limited	1,000	US$1	–	90.0(d)	Investment holding
Incorporated and operates in the Netherlands					
Hyva I B.V.	19,000	EUR1	–	50.0	Manufacturing and supply of components used in hydraulic loading and unloading systems

	Issued and fully paid share capital#		Approximate percentage of shares held		
	Number	Amount HK$	Company	Group	Principal activities
Incorporated in Hong Kong and operates in Hong Kong, Macau and Mainland China					
Sino-French Holdings (Hong Kong) Limited	3,748,680 'A'	374,868,000	–	–	Investment holding and operation of water and electricity plants
	7,209,000 'B'	720,900,000	–	100.0	
	3,460,320 'C'	346,032,000	–	–	

Ordinary shares, unless otherwise stated
* Non-voting deferred shares
** Non-voting preference shares

(a) Percentage of interest in ownership and profit sharing

(b) Percentage of equity interest in equity joint venture

(c) Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

(d) The directors of the Company considered the Group does not have unilateral control governing the financial and operating activities over these joint ventures

FIVE YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
Earnings per share – Basic (HK$)	**1.17**	1.11	1.53	1.40	1.26*
Earnings per share – Diluted (HK$)	**N/A**	1.11	1.52	1.40	1.26*
Key ratios					
Net Gearing Ratio	**23%**	24%	34%	7%	N/A
Return on Equity	**10%**	10%	15%	14%	15%
Return on Capital Employed	**8%**	7%	10%	13%	13%
Income statement data (HK$'m)					
Revenue	**21,443.0**	16,247.9	14,954.3	9,560.6	12,089.0
Revenue by segments					
Roads	**2,306.8**	2,200.3	1,903.5	254.3	225.4
Energy & Water	**–**	–	–	0.6	2.9
Ports & Logistics	**99.7**	102.1	41.3	–	–
Facilities Management	**6,174.2**	6,471.7	7,177.4	5,792.8	6,163.9
Construction & Transport	**12,862.3**	7,473.8	5,832.1	3,505.3	5,196.0
Strategic Investments	**–**	–	–	7.6	500.8
Revenue by region					
Hong Kong	**18,504.2**	13,973.6	12,786.4	8,716.1	9,671.8
Mainland China	**2,381.2**	2,265.9	1,971.7	609.1	1,421.9
Macau and others	**557.6**	8.4	196.2	235.4	995.3
Profit attributable to shareholders of the Company	**4,324.9**	4,008.0	5,251.1	4,626.8	4,011.7
Attributable operating profit	**4,379.0**	4,267.3	4,207.6	4,056.2	3,384.1
Attributable operating profit by segments					
Roads	**1,126.7**	1,238.2	1,210.1	1,134.9	520.6
Energy	**384.0**	330.2	262.2	352.4	420.0
Water	**355.7**	389.3	359.3	297.7	233.3
Ports & Logistics	**561.6**	330.4	301.4	281.9	278.0
Facilities Management	**910.7**	1,123.6	1,184.0	876.9	825.1
Construction & Transport	**605.3**	394.3	334.2	279.1	410.1
Strategic Investments	**435.0**	461.3	556.4	833.3	697.0

* Adjusted for the bonus issue of shares in the year ended 30 June 2011.

	2014	2013	2012	2011	2010
Income statement data (continued) (HK$'m)					
Attributable operating profit by region					
Hong Kong	**2,292.4**	2,204.7	2,241.4	2,176.8	1,926.3
Mainland China	**1,642.8**	1,647.5	1,493.0	1,549.2	1,221.6
Macau and others	**443.8**	415.1	473.2	330.2	236.2
Corporate office and non-operating items					
Net gain on deemed disposals of interests in a subsidiary, an associated company or joint ventures	**594.3**	–	1,833.4	–	–
Gain on fair value on investment properties	**111.4**	333.6	93.3	479.9	5.5
Gain on disposal of projects, net of tax	**79.0**	–	108.7	343.9	944.9
Excess of fair value of net assets acquired over the cost of acquisition of interests of a joint venture	**–**	–	–	26.8	–
Share of profit from Harbour Place	**41.8**	28.1	51.8	1.2	337.9
Goodwill impairment loss	**–**	–	–	–	(226.4)
Assets impairment losses	**–**	–	(316.5)	–	(30.5)
Share of impairment loss from a joint venture	**–**	–	(200.0)	–	–
Provision for impairment on a joint venture	**(72.1)**	–	–	–	–
Net exchange (loss)/gain	**(28.0)**	104.9	14.0	109.3	(4.2)
Interest income	**113.2**	109.7	51.8	40.1	22.7
Finance costs	**(561.9)**	(555.3)	(333.8)	(102.8)	(110.9)
Expenses and others	**(331.8)**	(280.3)	(259.2)	(327.8)	(311.4)
Statement of financial position data (HK$'m)					
Total assets	**71,554.1**	67,022.8	62,086.2	44,137.8	37,680.9
Total liabilities and non-controlling interests	**29,337.7**	26,839.7	26,291.9	13,060.3	11,493.9
Total borrowings	**17,667.5**	17,679.5	17,666.1	6,662.0	4,890.3
Shareholders' funds	**42,216.4**	40,183.1	35,794.3	31,077.5	26,187.0

PROJECT KEY FACTS AND FIGURES

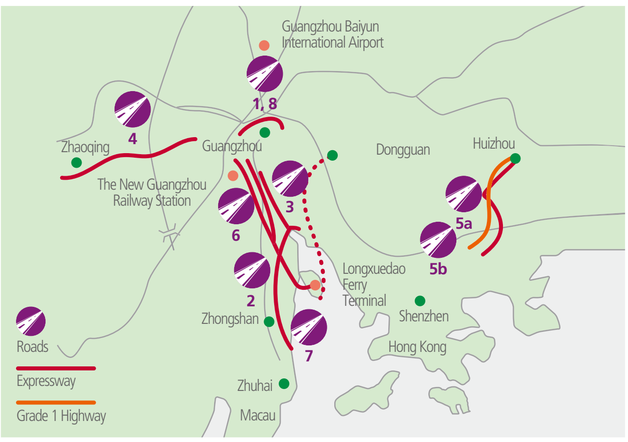
(As at 30 June 2014)

INFRASTRUCTURE

ROADS

The road portfolio comprises 20 roads and related projects in strategic locations in Hong Kong and Mainland China, namely Guangdong, Zhejiang, Guangxi, Shanxi and Tianjin, covering approximately 720 km in length.

Guangdong Province



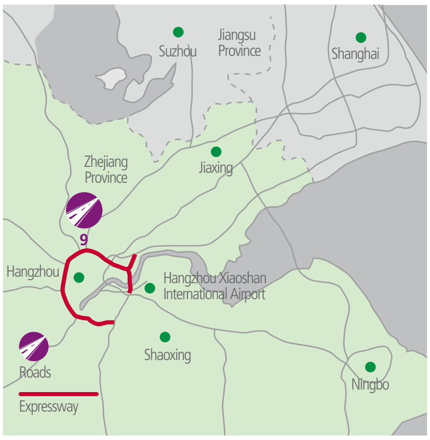
	1. Guangzhou City Northern Ring Road		
Attributable Interest	65.29%		
Form of Investment	CJV		
Length	22 km		
Lanes	Dual 3-Lane		
Location	Guangzhou City		
Operation Date	January 1994		
Expiry Date	2023		
Current Toll Rates	RMB1 – RMB50		
Average Daily Traffic Flow	**2014** 247,450	**2013** 220,815	**2012** 189,274

	2. Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Section)			**3. Beijing – Zhuhai Expressway (Guangzhou – Zhuhai Northern Section)**			**4. Guangzhou – Zhaoqing Expressway**		
Attributable Interest	25%			15%			25%		
Form of Investment	CJV			CJV			CJV		
Length	Section 1: 8.6 km Section 2: 53.8 km			27 km			Phase 1: 48 km Phase 2: 5.39 km		
Lanes	Section 1: Dual 3-Lane Section 2: Dual 2 to 3-Lane			Dual 3-Lane			Phase 1: Dual 2-Lane Phase 2: Dual 3-Lane		
Location	Zhongshan City & Zhuhai City			Guangzhou City			Zhaoqing City & Foshan City		
Operation Date	December 1999			December 2005			Phase 1: September 2002 Phase 2: September 2010		
Expiry Date	2030			2032			2031		
Current Toll Rates	Section 1: RMB6 – RMB19 Section 2: RMB2 – RMB109			RMB1 – RMB55			RMB1 – RMB84		
Average Daily Traffic Flow	**2014** 131,737	**2013** 119,885	**2012** 120,440	**2014** 33,752	**2013** 27,794	**2012** 25,181	**2014** 63,073	**2013** 53,343	**2012** 48,479

	5a. Shenzhen – Huizhou Expressway (Huizhou Section)			5b. Shenzhen – Huizhou Roadway (Huizhou Section)			6. Guangzhou Dongxin Expressway		
Attributable Interest	33.33%			50%			45.9%		
Form of Investment	CJV			CJV			Equity		
Length	34.7 km			21.8 km			46.22 km		
Lanes	Dual 2-Lane			Dual 2-Lane			Dual 3 to 4-Lane		
Location	Huizhou City			Huizhou City			Guangzhou City		
Operation Date	June 1993			December 1997			December 2010		
Expiry Date	2023			2022			2035		
Current Toll Rates	RMB2 – RMB55			N / A (Annual toll ticket system has been implemented since January 2011)			RMB2 – RMB98		
Average Daily Traffic Flow	**2014** 63,649	**2013** 60,293	**2012** 55,816	**2014** N / A	**2013** N / A	**2012** N / A	**2014** 44,232	**2013** 36,090	**2012** 27,492

	7. Guangzhou City Nansha Port Expressway			8. Guangdong Unitoll Services Incorporated		
Attributable Interest	22.5%			2%		
Form of Investment	Equity			Equity		
Length	72.4 km			N / A		
Lanes	Dual 3 to 4-Lane			N / A		
Location	Guangzhou City			Guangzhou City		
Operation Date	December 2004			January 2013		
Expiry Date	2030			N / A		
Current Toll Rates	RMB2 – RMB137			N / A		
Average Daily Traffic Flow	**2014** 74,309	**2013** 71,282	**2012** 71,737	**2014** N / A	**2013** N / A	**2012** N / A

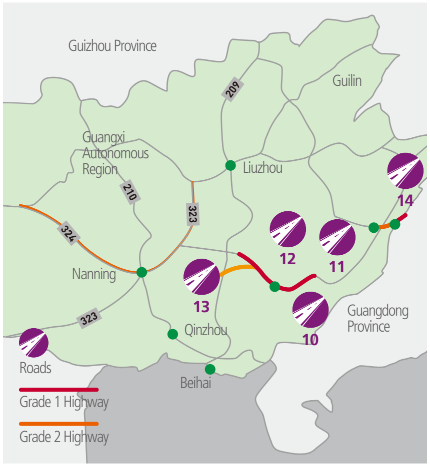
Zhejiang Province



	9. Hangzhou Ring Road		
Attributable Interest	95%		
Form of Investment	Equity		
Length	103.4 km		
Lanes	Dual 2 to 3-lane		
Location	Hangzhou City		
Operation Date	January 2005		
Expiry Date	2029		
Current Toll Rates	RMB5 – RMB170 (Normal) RMB0.09 / tonne / km (Toll-by-weight vehicle)		
Average Daily Traffic Flow	**2014** 85,090	**2013** 82,019	**2012** 101,573

PROJECT KEY FACTS AND FIGURES

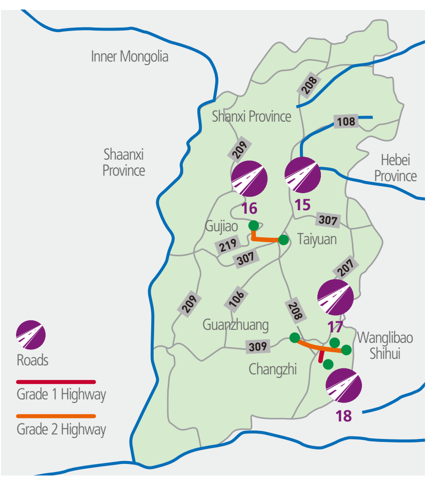
Guangxi Province



	10. Beiliu City Roadways	11. Rongxian Roadways
Attributable Interest	100%	100%
Form of Investment	WFOE	WFOE
Length	16.3 km	16.8 km
Lanes	Dual 1 to 2-Lane	Dual 1 to 2-Lane
Location	Beiliu City	Rongxian County
Operation Date	May 1998	May 1998
Expiry Date	2026	2026
Current Toll Rates	RMB1 – RMB30 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)	RMB1 – RMB30 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)
Average Daily Traffic Flow	**2014** 447 **2013** 1,253 **2012** 1,749	**2014** 442 **2013** 1,241 **2012** 1,733

	12. Yulin – Shinan Roadway	13. Yulin Shinan – Dajiangkou Roadway	14. Roadway No. 321 (Wuzhou Section)
Attributable Interest	65%	60%	52%
Form of Investment	CJV	CJV	CJV
Length	27.8 km	Phase 1: 8.7 km Phase 2: 30 km	Phase 1: 8.7 km Phase 2: 4.3 km
Lanes	Dual 2-Lane	Dual 1 to 2-Lane	Dual 2-Lane
Location	Yulin City	Yulin City	Wuzhou City
Operation Date	May 1998	Phase 1: August 1997 Phase 2: January 1999	Phase 1: March 1997 Phase 2: December 1998
Expiry Date	2026	Phase 1: 2026 Phase 2: 2024	2022
Current Toll Rates	RMB1 – RMB30 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)	RMB1 – RMB30 (Normal) RMB1.45 – RMB1.8 / tonne (Toll-by-weight vehicle)	RMB1 – RMB35 (Normal) RMB1.8 / tonne (Toll-by-weight vehicle)
Average Daily Traffic Flow	**2014** 1,080 **2013** 3,030 **2012** 4,230	**2014** 1,174 **2013** 1,911 **2012** 2,533	**2014** 3,697 **2013** 3,109 **2012** 3,485

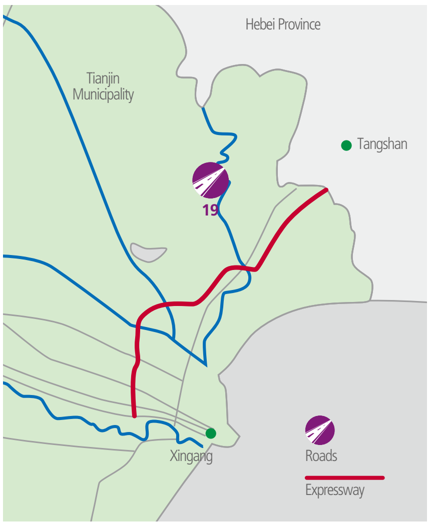
Shanxi Province



	15. Shanxi Taiyuan – Gujiao Roadway (Taiyuan Section)	16. Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)
Attributable Interest	60%†	60%†
Form of Investment	CJV	CJV
Length	23.18 km	36.02 km
Lanes	Dual 1-Lane	Dual 1-Lane
Location	Taiyuan City	Gujiao City
Operation Date	July 2000	April 1999
Expiry Date	2025	2025
Current Toll Rates	RMB10 – RMB60	RMB10 – RMB60
Average Daily Traffic Flow	**2014** 115 **2013** 240 **2012** 1,479	**2014** 327 **2013** 411 **2012** 2,282

	17. Roadway No. 309 (Changzhi Section)			18. Taiyuan – Changzhi Roadway (Changzhi Section)		
Attributable Interest	60%†			60%†		
Form of Investment	CJV			CJV		
Length	22.2 km			18.3 km		
Lanes	Dual 1 to 2-Lane			Dual 1 to 2-Lane		
Location	Changzhi City			Changzhi City		
Operation Date	July 2000			August 2000		
Expiry Date	2023			2023		
Current Toll Rates	RMB10 – RMB60			RMB10 – RMB70		
Average Daily Traffic Flow	**2014** 4,729	**2013** 3,850	**2012** 3,672	**2014** 1,184	**2013** 1,257	**2012** 1,542

Tianjin Municipality



	19. Tangjin Expressway (Tianjin North Section)		
Attributable Interest	60%††		
Form of Investment	CJV		
Length	Section 1: 43.45 km Section 2: 17.22 km		
Lanes	Dual 2 to 3-Lane		
Location	Tianjin Municipality		
Operation Date	Section 1: December 1998 Section 2: December 2000		
Expiry Date	Section 1: 2028 Section 2: 2028		
Current Toll Rates	RMB5 – RMB105 (Normal) RMB0.1 / tonne / km (Toll-by-weight vehicle)		
Average Daily Traffic Flow	**2014** 29,954	**2013** 28,110	**2012** 45,418

Hong Kong

	20. Tate's Cairn Tunnel		
Attributable Interest	29.5%		
Form of Investment	Equity		
Length	4 km		
Lanes	Dual 2-Lane		
Location	Hong Kong		
Operation Date	June 1991		
Expiry Date	2018		
Current Toll Rates	HK$13 – HK$34		
Average Daily Traffic Flow	**2014** 55,731	**2013** 56,137	**2012** 54,589

† Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%
†† Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

ENERGY

The Group operates four power plants in Guangdong, Sichuan and Macau with a total installed capacity of approximately 2,892 MW and a coal distributor in Guangdong operating the coal handling pier with capacity of seven million tonnes per year.

	1. Zhujiang Power Station – Phase I			2. Zhujiang Power Station – Phase II			3. Macau Power		
Attributable Interest	50%			25%			19%*		
Form of Investment	EJV			EJV			Equity		
Installed Capacity	600 MW			620 MW			472 MW		
Location	Guangzhou City, Guangdong Province			Guangzhou City, Guangdong Province			Macau		
Type of Power	Coal-Fired Thermal			Coal-Fired Thermal			Oil & Gas-Fired Thermal		
Operation Date	January 1994			April 1996			November 1985		
Expiry Date	2017			2020			2025		
Electricity Sales (GWh)	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
	2,918	2,494	3,699	2,569	2,994	3,054	4,295	4,211	4,002

	4. Chengdu Jintang Power Plant		
Attributable Interest	35%		
Form of Investment	Equity		
Installed Capacity	1,200 MW		
Location	Chengdu City, Sichuan Province		
Type of Power	Coal-Fired Thermal		
Operation Date	June 2007		
Expiry Date	2040		
Electricity Sales (GWh)	**2014**	**2013**	**2012**
	5,660	6,338	6,835

	5. Guangzhou Fuel Company
Attributable Interest	35%
Form of Investment	EJV
Installed Capacity	7 million tonnes / year
Location	Guangzhou City, Guangdong Province
Type of Power	Wholesale, assembling and storage of coal
Operation Date	January 2008
Expiry Date	2033

* The disposal of interest in Macau Power was completed on 15 July 2014

WATER

The Group has invested in 27 water treatment projects, two sludge treatment projects and four technical consultancy companies in Mainland China, Hong Kong and Macau through its joint venture company Sino-French Holdings (Hong Kong) Limited. The water projects treat up to a total of 7.73 million cbms of water and waste water as well as 840 tonnes of sludge per day. The Group also invests in a chemical waste incineration plant in Shanghai with annual capacity of 60,000 tonnes and holds a stake in a 61-hectare landfill in Hong Kong and two strategic investments in Chongqing.

	1. Macau Water Plant	2. Zhongshan Tanzhou Water Plant
Attributable Interest	42.5%	29%
Form of Investment	Equity	Equity
Capacity	330,000m³/ day	Phase 1: 60,000m³/ day Phase 2: 90,000m³/ day
Location	Macau	Zhongshan City, Guangdong Province
Operation Date	1985	Phase 1: January 1994 Phase 2: May 2007
Expiry Date	2030	2027
Average Daily Volume Treated / Sold (m³)	**2014** 221,718 **2013** 209,935 **2012** 198,302	**2014** 85,051 **2013** 80,092 **2012** 82,208

	3. Zhongshan Dafeng Water Plant	4. Zhongshan Quanlu Water Plant	5. Siping Water Plant
Attributable Interest	25%	25%	25%
Form of Investment	Equity	Equity	Equity
Capacity	Phase 1: 200,000m³/ day Phase 2: 300,000m³/ day	500,000m³/ day	118,000m³/ day
Location	Zhongshan City, Guangdong Province	Zhongshan City, Guangdong Province	Siping City, Jilin Province
Operation Date	Phase 1: April 1998 Phase 2: November 2008	April 1998	September 2000
Expiry Date	2020	2020	2030
Average Daily Volume Treated / Sold (m³)	**2014** 587,207 **2013** 585,922 **2012** 645,115		**2014** N / A **2013** N / A **2012** N / A

	6. Baoding Water Plant	7. Zhengzhou Water Plant	8. Panjin Water Plant
Attributable Interest	27.5%	25%	30%
Form of Investment	Equity	Equity	Equity
Capacity	260,000m³/ day	360,000m³/ day	110,000m³/ day
Location	Baoding City, Hebei Province	Zhengzhou City, Henan Province	Panjin City, Liaoning Province
Operation Date	June 2000	August 2001	April 2002
Expiry Date	2020	2031	2032
Average Daily Volume Treated / Sold (m³)	**2014** 236,978 **2013** 234,000 **2012** 234,000	**2014** 274,068 **2013** 249,064 **2012** 230,084	**2014** 93,952 **2013** 92,241 **2012** 84,491

PROJECT KEY FACTS AND FIGURES

	9. Changtu Water Plant			10. Dalian Changxing Island Environmental Services Company			11. Shanghai Spark Water Plant		
Attributable Interest	35%			47.5%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	50,000m³ / day			Waste Water (O&M^): 40,000m³ / day			100,000m³ / day		
Location	Tieling City, Liaoning Province			Dalian City, Liaoning Province			Shanghai Municipality		
Operation Date	December 2000			June 2010			January 2002		
Expiry Date	2029			2040			2031		
Average Daily Volume Treated / Sold (m³)	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
	25,966	26,550	23,663	9,583	10,214	5,280	47,239	44,742	44,860

	12. Shanghai SCIP Water Treatment Plants			
Attributable Interest	25%			
Form of Investment	Equity			
Capacity	Waste Water: Industrial Water: Demineralized Water:	50,000m³ / day 200,000m³ / day 4,800m³ / day		
Location	Shanghai Municipality			
Operation Date	Waste Water & Industrial Water: Demineralized Water:	April 2005 February 2008		
Expiry Date	2052			
Average Daily Volume Treated / Sold (m³)		**2014**	**2013**	**2012**
	Waste Water:	54,753	51,486	48,367
	Industrial Water:	128,522	126,706	117,152
	Demineralized Water:	1,643	1,466	1,390

	13. Sino French Water Environmental Technology Consulting Company			14. Qingdao Water Plant			15. Qingdao Dongjiakou Waste Water Plant		
Attributable Interest	50%			25%			16.25%		
Form of Investment	Equity			Equity			Equity		
Capacity	Waste Water (O&M^): 10,000m³/day			Phase 1: 543,000m³ / day Phase 2: 183,000m³ / day			13,200m³ / day		
Location	Shanghai Municipality			Qingdao City, Shandong Province			Qingdao City, Shandong Province		
Operation Date	October 2009			Phase 1: August 2002 Phase 2: September 2006			1st half of 2015 (Estimate)		
Expiry Date	2039			2027			2042		
Average Daily Volume Treated / Sold (m³)	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
	5,885	4,774	3,920	622,756	590,952	553,639	N / A	N / A	N / A

	16. Sanya Water Plant			17. Nanchang Water Plant		
Attributable Interest	25%			25%		
Form of Investment	Equity			Equity		
Capacity	235,000m³/ day			Phase 1: 50,000m³/ day Phase 2: 50,000m³/ day		
Location	Sanya City, Hainan Province			Nanchang City, Jiangxi Province		
Operation Date	January 2004			Phase 1: January 1996 Phase 2: September 2008		
Expiry Date	2033			2023		
Average Daily Volume Treated / Sold (m³)	**2014** 248,528	**2013** 237,835	**2012** 221,065	**2014** 90,002	**2013** 91,862	**2012** 84,376

	18. Chengdu Shuangliu Dayi Water Company				19. Chengdu Chongzhou Dayi Waste Water Plant		
Attributable Interest	32.5%				32.5%		
Form of Investment	Equity				Equity		
Capacity	Waste Water: Waste Water (O&M^):		19,800m³/ day 15,350m³/ day		40,000m³/ day		
Location	Chengdu City, Sichuan Province				Chengdu City, Sichuan Province		
Operation Date	Waste Water: Waste Water (O&M^):		February 2012 January 2010		April 2008		
Expiry Date	2043				2039		
Average Daily Volume Treated / Sold (m³)	 Waste Water: Waste Water (O&M^):	**2014** 16,652 10,251	**2013** 13,273 9,312	**2012** N / A N / A	**2014** 28,000	**2013** N / A	**2012** N / A

	20. Chongqing Water Plant			21. Chongqing Tangjiatuo Waste Water Plant		
Attributable Interest	27.93%			28.36%		
Form of Investment	Equity			Equity		
Capacity	Phase 1: 380,000m³/ day Phase 2: 160,000m³/ day Phase 3: 200,000m³/ day			300,000m³/ day		
Location	Chongqing Municipality			Chongqing Municipality		
Operation Date	Phase 1: November 2002 Phase 2: July 2006 Phase 3: July 2011			January 2007		
Expiry Date	2052			2036		
Average Daily Volume Treated / Sold (m³)	**2014** 520,850	**2013** 467,698	**2012** 438,131	**2014** 415,267	**2013** 335,455	**2012** 291,584

PROJECT KEY FACTS AND FIGURES

	22. Chongqing Construction Company				23. Chongqing CCIP Water Treatment Plants			
Attributable Interest	20.48%				25.52%			
Form of Investment	Equity				Equity			
Capacity	Waste Water: Sludge Treatment:	100,000m³ / day 240 tonnes / day			Waste Water: Industrial Water:	40,000 m³ / day 120,000 m³ / day		
Location	Chongqing Municipality				Chongqing Municipality			
Operation Date	Waste Water: Sludge Treatment:	2nd half of 2014 (Estimate) 2nd half of 2014 (Estimate)			March 2010			
Expiry Date	2038				2055			
Average Daily Volume Treated / Sold (m³)		**2014**	**2013**	**2012**		**2014**	**2013**	**2012**
	Waste Water:	N / A	N / A	N / A	Waste Water:	21,783	22,128	19,363
	Sludge Treatment:	N / A	N / A	N / A	Industrial Water:	29,504	31,508	25,668

	24. Chongqing Environmental R&D Centre	25. Wuhan Chemical Industry Park Water Treatment Plants			
Attributable Interest	15.86%	21.5%			
Form of Investment	Equity	Equity			
Capacity	N / A	Waste Water: Industrial Water:	10,000m³ / day 50,000m³ / day		
Location	Chongqing Municipality	Wuhan City, Hubei Province			
Operation Date	November 2013	Waste Water: Industrial Water:	December 2013 September 2013		
Expiry Date	2043	2041			
Average Daily Volume Treated / Sold (m³)	N / A		**2014**	**2013**	**2012**
		Waste Water:	401	N / A	N / A
		Industrial Water:	478	N / A	N / A

	26. Tianjin Jieyuan Water Plant			27. Tanggu Water Plant			28. Xinchang Water Plant		
Attributable Interest	50%			24.5%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	500,000m³ / day			310,000m³ / day			100,000m³ / day		
Location	Tianjin Municipality			Tianjin Municipality			Xinchang County, Zhejiang Province		
Operation Date	August 2002			April 2005			March 2002		
Expiry Date	2022			2034			2032		
Average Daily Volume Treated / Sold (m³)	**2014** 320,104	**2013** 294,492	**2012** 281,227	**2014** 181,477	**2013** 165,721	**2012** 175,467	**2014** 87,557	**2013** 79,509	**2012** 77,043

	29. Changshu Water Plant			30. Jiangsu Water Company			
Attributable Interest	24.5%			25%			
Form of Investment	Equity			Equity			
Capacity	Phase 1: 675,000m³ / day Phase 2: 200,000m³ / day			Water: Waste Water:	350,000 m³ / day 300,000 m³ / day		
Location	Changshu City, Jiangsu Province			Taizhou & Nanjing City, Jiangsu Province			
Operation Date	Phase 1: September 1984 Phase 2: November 2012			October 2007#			
Expiry Date	2036			2037			
Average Daily Volume Treated / Sold (m³)	**2014**	**2013**	**2012**		**2014**	**2013**	**2012**
	476,747	466,668	459,401	Water:	235,432	N / A	N / A
				Waste Water:	335,397	N / A	N / A

	31. Suzhou Industrial Park Sludge Treatment Plant			32. Yangzhou Sludge Treatment Plant			33. Sino French Solutions Company
Attributable Interest	24.5%			10.41%			50%
Form of Investment	Equity			Equity			Equity
Capacity	300 tonnes / day			300 tonnes / day			N / A
Location	Suzhou City, Jiangsu Province			Yangzhou City, Jiangsu Province			Hong Kong
Operation Date	May 2011			1st half of 2016 (Estimate)			October 2013
Expiry Date	2039			2044			N / A
Average Daily Volume Treated (tonnes)	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	N / A
	220	195	187	N / A	N / A	N / A	

	34. Far East Landfill Technologies Limited			35. Shanghai SCIP Waste Incineration Plant		
Attributable Interest	47%			10%		
Form of Investment	Equity			Equity		
Capacity	35 million m³			60,000 tonnes / year		
Location	Hong Kong			Shanghai Municipality		
Operation Date	June 1995			August 2006		
Expiry Date	2045			2053		
Annual Volume Treated (tonnes)	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
	1,107,655	1,050,215	936,487	59,981	48,563	43,719

	36. Chongqing Water Group Company Limited	37. Chongqing Silian Optoelectronics Science & Technology Co. Ltd.
Attributable Interest	6.72%	20%
Form of Investment	Equity	EJV
Location	Chongqing Municipality	Chongqing Municipality
Operation Date	January 2001#	July 2008

^ O&M stands for operation and management consultancy services

Date of incorporation

PORTS & LOGISTICS

The Group operates three port projects in strategic coastal locations in Mainland China, namely Xiamen and Tianjin, with an aggregate container handling capacity of 12 million TEUs per year. In collaboration with its joint venture enterprise, China United International Rail Containers Co., Limited, the Group develops and operates a large-scale pivotal rail container terminal network across Mainland China. Two logistics centres in Hong Kong, offering total leasable area of 6.82 million sq ft, also provide logistics facilities for local and overseas clients. The Group has also invested in Beijing Capital International Airport Co., Ltd., the second busiest airport in the world in terms of passenger throughput.

	1. Xiamen Container Terminal Group Co., Ltd.	2. Tianjin Orient Container Terminals Co., Ltd.	3. Tianjin Five Continents International Container Terminal Co., Ltd.
Attributable Interest	13.8%	24.5%	18%
Form of Investment	EJV	Equity	EJV
Handling Capacity	9.1 million TEUs / year	1.4 million TEUs / year	1.5 million TEUs / year
Total Area	3,385,000 sq m	469,000 sq m	447,000 sq m
Location	Xiamen City, Fujian Province	Tianjin Municipality	Tianjin Municipality
Operation Date	December 2013	January 1999	November 2005
Expiry Date	2063	2027	2035
Length of Berths	6,839 m	1,136 m	1,202 m
No. of Cranes	63	10	12
Throughput Achieved (TEUs)	**2014** 3,106,000* **2013** N / A **2012** N / A	**2014** 937,000 **2013** 969,000 **2012** 886,000	**2014** 2,408,000 **2013** 2,294,000 **2012** 2,172,000

	4. Beijing Capital International Airport Co., Ltd.		
Attributable Interest	10.35%		
Form of Investment	Equity		
Facility	3 runways & 3 terminals (total floor area: 1.41 million sq m)		
Location	Beijing Municipality		
Operation Date	October 1999#		
	2014	**2013**	**2012**
Passenger Throughput	44,121,000**	N / A	N / A
Aircraft Movements	302,000**	N / A	N / A

	5. ATL Logistics Centre			6. NWS Kwai Chung Logistics Centre		
Attributable Interest	56%			100%		
Form of Investment	Equity			Equity		
Leasable Area	5.9 million sq ft			920,000 sq ft		
Location	Hong Kong			Hong Kong		
Operation Dates	Phase 1: February 1987 Phase 2: March 1988 Phase 3: February 1992 Phase 4: January 1994 Phase 5: November 1994			December 2011		
Expiry Date	2047			2058		
Average Occupancy Rate	**2014** 98.8%	**2013** 98.8%	**2012** 97.6%	**2014** 100.0%	**2013** 100.0%	**2012** 78.7%

	7. China United International Rail Containers Co., Limited		
Attributable Interest	30%		
Form of Investment	EJV		
Investment Scope	18 pivotal rail container terminals		
Locations	Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Shanghai, Tianjin, Urumqi, Harbin, Ningbo, Shenzhen, Lanzhou, Beijing, Shenyang, Guangzhou		
Operation Dates	Kunming: Chongqing: Chengdu: Zhengzhou: Dalian: Qingdao: Wuhan: Xian:	January 2008 December 2009 March 2010 April 2010 July 2010 August 2010 August 2010 December 2010	
Expiry Date	2057		
Throughput Achieved (TEUs)	**2014** 1,618,000	**2013** 1,537,000	**2012** 1,508,000

* The figure represented the aggregate throughput handled by Xiamen Container Terminal Group Co., Ltd. and its invested companies since its establishment in December 2013

** The figures covered the period from the acquisition in December 2013 to 30 June 2014

Date of incorporation

SERVICES

FACILITIES MANAGEMENT

The portfolio mainly comprises the management and operation of Hong Kong Convention and Exhibition Centre ("HKCEC") and the business of Free Duty. HKCEC, managed and operated by the Group, is an award-winning venue for international exhibitions and conventions. Free Duty retails duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise at Hong Kong's cross-border transport terminals.

	Hong Kong Convention and Exhibition Centre (Management) Limited	Hong Kong – Shanghai Venue Management (Zhengzhou) Limited
Attributable Interest	100%	30%
Services Offered	Management and operation of venues for exhibitions, conventions, meetings, entertainment events, banquets and catering events, etc	Management and operation of venues for exhibitions, conventions, meetings, entertainment events, banquets and catering events, etc
Gross Rentable Space	91,500 sq m	93,000 sq m
No. of Events Held This Year	1,086	209
No. of Attendants This Year	Approximately 5.9 million	Approximately 1.7 million

	Free Duty
Attributable Interest	100%
Services Offered	Retail of duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise
Locations of Shops	Hong Kong International Airport, MTR Lo Wu, Hung Hom, Lok Ma Chau Stations, Hong Kong-Macau Ferry Terminal and China Ferry Terminal

CONSTRUCTION & TRANSPORT

With abundant experience in constructing large-scale projects, the Group provides professional construction services in Hong Kong. The Group is also dedicated to providing reliable public transport services, including bus and ferry services in Hong Kong.

	Hip Hing Construction Company Limited	New World Construction Company Limited
Attributable Interest	100%	100%
Services Offered	General contracting and construction management and civil engineering works	General contracting and construction management
Total Value of Contracts Awarded This Year	HK$7.265 billion	HK$6.07 billion
Value of Contracts on Hand	HK$24.14 billion (remaining value of works to be completed: HK$12.44 billion)	HK$25.96 billion (remaining value of works to be completed: HK$22.08 billion)
Major Projects	Residential Development "The Austin" and "Double Cove" for New World Development; Commercial Development "One Bay East" at Kwun Tong and "One HarbourGate" at Hung Hom for Wheelock Properties; Commercial Development "Goldin Financial Global Centre" at Kowloon Bay for Goldin Group; Shatin Communications and Technology Centre for Hong Kong Jockey Club; Design and Construction of Yau Ma Tei Police Station; Logistics Centre for SF Express; Research Complex for Hong Kong Shue Yan University; Design and Construction of Kai Tak Cable Tunnel for CLP Power Hong Kong Limited; Urban Renewal Project at Sham Shui Po for Hong Kong Housing Society; Public Rental Housing Development at Po Heung Street, Tai Po for Hong Kong Housing Authority	Construction of Pak Kong Development at Sai Kung; Renovation of Discovery Park Shopping Mall at Tsuen Wan; Clear Water Bay Residential Development at Sai Kung; New World Centre Remodeling at Tsim Sha Tsui; Residential Development at South Lane, Sai Wan; Residential Development at Tong Yan San Tsuen lot 2139, Yuen Long; Sai Yee Street Development at Mongkok; New Eastern Terrace Residential Development at Tin Hau; Palace Mall Remodeling at Tsim Sha Tsui; Kwai Fong Street Residential Development at Happy Valley

	New World First Ferry Services Limited	Citybus Limited	New World First Bus Services Limited
Attributable Interest	50%	50%	50%
Services Offered	Ferry services of outlying and inner harbour routes	Franchised bus services in Hong Kong	Franchised bus services in Hong Kong
Fleet Size	16 owned vessels and 3 chartered vessels	958 buses	719 buses
No. of Routes	5	112	90
Average Daily Patronage	Approximately 40,000	660,000	502,000

GLOSSARY OF TERMS

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

General terms

"Board"	the board of directors of NWS Holdings
"EUR"	Euro, the official currency of the Eurozone
"FY2013"	the financial year ended 30 June 2013
"FY2014"	the financial year ended 30 June 2014
"FY2015"	the financial year ending 30 June 2015
"Group"	NWS Holdings and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HK$'m"	million of Hong Kong dollar
"Hong Kong" or "HKSAR"	The Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Macau"	The Macau Special Administrative Region of the PRC
"Mainland China"	the PRC excluding Hong Kong, Macau and Taiwan
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
"MOP"	Macau Pataca, the lawful currency of Macau
"NWD"	New World Development Company Limited
"New World Group"	NWD and its subsidiaries
"NWS Holdings" or "Company"	NWS Holdings Limited
"PRC"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Takeovers Code"	the Code on Takeovers and Mergers
"USA"	the United States of America
"US$"	United States dollar, the lawful currency of USA
"WFOE"	wholly foreign owned enterprise

Technical terms

"cbm(s)" or "m^3"	cubic metre(s)
"CJV"	co-operative joint venture company
"EJV"	equity joint venture company
"ft"	foot (feet)

Technical terms (continued)

"GWh"	gigawatt-hour, equals to 1,000,000 kilowatt-hours
"km"	kilometre(s)
"MW"	megawatt(s), equals to 1,000 kilowatts
"sq ft"	square foot (feet)
"sq km"	square kilometre(s)
"sq m"	square metre(s)
"TEU(s)"	twenty-foot equivalent unit(s), a standard measurement unit of a container. It is based on the dimensions of a container 20 feet long by 8 feet wide by 8.5 feet high with an average load of approximately nine tonnes
"tonne(s)"	equal to 1,000 kilograms

Financial terms

"Attributable operating profit" or "AOP"	Profit available for appropriation before corporate office and non-operating items
"Dividend Payout Ratio"	$\frac{\text{Dividends}}{\text{Profit attributable to shareholders of the Company}}$
"Earnings per Share – Basic"	$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Weighted average number of shares in issue during the year}}$
"EBIT"	Earnings before interests and tax expenses
"Net Gearing Ratio"	$\frac{\text{Net Debt}}{\text{Total equity}}$
"Net Assets"	Total assets less total liabilities
"Net Assets per Share"	$\frac{\text{Net Assets}}{\text{Number of issued shares at the end of the year}}$
"Net Debt"	Total Debt less cash and bank balances and short term deposits
"Return on Capital Employed"	$\frac{\text{Profit for the year}}{\text{Total equity + Non-current liabilities}}$
"Return on Equity"	$\frac{\text{Profit for the year}}{\text{Total equity}}$
"Total Debt"	The aggregate of bank loans, other loans, overdrafts and finance leases

CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr Cheng Kar Shun, Henry *(Chairman)*
Mr Tsang Yam Pui
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr Cheng Chi Ming, Brian

Non-executive Directors

Mr To Hin Tsun, Gerald
Mr Dominic Lai
Mr William Junior Guilherme Doo

Independent Non-executive Directors

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

Board Committees

Executive Committee

Dr Cheng Kar Shun, Henry *(Chairman)*
Mr Tsang Yam Pui
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr Cheng Chi Ming, Brian

Audit Committee

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

Remuneration Committee

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

Nomination Committee

Dr Cheng Kar Shun, Henry *(Chairman)*
Mr Tsang Yam Pui
Mr Kwong Che Keung, Gordon
Dr Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham

Corporate Social Responsibility Committee

Mr Tsang Yam Pui *(Chairman)*
Mr Lam Wai Hon, Patrick
Mr Cheung Chin Cheung
Mr Cheng Chi Ming, Brian
Mr Dominic Lai
Mr William Junior Guilherme Doo
Mr Lee Yiu Kwong, Alan
Ms Lam Yuet Wan, Elina
Ms Tang Cheung Yi

Company Secretary

Mr Chow Tak Wing

Registered Office

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

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

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Standard Limited
Level 22, Hopwell Centre
183 Queen's Road East
Hong Kong

Auditor

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

Principal Bankers

Bank of America, N.A. Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
BNP Paribas Hong Kong Branch
Crédit Agricole Corporate & Investment Bank
DBS Bank Ltd. Hong Kong Branch
Mizuho Bank, Ltd. Hong Kong Branch
Nanyang Commercial Bank, Limited
Oversea-Chinese Banking Corporation Limited
Scotiabank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Sumitomo Mitsui Banking Corporation Hong Kong Branch
The Bank of Tokyo – Mitsubishi UFJ, Ltd. Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

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Where the English and the Chinese texts conflict, the English text prevails.

This annual report is also available at www.nws.com.hk.

新創建 NWS

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

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