新創建 NWS

NWS HOLDINGS LIMITED

STOCK CODE: 659

GROWING
BEYOND **BOUNDARIES**

ANNUAL REPORT 2015

ABOUT NWS HOLDINGS

NWS Holdings Limited (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 28,300 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

Design rationale

GROWING BEYOND BOUNDARIES

High-flying birds and the globe are featured on the cover of this year's annual report, reflecting the theme "Growing Beyond Boundaries". The soaring birds represent the continued growth of NWS Holdings, as well as its newly acquired commercial aircraft leasing business. The wings of the highest bird appear to embrace the globe, symbolising the Group's unwavering efforts to expand its geographical footprint and scale new heights in business performance. The small dots that form the detail of the image represent the individuals and businesses that together make the Group strong and help improve communities where it operates.

Download the NWS Holdings Annual Report 2015

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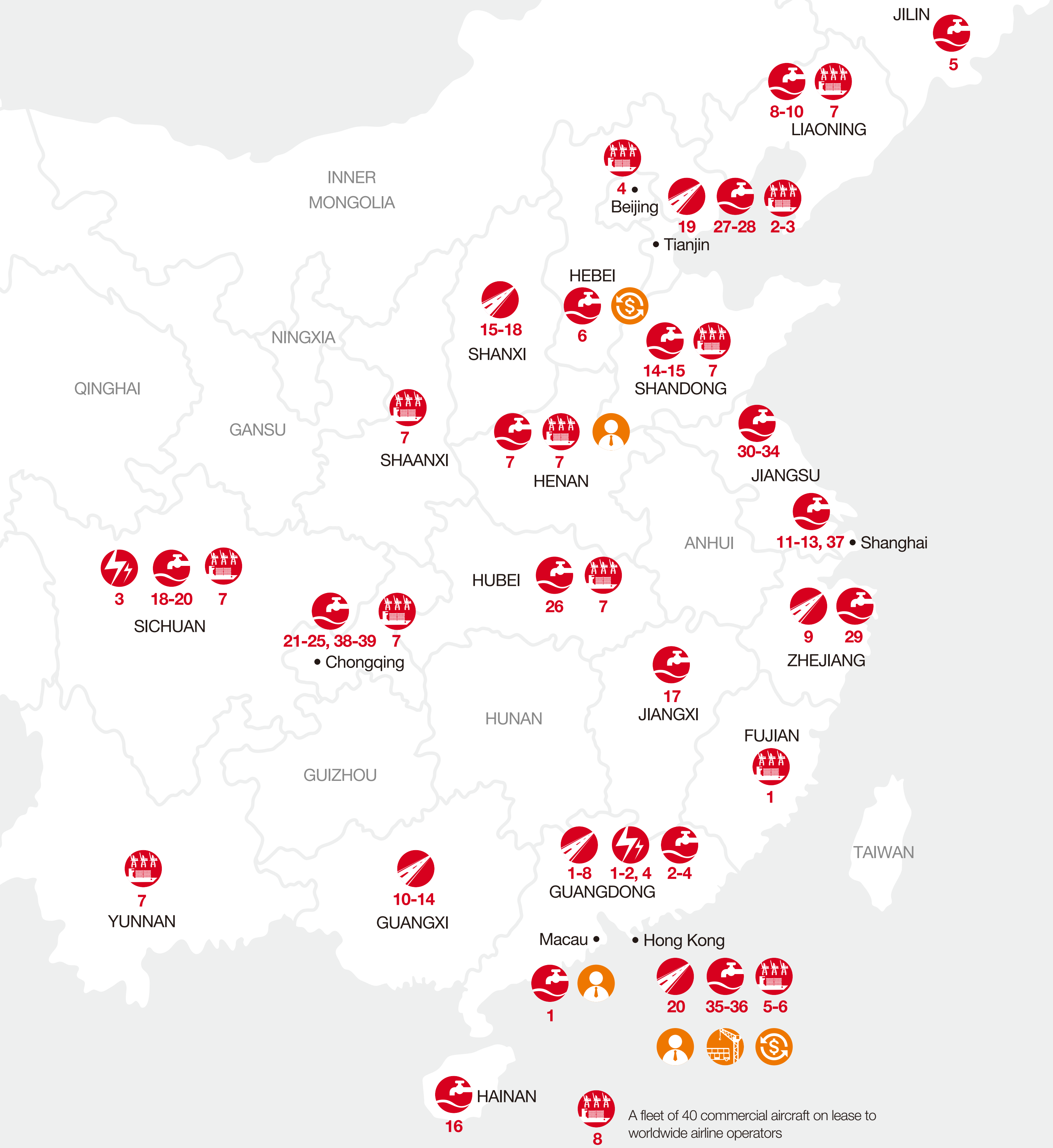
CORPORATE PROFILE

As at 30 June 2015



Note: Please refer to project key facts and figures as at 30 June 2015 on P.183 to P.197 of this annual report

INFRASTRUCTURE

As one of the leading infrastructure players in Mainland China, NWS Holdings possesses an extensive business network in managing and operating 69 projects and two strategic investments in four major segments, namely Roads, Energy, Water and Ports & Logistics as at 30 June 2015.

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 three power plants in Guangdong and Sichuan and a coal distributor in Guangdong.

Total installed capacity of approximately
2,420 MW

WATER

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

Treat up to a total of
7.88 million cbms
of water and waste water per day

PORTS & LOGISTICS

The Group invests in three port projects, a large-scale pivotal rail container terminal network and Beijing Capital International Airport in Mainland China, as well as two logistics centres in Hong Kong. It also invests in commercial aircraft leasing business.

Handling capacity of
12 million TEUs
per year for ports projects

Logistics facilities offer total leasable area of
6.82 million sq ft

A fleet of
40 commercial aircraft
on lease

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
6.4 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
1.1 million patronage per day

STRATEGIC INVESTMENTS

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

MAJOR EVENTS AND ACCOLADES

2014

SEPTEMBER

- NWS Holdings was selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the fourth consecutive year since 2011, reflecting the Group's outstanding performance in corporate governance, social and environmental work.

Hang Seng Corporate Sustainability Index Series Member 2014-2015

OCTOBER

- The Group garnered the Best Practice Award 2014 in Employee Engagement from the Best Practice Management Group, followed by winning the Excellent Employee Wellness Award in 2014 from the Hong Kong Institute of Human Resource Management in November.

- The Group's corporate advertisement "Connecting Lives. Building Futures." won the Grand Award in Advertising, one of the top honours at the 2014 Galaxy Awards.

- The Hong Kong Convention and Exhibition Centre was voted the Best Convention & Exhibition Centre for the sixth time in the 25th TTG Travel Awards, and was voted Asia's Best Convention and Exhibition Centre for the 12th time by readers of *CEI Asia Magazine* in December, underpinning its leading position in the industry.

NOVEMBER

- Sky Shilla Duty Free Limited, a joint venture of NWS Holdings and Hotel Shilla Co., Ltd. of South Korea, won a five-year contract to operate a duty free concession at the Macau International Airport with effect from November.

DECEMBER

- Tangjin Expressway (Tianjin North Section) resumed normal operations after undergoing expansion works at a cost of approximately RMB3.6 billion over a three-year period. This dual 3-lane expressway can now handle up to 92,000 vehicles daily.

- NWS Holdings published and launched its first standalone Sustainability Report and a dedicated website, underlying the Group's continuous efforts to enhance corporate transparency and stakeholder communication.

- Hip Hing Construction Company Limited was awarded a contract worth over HK$2.2 billion to build the Xiqu Centre in the West Kowloon Cultural District, which upon completion will become a world-class arts venue specifically built for Chinese opera performance.

- NWS Holdings and its Hong Kong subsidiaries scooped eight awards at the fifth Hong Kong Corporate Citizenship Programme, including the fourth consecutive gold granted to the Group's corporate volunteer team NWS Volunteer Alliance.

2015

JANUARY

- New World First Ferry Services Limited ("NWFF") celebrated its 15th anniversary with a series of events, including a lucky draw and teddy bear charity sale.

Riding with First Ferry for 15 years
新渡輪與您同渡15載

FEBRUARY

- NWS Holdings expanded its business to commercial aircraft leasing by acquiring 40% equity interest in Goshawk Aviation Limited.

MARCH

- NWS Holdings and its Hong Kong subsidiaries received the 10 Years Plus Caring Company logo from The Hong Kong Council of Social Service.

APRIL

- The websites of NWS Holdings, NWS Holdings Charities Foundation and NWFF received three gold and one silver awards at the third Web Accessibility Recognition Scheme organized by the Office of the Government Chief Information Officer and the Equal Opportunities Commission.

JUNE

- A joint venture of the Group entered into an agreement with Chongqing Water Assets Management Co., Ltd. to form an investment platform of approximately RMB30 billion to invest in and operate environmental-related businesses in Mainland China.

FINANCIAL HIGHLIGHTS

	2015 HK$'m	2014 HK$'m
Revenue	**24,491.8**	21,443.0
Profit Attributable to Shareholders of the Company	**4,477.6**	4,324.9
Net Debt	**6,389.1**	10,030.6
Total Assets	**75,153.6**	71,554.1
Net Assets	**46,187.7**	43,043.4
Shareholders' Funds	**45,413.4**	42,216.4

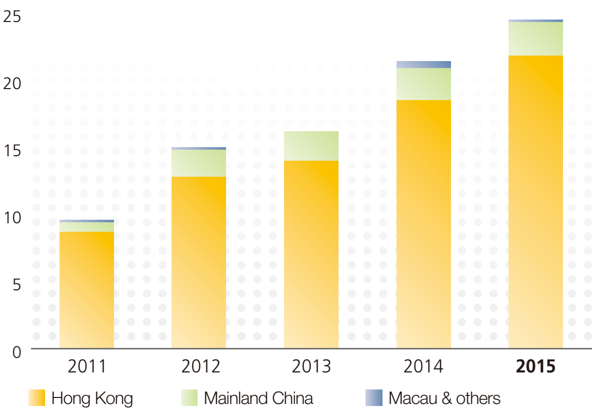
	2015 HK$	2014 HK$
Basic Earnings per Share	**1.19**	1.17
Net Assets per Share	**12.23**	11.50

	2015	2014
Net Gearing Ratio	**14%**	23%
Return on Equity	**10%**	10%
Return on Capital Employed	**7%**	8%
Dividend Payout Ratio	**50%**	50%

Revenue by Region

for the year ended 30 June

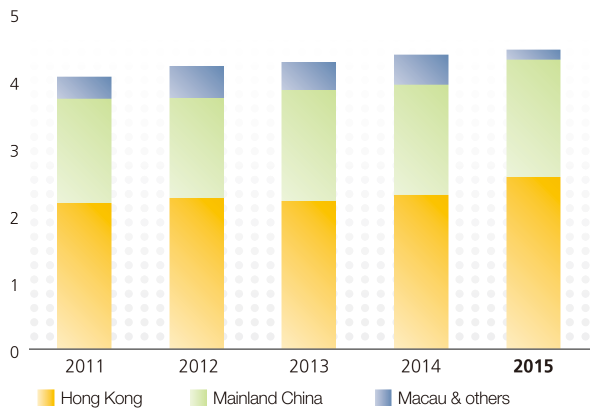
HK$'billion



AOP by Region

for the year ended 30 June

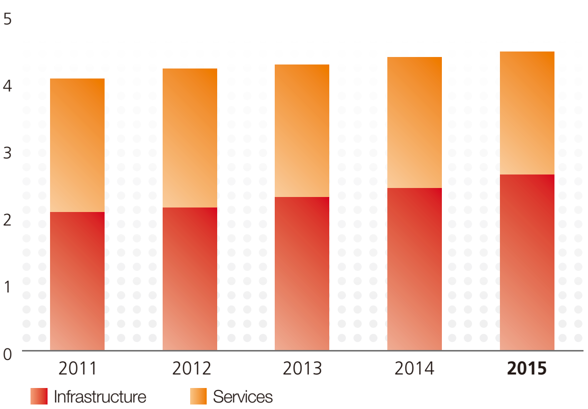
HK$'billion



AOP by Division

for the year ended 30 June

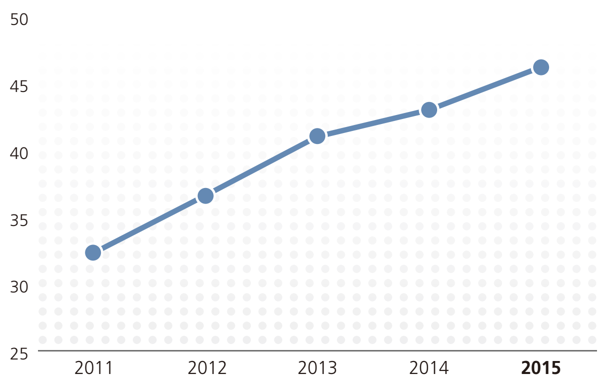
HK$'billion



Total Equity

as at 30 June

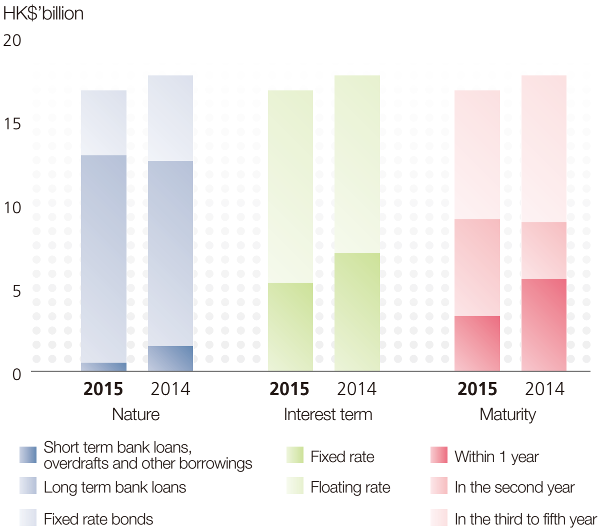
HK$'billion



Debt Profile

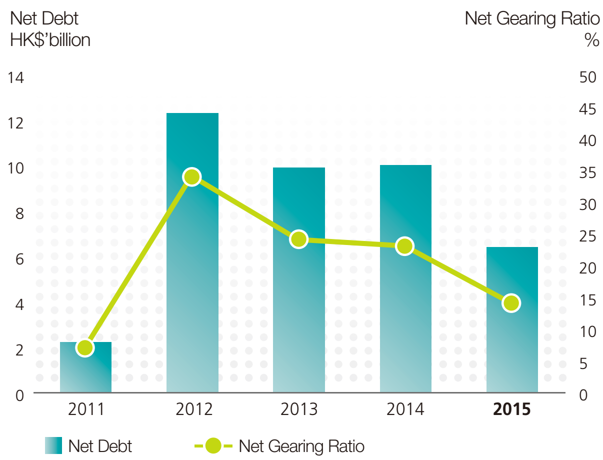
as at 30 June

HK$'billion



Net Debt and Net Gearing Ratio

as at 30 June



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that the Group's performance remained resilient in FY2015 albeit under challenging and volatile market conditions in both Mainland China and Hong Kong and continued to post fruitful results.

Forces Backing Infrastructure Growth

The Chinese government has been targeting economic growth of around 7% in 2015. Multiple fiscal easing policies and industry reform plans have been released to support private investments in infrastructure projects and expand domestic consumption. As supported by the operating performance in FY2015, the majority of our Roads and Water projects delivered steady organic growth on the back of continued urbanization and economic development. The decline in electricity sales under our Energy segment, however, was mainly due to the impact of preferential policies for renewable energy and large scale generators.

To embark on the environmental sector in Mainland China in a major way, the Group, through a joint venture with Suez Environnement ("SUEZ"), entered into an agreement with Chongqing Water Assets Management Co., Ltd. to form an investment platform valued at RMB30.0 billion in June 2015. The demand for modern sewage, sludge and waste treatment facilities will remain strong following the enactment of national policies and regulations such as the "Action Plan for Water Pollution Prevention and Control" and new Environmental Protection Law. While this investment is pending relevant government approvals, with the combined technical expertise and financial strengths of our two partners, we are confident that we will be able to capture this market in a timely manner.

Our railway logistics project, China United International Rail Containers Co., Limited ("CUIRC"), continues to make satisfactory progress and is well poised to capitalize on the "Belt and Road Initiative" with the expansion of Chongqing terminal nearing completion and the construction of Urumqi and Tianjin terminals currently underway.

Since the acquisition of Goshawk Aviation Limited ("Goshawk") in February 2015, the aircraft leasing business expanded rapidly as the fleet size increased from 27 to 40 in FY2015 and started to make profit contribution. Coupled with the first full-year results of Beijing Capital International Airport Co., Ltd. ("BCIA") and Xiamen Container Terminal Group Co., Ltd. ("XCTG"), Attributable Operating Profit ("AOP") of the Ports & Logistics segment grew by 41%. The clear revenue and earnings visibility will allow BCIA to maximize its potential with higher operating leverage. Hence the relatively new aviation business will act as an important growth driver in future years.

Last but not least, in relation to infrastructure projects, the Group exercised its option and increased its effective interest in XCTG from 13.8% to 20% in September 2015. Given the promising growth potential displayed by XCTG since its establishment in December 2013 and in light of the development of free trade zones across the Xiamen region, the Group is confident that this investment decision will be a rewarding one.

Hong Kong Services Portfolio

Notwithstanding a 6% drop in AOP for the Services division in FY2015, the outlook of the division remains promising based on the steady demand for premium exhibition and banqueting facilities and the vibrant construction market. Being the regional market leader, the Hong Kong Convention and Exhibition Centre ("HKCEC") is fully committed to maintaining its growth momentum despite space constraints. Meanwhile, the order books of our construction companies are virtually full with a total gross value reaching a record high level of HK$71.0 billion at the end of FY2015.

"The Group's focus and strategy in maximizing organic growth and channelling resources to capture and develop reinvestment opportunities delivered fruitful results amid challenging market conditions and volatility."

Correspondingly, however, the performance of our Free Duty shops continues to be marred by high rentals and the decrease in high-spending visitors from Mainland China. The Transport business also suffered a significant loss of bus patronage during the "Occupy Central Movement" period and from the subsequent rollout of the MTR West Island Line in the latter half of 2014. Nevertheless, the Group is confident that such impact on our bus operations can be lessened over time through rationalization of bus routes and with the fuel cost being curbed at a low ebb through hedging arrangements.

With a clear focus to allocate resources to the management and development of infrastructure and services related businesses, the Group scaled down certain strategic investments in FY2015. This included the sale of shares in Newton Resources Ltd ("Newton Resources") which reduced the Group's equity interest from 48% to 35.5% in June 2015.

Performance Review

AOP grew by 2% to HK$4.457 billion while profit attributable to shareholders improved by 4% to reach HK$4.478 billion in FY2015. AOP growth of 8% posted by the Infrastructure division validated the Group's foresight and proficiency in entering the fast growing aviation industry and tackling the profit gap following the disposal of mature assets such as Companhia de Electricidade de Macau – CEM, S.A. ("Macau Power"). Riding on rising toll revenue and with Tangjin Expressway (Tianjin North Section) resuming operations in both directions following the substantial completion of expansion works in late December 2014, the Roads segment delivered AOP growth of 7%.

As earlier reported, the 6% decline in AOP for Services division was contributed by a number of factors. Firstly, the rise in rental expenses under the current concessions affected the profit margin of the Free Duty shops. Secondly, the dip in fare revenue resulted from a reduction in bus patronage. Lastly, there was a contraction in earnings under the Strategic Investment segment, which reflected a reduced investment portfolio.

While profit attributable to shareholders increased by 4%, the overall results were somewhat clouded by the combined impact of exceptional items. As explained in the interim results announcement, the disposal gain of approximately HK$1.5 billion from Macau Power was offset by the impairment losses on Newton Resources and Guangzhou Dongxin Expressway which amounted to HK$1.3 billion and HK$0.3 billion respectively. In the latter half of the financial year, the reclassification of Haitong International Securities Group Limited ("Haitong International") from an associated company to an available-for-sale financial asset yielded a fair value gain upon its remeasurement of approximately HK$0.9 billion although this was substantially offset by further losses on impairment and the partial disposal of Newton Resources of approximately HK$0.6 billion.

The Board is pleased to propose a final dividend of HK$0.33 per share, representing a payout ratio of approximately 50%.

Corporate Sustainability Development

The Group endeavours to bring social value to the people and communities that it serves through the mobilization of corporate resources and volunteer support. In 2014, we reached a milestone by releasing our first standalone sustainability report and dedicated website to enhance transparency and stakeholder communication. The Group is honoured to receive wider recognition for its dedicated and long standing efforts in corporate sustainability, including being selected as the constituent member of the Hang Seng Corporate Sustainability Benchmark Index five years in a row since the Index's inception and receiving consecutive awards in family friendly policies, corporate volunteering as well as web accessibility.

Corporate Governance

On behalf of the Board, I would like to congratulate Mr Tsang Yam Pui who was appointed as the Chief Executive Officer of the Company with effect from 1 July 2015 and welcome Mr Hui Hon Chung who joined the Company as the Deputy Chief Executive Officer on 1 September 2015. I believe these changes in the management team structure will serve to strengthen its capability to manage the Group's expanded portfolio and bring new impetus to the Group's performance.

Appreciation

In closing, I would like to extend my sincere gratitude to our business partners and shareholders for their support throughout the financial year. I must also thank our dedicated Board, management team and committed employees for their hard work and continuous efforts over the years. Their hard work has firmly cemented the Group's foundation to drive quality growth and create long-term shareholder value.

Dr Cheng Kar Shun, Henry
Chairman
Hong Kong, 23 September 2015

BOARD OF DIRECTORS

Dr Cheng Kar Shun, Henry GBS

Chairman

Dr Cheng, aged 68, 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 Executive Director of Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation, the Chairman and Non-executive Director of New World Department Store China Limited and Newton Resources Ltd, an independent non-executive director of HKR International Limited and Hang Seng Bank Limited and a non-executive director of SJM Holdings Limited, all being listed public companies in Hong Kong. He was a non-executive director of Lifestyle International Holdings Limited, a listed public company in Hong Kong, up to his retirement on 4 May 2015. 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 and Chief Executive Officer

Mr Tsang, aged 69, was appointed as Executive Director in June 2004 and became the Chief Executive Officer on 1 July 2015. He 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 and 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 a director of GHK Hospital Limited which owns and operates Gleneagles Hong Kong Hospital. 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). 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 Hui Hon Chung JP

Executive Director and Deputy Chief Executive Officer

Mr Hui, aged 64, was appointed as Executive Director and the Deputy Chief Executive Officer on 1 September 2015. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Group. Mr Hui joined Cathay Pacific Airways Limited ("Cathay Pacific") in 1975 as a management trainee and had held a range of management positions in Hong Kong and overseas. He was seconded to work in Beijing as the Chief Representative of John Swire & Sons (China) Limited in 1992 and later returned to Hong Kong in 1994 to assume the position of Chief Operating Officer of AHK Air Hong Kong Limited, a wholly owned subsidiary of Cathay Pacific. In 1997, Mr Hui joined Hong Kong Dragon Airlines Limited as its Chief Executive Officer. During the period from February 2007 to July 2014, he served as the Chief Executive Officer of Hong Kong Airport Authority. Mr Hui is an independent non-executive director of Air China Limited whose shares are listed in Hong Kong, London and Shanghai. Mr Hui has also served in a number of advisory committees both in Hong Kong and Mainland China, which included membership on the Greater Pearl River Delta Business Council, the Commission on Strategic Development of the HKSAR Government, Aviation Advisory Board, Aviation Development Advisory Committee, Vocational Training Council, the Hong Kong Logistics Development Council and the Hong Kong Tourism Board. Mr Hui was a member of the 4th and 5th Shenzhen Committee of the Chinese People's Political Consultative Conference. He is currently a member of the National Committee of the Twelfth Chinese People's Political Consultative Conference. Mr Hui is also a member of the General Committee of the Hong Kong General Chamber of Commerce. In July 2006, Mr Hui was appointed as a Justice of the Peace by the Chief Executive of the HKSAR. Mr Hui holds a Bachelor Degree of Science from The Chinese University of Hong Kong.

Mr Lam Wai Hon, Patrick

Executive Director

Mr Lam, aged 53, 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 Ivey Business School of Western University, Canada.

Mr Cheung Chin Cheung

Executive Director

Mr Cheung, aged 59, 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, 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 24 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. He is a Chartered Professional Accountant of Canada.

Mr Cheng Chi Ming, Brian

Executive Director

Mr Cheng, aged 32, 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., all being listed public companies in Hong Kong. Mr Cheng is a non-executive director of Tharisa plc, whose shares are listed on the Johannesburg Stock Exchange Limited. 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 66, was appointed as Independent Non-executive Director in May 1998 and was re-designated as 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 68, was appointed as Independent Non-executive Director in August 2002 and was re-designated as 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 41, 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.

Mr Kwong Che Keung, Gordon

Independent Non-executive Director

Mr Kwong, aged 66, 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 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), both 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 67, 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). Dr Cheng is also an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Moreover, he was an independent non-executive director of DBS Group Holdings Limited, a listed public company in Singapore, up to his resignation on 29 April 2013. Dr Cheng has a keen interest in the public services. He is currently a member of the Judicial Officers Recommendation Commission 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 Doctorate in Social Sciences *honoris causa* from The University of Hong Kong and a Doctorate in Business Administration *honoris causa* from The Hong Kong Polytechnic University. He graduated from the University of Notre Dame, Indiana with a BBA degree and from Columbia University, New York with an MBA degree.

The Honourable Shek Lai Him, Abraham GBS, JP

Independent Non-executive Director

Mr Shek, aged 70, 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, Cosmopolitan International Holdings Limited and Jinheng Automotive Safety Technology Holdings Limited (appointed on 25 June 2015), 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 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 71, was appointed as Non-executive Director in January 2003 and was re-designated as Independent Non-executive Director in 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.

Mr Yeung Kun Wah, David

Alternate Director to Mr Wilfried Ernst Kaffenberger

Mr Yeung, aged 65, 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 71, was appointed as Independent Non-executive Director in October 2012 and he is also a member of the Corporate Social Responsibility Committee of the Company. 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 48, 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 Western University, Canada. Mr Chow has over 25 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 60, 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 45, 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 52, 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 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.

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

Ms Tang, aged 51, 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 51, 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 55, 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 48, 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 50, joined the Group in 2002 and is currently the General Manager (Ports) of NWS Ports Management Limited, a wholly owned subsidiary of the Company. Mr Lee holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong and a Master of Business Administration degree from the University of Toronto, Canada. Mr Lee has extensive experience in project management and merger and acquisition activities. Prior to joining the Group, he had worked in several major multinational corporations.

Mr To Tsan Wai

General Manager – Logistics

NWS Service Management Limited

Mr To, aged 53, 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, a rail container terminal project in Mainland China and aircraft leasing business. 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 58, 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 Hong Kong Government.

Mr Choy Hon Ping

Managing Director

New World Construction Company Limited

Mr Choy, aged 58, 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" (2006-2012). He has over 39 years of experience in building construction in Hong Kong.

Clifford Noble Wallace III
Chairman
Shenyang New World Expo (Management) Limited

Mr Wallace, aged 68, is the Chairman of Shenyang New World Expo (Management) Limited and the Managing Director of NWS Venue Management Limited, both 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 50 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 50, joined Hong Kong Convention and Exhibition Centre (Management) Limited, a wholly owned subsidiary of the Company, in 1994 and is currently its Managing Director. Ms Lee is a proven veteran in the hospitality industry for over 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 68, 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. 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

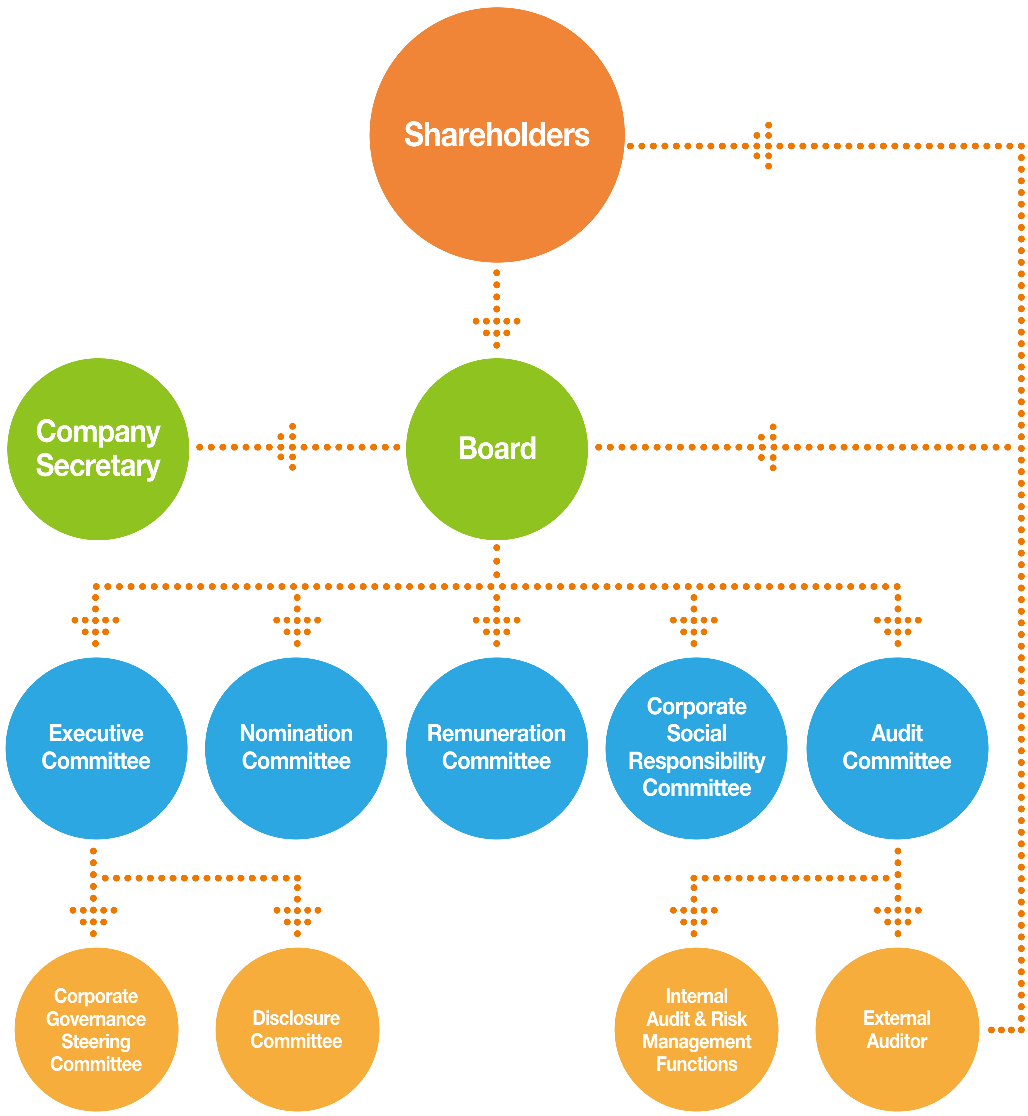
Mr Cheng, aged 56, joined Citybus Limited in 1992 and is the Managing Director of New World First Bus Services Limited and Citybus Limited. Both companies are wholly owned subsidiaries of NWS Transport Services Limited which is a joint venture of the Company. Mr Cheng is a member of the Hong Kong Institute 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 shareholder 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 FY2015.

The Board

The primary role of the Board is to protect and enhance long-term shareholder 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 14 members whose biographical details are set out in the Board of Directors and Senior Management section of this annual report. An updated list of directors of the Company and their respective role and function has been maintained on the website of each of the Hong Kong Stock Exchange and the Company. Updated biographical details of each director are also available on the Company's website.

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

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

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

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.

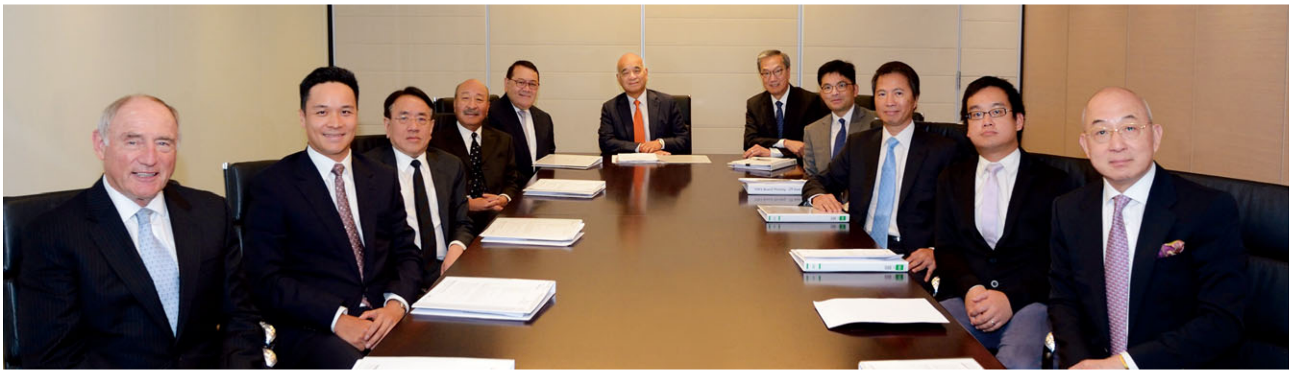
Six Board meetings were held during FY2015. Notice of not less than 14 days was given to directors for the regular Board meetings. Draft agenda for Board meetings were prepared by the Company Secretary and were circulated to all directors for comments before each meeting. Directors were given an opportunity 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 minutes of the Board meetings 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 FY2015, directors of the Company also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by the subject executive directors or the Company Secretary when required.

Pursuant to the bye-laws of the Company, a director, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement 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 FY2015.



Board meeting held in June 2015

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 meeting held during FY2015 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)	6/6	–	2/2	–	–	1/1
Mr Tsang Yam Pui	6/6	–	2/2	3/3	2/2	1/1
Mr Lam Wai Hon, Patrick	6/6	2/2(1)	–	3/3	2/2	1/1
Mr Cheung Chin Cheung	6/6	–	–	–	2/2	1/1
Mr Cheng Chi Ming, Brian	6/6	–	–	–	1/2	1/1
Non-executive directors:						
Mr To Hin Tsun, Gerald	6/6	–	–	–	–	1/1
Mr Dominic Lai	6/6	2/2	–	–	2/2	1/1
Mr William Junior Guilherme Doo	6/6	–	–	–	0/2	1/1
Independent non-executive directors:						
Mr Kwong Che Keung, Gordon	6/6	2/2	2/2	3/3	–	1/1
Dr Cheng Wai Chee, Christopher	6/6	2/2	2/2	3/3	–	1/1(2)
Mr Shek Lai Him, Abraham	6/6	2/2	2/2	3/3	–	1/1
Mr Wilfried Ernst Kaffenberger	6/6	–	–	–	–	1/1(2)
Mr Yeung Kun Wah, David (alternate director to Mr Wilfried Ernst Kaffenberger)	5/6	–	–	–	–	1/1
Mr Lee Yiu Kwong, Alan	6/6	–	–	–	2/2	1/1

Notes:

1. Mr Lam Wai Hon, Patrick attended the Audit Committee meetings as an invitee.
2. Joining the general meeting by way of telephone conference.
3. As Mr Hui Hon Chung was appointed as director of the Company on 1 September 2015, he has no attendance record during FY2015.

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 Hui Hon Chung, 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 recommendation 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, risk management and internal control systems and arrangements under the Company's whistleblowing policy • to govern the engagement of external auditor and its performance
Work performed during FY2015	• reviewing the audited financial statements of the Group for FY2014 and the interim results of the Group for FY2015 • reviewing the continuing connected transactions of the Company during FY2014 • reviewing the system of internal control of the Company • reviewing the internal audit plan of the Group for FY2016 and the internal audit reports prepared by the Group Audit and Risk Assurance Department of the Company ("GARA") • reviewing the audit plans from external auditor and its remuneration • making recommendation on the re-appointment of the external auditor • reviewing the manpower of the Group's finance team • reviewing the performance, constitution and terms of reference of the Audit Committee

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 FY2015	• reviewing the structure of the Board • reviewing the market survey report on board diversity prepared by external consultant • reviewing the independence of independent non-executive directors • making recommendations in relation to the re-appointment of the retiring directors • making recommendation in relation to the appointment of the Chief Executive Officer

(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 FY2015	• making recommendation to the Board regarding the proposal for grant of share options of the Company to directors and senior management • 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 FY2015 and the remuneration packages of executive directors • determining the remuneration packages of senior management • making recommendation in relation to the remuneration package for the Chief Executive Officer

(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 FY2015	• 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 progress of benchmarking and reporting of the Group's sustainability performance • reviewing the funding commitments and statement of financial position of NWS Holdings Charities Foundation

In addition to the abovementioned board committees, the Corporate Governance Steering Committee and the Disclosure Committee were set up in 2007 and 2013 respectively under the supervision of the Executive Committee to ensure that good corporate governance practices are implemented within the Group and proper compliance procedures are followed.

The Corporate Governance Steering Committee is currently chaired by Mr Hui Hon Chung and its members comprise Mr Cheung Chin Cheung, Mr Kwong Che Keung, Gordon and the department heads of the Company's Finance Department, Company Secretarial Department and GARA. This committee is responsible for identifying corporate governance standards and practices applicable to the Company, reviewing the existing corporate governance practices of the Group and considering promotion and enhancement of the corporate governance within the Group.

Members of the Disclosure Committee compose of Mr Tsang Yam Pui, Mr Hui Hon Chung, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung and Mr Cheng Chi Ming, Brian. This committee is responsible for promoting consistent disclosure practices aiming at timely, accurate, complete, and broadly disseminated disclosure of inside information about the Group to the market in accordance with applicable laws and regulatory requirements.

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, the non-executive directors have actively participated in the board committees of the Company 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 Board 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 FY2015 are shown in note 15 to the financial statements on pages 133 and 134 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.

The Nomination Committee considered the appointment of Mr Tsang Yam Pui as the Chief Executive Officer of the Company and the appointment of Mr Hui Hon Chung as an executive director and the Deputy Chief Executive Officer of the Company and made respective recommendations to the Board for consideration. The appointment of Mr Tsang Yam Pui as the Chief Executive Officer and the appointment of Mr Hui Hon Chung as an executive director and the Deputy Chief Executive Officer of the Company were approved by the Board and took effect on 1 July 2015 and 1 September 2015 respectively.

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. Accordingly, Mr Hui Hon Chung will retire at the forthcoming annual general meeting and being eligible, will offer himself for re-election.

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.

Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo, Mr Wilfried Ernst Kaffenberger and Mr Lee Yiu Kwong, Alan will retire by rotation at the forthcoming annual general meeting in accordance with the bye-laws of the Company. Mr Wilfried Ernst Kaffenberger has decided not to stand for re-election. The other retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

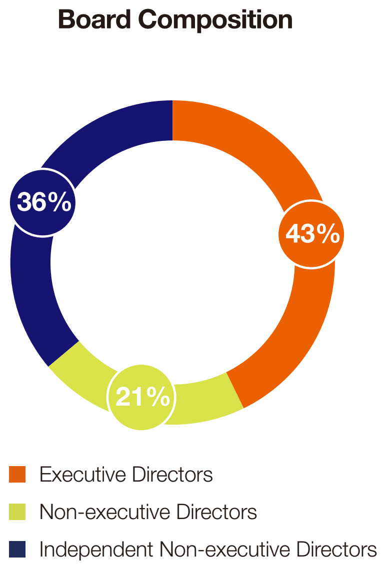
As announced by the Company, Mr Lam Wai Hon, Patrick, currently an executive director of the Company, will be re-designated as a non-executive director of the Company with effect from 1 January 2016.

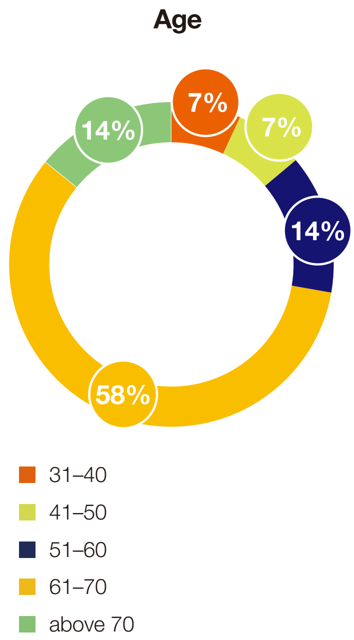
None of the directors of the Company has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

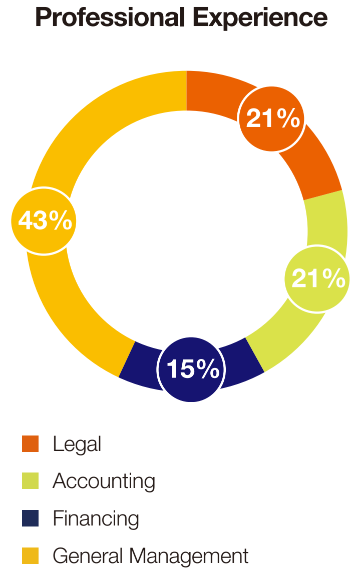
Board Diversity

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. The *"Board Diversity Policy"* has been reviewed by the Nomination Committee in 2015 for ensuring its effectiveness.







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 FY2015, 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 FY2015 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 approximately 20 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 of the Group) during FY2015.

Sustainability Seminar 2015


Green visit to Andersen Quarry in January 2015

Corporate Governance Function

The Board is responsible for performing the corporate governance duties. Specific terms of reference were 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 FY2015, the Company organized a corporate governance related seminar 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 the Model Code as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors and it was established that they had all complied with the required standards of the Model Code during FY2015. Securities interests in the Company and its associated corporations held by each of the directors of the Company are disclosed in the Report of the Directors section of this annual report.

The Company has also adopted the *"Code for Securities Transactions by Relevant Employees"*, which is no less exacting than the Model Code, 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 had confirmed that they complied with the standard set out in the *"Code for Securities Transactions by Relevant Employees"* during FY2015.

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

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

Risk Management and Internal Control

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 Group and individual business unit levels. GARA reviews the effectiveness of the Group's system of internal control in mitigating risks and monitors the Group's risk profile and exposure. In FY2015, 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.

The Board is responsible for ensuring that sound and effective risk management and internal control systems are 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 works.

With the authority delegated by the Board, the Audit Committee has conducted a review on the effectiveness of the internal control system of the Group for FY2015 and has reported to the Board its satisfaction on the system. 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 the Internal Control Compliance Certificate and the 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 controls 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.

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. Reported cases will be investigated by GARA in a confidential and timely manner and the investigation report will be submitted to the Executive Committee, the Audit Committee and the Corporate Governance Steering Committee.

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 regular rotation of 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 85 of this annual report.

Total auditors' remuneration for FY2015 in relation to statutory audit work of the Group amounted to HK$20.8 million (2014: HK$20.0 million), of which a sum of HK$19.5 million (2014: HK$18.8 million) was paid to PricewaterhouseCoopers. The remuneration paid to PricewaterhouseCoopers and its affiliated firms for services rendered is listed as follows:

	2015 HK$'m	2014 HK$'m
Statutory audit	**19.5**	18.8
Non-audit services (Note)	**4.6**	3.8
	24.1	22.6

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 FY2015.

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 FY2015, the Company Secretary undertook over 28 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 2015)

Category	Number of shares	Approximate percentage to the total issued share capital
NWD and its subsidiaries	2,315,076,231	61.32%
Chow Tai Fook Enterprises Limited	97,034,424	2.57%
Directors	37,046,333	0.98%
Individuals	12,850,868	0.34%
Institutions, corporates and nominees	1,313,358,044	34.79%
Total	**3,775,365,900**	**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 not less than 50%.

Dividend per share (in HK$)

Financial Year	Interim	Final	Total	Payout ratio
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%
2015	0.27	0.33	0.60	50.5%

Financial Calendar

Announcement of FY2015 final results	23 September 2015

For determining eligibility to attend and vote at the 2015 annual general meeting of the Company ("2015 AGM"):

Latest time to lodge transfer documents for registration	4:30 pm on 12 November 2015
Closure of register of members	13 to 17 November 2015 (both days inclusive)
Record date	17 November 2015
2015 AGM date	17 November 2015

For determining entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on 20 November 2015
Closure of register of members	23 November 2015
Record date	23 November 2015
Final dividend payment date	on or about 29 December 2015

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 Meeting

A general meeting was held during FY2015. The 2014 annual general meeting of the Company ("2014 AGM") was held on 18 November 2014 at HKCEC.

The Company's annual report and the circular containing information on the proposed resolutions and the notice of the 2014 AGM were sent to shareholders more than 20 clear business days prior to the meeting. All directors of the Company joined the meeting. Chairman or members of the board committees, as well as representative from the Company's external auditor, were available at the 2014 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.

The poll voting procedure was explained fully to shareholders during the 2014 AGM. 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 the 2014 AGM. All resolutions proposed at the 2014 AGM were passed by the Company's shareholders.

The 2015 AGM will be held on 17 November 2015. Details of the meeting are set out in the notice of the 2015 AGM which constitutes part of the circular to shareholders sent together with this annual report. Notice of the 2015 AGM and the proxy form are also available on our corporate website.

2014 AGM

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 FY2015, the team participated in 90 investor meetings in Hong Kong and overseas cities including London, New York, Chicago, San Francisco, Singapore, Beijing and Shanghai. To foster direct interaction between analysts and the management team, an analyst briefing session is held as soon as practical following results announcement.

The Company is covered by leading financial research institutions including CIMB Securities, Citigroup and Goldman Sachs. 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

The Company has not made any change to its constitutional documents during FY2015. A consolidated version of the Company's constitutional documents is available on the website of each of the Hong Kong Stock Exchange and the Company.

SUSTAINABILITY

We know that actions speak louder than words and we put social and environmental concerns at the heart of our corporate culture, business strategy and daily operations.

We also recognize the importance of corporate transparency and communicating effectively with all of our stakeholders. To this end, the Group published its first standalone Sustainability Report in December 2014, detailing our sustainability performance using the latest Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and making reference to the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide. The report covers corporate governance, economic performance, the environment, labour practices, human rights, society and product responsibility. Please visit our sustainability website http://sr.nws.com.hk for more details. We welcome your comments and feedback.

HUMAN CAPITAL

GROWING TOGETHER

A successful business can only be as great as the people behind it and at NWS Holdings, our 28,300 staff across Hong Kong, Mainland China and Macau are truly our most valued resource. Apart from providing competitive remuneration and a stimulating work environment, we continuously update our human resources policies and practices to ensure that our people grow as we do and that they feel part of our success.

Investing in Talent

Our Staff Career Development and Advancement Plan ensures that we play to individuals' strengths and encourage people to progress. Department heads and supervisors act as mentors to their subordinates to unleash their potential. Training, such as workshops, courses, seminars and external visits, are matched to the specific needs of individuals, covering professional development as well as management and technical skills. We also share training programmes, trainers and facilities within the New World Group, to generate economies of scale and encourage sharing of corporate vision and culture among our staff.

To support the development of managerial staff and facilitate succession planning, the Group sponsors senior management to join the Executive MBA programme taught by Ivey Business School of Western University, Canada. Aspiring young staff who exhibit intrapreneurial spirit and leadership skills are selected to participate in the New World YoungSTAR Programme, which provides professional-knowledge training, experiential training as well as interaction and sharing with our top management. Each year, the NWS Awards Presentation Ceremony recognizes individual staff members from across the Group who have made an outstanding contribution. In 2014, a new Best Team Award category was introduced to encourage collaboration and unity. Top performers are also considered for the New World Group Annual Outstanding Employee Award run by our parent company, NWD.

Employees with outstanding performance receive awards from the Group's top management at the NWS Awards Presentation Ceremony.

Nurturing Team Spirit

To encourage team problem-solving skills and enhance communication across departments, we have been running the Corporate Team-building Programme regularly since 2012. Our bi-annual NWS Adventure Day is another well-anticipated Group-wide event which extends an invitation to staff and their family members to enhance their sense of belonging and promote a healthy work-life balance. In FY2015, team activities of the Group also included NWS Corporate Outing 2014, a Christmas luncheon and Staff & Family Movie Day.

Staff members from our Corporate Office enjoy an outing to the Ping Shan Heritage Trail.

Creating a Great Workplace

We place great emphasis on giving support to our staff and maintaining effective communication with them. At our Corporate Office, for example, we provide our staff with healthy snacks and fruits to promote a healthy diet. A caring room has been set up in 2015 to give privacy to breast-feeding mothers. Staff are kept up-to-date with activities and developments across the Group through our internal newsletter, which has printed and electronic versions. Furthermore, staff are encouraged to share feedback and suggestions on company policies either in person or online.

We organize a wide range of leisure activities to cater for the varied interests and talents of staff.

Striking the Right Balance

We treat our staff as our family and encourage them to have a healthy work-life balance. Full-paid maternity and paternity leaves, along with birthday, marriage, examination and bereavement leaves, are available as appropriate. Leisure activities such as yoga, hiking, soccer and badminton, as well as parent-child activities like art jamming and baking classes are provided to staff. To extend our care to the families of staff, employees' children can earn scholarships through academic and other achievements.

Recognition of our Efforts

Our investment in our people and their well-being has earned plaudits from the Hong Kong Institute of Human Resource Management, which presented NWS Holdings with an Excellent Employee Wellness Award in 2014, and our care for staff has been recognized with a Best Practice Award 2014 in Employee Engagement by the Best Practice Management Group. Other recent awards included the Most Attractive Employer Award 2014 at the China Finance Summit and Distinguished Family-Friendly Employer Award from the Family Council, as well as Manpower Developer from the Employees Retaining Board since 2010. Most importantly, in our 2014 employee satisfaction survey, 98% of respondents indicated that they would recommend NWS Holdings as "a good place to work".

We are the Best Team

With drive and team spirit, the CLP sub-station project team of our subsidiary Hip Hing Construction Company Limited ("Hip Hing") won the first ever Best Team Award at the NWS Awards Presentation Ceremony 2014.

Throughout the years, the team has not only completed over 20 sub-station projects of CLP Power Hong Kong Limited ("CLP") to the highest standards of safety and quality, but also developed more efficient, safe and eco-friendly construction solutions. The team initiated the "Eco Green Office" campaign in 2011 and has introduced a self-sustaining ecosystem to various CLP sub-station construction sites, featuring renewable-energy generators, a rooftop organic farm and a fishpond. These efforts have won many prestigious external awards.

COMMUNITY CARE

GIVING 360° SUPPORT TO THE COMMUNITY

Our commitment to supporting the communities we serve runs deep in NWS Holdings' corporate culture. As well as providing financial support and organizing long-term community and environmental programmes, we also provide practical help through our dedicated volunteers. In FY2015, we organized and took part in over 170 community and volunteering events across the Group, many in partnership with local non-governmental organization ("NGO") partners. We are also supporting the NGO community to develop social enterprises and explore new models of operating, to help them deliver the maximum benefit to the greatest number of people.

Fostering a Caring Culture

The NWS Volunteer Alliance ("Alliance") has grown from its launch in 2001 into over 2,600 people who are committed to "serve our society with what we know, what we have and what our heart has told us". They are trained in skills ranging from haircutting and clowning to dancing and handcrafting, and then share those skills with people who need a helping hand. Our volunteers racked up over 13,000 hours of service in FY2015, and have accumulated over 135,000 service hours since the establishment of the Alliance. Our dancing group, which provides dancing workshops for the underprivileged as a healthy pursuit, is just one of the many ways in which we contribute to the community.

Home Sweet Home

The NWS Caring Day, held to celebrate the anniversary of the Group's Hong Kong listing, has become our signature event which benefits a different needy group each year. The event in 2015 coincided with Valentine's Day and fittingly focused on family love and community care. Under the theme "Home Sweet Home", volunteers of NWS Holdings worked with the Christian Family Service Centre to run activities for beneficiary families in Kowloon East, including a paper flowers workshop and a guided tour of Stanley, with buses provided by New World First Bus Services Limited ("NWFB") and Citybus Limited ("Citybus"). To amplify the scale of what can be achieved, related volunteering activities have been extended to run throughout the year following the NWS Caring Day.

Putting their Best Foot Forward

The Group's Career GPS Programme, entering its second phase in the autumn of 2014, helps young people aged 15 to 20 to plan and prepare for the world of work with career planning and skills training. The programme is run with the Hong Kong Playground Association and provides job shadowing across diverse business units, from public transport and the convention centre to construction. About 100 young people benefited from an enhanced programme which featured sessions on communications, selling skills, career-oriented training and talks.

About 300 corporate volunteers and beneficiary families from Kowloon East join in NWS Caring Day 2015 activities.

In Celebration of Seniors

NWS Holdings has committed to donating HK$3 million in 2013 to the Hong Kong Young Women's Christian Association to establish the YWCA NWS Y-Care Centre (North District) and provide a rehabilitation bus service to help the elderly to access rehabilitation and day care services. In its first year of operation in 2014, the centre received about 5,400 cumulative users and recorded a general satisfaction rate of over 90%. In addition, the Joyful Age Programme, which entered its second year in FY2015, trained volunteers to support the elderly in North District to lead full lives through an array of activities such as outings and laughter yoga classes.

Volunteers of Joyful Age Programme visit elderly people living in Sha Tau Kok, New Territories.

Recognizing Success

Our efforts to build a more inclusive and caring society have been acknowledged by multiple external organizations. Since 2011, NWS Holdings has been a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index, reflecting our environmental and social achievements as well as strong corporate governance.

During FY2015, the Alliance won its fourth consecutive Gold Award in the volunteer team category of the Hong Kong Corporate Citizenship Programme organized by the Hong Kong Productivity Council and the Committee on the Promotion of Civic Education.

The Group's representatives receive awards at the Hong Kong Corporate Citizenship Programme.

And, at the Web Accessibility Recognition Scheme Awards, run by the Office of the Government Chief Information Officer and the Equal Opportunities Commission, the website of NWS Holdings Charities Foundation and the Group's Sustainability website took Gold and Silver awards respectively. New World First Ferry Services Limited ("NWFF") also won two Gold awards for its mobile app and website.

Community Spirit Roars at Dragon Boat Race

In a show of determination, outstanding team spirit and creativity, the Group's volunteers and mentally disabled members of the Neighbourhood Advice-Action Council won a first runner-up and a best costume award at a dragon boat race in Sai Kung in June 2015. This was a particularly meaningful event which served to foster social integration of the disabled and the able-bodied.

In FY2015, the NWS Holdings Charities Foundation donated approximately HK$3.4 million to more than 20 NGO partners, supporting the elderly, youth, children, psychiatric rehabilitants and people with mental disabilities.

ENVIRONMENTAL FRIENDLINESS

MAKING OUR WORLD A BETTER PLACE

At NWS Holdings, we firmly believe that environmental sustainability is an essential part of long-term business success, as well as good corporate citizenship. Steered by our Environmental Sustainability Committee, we have been working continually to minimize environmental impact from our operations, and at the same time invest in businesses that actively contribute to making the world a better place. We see it as our responsibility to make good use of our resources to promote green causes, both internally and in the broader community.

Investing in the Environment

We are making targeted investments in environmental projects that deliver better outcomes for the environment while building our business and shareholder value. In FY2015, Sino-French Holdings (Hong Kong) Limited ("SFH"), our joint venture with Suez Environnement, has expanded its water and waste water treatment businesses in China's Sichuan Province. Moreover, at Suzhou Industrial Park Sludge Treatment Plant, which is a joint investment by SFH and its Chinese partner, its phase two sludge treatment facility officially broke ground in June 2015. Upon its completion, the plant will double its daily capacity to 600 tonnes.

We also make sizeable investments in energy-saving and emission-reduction solutions to enhance environmental performance. For instance, at Zhujiang Power Plants and Chengdu Jintang Power Plant, after the upgrade of denitrification, desulphurization and dust-precipitation facilities, the average rate of emission concentration for nitrogen oxide, sulphur dioxide and smoke dust emissions have been further reduced by at least 60%.

In Hong Kong, NWFB and Citybus introduced hybrid double-decker buses to Hong Kong's roads in November 2014. Hip Hing has also developed an automatic engine turn-off system for idling engines in its lift trucks, which can reduce fuel consumption by 25%. At the Hong Kong Convention and Exhibition Centre, motion-sensor dimming LED lights in fire escape staircases and energy-saving solar film fitted to glass walls are together expected to save 500,000 kWh of electricity every year. Likewise, we make every effort to implement and improve waste reduction and recycling practices in our operations. For instance, NWFF sends plastic bottles collected from its office and piers to a recycling centre, where they can be converted into reusable materials.

Sharing Successful Stories

With the aim of providing insights into current sustainability trends and sharing successful environmental measures across the Group, we organize an annual Sustainability Seminar for our managerial staff and green managers. In June 2015, the Sustainability Seminar featured professionals in economics, human resources and environmental protection as guest speakers. Around 300 managerial staff across the Group attended the Seminar.

Fostering a Green Corporate Culture

We are committed to improving our environmental performance and raising awareness among our staff of the importance of pursuing environmental goals. This is achieved through the work of our industrious green managers in all major business units across the Group. Our green managers are given regular training and site visits to stimulate new ideas and ensure they are up to date with the latest environmental-friendly technology. In FY2015, these activities included visits to the Hong Kong Science Park and Anderson Road Quarry in Hong Kong.

Green managers visit the Hong Kong Science Park to learn about its environmental-friendly architecture and technology.

Various campaigns across the Group have also been organized to promote energy saving and waste reduction among our staff. Such activities included a "food wise" cooking challenge, a green birthday party, an energy-saving contest and participation in Earth Hour 2015, to name just a few.

Spreading the Word

To raise public awareness of environmental protection, the Group has been running the annual NWS Hong Kong Geo Wonders Hike, its signature programme, with the Association for Geoconservation, Hong Kong since its first launch in 2008. The 2014 event was the seventh year running, and over the years these events have immersed more than 25,000 members of the public in a wide range of fun activities, such as guided tours and the GeoMazing Hunt Orienteering Contest in Cheung Chau. Other key initiatives included the "Tick & Hike" Asia-Pacific Global Geoparks Voting campaign, which encouraged the public to vote for their favourite Global Geoparks in Asia Pacific. The voting campaign contributed to the increased public engagement needed for the revalidation of Hong Kong Geopark's membership in the Global Geopark Network in 2015.

Participants in the GeoMazing Hunt Orienteering Contest learn rock cleaning techniques as part of the Group's geoconservation public awareness campaign.

Our Young Ambassadors for Geoconservation Training Programme ("YA Programme"), which provides geoconservation training and whole-person development for youngsters, is a key element of the NWS Hong Kong Geo Wonders Hike. In 2014, the programme attracted a record-high of about 600 applications from senior secondary students attending 90 schools in Hong Kong. With training capacity expanded to 240, the programme featured classroom training, a leadership camp, local field trips, an overseas exchange tour to Matsu, Taiwan, and training in urban planning.

A Young Ambassador leads a guided tour, which is part of the NWS Hong Kong Geo Wonders Hike campaign.

To encourage graduates of the YA Programme to share their knowledge of conservation and continue serving the community, we launched the YA Alumni Club in 2014. Over 600 YA Programme graduates can join training, guided tours and annual get-togethers. Outstanding alumni may be sponsored for training as professional geopark guides.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

Amid an unsteady external environment and volatile global financial market in the past year, the Group managed to sustain its growth momentum, albeit at a moderate pace. In a reassuring way, the Group demonstrated its ability to identify and acquire growth drivers to further enhance the quality of its well-balanced yet diversified asset portfolio to combat market fluctuations and setbacks. AOP of HK$4.457 billion for FY2015 represented an increase of HK$77.6 million from HK$4.379 billion for FY2014. Infrastructure division achieved an AOP of HK$2.625 billion, representing an increase of 8% when compared to HK$2.428 billion in FY2014. The AOP of Services division decreased by 6% to HK$1.832 billion compared to HK$1.951 billion in FY2014.

Contribution by Division

For the year ended 30 June

	2015 HK$'m	2014 HK$'m
Infrastructure	**2,624.9**	2,428.0
Services	**1,831.7**	1,951.0
Attributable operating profit	**4,456.6**	4,379.0
Corporate office and non-operating items		
Net gain on disposal of a project under a joint venture	**1,549.9**	–
Gain on deemed disposal of interests in joint ventures	**–**	594.3
Gain on disposal of projects, net of tax	**51.4**	79.0
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company	**914.0**	–
Gain on fair value of investment properties	**306.6**	111.4
Share of profit from Harbour Place, a residential development project	**71.9**	41.8
Loss on partial disposal and impairment loss related to an associated company	**(1,910.9)**	–
Impairment loss related to a joint venture	**(300.0)**	–
Provision for impairment on a joint venture	**–**	(72.1)
Interest income	**210.5**	113.2
Finance costs	**(522.0)**	(561.9)
Expenses and others	**(350.4)**	(359.8)
	21.0	(54.1)
Profit attributable to shareholders	**4,477.6**	4,324.9

During FY2015, the Group shared a gain of approximately HK$1.5 billion from the disposal of its indirect interest in Macau Power. Apart from unlocking the value of this mature asset and providing capital for new investments, the disposal also allowed SFH, a 50:50 joint venture beneficially owned by the Group and SUEZ, to focus its resources on the development of water and related businesses.

Management continues to adopt a proactive approach in managing the Group's investment portfolio. In view of the continuous dilution of the Group's shareholding in Haitong International following the past rights issues and fund raising activities and its past share prices performance, the Group decided to divest this investment in June 2015 in order to unlock shareholder value. Thereafter, this investment was reclassified from an associated company to an available-for-sale financial asset. This resulted in a fair value gain on the remeasurement of its value amounting to approximately HK$0.9 billion being recognized in FY2015 pursuant to HKAS 39 "Financial Instruments: Recognition and Measurement".

In June 2015, the Group completed the disposal of 12.5% of equity interest in Newton Resources to a wholly owned subsidiary of Shougang Holding (Hong Kong) Limited ("Shougang Holding"), a substantial shareholder of Newton Resources. The disposal enabled the Group to realize part of its non-core assets and re-allocate more resources to invest in the Group's core businesses. Immediately upon the completion of the aforesaid disposal, the Group owns 35.5% of the total issued shares of Newton Resources. However, based on the consideration of such disposal and the result of updated carrying value assessment performed, further impairment loss in the carrying value of the remaining interest in Newton Resources had to be accounted for by the Group. Accordingly, the total impairment loss on the carrying value of the Group's interest in Newton Resources and the loss on partial disposal recognized in FY2015 were amounted to approximately HK$1.9 billion.

In addition, an impairment loss of HK$0.3 billion for Guangzhou Dongxin Expressway was shared by the Group which was primarily attributable to the lower-than-expected traffic flow of the expressway.

As the abovementioned impairment losses were non-cash items, they bore no impact on the cash flow and the operation of the Group.

Contributions from the operations in Hong Kong accounted for 57% of AOP in FY2015 as compared to 52% in FY2014. Mainland China and Macau & others contributed 39% and 4% respectively, as compared to 38% and 10% respectively in FY2014.

Earnings per share

The basic earnings per share was HK$1.19 in FY2015, representing an increase of 2% from HK$1.17 in FY2014.

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 cost-efficient ways of financing.

Liquidity

As at 30 June 2015, the Group's total cash and bank balances which were mainly denominated in Renminbi and Hong Kong Dollar amounted to HK$10.422 billion, as compared to HK$7.637 billion a year ago. The Group's Net Debt as at 30 June 2015 was HK$6.389 billion, comparing to HK$10.031 billion as at 30 June 2014. The decrease in Net Debt was mainly due to operating net cash inflow, refund of investment deposits and dividends received from joint ventures, including the Group's share of proceeds from the disposal of the indirect interest in Macau Power. The capital structure of the Group of 27% debt and 73% equity as at 30 June 2015 remained comparable to 29% debt and 71% equity as at 30 June 2014.

Debt Profile and Maturity

As at 30 June 2015, the Group's Total Debt decreased to HK$16.811 billion from HK$17.668 billion as at 30 June 2014. The Group has spaced out its debt maturity profile to reduce refinancing risks. Among the long-term loans and borrowings of HK$13.487 billion as at 30 June 2015, 43% will expire in the second year and 57% will expire in the third to fifth year. Bank loans were denominated in Hong Kong Dollar or Renminbi, while bonds were denominated in United States Dollar. Apart from the fixed rate bonds, bank loans were mainly floating rate interest-bearing. Interest rate swaps are used to hedge part of the Group's underlying interest rate exposure. The Group did not have any material exposure to exchange risk other than Renminbi during FY2015. As at 30 June 2015, 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$2.232 billion as at 30 June 2015, as compared to HK$1.616 billion as at 30 June 2014. These represented commitments 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

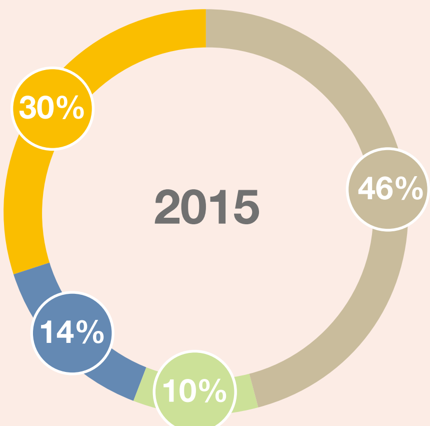
Contingent liabilities of the Group were HK$1.095 billion as at 30 June 2015, as compared to HK$1.104 billion as at 30 June 2014. These composed of guarantees for credit facilities of an associated company, joint ventures and a related company.

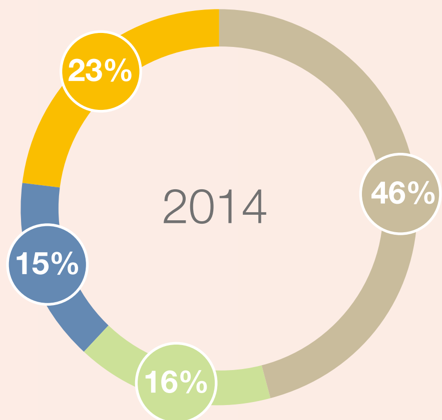
INFRASTRUCTURE

AOP Contribution by Segment

For the year ended 30 June

	2015 HK$'m	2014 HK$'m	Change % Fav./(Unfav.)
Roads	**1,201.0**	1,126.7	7
Energy	**256.2**	384.0	(33)
Water	**375.2**	355.7	5
Ports & Logistics	**792.5**	561.6	41
Total	**2,624.9**	2,428.0	8





Roads Energy Water Ports & Logistics

During FY2015, the Group successfully expanded into the aircraft leasing business by investing in Goshawk. Together with the full-year AOP contribution from BCIA and XCTG, AOP of the Infrastructure division in FY2015 registered growth of 8% to HK$2,624.9 million, despite the divestment of Macau Power in July 2014.

OPERATIONAL REVIEW

Roads

AOP from the Roads segment rose by 7% to HK$1,201.0 million as a result of the overall increase in toll revenue from the Group's road portfolio during FY2015.

Although traffic flow of HZRR dropped by 3% in FY2015, its toll revenue grew by 7% mainly due to the shift in traffic mix towards a higher proportion of heavy vehicles.

After resuming operations in both directions in FY2015, traffic volume of Tangjin Expressway (Tianjin North Section) has been picking up swiftly as evidenced by the 19% upsurge in average daily traffic flow. Nonetheless, there is still plenty of headroom for traffic growth based on the new traffic capacity of 92,000 vehicles per day.

In light of the economic development and implementation of unitoll system in Guangdong during FY2015, all of the Group's expressways in Guangdong Province recorded traffic growth. Average daily traffic flow in Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) grew by 5% and 10% respectively. Shenzhen-Huizhou Expressway (Huizhou Section) and Guangzhou-Zhaoqing Expressway also reported an increase in traffic volume by 11% and 8% respectively despite on-going construction works. Performance of Guangzhou City Nansha Port Expressway improved with its average daily traffic flow up by 12%. The operating loss at Guangzhou Dongxin Expressway narrowed in FY2015 as traffic volume rose by 35%. However, as the actual traffic flow of Guangzhou Dongxin Expressway remained below expectation, an impairment loss of HK$300.0 million was shared by the Group during FY2015.

Guangzhou City Northern Ring Road

Along with continuing competition from nearby roadways and expressways, average daily traffic flow of Guangxi Roadways Network dropped by 15% in FY2015.

In Hong Kong, average daily traffic flow of Tate's Cairn Tunnel reported a healthy growth of 5% during FY2015.

Energy

AOP of the Energy segment dropped by 33% to HK$256.2 million mainly due to the divestment of Macau Power during FY2015.

The growth in hydro-electricity supply and the weakening local demand continue to have a negative impact on the Group's coal-fired power plants in Mainland China. Consequently, electricity sales volume of Zhujiang Power Plants and Chengdu Jintang Power Plant fell by 5% and 19% respectively. However, the operating margins improved on the back of falling coal price during FY2015.

Zhujiang Power Stations

Guangzhou Fuel Company posted a 27% growth in trading volume primarily due to the expansion of sales network to northern China. However, its AOP contribution was adversely affected by the initial operating loss from a coal mine during the early stage of its operation.

Water

AOP of the Water segment increased by 5% to HK$375.2 million in FY2015.

Sales volume of Zhongshan Quanlu and Dafeng Water Plants and Chongqing Water Plant increased by 14% and 7% respectively during FY2015. Waste water volume treated by Shanghai SCIP Water Treatment Plants also posted a healthy growth of 15%. Full-year AOP from Jiangsu Water Company also contributed to the growth of the segment. During FY2015, SFH successfully broadened its revenue stream by providing various technical consultancy services in Mainland China and expanded its presence in Sichuan Province by investing in a water-related fund with other local players.

Due to the reduction in waste water treatment tariff of 14.5% by the Chongqing municipal government starting from 2014, Chongqing Water Group recorded a drop in AOP in FY2015.

In Macau, sales volume of Macau Water Plant grew by 5% and a tariff hike of 5.6% became effective in August 2014.

Macau Water Plant

Ports & Logistics

The Ports & Logistics segment registered a strong growth as AOP increased by 41% to HK$792.5 million in FY2015, including a significant contribution from the aviation business, namely BCIA and Goshawk.

BCIA provided immediate AOP to the Group since its acquisition in December 2013 and delivered a first full-year profit contribution in FY2015. As the world's second busiest airport in terms of passenger throughput, BCIA served 88,620,000 passengers in FY2015.

To capture the growing demand for air transportation, the Group entered the commercial aircraft leasing sector by acquiring 40% equity interest in Goshawk and certain outstanding loan notes together with interest payable at a cash consideration of approximately US$222.5 million in February 2015. As at 30 June 2015, Goshawk owned a fleet of 40 aircraft, which were all on lease to airlines around the world.

XCTG achieved a throughput of 7,087,000 TEUs and generated full-year AOP in FY2015. In Tianjin, the throughput of Tianjin Five Continents International Container Terminal Co., Ltd. grew by 8% to 2,600,000 TEUs while the throughput of Tianjin Orient Container Terminals Co., Ltd. remained stable at 935,000 TEUs in FY2015.

Tianjin Five Continents International Container Terminal

Driven by China Railway Corporation's support policies for containerized cargoes and the Chinese government's "Belt and Road Initiative", the throughput of CUIRC grew healthily by 12% to 1,817,000 TEUs in FY2015.

Demand for logistics and warehousing facilities in Hong Kong remained strong during FY2015. The occupancy rate of ATL Logistics Centre stayed at the all-time high level of 99.5% while its average rental rose by 17%. NWS Kwai Chung Logistics Centre continued to provide steady AOP and cash inflow to the Group.

BUSINESS OUTLOOK – INFRASTRUCTURE

The economic data from Mainland China continues to show signs of sluggishness while the tumbling stock markets and unexpected Renminbi devaluation have sent shock waves around the world's financial markets. All eyes remain focused on the Chinese authorities for further policy support. With a strong war chest and having divested a number of its investments in FY2015, the Group is well prepared to capture investment opportunities to further strengthen its infrastructure asset portfolio.

Beijing Capital International Airport

Roads

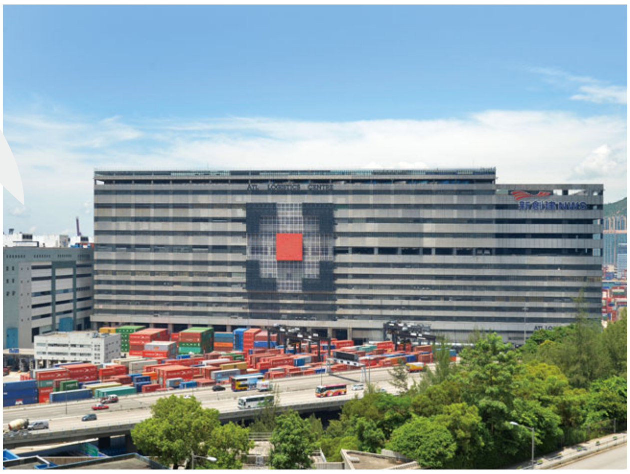
In July 2015, the Ministry of Transport of Mainland China published a draft amendment of "Regulation on the Administration of Toll Roads" and invited public opinions. This blueprint provides clearer directives on toll regulation and sets forth the framework on concession period including concession extension after road expansion. Notwithstanding the results of this consultation process, urbanization in Mainland China should continue to fuel traffic growth.

Tangjin Expressway (Tianjin North Section) has seen promising traffic growth as utilization rate continues to improve following the substantial completion of the road expansion. Road expansion works at Shenzhen-Huizhou Expressway (Huizhou Section) are scheduled for completion by the end of 2015. To alleviate the bottleneck in the western section during peak hours, HZRR has undertaken road improvement works which will also be completed by the end of 2015. The above developments will boost the overall competitiveness of the Group's road portfolio. On the other hand, road network and economic development in Guangzhou Panyu and Nansha regions are crucial to the performance of Guangzhou Dongxin Expressway and Guangzhou City Nansha Port Expressway. The Group will continue to closely monitor the performance of these two expressways.

In July 2015, the Group disposed most of its concession rights in Guangxi Roadways Network. The disposal, which had no material impact to the Group's financial position, allowed the Group to focus on the operation of expressways.

Energy

Weakening electricity demand and intensifying competition from renewable and nuclear energy will continue to put pressure on the coal-fired power plants in Mainland China. While utilization rates of coal-fired generators are set to fall in 2015, the Group will explore business opportunities driven by the liberalization of the electricity market which would in turn open up the grid and distribution system in Mainland China. As green energy becomes more technically mature and commercially viable, its market share is set to grow further with the support of government policies. To this end, the Group will closely monitor the investment potentials in alternative energy.


ATL Logistics Centre

Water

In April 2015, the Chinese government published the "Action Plan for Water Pollution Prevention and Control" with an aim to improve water quality and management of water resources throughout Mainland China. The new action plan reaffirms the immense growth potential of the water industry in Mainland China especially waste water and sludge treatment. SFH, which has tapped into this niche market since the early 2000s, is well positioned to capture this opportunity with its business know-how and local knowledge. Qingdao Dongjiakou Waste Water Plant and Yangzhou Sludge Treatment Plant are scheduled to commence operations in FY2016 while expansion of the sludge treatment facility in Suzhou is expected to be completed in 2016. Apart from operating its own assets, SFH will further strengthen its technical consultancy and management services.

In June 2015, the Group, through a joint venture with SUEZ as the other partner, signed an agreement with Chongqing Water Assets Management Co., Ltd. to form a RMB30.0 billion platform to invest in environmental-related businesses, including waste-to-energy projects in Mainland China. Subject to relevant government approvals, the Group will indirectly own about 12.55% interest in the investment entity upon completion of the said agreement. The Group's share of capital contribution will be substantially met by the injection of its indirect stake in Chongqing Water Group.

To meet the growing water demand in Macau, Macau Water Plant completed the expansion of its water plant treatment facilities in September 2015 with its capacity increased by 60,000 m^3 to 390,000 m^3 per day.

Ports & Logistics

The throughput growth of global ports has slowed in 2015 but the trend is expected to reverse in 2016, particularly along the European and Latin America routes. Operations at XCTG have been running smoothly since its establishment in 2013. In September 2015, the Group increased its stake in XCTG by 6.2% to 20% at a cash consideration of RMB450.8 million.

Establishment of new trade routes based on the "Belt and Road Initiative" is at the top of the agenda of the Chinese government. The initiative will continue to strengthen economic ties and trading activities between Mainland China and various countries in Asia, Europe and Africa. Coupled with support policies from China Railway Corporation, CUIRC's rail container transportation business will become a major beneficiary of this mega development project. To capitalize on future growth opportunities, construction of the new terminals in Tianjin and Urumqi is scheduled for completion in 2016 while the development of Guangzhou terminal is in the pipeline. Expansion plan at Chongqing terminal to double its capacity is due to be completed by the end of 2015.

Performance of BCIA and Goshawk will benefit from the effects of globalization and increasing air traffic. In response to the proposition for the joint development and integration of Beijing, Tianjin and Hebei, BCIA has formulated strategic cooperation plans with Tianjin and Hebei airports including resources sharing to optimize its flight route network. The growth momentum of BCIA's non-aeronautical businesses will also widen its revenue stream. In FY2016, AOP of the Ports & Logistics segment will be boosted by the full-year contribution from Goshawk which is set to expand its fleet size to over 50 aircraft by the end of 2015.

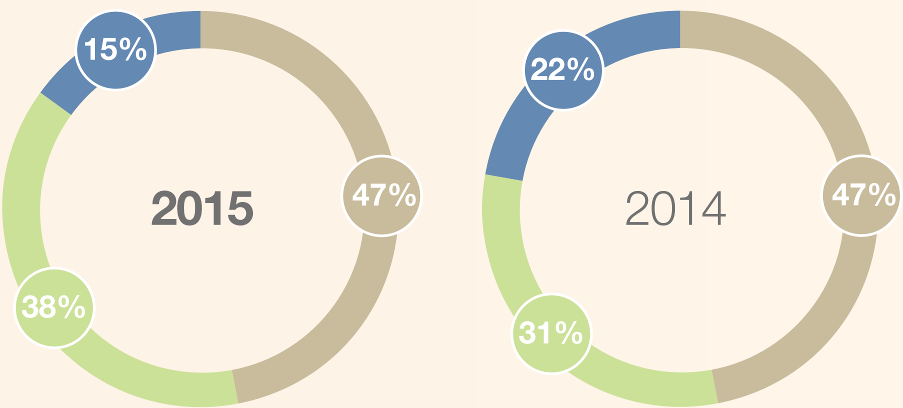
The demand for logistics and warehousing facilities in Hong Kong is expected to slow down due to the weakening retail sales and the growing supply from the development of new warehouses will inevitably stir up competition. With the potential impact of these factors in mind, ATL Logistics Centre has initiated a 4-year building rehabilitation programme in FY2015 to solidify its leading position in the market.

SERVICES

AOP Contribution by Segment

For the year ended 30 June

	2015 HK$'m	2014 HK$'m	Change % Fav./(Unfav.)
Facilities Management	**861.5**	910.7	(5)
Construction & Transport	**691.1**	605.3	14
Strategic Investments	**279.1**	435.0	(36)
Total	**1,831.7**	1,951.0	(6)



Facilities Management Construction & Transport Strategic Investments

The Services division recorded an AOP of HK$1,831.7 million in FY2015, representing a 6% decrease from FY2014. The drop in contribution from the Strategy Investments segment reflected a reduced investment portfolio while the profit margin of the Free Duty and Transport businesses declined due to rising rental and the effects of "Occupy Central Movement" and the opening of MTR West Island Line respectively. The above impacts are partly offset by the Construction business, which reported healthy growth alongside the vibrant property market.

OPERATIONAL REVIEW

Facilities Management

The Facilities Management segment mainly comprises the management and operation of HKCEC and the business of Free Duty.

HKCEC continued to be the preferred venue for international event organizers in staging world-class exhibitions and conferences in Hong Kong. During FY2015, 1,113 events were held at HKCEC with a record-breaking patronage of approximately 6.4 million, notwithstanding the "Occupy Central Movement" which happened to coincide with the peak trade fair season. This exemplified the responsiveness and flexibility of the management team in handling difficult and challenging situations. In view of the space saturation during peak seasons, HKCEC continued to offer low season rental incentives, new exhibition rebate and new international trade fair incentive to attract new ventures and international events during off-peak periods. This proved to be a successful strategy having attracted new exhibitions of diverse themes and recurrent exhibitions with growing gross exhibition space. Through proactive business development and by focusing on service excellence, HKCEC will continue to sustain its growth momentum.

The overall performance of Free Duty in FY2015 was impacted by higher rental expenses and the reduction in the number of high-spending visitors from the Mainland. However, this is partially compensated by an increasing number of travellers and shoppers at Lok Ma Chau Station. With effect from November 2014, a five-year duty free concession contract at the Macau International Airport was awarded to a 60% owned subsidiary of the Group. The Group will continue to actively seek opportunities to further extend its duty free footprint overseas.

Engineers of Hip Hing Construction Company Limited inspecting a construction site

Construction & Transport

AOP contribution from the Construction business grew encouragingly by 31% to HK$565.8 million in FY2015 mainly due to the improved gross profit and project progress. Major projects during FY2015 included New World Centre remodeling, commercial developments at Hung Luen Road and Hoi Bun Road, Shatin Communications and Technology Centre for Hong Kong Jockey Club, residential developments at Clear Water Bay Road and a recreational project at Pak Kong, Sai Kung. In addition, new tenders awarded in FY2015 included West Kowloon Government Offices, property development at West Rail Tsuen Wan West Station TW6, Gleneagles Hong Kong Hospital and Xiqu Centre for West Kowloon Cultural District. As at 30 June 2015, the gross value of contracts on hand for the Construction business was approximately HK$71.0 billion and the remaining works to be completed amounted to approximately HK$50.9 billion.

Hong Kong Convention and Exhibition Centre

New World Centre remodeling in Tsim Sha Tsui undertaken by New World Construction Company Limited

New World First Bus and Citybus

The Group's Transport business reported an AOP of HK$125.3 million in FY2015, representing a 27% decrease compared to FY2014. The decline was primarily attributable to the fall in patronage resulting from the "Occupy Central Movement" from September to December 2014 and the subsequent opening of the MTR West Island Line in late December 2014.

Strategic Investments

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

Tricor's corporate services businesses performed solidly during FY2015 and captured about 55% of the total share of new listings in Hong Kong. Its business operations in Hong Kong, Singapore and Malaysia altogether contributed about 84% of the total profit of Tricor in FY2015.

Benefiting from business expansion and the swift rise in transaction volume of the Hong Kong stock market in the first half of 2015, Haitong International attained notable growth across all business lines including corporate finance, brokerage and margin financing, equity derivatives, fixed income, asset management and investment businesses. Consequently, Haitong International's AOP contribution in FY2015 increased significantly. In June 2015, in view of the low shareholding following a series of dilutive fundraising activities of Haitong International and the past performance of its share prices, management considered that it would be in the interests of the Group to divest this investment. Accordingly, Haitong International was reclassified from an associated company to an available-for-sale financial asset according to HKAS 39 "Financial Instruments: Recognition and Measurement".

Production at the Yanjiazhuang Mine remained suspended in FY2015 and Newton Resources explored new income stream including the sale of gabbro-diabase and crushed stone. In June 2015, the Group completed the disposal of 12.5% of equity interest in Newton Resources to Shougang Holding and the Group's shareholding in Newton Resources dropped to 35.5%.

The Group holds approximately 16% equity interest in Tharisa, a company that is principally engaged in chrome mining and processing in South Africa whose ordinary shares are listed on the Johannesburg Stock Exchange Limited. A board member of the Company has been appointed as a non-executive director of Tharisa with effect from 19 December 2014. Tharisa was thereafter reclassified as an associated company as the Group has the ability to exercise significant influence in Tharisa's business including financial and operating policies through its board representation.

During FY2015, Hyva's sales declined in Mainland China, America and Eastern Europe; this impact was partially offset by the sales recovery in India and Western Europe.

BUSINESS OUTLOOK – SERVICES

Global economic performance has been weaker than expected in the past year but the Hong Kong domestic sector has stayed resilient and held its ground against sluggish export performance and inbound tourism trend. Looking ahead, the global economic outlook will remain fragile with notable downside risks associated with various uncertainties such as the timeframe for US interest rate lift-off and the policy divergence among major central banks. Mainland China's economic growth reached 7% in the second quarter of 2015 but still faces increased downward pressure. In face of various external headwinds, Hong Kong's economic growth in the coming year will rely on local consumption underpinned by favourable job and income conditions, investment spending from enterprises and government infrastructure projects.

Free Duty

Facilities Management

HKCEC has been voted the "Best Convention and Exhibition Centre in Asia" for 12 times from 2001 to 2015 by CEI Asia magazine, one of the most influential trade publications in the region, and awarded the "Best Convention & Exhibition Centre" for the sixth time by TTG Asia, a leading travel trade business resource publication in the Asia-Pacific. Having firmly solidified its leading position in the industry, HKCEC will continue to host premier international events such as Hong Kong International Jewellery Show and Art Basel Hong Kong. Besides, HKCEC will endeavour to sustain healthy organic growth and enhance its competitiveness by offering innovative solutions and quality services with the aid of the latest technologies and equipment to achieve total customer experience. Looking ahead, upmarket events and niche topics, like auction events, art exhibitions and luxury product shows will be the target growth drivers.

A reduction in the number of high-spending visitors from the Mainland and the weakening inbound tourism in general have negatively impacted Free Duty's business. However, in light of the growth momentum at the Lok Ma Chau outlets, the Group remains optimistic that duty free sales will improve, especially after having established its presence in Macau and renewed the concession contracts at Macau Ferry Terminal and China Hong Kong Ferry Terminal for three years to 2018. At the same time, the Group will actively seek opportunities to extend its footprint overseas.

Foundation works of Gleneagles Hong Kong Hospital were completed and the building superstructure construction work is underway as scheduled. The hospital will commence operations in early 2017 as planned.


New World First Ferry

Construction & Transport

Despite the Hong Kong government's effort to cool down the housing market and signs of interest rate hike, the demand for construction services remained strong. The construction boom is expected to continue over the short to medium term. Based on the existing contracts on hand and the opportunities to participate in other sizeable projects, the Group has a healthy order book and a good pipeline of projects. However, labour shortage, 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.

Transport business was severely affected by "Occupy Central Movement" and the opening of the MTR West Island Line in FY2015. From all accounts, the former event is unlikely to repeat in FY2016. As regards the competition from the West Island Line, we believe the negative effect will be substantially lessened by the implementation of the bus route rationalization programme since the beginning of this year and with the fuel costs being curbed at a lower level through hedging arrangements.

Conclusions

The Group's overall performance in FY2015 was characterized by quality organic growth in a number of key segments within the Group's diversified asset portfolio and newly established catalysts from value-driven mergers and acquisitions dating back to FY2014. Despite the significant impairment losses from Newton Resources and Guangzhou Dongxin Expressway, the Group was able to maintain a creditable level of profitability.

The future growth prospect of the aviation business is encouraging in light of Goshawk's expansion plan and BCIA's strategies to maximize upside potential. Meanwhile, the robust traffic growth at our major toll roads and the acquisition of additional interest in XCTG will provide further growth impetus to the Infrastructure division.

Notwithstanding the headwinds in FY2015, the Group is confident that the Services division will remain resilient. The Construction business will thrive with the demand for property firmly outpacing supply. After lengthy negotiations with the government and District Councils, our bus companies have implemented a series of bus service rationalization plans to counteract the competition from the enlarged railway network. The Group has also successfully renewed the franchise for Hong Kong Island and Cross-Harbour Bus Network (Franchise 1) for Citybus Limited for 10 years till June 2026. Last but not least, the uncompromising dedication and focus of the management in maximizing sales at HKCEC and Free Duty shops will enable the Facilities Management segment to stay competitive in changing times.

The latest initiatives to divest non-core assets fortified the Group's proactive approach to infrastructure and asset management. Against the backdrop of global economic uncertainty, we saw increased volatility in both the worldwide stock markets and the exchange rate of Renminbi after FY2015. These events would inevitably add pressure to our performance in FY2016 but we do not expect that they have a significant impact on the liquidity or financial position of the Group. Management will closely monitor any major changes to the market and continue to leverage on our solid financial position and prudent capital management to drive sustainable growth and shareholder return.

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The directors of the Company submit their report together with the audited financial statements of the Group for the year ended 30 June 2015.

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 2015 are set out in the financial statements on pages 86 to 180.

The Board has resolved to recommend a final dividend for the year ended 30 June 2015 (the "Final Dividend") in scrip form equivalent to HK$0.33 per share (2014: HK$0.22 per share) with a cash option to the shareholders whose names appear on the register of members of the Company on 23 November 2015. Together with the interim dividend of HK$0.27 per share (2014: HK$0.36 per share) paid in May 2015, total distribution of dividend by the Company for the year ended 30 June 2015 will thus be HK$0.60 per share (2014: HK$0.58 per share).

Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 17 November 2015 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$0.33 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 25 November 2015.

Subsidiaries

Particulars of the Company's principal subsidiaries are set out in note 43 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 44 and 45 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 31 to the financial statements.

Distributable Reserves
At 30 June 2015, the Company's reserves available for distribution amounted to HK$6,748.8 million (2014: HK$2,649.4 million).

Donations
During the year, the Group made charitable donations amounting to HK$3.0 million (2014: HK$3.7 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 30 to the financial statements.

Pre-Emptive Rights
There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda.

Purchase, Sale or Redemption of the Company's Listed Securities
The RMB1,000,000,000 2.75% guaranteed bonds due 2014 (the "Bonds", which were listed on The Singapore Exchange Securities Trading Limited) issued by Silvery Castle Limited, an indirect wholly owned subsidiary of the Company, and guaranteed by the Company matured on 14 July 2014. The Bonds were fully redeemed at their principal amount on the said maturity date.

Save as disclosed above, 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 2015.

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 *(Chairman)*	
Mr Tsang Yam Pui *(Chief Executive Officer)*	(appointed as Chief Executive Officer on 1 July 2015)
Mr Hui Hon Chung *(Deputy Chief Executive Officer)*	(appointed on 1 September 2015)
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 86(2) of the Company's bye-laws, Mr Hui Hon Chung will retire at the forthcoming annual general meeting and being eligible, will offer himself for re-election.

In accordance with bye-law 87 of the Company's bye-laws, Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo, Mr Wilfried Ernst Kaffenberger and Mr Lee Yiu Kwong, Alan will retire by rotation at the forthcoming annual general meeting. Mr Wilfried Ernst Kaffenberger informed the Board that he would not offer himself for re-election. The other retiring directors, 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 and aircraft leasing businesses	Director
	FSE Holdings Limited group of companies	Carpark management	Director and shareholder
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
Mr William Junior Guilherme Doo	FSE Holdings Limited group of companies	Carpark management	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 businesses 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 2015, the directors and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO:

(a) Long position in shares

	Number of shares				Approximate percentage of shareholding as at 30.06.15
	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	0.804%
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	502,949	–	115,394(3)	618,343	0.016%
Mr Kwong Che Keung, Gordon	1,207,077	–	–	1,207,077	0.032%
Dr Cheng Wai Chee, Christopher	2,644,155	–	–	2,644,155	0.070%
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)					
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%

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.

Directors' Interests in Securities (continued)

(b) Long position in underlying shares – share options

(i) The Company

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

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 01.07.14	Granted during the year	Adjusted during the year[(2)]	Exercised during the year	Balance as at 30.06.15	Exercise price per share[(2)] HK$
Dr Cheng Kar Shun, Henry	9 March 2015	(1)	–	7,400,000	1,080	–	7,401,080	14.158
Mr Tsang Yam Pui	9 March 2015	(1)	–	3,700,000	540	–	3,700,540	14.158
Mr Lam Wai Hon, Patrick	9 March 2015	(1)	–	3,700,000	540	–	3,700,540	14.158
Mr Cheung Chin Cheung	9 March 2015	(1)	–	3,700,000	540	–	3,700,540	14.158
Mr Cheng Chi Ming, Brian	9 March 2015	(1)	–	3,700,000	540	–	3,700,540	14.158
Mr To Hin Tsun, Gerald	9 March 2015	(1)	–	700,000	102	–	700,102	14.158
Mr Dominic Lai	9 March 2015	(1)	–	700,000	102	–	700,102	14.158
Mr William Junior Guilherme Doo	9 March 2015	(1)	–	700,000	102	–	700,102	14.158
Mr Kwong Che Keung, Gordon	9 March 2015	(1)	–	1,400,000	204	–	1,400,204	14.158
Dr Cheng Wai Chee, Christopher	9 March 2015	(1)	–	1,400,000	204	–	1,400,204	14.158
Mr Shek Lai Him, Abraham	9 March 2015	(1)	–	1,400,000	204	–	1,400,204	14.158
Mr Wilfried Ernst Kaffenberger	9 March 2015	(1)	–	1,400,000	204	–	1,400,204	14.158
Mr Lee Yiu Kwong, Alan	9 March 2015	(1)	–	1,400,000	204	–	1,400,204	14.158

Notes:

(1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40% of the share options are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.

(2) The Company declared interim dividend for the six months ended 31 December 2014 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK$14.160 to HK$14.158 on 19 May 2015.

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

Directors' Interests in Securities (continued)

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

(ii) NWD

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

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 01.07.14	Adjusted during the year(2)	Exercised during the year	Balance as at 30.06.15	Exercise price per share(2) HK$
Dr Cheng Kar Shun, Henry	19 March 2012	(1)	10,648,284	16,529	–	10,664,813	9.161

Notes:

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

(2) NWD declared final dividend for the financial year ended 30 June 2014 and interim dividend for the six months ended 31 December 2014 both 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$9.176 to HK$9.172 on 30 December 2014, and further to HK$9.161 on 22 May 2015.

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

(iii) New World China Land Limited

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

Name	Date of grant	Exercisable period (Note)	Number of share options: Balance as at 01.07.14	Exercised during the year	Balance as at 30.06.15	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 of the directors for the grant of the share options was HK$10.

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:

Name	Amount of debentures in US$				Approximate percentage to the total amount of debentures in issue as at 30.06.15
	Personal interests	Family interests	Corporate interests	Total	
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 director of the Company has interest in the debentures issued by NWCL, which include the RMB3,000,000,000 5.50% bonds due 2018 and the US$900,000,000 5.375% notes due 2019 under its US$1,500,000,000 medium term note programme. Details of the debentures held by him are as follows:

Name	Amount of debentures in RMB				Approximate percentage to the total amount of debentures in issue as at 30.06.15
	Personal interests	Family interests	Corporate interests	Total	
Mr William Junior Guilherme Doo	–	–	27,628,000 (Note)	27,628,000	0.295%

Note: The debentures are held by a company wholly owned by Mr William Junior Guilherme Doo of which RMB6,128,000 debentures were issued in US$ and has been translated into RMB using the rate of US$1 = RMB6.128.

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:

	Amount of debentures in US$				
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**Approximate percentage to the total amount of debentures in issue as at 30.06.15**
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 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:

	Amount of debentures in US$				
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**Approximate percentage to the total amount of debentures in issue as at 30.06.15**
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, as at 30 June 2015, none of the directors or chief executive of the Company had or deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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	The Company had granted share options to certain eligible participants to subscribe for a total of 55,478,053 shares of the Company under the Scheme, which include an adjustment made pursuant to the rules of the Scheme, up to the date of this report. The total number of shares available for issue under the Scheme is 283,321,334 shares representing approximately 7.50% of the Company's issued share capital as at the date of this report.
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.

Share Option Scheme (continued)

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 2015, movement of share options granted by the Company under the Scheme is as follows:

(1) Details of the movement of share options granted to directors of the Company are disclosed under the section headed "Directors' Interests in Securities" above.

(2) Details of the movement of share options granted to other eligible participants are as follows:

		Number of share options					
Date of grant	**Exercisable period (Note)**	**Balance as at 01.07.14**	**Granted during the year(2)**	**Adjusted during the year(3)**	**Exercised during the year**	**Balance as at 30.06.15**	**Exercise price per share(3) HK$**
9 March 2015	(1)	–	24,170,000	3,487	–	24,173,487	14.158

Notes:

(1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40% of the share options are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.

(2) The closing price per share immediately before 9 March 2015, the date of grant, was HK$14.06.

(3) The Company declared interim dividend for the six months ended 31 December 2014 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK$14.160 to HK$14.158 on 19 May 2015.

(4) The cash consideration paid by each of the eligible participants for the grant of share options was HK$10.

The fair value of the share options granted during the year with exercise price per share of HK$14.160, which was adjusted to HK$14.158 per share on 19 May 2015, is estimated at HK$2.2563 per share option using the binomial option pricing model. Value is estimated based on the risk-free rate of 1.29% per annum with reference to the rate prevailing on the Hong Kong government bond, an approximately five-year period historical volatility of 30%, assuming dividend yield of 5.34% per annum and an expected option life of five years.

The binomial option pricing model required input of subjective assumption such as the expected stock price volatility. Change in subjective input may materially affect the fair value estimates.

Substantial Shareholders' Interests in Securities

As at 30 June 2015, 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: Beneficial interests	Number of shares: Corporate interests	Number of shares: Total	Approximate percentage to the issued share capital of the Company
Cheng Yu Tung Family (Holdings) Limited	–	2,412,110,655[(1)]	2,412,110,655	63.89%
Cheng Yu Tung Family (Holdings II) Limited	–	2,412,110,655[(2)]	2,412,110,655	63.89%
Chow Tai Fook Capital Limited	–	2,412,110,655[(3)]	2,412,110,655	63.89%
Chow Tai Fook (Holding) Limited	–	2,412,110,655[(4)]	2,412,110,655	63.89%
CTF Enterprises	97,034,424	2,315,076,231[(5)]	2,412,110,655	63.89%
NWD	1,556,162,882	758,913,349[(6)]	2,315,076,231	61.32%
Mombasa Limited	692,659,852	–	692,659,852	18.35%

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, 31,636,761 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 2015.

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 11 April 2014, a master services agreement was entered into between the Company and CTF Enterprises (the "CTF Enterprises Master Services Agreement") whereby each of the Company and CTF Enterprises agreed to, and agreed to procure that members of the Group or the 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 (as defined in (2) below) and the Group) (to the extent practicable), engage relevant members of the CTF Enterprises Group or the Group to provide certain operational services to relevant members of the Group or the CTF Enterprises Group during the term of the CTF Enterprises Master Services Agreement.

As at the date of signing of the CTF Enterprises Master Services Agreement, 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. Accordingly, CTF Enterprises was regarded as a connected person of the Company under the Listing Rules. Thus, 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 and the transactions contemplated thereunder were approved by the independent shareholders at the special general meeting of the Company held on 22 May 2014 (the "SGM"). The CTF Enterprises Master Services Agreement 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, the CTF Enterprises Master Services Agreement may be renewed for a further term of three years.

During the year ended 30 June 2015, 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	102.9	226.8
Operational services by members of the CTF Enterprises Group to members of the Group	1.0	1.2

Connected Transactions (continued)

(2) On 11 April 2014, a master services agreement was entered into between the Company and NWD (the "NWD Master Services Agreement") whereby each of the Company and NWD agreed to, and agreed 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 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 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 61.30% of the total issued share capital of the Company and was a substantial shareholder of the Company. Accordingly, NWD was regarded as a connected person of the Company under the Listing Rules. Thus, 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 SGM. The NWD Master Services Agreement 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, the NWD Master Services Agreement may be renewed for a further term of three years.

During the year ended 30 June 2015, 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	6,957.4	11,432.0
Operational services by members of the NWD Group to members of the Group	58.4	75.1

Connected Transactions (continued)

(3) On 11 April 2014, a master services agreement (the "DOO Master Services Agreement") was entered into between the Company and Mr Doo Wai Hoi, William ("Mr Doo") whereby each of the Company and Mr Doo agreed to, and agreed to procure that members of the Group or 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 from time to time or to control the composition of a majority of the board of directors, and the subsidiaries of such other companies) (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 DOO Master Services Agreement.

Mr Doo was the Deputy Chairman and a non-executive director of the Company within the preceding 12 months of the date of the 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 Mr Doo and hence a connected person of the Company. Thus, the DOO Master Services Agreement and all the transactions contemplated thereunder constituted continuing connected transactions of the Company under the Listing Rules.

The DOO Master Services Agreement and the transactions contemplated thereunder were approved by the independent shareholders at the SGM. The DOO Master Services Agreement 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, the DOO Master Services Agreement may be renewed for a further term of three years.

During the year ended 30 June 2015, the contract amounts for the operational services under the DOO 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	2.4	5.0
Operational services by members of the Services Group to members of the Group	782.4	2,150.2

Connected Transactions (continued)

(4) On 30 January 2015, a share purchase agreement (the "Share Purchase Agreement") was entered into between Natal Global Limited ("Natal Global", an indirect wholly owned subsidiary of the Company), Zion Sky Holdings Limited ("Zion Sky"), Investec Bank plc ("Investec") and Goshawk Aviation Limited ("Goshawk", a company which is engaged in commercial aircraft leasing) and pursuant to which, Natal Global agreed to purchase (i) 144,810,506 preference shares of Goshawk held by Zion Sky, representing 40% of the total issued share capital of Goshawk; and (ii) the loan notes in the outstanding principal amount of approximately US$60.9 million, representing approximately 18.7% of the estimated total outstanding notes as at the date of completion of the Share Purchase Agreement issued by GAL Dutch Finance B.V. under the senior notes deed dated 12 May 2014 and entered into between GAL Dutch Finance B.V. as issuer and, among others, Zion Sky and Investec as noteholders from Zion Sky at a total cash consideration of approximately US$222.5 million. The total consideration was paid by Natal Global on the date of completion of the Share Purchase Agreement.

As at the date of signing of the Share Purchase Agreement, Zion Sky was wholly owned by CTF Enterprises and CTF Enterprises held approximately 43.35% of the total issued share capital of NWD and approximately 2.58% of the total issued share capital of the Company. NWD held approximately 61.31% of the total issued share capital of the Company. Accordingly, the acquisition contemplated under the Share Purchase Agreement constituted a connected transaction of the Company under the Listing Rules.

Completion of the Share Purchase Agreement took place on 2 February 2015 and upon completion, Natal Global owned 40% equity interest in Goshawk.

(5) On 10 June 2015, a sale and purchase agreement (the "SP Agreement") was entered into between Polytown Company Limited ("Polytown", an indirect wholly owned subsidiary of the Company) (as vendor) and GH Hotel Company Limited and New World Harbourview Hotel Company Limited (as purchasers and tenants-in-common in equal shares) (together, the "Purchasers") and pursuant to which, Polytown agreed to sell and the Purchasers agreed to purchase the portion of the podium (comprising the swimming pool, planters, grill area, pool deck and filtration plant room) located at the Podium Roof Garden, Convention Plaza, No. 1 Harbour Road, Hong Kong at the consideration of HK$64.7 million. The consideration was paid by the Purchasers in cash upon completion of the SP Agreement.

As at the date of signing of the SP Agreement, each of the Purchasers was an indirect wholly owned subsidiary of Beames Holdings Limited, which in turn was held as to 64% by NWD and as to 36% by CTF Enterprises. CTF Enterprises held approximately 43.42% of the total issued share capital of NWD and approximately 2.57% of the total issued share capital of the Company, and NWD held approximately 61.32% of the total issued share capital of the Company. Accordingly, the disposal contemplated under the SP Agreement constituted a connected transaction of the Company under the Listing Rules.

Completion of the SP Agreement took place on 10 June 2015.

The price and terms of the continuing connected transactions mentioned in (1) to (3) above have been determined in accordance with the pricing policies and guidelines as set out in the circular of the Company dated 5 May 2014. These continuing connected transactions 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 Group;

(b) on normal commercial terms or better;

(c) according to the relevant agreements governing them 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 as set out in the relevant circular.

Connected Transactions (continued)

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 40 to the financial statements.

Disclosure Pursuant to Rule 13.22 of the Listing Rules

As at 30 June 2015, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK$5,823.6 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$1,045.6 million (included in the amounts disclosed in note 38 to the financial statements) and contracted to provide an aggregate amount of HK$2,072.7 million in capital and/or loans to affiliated companies (included in the amounts disclosed in note 37(a) to the financial statements). The said amounts, in aggregate, represent approximately 12.1% 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$12.9 million which carries interest at Hong Kong prime rate; (iii) an amount of HK$883.9 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; and (iv) an amount of HK$1,121.9 million which carries interest at London Interbank Offered Rate plus a margin of 2.2% to 2.75% per annum, of which HK$83.9 million 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 2015 are presented as follows:

	Proforma combined statement of financial position HK$'m	**Group's attributable interest HK$'m**
Non-current assets	107,159.2	31,873.6
Current assets	20,050.8	7,491.8
Current liabilities	(28,443.1)	(10,633.3)
Non-current liabilities	(33,657.7)	(10,391.8)
	65,109.2	18,340.3

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 2015.

Employees and Remuneration Policies

As at 30 June 2015, approximately 28,300 staff were employed by entities under the Group's management of which approximately 10,900 staff were employed in Hong Kong. Total staff related costs, including provident funds, staff bonus and deemed share option benefit but excluding directors' remunerations, were HK$2.645 billion (2014: HK$2.222 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 181 and 182.

Auditor

The financial statements for the year ended 30 June 2015 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 2015

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 86 to 180, which comprise the consolidated and Company statements of financial position as at 30 June 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32), 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 2015, 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 predecessor Hong Kong Companies Ordinance (Cap. 32).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 September 2015

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	Note	2015 HK$'m	2014 HK$'m
Revenue	6	**24,491.8**	21,443.0
Cost of sales		**(21,341.1)**	(18,363.1)
Gross profit		**3,150.7**	3,079.9
Other income/gains (net)	7	**1,774.2**	1,357.6
General and administrative expenses		**(1,014.4)**	(881.1)
Operating profit	8	**3,910.5**	3,556.4
Finance costs	10	**(637.7)**	(694.1)
Share of results of			
Associated companies	6(b)	**(946.4)**	572.2
Joint ventures	6(b)	**2,662.7**	1,553.3
Profit before income tax		**4,989.1**	4,987.8
Income tax expenses	11	**(476.2)**	(605.3)
Profit for the year		**4,512.9**	4,382.5
Attributable to			
Shareholders of the Company	12	**4,477.6**	4,324.9
Non-controlling interests		**35.3**	57.6
		4,512.9	4,382.5
Dividends	13	**2,260.2**	2,160.6
Basic earnings per share attributable to the shareholders of the Company	14	**HK$1.19**	HK$1.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

	Note	2015 HK$'m	2014 HK$'m
Profit for the year		**4,512.9**	4,382.5
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligation		**4.9**	(9.8)
Reversal of reserves upon reclassification of an available-for-sale financial asset as an associated company	21(b)	**717.2**	–
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		**(187.3)**	(186.0)
Release of reserve upon disposal of an available-for-sale financial asset		**(96.0)**	–
Release of reserves upon disposal of subsidiaries		**(3.8)**	(71.5)
Release of reserves upon partial disposal of interest in an associated company		**(46.6)**	–
Release of reserves upon deemed disposal of interests in joint ventures		**–**	(127.8)
Share of other comprehensive loss of associated companies and joint ventures		**(116.3)**	(103.6)
Cash flow hedges		**(1.1)**	15.8
Currency translation differences		**(242.1)**	(420.1)
Other comprehensive income/(loss) for the year, net of tax		**28.9**	(783.7)
Total comprehensive income for the year		**4,541.8**	3,598.8
Total comprehensive income attributable to			
Shareholders of the Company		**4,506.5**	3,551.3
Non-controlling interests		**35.3**	47.5
		4,541.8	3,598.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	**2015 HK$'m**	2014 HK$'m
ASSETS			
Non-current assets			
Investment properties	16	**3,944.0**	3,643.8
Property, plant and equipment	17	**658.4**	552.7
Intangible concession rights	18	**14,904.0**	15,697.0
Intangible assets	19	**423.9**	455.1
Associated companies	21	**13,480.4**	12,972.0
Joint ventures	22	**18,277.5**	19,181.9
Available-for-sale financial assets	23	**2,602.5**	1,599.4
Other non-current assets	24	**1,015.1**	1,033.6
		55,305.8	55,135.5
Current assets			
Inventories	25	**436.9**	329.6
Trade and other receivables	26	**8,988.6**	8,452.1
Cash and bank balances	28	**10,422.3**	7,636.9
		19,847.8	16,418.6
Total assets		**75,153.6**	71,554.1
EQUITY			
Share capital	30	**3,775.4**	3,741.9
Reserves	31	**40,392.1**	37,651.3
Proposed final dividend	31	**1,245.9**	823.2
Shareholders' funds		**45,413.4**	42,216.4
Non-controlling interests		**774.3**	827.0
Total equity		**46,187.7**	43,043.4

As at 30 June

	Note	**2015 HK$'m**	2014 HK$'m
LIABILITIES			
Non-current liabilities			
Borrowings	32	**13,487.0**	12,154.0
Deferred tax liabilities	33	**2,378.3**	2,512.1
Other non-current liabilities	34	**351.7**	328.2
		16,217.0	14,994.3
Current liabilities			
Borrowings	32	**3,324.4**	5,513.5
Trade and other payables	35	**9,055.2**	7,644.0
Taxation		**369.3**	358.9
		12,748.9	13,516.4
Total liabilities		**28,965.9**	28,510.7
Total equity and liabilities		**75,153.6**	71,554.1
Net current assets		**7,098.9**	2,902.2
Total assets less current liabilities		**62,404.7**	58,037.7

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2015 HK$'m	2014 HK$'m
ASSETS			
Non-current assets			
Property, plant and equipment	17	**11.1**	9.8
Subsidiaries	20	**8,064.6**	8,064.6
		8,075.7	8,074.4
Current assets			
Trade and other receivables	26	**31,894.0**	27,069.1
Cash and bank balances	28	**107.1**	526.3
		32,001.1	27,595.4
Total assets		**40,076.8**	35,669.8
EQUITY			
Share capital	30	**3,775.4**	3,741.9
Reserves	31	**21,791.6**	17,706.2
Proposed final dividend	31	**1,245.9**	823.2
Total equity		**26,812.9**	22,271.3
LIABILITIES			
Current liabilities			
Trade and other payables	35	**13,263.9**	13,398.5
Total liabilities		**13,263.9**	13,398.5
Total equity and liabilities		**40,076.8**	35,669.8
Net current assets		**18,737.2**	14,196.9
Total assets less current liabilities		**26,812.9**	22,271.3

Dr Cheng Kar Shun, Henry
Director

Mr Tsang Yam Pui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

HK$'m	Shareholders' funds						
	Share capital	Share premium	Revenue reserve	Other reserves	Total	Non-controlling interests	Total
At 1 July 2014	3,741.9	15,880.0	18,894.2	3,700.3	42,216.4	827.0	43,043.4
Total comprehensive income for the year	–	–	4,453.3	53.2	4,506.5	35.3	4,541.8
Contributions by/(distribution to) owners							
Dividends paid to							
Shareholders of the Company	–	–	(1,837.5)	–	(1,837.5)	–	(1,837.5)
Non-controlling interests	–	–	–	–	–	(88.0)	(88.0)
Scrip dividends							
Nominal value of new shares issued	33.5	–	–	–	33.5	–	33.5
Share premium on new shares issued	–	408.7	–	–	408.7	–	408.7
Share options							
Value of services provided	–	–	–	85.8	85.8	–	85.8
Transfer	–	–	(12.7)	12.7	–	–	–
Total transactions with owners	33.5	408.7	(1,850.2)	98.5	(1,309.5)	(88.0)	(1,397.5)
At 30 June 2015	3,775.4	16,288.7	21,497.3	3,852.0	45,413.4	774.3	46,187.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Shareholders' funds						
HK$'m	Share capital	Share premium	Revenue reserve	Other reserves	Total	Non-controlling interests	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 CASH FLOWS

For the year ended 30 June

	Note	2015 HK$'m	2014 HK$'m
Cash flows from operating activities			
Net cash generated from operations	39(a)	**3,520.5**	4,280.8
Finance costs paid		**(554.3)**	(612.0)
Interest received		**406.0**	203.9
Hong Kong profits tax paid		**(73.2)**	(255.9)
Mainland China and overseas taxation paid		**(504.3)**	(451.8)
Net cash generated from operating activities		**2,794.7**	3,165.0
Cash flows from investing activities			
Dividends received from associated companies		**258.1**	1,403.9
Dividends received from joint ventures		**3,524.9**	1,858.5
Deemed disposal/disposal of joint ventures		**–**	488.4
Disposal of subsidiaries	39(c)	**3.4**	45.9
Increase in investments in associated companies		**(3,853.1)**	(3,433.7)
(Increase)/decrease in investments in joint ventures		**(67.7)**	341.3
Refund of deposits from/(deposits paid for) potential investments		**2,375.0**	(1,875.0)
Additions of investment properties, property, plant and equipment		**(237.3)**	(223.4)
Additions of intangible concession rights		**(43.3)**	–
Disposal of property, plant and equipment		**62.5**	1.4
Additions of available-for-sale financial assets		**(30.0)**	(233.3)
Disposal of available-for-sale financial assets and financial assets at fair value through profit or loss		**386.9**	14.5
Dividends received from available-for-sale financial assets and other investments		**3.5**	7.8
Decrease/(increase) in other non-current assets		**1.4**	(0.8)
Decrease in short-term bank deposits maturing after more than three months		**1.3**	2.7
Net cash from/(used in) investing activities		**2,385.6**	(1,601.8)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June

	Note	2015 HK$'m	2014 HK$'m
Cash flows from financing activities			
New bank loans and other borrowings		**5,425.7**	4,772.1
Repayment of bank loans and other borrowings		**(5,085.3)**	(4,812.4)
Redemption of fixed rate bonds		**(1,250.0)**	–
Decrease in loan from non-controlling interests		**(0.7)**	–
Dividends paid to shareholders of the Company		**(1,395.3)**	(1,519.5)
Dividends paid to non-controlling interests		**(88.0)**	(58.4)
Net cash used in financing activities		**(2,393.6)**	(1,618.2)
Net increase/(decrease) in cash and cash equivalents		**2,786.7**	(55.0)
Cash and cash equivalents at the beginning of year		**7,619.0**	7,747.8
Currency translation differences		**–**	(73.8)
Cash and cash equivalents at the end of year		**10,405.7**	7,619.0
Analysis of cash and cash equivalents			
Cash and bank balances	28	**10,422.3**	7,636.9
Short-term bank deposits maturing after more than three months	28	**(16.6)**	(17.9)
		10,405.7	7,619.0

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 2015.

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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) for this financial year and the comparative period. 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 amendments to standards and interpretation

During the year, the Group has adopted the following amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ended 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

The adoption of the above amendments to standards and interpretation has no material effect on the results and financial position of the Group.

2 Basis of Preparation (continued)

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

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 July 2015 or later periods but which the Group has not early adopted:

Effective for the years ending 30 June 2016 or after

HKFRS 9 (2014)	Financial Instruments
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
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRSs Amendments	Annual improvements to HKFRSs 2012-2014 Cycle

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, 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.

3 Principal Accounting Policies (continued)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

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 remeasurement 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 remeasured, 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.

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 associated company, 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.

3 Principal Accounting Policies (continued)

(a) Consolidation (continued)

(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.

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 associated companies are recognized in the consolidated income statement.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be an associated company that is the date on which the Group ceases to have significant influence over the associated company or on the date it is classified as held for sale.

(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.

3 Principal Accounting Policies (continued)

(a) Consolidation (continued)

(iii) Joint arrangements (continued)

(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.

- 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 the 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.

3 Principal Accounting Policies (continued)

(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.

(iii) Intangible concession rights

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

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

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

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

(iv) Mining rights

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

3 Principal Accounting Policies (continued)

(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.

(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 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 34. Movements in the hedging reserve in shareholders' equity are shown in note 31. 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 works, 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 works, for all contracts in progress for progress billings exceed costs incurred plus recognized profits (less recognized losses).

3 Principal Accounting Policies (continued)

(p) Cash and cash equivalents

In the consolidated statement of cash flows, 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.

(q) Trade payables

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

(r) 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.

(s) 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.

(t) 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)

(u) 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.

(v) 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.

(w) 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 dollars, 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)

(w) 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 position of all the entities of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

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 the 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 the 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 the consolidated income statement.

3 Principal Accounting Policies (continued)

(x) Employee benefits

(i) Employee leave entitlements

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

(ii) Bonus plans

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

(iii) Defined contribution plans

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

(iv) Defined benefit plans

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

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)

(y) 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(v) 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.

(z) Segment reporting

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

Segment assets consist primarily of property, plant and equipment, investment properties, intangible concession rights, intangible assets, available-for-sale financial assets, 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.

(aa) 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.

(ab) 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 (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 32(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 mainly 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$79.8 million (2014: HK$67.1 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 a reasonably possible change in those interest rates which have the 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 2015, the Group's entities with functional currency of Hong Kong dollar had net monetary liabilities denominated in United States dollar of HK$1,765.8 million (2014: HK$3,239.6 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 2015, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in Renminbi of HK$8,828.5 million (2014: HK$4,887.5 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$436.8 million (2014: HK$244.4 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 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 at 30 June 2015 and 2014 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(iii) Price risk

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

At 30 June 2015, 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$650.6 million (2014: HK$0.1 million and HK$399.8 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$0.1 million lower (2014: HK$585.5 million lower which included impairment charge of available-for-sale financial assets HK$585.4 million) and investment revaluation reserve would have been HK$650.6 million lower and resulted in a negative investment revaluation reserve of HK$354.3 million (2014: HK$185.6 million higher primarily due to the transfer of investment revaluation deficit to the consolidated income statement that resulted 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 of 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 analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows.

Group

At 30 June 2015

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	35	606.5	606.5	606.4	0.1
Retention money payables and other payables		5,783.2	5,783.2	4,466.3	1,316.9
Amounts due to non-controlling interests	35	94.2	94.2	94.2	–
Amounts due to associated companies	35	8.3	8.3	8.3	–
Amounts due to joint ventures	35	0.6	0.6	0.6	–
Borrowings and contracted interest payment	32	16,811.4	17,821.2	3,808.0	14,013.2
Loans from non-controlling interests	34	96.8	96.8	–	96.8

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)	34	143.2	28.4	112.7	2.1

4 Financial Risk Management and Fair Value Estimation (continued)

(c) Liquidity risk (continued)

Group (continued)

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	35	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	35	44.6	44.6	44.6	–
Amounts due to associated companies	35	5.4	5.4	5.4	–
Amounts due to joint ventures	35	0.6	0.6	0.6	–
Borrowings and contracted interest payment	32	17,667.5	18,841.6	6,011.1	12,830.5
Loans from non-controlling interests	34	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)	34	172.2	28.5	114.2	29.5

4 Financial Risk Management and Fair Value Estimation (continued)

(c) Liquidity risk (continued)

Company

At 30 June 2015

Non-derivative financial liabilities

HK$'m	Note	**Carrying amount**	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**
Other payables		**49.7**	**49.7**	**49.7**
Amounts due to subsidiaries	35	**13,210.4**	**13,210.4**	**13,210.4**

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	35	13,349.1	13,349.1	13,349.1

(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	2015 HK$'m	2014 HK$'m
Total borrowings	32	**(16,811.4)**	(17,667.5)
Add: Cash and bank balances	28	**10,422.3**	7,636.9
Net debt		**(6,389.1)**	(10,030.6)
Total equity		**46,187.7**	43,043.4
Net gearing ratio		**14%**	23%

The decrease of net debt as at 30 June 2015 was primarily resulted from net operating cash inflow, refund of deposits paid for potential investments and dividends received from joint ventures.

(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 2015:

HK$'m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Trading securities	**0.2**	**–**	**–**	**0.2**
Available-for-sale financial assets				
Equity securities	**2,322.5**	**–**	**5.8**	**2,328.3**
Debt securities	**244.2**	**–**	**30.0**	**274.2**
Derivative financial instruments	**–**	**–**	**58.8**	**58.8**
	2,566.9	**–**	**94.6**	**2,661.5**
Liabilities				
Derivative financial instruments	**–**	**(53.1)**	**(30.1)**	**(83.2)**

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)

There were no 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 2015:

HK$'m	**Available-for-sale financial assets**	**Derivative financial assets**	**Derivative financial liabilities**
At 1 July 2014	**187.5**	**58.8**	**(35.6)**
Additions	**30.0**	**–**	**–**
Disposals	**(236.0)**	**–**	**–**
Total gain recognized in the consolidated statement of comprehensive income/income statement	**54.3**	**–**	**5.5**
At 30 June 2015	**35.8**	**58.8**	**(30.1)**

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	(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)

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 2015, if the market value of investment properties had been 5% (2014: 5%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$197.2 million (2014: HK$182.2 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 extent of realization of the aforementioned factors.

For the year ended 30 June 2015, an impairment loss of HK$0.3 billion against investment in Guangzhou Dongxin Expressway was shared by the Group as detailed in note 22(c).

5 Critical Accounting Estimates and Judgements (continued)

(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. The following impairment assessments involved estimates and judgements that are more sensitive and any deviation from estimates may result in the recoverable amount lower than the carrying amount.

(i) As at 30 June 2015, the Group holds approximately 16% equity interest in Tharisa plc ("Tharisa"), an associated company of the Group incorporated in Cyprus with its ordinary shares listed on the Johannesburg Stock Exchange Limited and principally engaged in chrome mining and processing in South Africa. The Group's share of market value of Tharisa as at 30 June 2015 amounting to approximately HK$0.2 billion, is lower than its carrying value of approximately HK$1.1 billion. Management has carried out an impairment assessment on the carrying value of such investment using the discounted cash flow method. The estimated cash flows used in the assessment are based on assumptions, such as revenue growth, metal price, production cost, proved and probable ore reserve, production capacity and discount rate, with reference to the business plan and prevailing market conditions. Based on the assessment, management is of the view that there is no impairment of the Group's investment in Tharisa as at 30 June 2015.

The assumptions used in the carrying value assessment are highly judgemental, and heavily dependent on the discount rate used and chrome price projection. For example, if the risk premium increases by 1.5%, or metal price for the first five projection periods decreases by 5% with other variables remain constant, any of such changes, if adopted, would reduce the recoverable amount as determined by the value in use calculation to approximate the carrying value of the Group.

(ii) As at 30 June 2015, the Group holds approximately 38% effective equity interest in Hyva Holding B.V. ("Hyva"), a private company incorporated in the Netherlands and principally engaged in manufacturing and supply of components used in hydraulic loading and unloading systems. The Group accounts for Hyva as a joint venture and its share of net assets (including goodwill and intangible assets) of Hyva was approximately HK$1.0 billion.

Management has carried out an impairment assessment on the carrying value of such investment using the discounted cash flow method. The estimated cash flows used in the assessment are based on assumptions, such as sales growth, production cost, production capacity and discount rate, with reference to the business plan and prevailing market conditions. Based on the assessment, management is of the view that there is no impairment of the Group's investment in Hyva as at 30 June 2015.

The assumptions used in the carrying value assessment are highly judgemental, and heavily dependent on the discount rate used and sales growth projection. For example, if the risk premium increases by 0.5%, or revenue growth decreases by 1.5%, or production cost increases by 4.5% with other variables remain constant, any of such changes, if adopted, would reduce the recoverable amount as determined by the value in use calculation to approximate the carrying value of Mainland China market, a major cash-generating unit of Hyva representing approximately 55% of the value in use of Hyva.

6 Revenue and Segment Information

The Group's revenue is analyzed as follows:

	2015 HK$'m	2014 HK$'m
Roads	**2,416.2**	2,306.8
Ports & Logistics	**100.1**	99.7
Facilities Management	**6,768.6**	6,174.2
Construction & Transport	**15,206.9**	12,862.3
	24,491.8	21,443.0

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
2015							
Total revenue	2,416.2	-	100.1	6,786.9	15,233.2	-	24,536.4
Inter-segment	-	-	-	(18.3)	(26.3)	-	(44.6)
Revenue – external	2,416.2	-	100.1	6,768.6	15,206.9	-	24,491.8
Attributable operating profit							
Company and subsidiaries	759.3	14.2	68.2	868.8	363.9	91.4	2,165.8
Associated companies	40.6	21.3	318.6	(8.0)	201.9	284.2 (ii)	858.6 (b)
Joint ventures	401.1	595.9	405.7	0.7	125.3 (i)	(96.5)	1,432.2 (b)
	1,201.0	631.4	792.5	861.5	691.1	279.1	4,456.6
Reconciliation – corporate office and non-operating items							
Net gain on disposal of a project under a joint venture							1,549.9 (b)
Gain on disposal of projects, net of tax							51.4
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company							914.0
Gain on fair value of investment properties							306.6
Share of profit from Harbour Place, a residential development project							71.9
Loss on partial disposal and impairment loss related to an associated company							(1,910.9) (iii)
Impairment loss related to a joint venture							(300.0) (b)
Interest income							210.5
Finance costs							(522.0)
Expenses and others							(350.4)
Profit attributable to shareholders							4,477.6

(i) The amount includes the Group's share of attributable operating profit of HK$125.3 million from its Transport business.

(ii) The amount includes the Group's share of attributable operating profit of HK$133.6 million from three associated companies engaged in investment activities.

(iii) The amount represents the impairment loss of HK$1,779.4 million (note 21(a)) and the loss on partial disposal of equity interest in Newton Resources of HK$131.5 million (note 7).

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
2015										
Depreciation	11.1	-	-	64.2	49.8	-	125.1	5.4	-	130.5
Amortization of intangible concession rights	836.3	-	-	-	-	-	836.3	-	-	836.3
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	64.6	-	-	126.8	82.4	-	273.8	6.8	-	280.6
Interest income	100.6	22.4	13.4	1.4	7.3	-	145.1	216.7	(14.5)	347.3
Finance costs	97.3	-	7.8	0.6	23.7	0.8	130.2	522.0	(14.5)	637.7
Income tax expenses	349.0	19.7	27.2	175.1	17.7	(53.4)	535.3	(59.1)	-	476.2
As at 30 June 2015										
Company and subsidiaries	15,722.2	530.0	3,969.6	4,262.5	7,465.0	2,499.9	34,449.2	8,946.5	-	43,395.7
Associated companies	488.0	615.6	6,004.4	902.3	1,631.2	3,803.0	13,444.5	35.9	-	13,480.4
Joint ventures	5,993.9	6,290.1	2,990.9	6.3	1,908.6 (i)	997.0	18,186.8	90.7	-	18,277.5
Total assets	22,204.1	7,435.7	12,964.9	5,171.1	11,004.8	7,299.9	66,080.5	9,073.1	-	75,153.6
Total liabilities	3,972.7	21.8	128.4	1,205.9	7,481.2	4.3	12,814.3	16,151.6	-	28,965.9

(i) The balance includes the Group's investment in its Transport business of HK$1,898.2 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	
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, a residential development project									41.8	
Provision for impairment on a joint venture									(72.1)	
Interest income									113.2	
Finance costs									(561.9)	
Expenses and others									(359.8)	
Profit attributable to shareholders									4,324.9	

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

(ii) The amount included 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 included the Group's investment in its Transport business of HK$1,955.3 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	**2015**	2014	**2015**	2014
Attributable operating profit	**858.6**	583.6	**1,432.2**	1,551.0
Corporate associated companies, joint ventures and non-operating items				
Net gain on disposal of a project under a joint venture (note 22(b))	**–**	–	**1,549.9**	–
Impairment losses (notes 21(a) and 22(c))	**(1,779.4)**	–	**(300.0)**	–
Others	**(25.6)**	(11.4)	**(19.4)**	2.3
Share of results of associated companies and joint ventures	**(946.4)**	572.2	**2,662.7**	1,553.3

(c) Information by geographical areas:

	Revenue		Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	
HK$'m	**2015**	2014	**2015**	2014
Hong Kong	**21,818.3**	18,504.2	**4,930.2**	4,569.7
Mainland China	**2,490.0**	2,381.2	**14,987.3**	15,773.3
Macau	**183.5**	557.6	**12.8**	5.6
	24,491.8	21,443.0	**19,930.3**	20,348.6

7 Other Income/Gains (Net)

	Note	2015 HK$'m	2014 HK$'m
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company	21(c)	**914.0**	–
Gain on deemed disposal of interests in joint ventures		**–**	594.3
Gain on fair value of investment properties	16	**306.6**	111.4
Net profit on disposal of property, plant and equipment		**61.6**	–
Profit on disposal of subsidiaries	39(b)	**5.1**	75.7
Profit on disposal of available-for-sale financial assets		**25.2**	14.3
Profit on disposal of a financial asset at fair value through profit or loss		**10.7**	–
Net exchange gain		**53.3**	–
Interest income			
Available-for-sale financial asset		**–**	176.9
Bank deposits and others		**347.3**	278.4
Machinery hire income		**99.8**	101.1
Dividends and other income		**49.2**	51.8
Management fee income		**32.9**	25.8
Loss on partial disposal of an associated company	21(a)	**(131.5)**	–
Provision for impairment on a joint venture		**–**	(72.1)
		1,774.2	1,357.6

8 Operating Profit

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

	2015 HK$'m	2014 HK$'m
Crediting		
Gross rental income from investment properties	**163.2**	157.1
Less: outgoings	**(25.9)**	(19.4)
	137.3	137.7

8 Operating Profit (continued)

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

	Note	2015 HK$'m	2014 HK$'m
Charging			
Auditor's remuneration		**20.8**	20.0
Cost of inventories sold		**2,319.6**	2,076.9
Cost of services rendered		**19,021.5**	16,286.2
Depreciation	17	**130.5**	111.6
Net exchange loss		**–**	34.0
Amortization of intangible concession rights	18	**836.3**	764.5
Amortization of intangible assets	19	**31.2**	31.2
Operating lease rental expenses			
Properties		**73.5**	57.0
Other equipment		**–**	3.1
Impairment of trade and other receivables		**0.6**	28.6
Staff costs (including directors' emoluments)	9	**2,661.3**	2,171.2

9 Staff Costs

	Note	2015 HK$'m	2014 HK$'m
Wages, salaries and other benefits		**2,550.5**	2,177.3
Share-based payments	31	**79.7**	–
Pension costs – defined contribution plans		**109.3**	94.7
Pension costs – defined benefits plans		**2.2**	2.4
		2,741.7	2,274.4
Less: capitalized under contracts in progress		**(80.4)**	(103.2)
	8	**2,661.3**	2,171.2

Directors' emoluments are included in staff costs.

10 Finance Costs

	2015 HK$'m	2014 HK$'m
Interest on borrowings that wholly repayable within five years	**332.9**	375.6
Interest on fixed rate bonds that wholly repayable within five years	**273.0**	288.1
Others	**31.8**	30.4
	637.7	694.1

11 Income Tax Expenses

Hong Kong profits tax is provided at the rate of 16.5% (2014: 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% (2014: 9% to 25%).

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

	Note	2015 HK$'m	2014 HK$'m
Current income tax			
Hong Kong profits tax		**117.6**	186.8
Mainland China and overseas taxation		**491.4**	484.3
Deferred income tax credit	33	**(132.8)**	(65.8)
		476.2	605.3

Share of taxation of associated companies and joint ventures of HK$155.1 million (2014: HK$90.4 million) and HK$393.0 million (2014: HK$416.2 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:

	2015 HK$'m	2014 HK$'m
Profit before income tax	**4,989.1**	4,987.8
Excluding share of results of associated companies	**946.4**	(572.2)
Excluding share of results of joint ventures	**(2,662.7)**	(1,553.3)
	3,272.8	2,862.3
Calculated at a taxation rate of 16.5% (2014: 16.5%)	**540.0**	472.3
Effect of different taxation rates in other countries	**97.1**	94.0
Income not subject to taxation	**(276.6)**	(204.5)
Expenses not deductible for taxation purposes	**164.1**	167.3
Tax losses not recognized	**13.6**	8.2
Utilization of previously unrecognized tax losses	**(45.8)**	(41.2)
Withholding tax	**85.4**	109.5
Over-provisions in prior years	**(64.9)**	(3.0)
Others	**(36.7)**	2.7
Income tax expenses	**476.2**	605.3

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$5,851.1 million (2014: HK$2,387.1 million).

13 Dividends

	2015 HK$'m	2014 HK$'m
Interim dividend paid of HK$0.27 (2014: HK$0.36) per share	**1,014.3**	1,337.4
Final dividend proposed of HK$0.33 (2014: paid of HK$0.22) per share	**1,245.9**	823.2
	2,260.2	2,160.6

At a meeting held on 23 September 2015, the Board recommended a final dividend of HK$0.33 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 FY2016.

Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 17 November 2015 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 proposed dividend, each shareholder will be allotted fully paid shares have 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$0.33 per share instead of the allotment of shares.

14 Earnings Per Share

The calculation of basic earnings per share for the year is based on earnings of HK$4,477.6 million (2014: HK$4,324.9 million) and on the weighted average of 3,751,443,482 (2014: 3,695,430,964) ordinary shares outstanding during the year.

The share options of the Company granted during the year have an anti-dilutive effect on the basic earnings per share for FY2015 and are ignored in the calculation of diluted earnings per share. There was no dilutive potential ordinary shares for FY2014.

15 Emoluments of Directors and Senior Management

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

	Note	2015 HK$'m	2014 HK$'m
Fees		**4.1**	4.1
Basic salaries, allowances and other benefits		**41.9**	45.9
Employer's contribution to retirement benefits schemes		**2.3**	2.5
	(i)	**48.3**	52.5
Deemed share option benefits	(ii)	**48.4**	–
		96.7	52.5

Remuneration package, including basic salaries, allowances and other benefits, contribution to retirement benefits schemes 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$'m	2015 Total emoluments HK$'m	2014 Total emoluments HK$'m
Dr Cheng Kar Shun, Henry	0.48	12.56	0.46	**13.50**	12.88
Mr Doo Wai Hoi, William^	–	–	–	**–**	0.11
Mr Tsang Yam Pui	0.39	8.39	0.55	**9.33**	8.75
Mr Lam Wai Hon, Patrick	0.30	7.39	0.49	**8.18**	7.77
Mr Cheung Chin Cheung	0.25	6.71	0.44	**7.40**	7.02
Mr Cheng Chi Ming, Brian	0.25	6.23	0.31	**6.79**	6.35
Mr To Hin Tsun, Gerald	0.20	0.06	–	**0.26**	0.22
Mr Dominic Lai	0.33	0.09	–	**0.42**	0.38
Mr William Junior Guilherme Doo*	0.25	0.08	–	**0.33**	7.09
Mr Kwong Che Keung, Gordon	0.45	0.10	–	**0.55**	0.51
Dr Cheng Wai Chee, Christopher	0.37	0.10	–	**0.47**	0.43
Mr Shek Lai Him, Abraham	0.42	0.10	–	**0.52**	0.48
Mr Wilfried Ernst Kaffenberger	0.20	0.06	–	**0.26**	0.23
Mr Lee Yiu Kwong, Alan	0.25	0.07	–	**0.32**	0.29
	4.14	41.94	2.25	**48.33**	52.51

^ Resigned on 1 July 2013
* Re-designated from executive director to non-executive director on 1 July 2014

15 Emoluments of Directors and Senior Management (continued)

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

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

Name of director	**2015 Deemed share option benefits HK$'m**	2014 Deemed share option benefits HK$'m
Dr Cheng Kar Shun, Henry	**11.45**	–
Mr Tsang Yam Pui	**5.72**	–
Mr Lam Wai Hon, Patrick	**5.72**	–
Mr Cheung Chin Cheung	**5.72**	–
Mr Cheng Chi Ming, Brian	**5.72**	–
Mr To Hin Tsun, Gerald	**1.08**	–
Mr Dominic Lai	**1.08**	–
Mr William Junior Guilherme Doo	**1.08**	–
Mr Kwong Che Keung, Gordon	**2.17**	–
Dr Cheng Wai Chee, Christopher	**2.17**	–
Mr Shek Lai Him, Abraham	**2.17**	–
Mr Wilfried Ernst Kaffenberger	**2.17**	–
Mr Lee Yiu Kwong, Alan	**2.17**	–
	48.42	–

The deemed share option benefits are calculated in accordance with the requirement as stipulated in HKFRS 2 "Share-based payment". None of the directors of the Company has exercised the share options during the year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2014: five) directors whose emoluments are reflected in note 15(a).

(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)	
	2015	2014
Emolument band (HK$)		
1,000,001–2,000,000	**–**	1
2,000,001–3,000,000	**2**	8
3,000,001–4,000,000	**6**	2
4,000,001–5,000,000	**3**	1
5,000,001–6,000,000	**2**	1
6,000,001–7,000,000	**–**	2
7,000,001–8,000,000	**1**	–
9,000,001–10,000,000	**1**	–

16 Investment Properties

HK$'m	Note	Group: Commercial and industrial properties in Hong Kong	Group: Residential properties in the PRC	Group: Total
At 1 July 2014		**3,620.1**	**23.7**	**3,643.8**
Additions		**–**	**0.2**	**0.2**
Disposal of subsidiaries	39(b)	**–**	**(5.6)**	**(5.6)**
Fair value changes	7	**305.8**	**0.8**	**306.6**
Adjustment to total estimated construction costs		**(1.0)**	**–**	**(1.0)**
At 30 June 2015		**3,924.9**	**19.1**	**3,944.0**

HK$'m	Note	Group: Commercial and industrial properties in Hong Kong	Group: Residential properties in Hong Kong	Group: Residential properties in the PRC	Group: Total
At 1 July 2013		3,380.0	41.0	22.1	3,443.1
Additions		–	–	0.1	0.1
Disposal of subsidiaries	39(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

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

	Group: 2015 HK$'m	Group: 2014 HK$'m
Held in Hong Kong		
Leases of between 10 to 50 years	**3,924.9**	3,620.1
Held in Mainland China		
Lease of between 10 to 50 years	**19.1**	23.7
	3,944.0	3,643.8

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 2015 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 2015 HK$'m	Fair value at 30 June 2014 HK$'m	Valuation methods	Unobservable inputs	**Range of unobservable inputs for 2015**	Range of unobservable inputs for 2014	Note
Commercial and industrial properties in Hong Kong	**3,779.0**	3,490.0	Income capitalization	Capitalization rate	**4.25% - 6.5%**	4.25% - 6.5%	(i)
				Average monthly rental	**HK$13.7-HK$480/sq.ft HK$3,200-HK$4,250 per carpark space**	HK$13.0-HK$435/sq.ft HK$2,800-HK$3,800 per carpark space	(ii)
	145.9	130.1	Sales comparison	Property–specific adjusting factor	**0.8 - 1.2**	0.9 - 1.2	(ii)
Residential properties in the PRC	**19.1**	23.7	Sales comparison	Property-specific adjusting factor	**0.9 - 1.2**	0.9 - 1.2	(ii)
	3,944.0	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 factor will result in a higher fair value.

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

17 Property, Plant and Equipment

HK$'m	Note	Group			Company
		Land and properties	Other plant and equipment	Total	Other plant and equipment
Cost					
At 1 July 2014		**25.1**	**1,631.3**	**1,656.4**	**42.5**
Additions		**–**	**237.1**	**237.1**	**6.4**
Disposals		**–**	**(51.8)**	**(51.8)**	**(0.5)**
Disposal of subsidiaries	39(b)	**–**	**(0.4)**	**(0.4)**	**–**
At 30 June 2015		**25.1**	**1,816.2**	**1,841.3**	**48.4**
Accumulated depreciation and impairment					
At 1 July 2014		**8.9**	**1,094.8**	**1,103.7**	**32.7**
Depreciation	8	**0.4**	**130.1**	**130.5**	**5.1**
Disposals		**–**	**(50.9)**	**(50.9)**	**(0.5)**
Disposal of subsidiaries	39(b)	**–**	**(0.4)**	**(0.4)**	**–**
At 30 June 2015		**9.3**	**1,173.6**	**1,182.9**	**37.3**
Net book value					
At 30 June 2015		**15.8**	**642.6**	**658.4**	**11.1**
At 30 June 2014		16.2	536.5	552.7	9.8

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 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	39(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	39(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

The Group's interests in land use rights grouped under land and properties amounted to HK$9.0 million (2014: HK$9.2 million) and their net book value are analyzed as follows:

	Group: 2015 HK$'m	Group: 2014 HK$'m
Held in Hong Kong		
Leases of over 50 years	**3.7**	3.8
Leases of between 10 to 50 years	**2.7**	2.8
Held overseas		
Freehold land	**2.6**	2.6
	9.0	9.2

18 Intangible Concession Rights

	Note	Group 2015 HK$'m	Group 2014 HK$'m
Cost			
At beginning of year		**20,685.7**	20,935.1
Additions		**43.3**	–
Translation differences		**–**	(249.4)
At end of year		**20,729.0**	20,685.7
Accumulated amortization and impairment			
At beginning of year		**4,988.7**	4,274.7
Amortization	8	**836.3**	764.5
Translation differences		**–**	(50.5)
At end of year		**5,825.0**	4,988.7
Net book value			
At end of year		**14,904.0**	15,697.0

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$14,253.7 million (2014: HK$14,980.8 million) (note 32(b)).

19 Intangible Assets

HK$'m	Note	Group Goodwill	Group Operating right	Group Total
Cost				
At 1 July 2014 and at 30 June 2015		**67.2**	**567.2**	**634.4**
Accumulated amortization and impairment				
At 1 July 2014		**15.4**	**163.9**	**179.3**
Amortization	8	**–**	**31.2**	**31.2**
At 30 June 2015		**15.4**	**195.1**	**210.5**
Net book value				
At 30 June 2015		**51.8**	**372.1**	**423.9**
At 30 June 2014		51.8	403.3	455.1

HK$'m	Note	Group Goodwill	Group Operating right	Group 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

19 Intangible Assets (continued)

(a) Goodwill

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

HK$'m	Hong Kong	Mainland China	Total
2015 and 2014			
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	
	2015 HK$'m	2014 HK$'m
Unlisted shares, at cost	**8,064.6**	8,064.6

Particulars of principal subsidiaries are given in note 43. The directors of the Company were of the view that as at 30 June 2015, there was no individual subsidiary that had non-controlling interests that were material to the Group.

21 Associated Companies

		Group	
	Note	**2015 HK$'m**	2014 HK$'m
Group's share of net assets			
Listed shares – Hong Kong	(a), (c), (d)	**4,985.2**	7,694.1
Listed shares – Overseas	(b), (d)	**1,081.0**	–
Unlisted shares	(e)	**5,476.8**	3,600.1
		11,543.0	11,294.2
Goodwill		**777.3**	777.3
Amounts receivable	(f)	**1,160.1**	900.5
		13,480.4	12,972.0

(a) As at 30 June 2015, the carrying amount represents the Group's investments in Beijing Capital International Airport Co., Ltd., Wai Kee Holdings Limited and Newton Resources. Among which the carrying value of investment in Newton Resources amounted to approximately HK$1.1 billion as at 30 June 2015 (2014: HK$3.4 billion).

As at 31 December 2014, the Group held 48% equity interest in Newton Resources. The share of market value of Newton Resources amounting to approximately HK$1.7 billion was lower than its approximate carrying value of HK$3.4 billion (before the impairment provision detailed below as at 31 December 2014). Management has carried out an impairment assessment on the carrying value of such investment using the discounted cash flow method and recognized an impairment loss of HK$1.3 billion in December 2014.

In June 2015, the Group completed the disposal of 12.5% equity interest in Newton Resources at a total consideration of HK$375.0 million to a wholly owned subsidiary of a substantial shareholder of Newton Resources. Thereafter the Group's investment in Newton Resources was reduced to 35.5%. A loss on partial disposal of an associated company of HK$131.5 million was charged to the consolidated income statement (note 7).

Given the disposal price was lower than its carrying value, management therefore carried out an updated carrying value assessment of Newton Resources. The carrying value assessment concluded that an additional impairment loss of HK$479.4 million was recognized in June 2015.

As a whole, the Group recognized an aggregate loss of approximately HK$1.9 billion for the year which represents the loss on partial disposal of an associated company of HK$131.5 million and the impairment loss of approximately HK$1.8 billion.

21 Associated Companies (continued)

(b) As at 30 June 2014, the Group's approximately 16% equity interest in Tharisa was accounted for as an available-for-sale financial asset. During the year, management increased its participation in Tharisa in order to closely monitor the investment, with an objective to enhance the investment return in the longer term. Consequently, a board member of the Company was appointed as a non-executive director of Tharisa with effect from 19 December 2014 to participate in its business, including financial and operating policies. As the Group has the ability to exercise significant influence through its board representation, Tharisa has been accounted for as an associated company of the Group since then. The fair value changes and exchange movements previously recognized in the investment revaluation and exchange reserves in relation to Tharisa were reversed and the original cost of Tharisa of approximately HK$1.1 billion was accordingly reclassified as investments in associated companies.

The movement of carrying value of Tharisa during the year is as follows:

	Note	HK$'m
As at 1 July 2014 (as an available-for-sale financial asset)		736.6
Fair value changes and exchange movements up to the date of reclassification		(317.7)
Reversal of reserves upon reclassification	31	717.2
As at date of reclassification as an associated company		1,136.1

As at 30 June 2015, the share of market value of Tharisa amounting to approximately HK$0.2 billion is lower than its carrying value of HK$1.1 billion. Management has carried out an impairment assessment on the carrying value of Tharisa and concluded no impairment provision is necessary. Details refer to note 5(h).

(c) As at 30 June 2014, the Group held approximately 6.9% equity interest in Haitong International Securities Group Limited ("Haitong International"), a company listed on the Hong Kong Stock Exchange which was classified as an associated company of the Group. During April to May 2015, the Group's equity interest in Haitong International was diluted to approximately 5.67% primarily due to issuance of new shares upon exercise of conversion right by its bondholders. In June 2015, management of the Group revisited its investment strategy in Haitong International and determined to dispose of the relevant interests in the near future so as to unlock shareholders' value.

As a result, the Group's investment in Haitong International has been reclassified from investment in associated company to available-for-sale financial asset with its carrying value marked to its market value in June 2015. A gain of approximately HK$0.9 billion was recognized in the consolidated income statement (note 7).

With the change of the investment strategy in Haitong International, the Group disposed of approximately 0.57% of equity interest in Haitong International in June 2015 and the Group's equity interest in Haitong International further reduced to approximately 5.1% as at 30 June 2015. A gain on disposal of available-for-sale financial asset, amounting to approximately HK$6.7 million, was recognized as other income in the consolidated income statement.

(d) The share of market value of the Group's listed associated companies amounts to HK$6,396.2 million (2014: HK$4,722.4 million). Management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies based on value in use calculations, as detailed in note 5(h). Management is of the view that there is no impairment of the Group's investments in associated companies as at 30 June 2015 except as detailed in note 21(a) above.

21 Associated Companies (continued)

(e) As at 30 June 2015, the carrying amount mainly represents the Group's investments in various infrastructure, ports, aircraft leasing, healthcare, strategic investments and other projects. Among which the Group has participating interests and holds for investment purpose in three investment companies amounted to HK$1,152.9 million (2014: HK$822.8 million), which mainly represents various loans receivable. The Group's share of attributable operating profit of these three investment companies for the year amounted to HK$133.6 million (2014: HK$180.2 million) as detailed in note 6(a)(ii).

(f) The amounts receivable are unsecured, interest free and have no fixed terms of repayment except for (i) an amount of HK$104.7 million (2014: HK$104.7 million) which bears interest at 8% per annum; (ii) an aggregate amount of HK$883.9 million (2014: HK$723.1 million) which bears interest at 6-month Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of 1.3% per annum; and (iii) an amount of HK$83.9 million (2014: Nil) which bears interests at London Interbank Offered Rate ("LIBOR") plus a margin of 2.2% to 2.75% per annum. Both (ii) and (iii) are not repayable within the next 12 months from the end of the reporting period. As at 30 June 2015, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.

(g) Dividend income from associated companies for the year is HK$286.3 million (2014: HK$1,446.6 million).

(h) Details of principal associated companies are given in note 44. The directors of the Company were of the view that as at 30 June 2015, there was no individual associated company that was material to the Group.

(i) Contingent liabilities relating to the Group's interests in the associated companies are disclosed in note 38(a).

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

	Group	
	2015 HK$'m	2014 HK$'m
Revenue	**4,794.9**	3,033.7
(Loss)/profit for the year	**(946.4)**	572.2
Other comprehensive loss for the year	**(128.9)**	(42.7)
Total comprehensive (loss)/income for the year	**(1,075.3)**	529.5
Non-current assets	**16,485.8**	13,544.9
Current assets	**3,859.6**	4,550.4
Current liabilities	**(3,708.0)**	(3,845.9)
Non-current liabilities	**(5,094.4)**	(2,955.2)
Net assets	**11,543.0**	11,294.2

22 Joint Ventures

	Note	Group 2015 HK$'m	Group 2014 HK$'m
Co-operative joint ventures			
Cost of investment less provision		**1,747.1**	1,856.2
Goodwill		**90.0**	90.0
Share of undistributed post-acquisition results		**1,866.0**	1,586.5
Amounts receivable	(d)	**12.9**	29.3
Amounts payable		**–**	(133.7)
		3,716.0	3,428.3
Equity joint ventures			
Group's share of net assets		**3,371.9**	3,430.2
Goodwill		**87.2**	87.2
		3,459.1	3,517.4
Companies limited by shares			
Group's share of net assets	(b)	**7,952.6**	9,090.0
Goodwill		**501.0**	532.1
Amounts receivable	(d)	**2,834.4**	2,780.9
Amounts payable		**(185.6)**	(166.8)
	(c)	**11,102.4**	12,236.2
	(a)	**18,277.5**	19,181.9

(a) As at 30 June 2015, the carrying amount mainly represents the Group's investments in various infrastructure, ports, logistics, transport and other projects.

(b) On 15 May 2014, Sino-French Holdings (Hong Kong) Limited ("SFH", a 50% joint venture owned by 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 approximately HK$4,755.24 million). SFED owns approximately 42.2% interest in Macau Power. The disposal was completed on 15 July 2014 and the Group shared a gain of approximately HK$1.5 billion during the year.

22 Joint Ventures (continued)

(c) The Group's 45.9% effective interest in Guangzhou Dongxin Expressway is held through Success Concept Investments Limited ("SCI"), a joint venture of the Group. The carrying value of SCI as at 30 June 2015 amounted to approximately HK$1.7 billion (before impairment provision detailed below).

Guangzhou Dongxin Expressway is in its ramp-up period and the toll revenue growth is highly dependent on the economic and transportation network development in Panyu and Nansha district. It is noted that its actual traffic flow growth and the average toll per vehicle are lower than expected following the partial opening of an interchange connecting with Guangzhou Southern Second Ring Road in Panyu District of Guangzhou in the last quarter of 2014. Management has carried out an impairment assessment with reference to the discounted cash flow method. Based on the assessment, an impairment loss of HK$0.3 billion was shared by the Group in the consolidated income statement during the year.

(d) Amounts receivable are analyzed as follows:

		Group	
	Note	**2015 HK$'m**	2014 HK$'m
Interest bearing	(i)	**12.9**	29.3
Non-interest bearing	(ii)	**2,834.4**	2,780.9
		2,847.3	2,810.2

(i) The balance includes an amount of HK$12.9 million (2014: HK$29.3 million) which carries interest at Hong Kong prime rate.

(ii) The balance includes an amount of HK$197.5 million (2014: HK$197.5 million) which has been subordinated to certain indebtedness of a joint venture.

As at 30 June 2015, the carrying amounts of the amounts receivable are not materially different from their fair values and are fully performing.

(e) Dividend income from joint ventures for the year is HK$3,407.2 million (2014: HK$1,863.7 million).

(f) Details of principal joint ventures are given in note 45. The directors of the Company were of the view that as at 30 June 2015, there was no individual joint venture that was material to the Group.

(g) Contingent liabilities relating to the Group's interests in the joint ventures are disclosed in note 38.

22 Joint Ventures (continued)

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

	Group	
	2015 HK$'m	2014 HK$'m
Revenue	**13,157.8**	13,604.8
Profit for the year	**2,662.7**	1,553.3
Other comprehensive loss for the year	**(211.2)**	(397.7)
Total comprehensive income for the year	**2,451.5**	1,155.6
Non-current assets	**24,131.1**	23,563.5
Current assets	**6,372.5**	6,052.1
Current liabilities	**(8,171.5)**	(6,685.0)
Non-current liabilities	**(7,394.5)**	(6,967.7)
Net assets	**14,937.6**	15,962.9

23 Available-for-Sale Financial Assets

		Group	
	Note	**2015 HK$'m**	2014 HK$'m
Equity securities listed in Hong Kong	(a), (c)	**2,245.0**	430.9
Equity securities listed overseas	(b), (c)	**77.5**	736.6
Debt securities listed in Hong Kong		**244.2**	244.4
Unlisted equity securities		**5.8**	187.5
Unlisted debt securities		**30.0**	–
		2,602.5	1,599.4
Market value of listed securities		**2,566.7**	1,411.9

23 Available-for-Sale Financial Assets (continued)

(a) The balance includes approximately 5.1% equity interest in Haitong International which was reclassified from associated company during the year as detailed in note 21(c).

(b) The balance as at 30 June 2014 represented approximately 16% equity interest in Tharisa which was reclassified as an associated company during the year as detailed in note 21(b).

(c) Subsequent to the end of the reporting period, there is a decline in the stock markets on which the Group's equity securities were listed. As at 23 September 2015, the date of approval of these consolidated financial statements, the aggregate amount of the market price of the Group's listed equity securities in Hong Kong and overseas was HK$1,507.7 million.

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	
	2015 HK$'m	2014 HK$'m
Hong Kong dollar	**2,275.0**	430.9
Renminbi	**5.8**	5.8
United States dollar	**321.7**	426.1
South African Rand	**–**	736.6
	2,602.5	1,599.4

24 Other Non-Current Assets

	Note	Group 2015 HK$'m	Group 2014 HK$'m
Security deposits		**952.0**	962.0
Derivative financial instruments		**39.5**	39.5
Deferred tax assets	33	**2.3**	2.0
Others		**21.3**	30.1
		1,015.1	1,033.6

25 Inventories

	Group 2015 HK$'m	Group 2014 HK$'m
Raw materials	**12.9**	10.6
Finished goods	**424.0**	319.0
	436.9	329.6

26 Trade and Other Receivables

	Note	Group 2015 HK$'m	Group 2014 HK$'m	Company 2015 HK$'m	Company 2014 HK$'m
Trade receivables	(a)	**1,976.8**	1,926.7	**–**	–
Retention money receivables		**1,049.0**	803.8	**–**	–
Amounts due from customers for contract works	29	**129.9**	94.9	**–**	–
Other receivables, deposits and prepayments	(b)	**3,997.2**	5,202.3	**6.9**	9.0
Financial assets at fair value through profit or loss	27	**0.2**	0.6	**–**	–
Derivative financial instruments		**19.3**	42.2	**–**	–
Amounts due from associated companies	(c)	**1,582.4**	70.3	**–**	–
Amounts due from joint ventures	(c)	**233.8**	311.3	**–**	–
Amounts due from subsidiaries	(d)	**–**	–	**31,887.1**	27,060.1
		8,988.6	8,452.1	**31,894.0**	27,069.1

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	
	2015 HK$'m	2014 HK$'m
Under 3 months	**1,909.9**	1,807.2
4 to 6 months	**9.0**	50.5
Over 6 months	**57.9**	69.0
	1,976.8	1,926.7

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 2015, trade receivables of HK$135.7 million (2014: HK$529.3 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	
	2015 HK$'m	2014 HK$'m
Under 3 months	**68.8**	409.8
4 to 6 months	**9.0**	50.5
Over 6 months	**57.9**	69.0
	135.7	529.3

26 Trade and Other Receivables (continued)

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

At 30 June 2015, trade receivables of HK$1.1 million (2014: HK$1.1 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	
	2015 HK$'m	2014 HK$'m
At beginning of year	**1.1**	7.0
Amounts written off during the year	**–**	(5.9)
At end of year	**1.1**	1.1

(b) The balance as at 30 June 2014 included (i) an amount receivable of RMB400.0 million (equivalent to approximately HK$500.0 million) which was secured, carried interest at 7.65% per annum; and (ii) an amount receivable of RMB1,500.0 million (equivalent to approximately HK$1,875.0 million) which was secured, carried interest at 12% per annum; both were fully settled during the year.

(c) As at 30 June 2015, the amounts due from associated companies and joint ventures of the Group are interest free, unsecured and repayable on demand except for an aggregate amount of HK$1,038.0 million (2014: Nil) due from an associated company which bears interest at LIBOR plus a margin of 2.2% to 2.75% per annum. The amounts receivables are fully performing.

(d) As at 30 June 2015, the amounts due from subsidiaries of the Company are interest free, unsecured and repayable on demand except for (i) an amount of HK$418.7 million (2014: HK$478.5 million) due from a subsidiary which bears interest at HIBOR plus 1.5% per annum; and (ii) an aggregate amount of HK$883.9 million (2014: HK$723.1 million) due from a subsidiary which bears interest at 6-month HIBOR plus 1.3% per annum. The amounts receivables are fully performing.

(e) Included in the Group's trade and other receivables are HK$354.7 million (2014: HK$2,904.8 million) denominated in Renminbi, HK$33.6 million (2014: HK$206.8 million) denominated in Macau Pataca and HK$1,664.2 million (2014: HK$0.9 million) denominated in United States dollar. The remaining balances are mainly denominated in Hong Kong dollar.

(f) The Company's trade and other receivables are mainly denominated in Hong Kong dollar.

27 Financial Assets at Fair Value Through Profit or Loss

		Group	
	Note	2015 HK$'m	2014 HK$'m
Unlisted equity securities	26	**0.2**	0.6

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

28 Cash and Bank Balances

	Group		Company	
	2015 HK$'m	2014 HK$'m	2015 HK$'m	2014 HK$'m
Time deposits – maturing within three months	**8,285.8**	4,524.1	**–**	445.3
Time deposits – maturing after more than three months	**16.6**	17.9	**–**	–
Other cash at bank and on hand	**2,119.9**	3,094.9	**107.1**	81.0
Cash and bank balances	**10,422.3**	7,636.9	**107.1**	526.3

The effective interest rate on time deposits is 2.9% (2014: 3.2%) per annum; these deposits have an average maturity of 43 days (2014: 32 days).

The balances include HK$2,490.5 million (2014: HK$2,285.5 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	
	2015 HK$'m	2014 HK$'m	2015 HK$'m	2014 HK$'m
Hong Kong dollar	**1,305.1**	1,726.3	**89.9**	186.4
United States dollar	**228.2**	311.4	**11.8**	306.8
Renminbi	**8,838.5**	5,525.3	**0.1**	4.0
Macau Pataca	**43.8**	38.4	**–**	–
Others	**6.7**	35.5	**5.3**	29.1
	10,422.3	7,636.9	**107.1**	526.3

29 Contracts in Progress

	Note	Group 2015 HK$'m	2014 HK$'m
Contract costs incurred plus attributable profits less foreseeable losses		**51,386.8**	42,501.6
Progress payments received and receivable		**(52,346.6)**	(43,212.6)
		(959.8)	(711.0)
Representing			
Gross amount due from customers for contract works	26	**129.9**	94.9
Gross amount due to customers for contract works	35	**(1,089.7)**	(805.9)
		(959.8)	(711.0)

30 Share Capital

	Ordinary Shares No. of shares	HK$'m
Authorized		
At 1 July 2014 and 30 June 2015	**6,000,000,000**	**6,000.0**
Issued and fully paid		
At 1 July 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
Issued as scrip dividends	33,450,658	33.5
At 30 June 2015	**3,775,365,900**	**3,775.4**

Share Option Scheme

(a) The share option scheme of the Company (the "Scheme"), which was adopted on 21 November 2011, is valid and effective for a period of ten years from the date of adoption. The Board may, at their discretion, grant options to any eligible participant as defined under the Scheme to subscribe for the shares of the Company. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme must not in aggregate exceed 10% of the share capital of the Company in issue as at 21 November 2011, i.e. 3,388,900,598 shares.

30 Share Capital (continued)

Share Option Scheme (continued)

(a) (continued)

Movements in the number of share options during the year are as follows:

	Note	Number of options	Weighted average exercise price of each category (HK$)
At beginning of year		–	–
Granted	(i),(ii)	55,470,000	14.160
Adjusted	(iii)	8,053	14.158
At end of year		55,478,053	14.158

(i) On 9 March 2015, 55,470,000 share options were granted to directors and certain eligible participants at the exercise price of HK$14.160 per share, which represents the average closing price of the Company's shares in the daily quotations sheets of the Hong Kong Stock Exchange for the five trading days immediately preceding 9 March 2015. Such share options will expire on 8 March 2020.

(ii) The fair value of the share options granted during the year with the exercise price per share of HK$14.160 (subsequently being adjusted to HK$14.158) is estimated at HK$2.2563 per share option, using the binomial option pricing model. Value is estimated based on the risk-free rate of 1.29% per annum with reference to the rate prevailing on the Hong Kong government bond, an approximately five-year period historical volatility of 30%, assuming dividend yield of 5.34% per annum and an expected option life of five years.

(iii) Pursuant to the Scheme, the number of unexercised share options and exercise price may be subject to adjustment in case of alteration in the capital structure of the Company. The Company declared the interim dividend for the six months ended 31 December 2014 in scrip form (with cash option) during the year which gave rise to adjustments to the number of unexercised share options and the exercise price in accordance with the Scheme. The exercise price per share for the share options granted on 9 March 2015 was adjusted to HK$14.158 with effect from 19 May 2015.

Share options outstanding at the end of year have the following terms:

	Expiry Date	Number of options	Vested percentage
Directors	8 March 2020	31,304,566	60%
Other eligible participants	8 March 2020	24,173,487	60%
		55,478,053	

(b) The share options will be vested according to the Scheme and the terms of grant provided that for the vesting to occur the grantee has to remain as an eligible participant on such vesting date.

31 Reserves

		Group					
HK$'m	Note	Share premium	Special reserves	Investment revaluation reserve	Exchange reserve	Revenue reserve	Total
At 1 July 2014		15,880.0	640.0	(84.9)	3,145.2	18,894.2	38,474.5
Profit for the year		–	–	–	–	4,477.6	4,477.6
Dividends paid to shareholders of the Company		–	–	–	–	(1,837.5)	(1,837.5)
Fair value changes on available-for-sale financial assets							
Group		–	–	(200.9)	–	–	(200.9)
Associated companies		–	–	(1.9)	–	–	(1.9)
Joint ventures		–	–	15.5	–	–	15.5
Release of reserve upon disposal of an available-for-sale financial asset		–	–	(96.0)	–	–	(96.0)
Release of reserves upon disposal of a subsidiary	39(b)	–	(2.4)	–	(1.4)	–	(3.8)
Release of reserves upon partial disposal of interest in an associated company		–	(13.7)	(1.2)	(31.7)	–	(46.6)
Reversal of reserves upon reclassification of an available-for-sale financial asset as an associated company	21(b)	–	–	665.7	51.5	–	717.2
Currency translation differences							
Group		–	–	–	(51.2)	–	(51.2)
Associated companies		–	–	–	(45.8)	–	(45.8)
Joint ventures		–	–	–	(145.1)	–	(145.1)
Scrip dividends							
Share premium on new shares issued		408.7	–	–	–	–	408.7
Share options							
Value of services provided							
Group	9	–	79.7	–	–	–	79.7
Associated company		–	0.5	–	–	–	0.5
Joint ventures		–	5.6	–	–	–	5.6
Share of other comprehensive loss of associated companies and joint ventures		–	(87.1)	–	–	(29.2)	(116.3)
Cash flow hedges		–	(1.1)	–	–	–	(1.1)
Remeasurement of post-employment benefit obligation		–	–	–	–	4.9	4.9
Transfer		–	12.7	–	–	(12.7)	–
At 30 June 2015		16,288.7	634.2	296.3	2,921.5	21,497.3	41,638.0
Representing							
Balance at 30 June 2015		16,288.7	634.2	296.3	2,921.5	20,251.4	40,392.1
Proposed final dividend		–	–	–	–	1,245.9	1,245.9
		16,288.7	634.2	296.3	2,921.5	21,497.3	41,638.0

31 Reserves (continued)

	Group					
HK$'m	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 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 a subsidiary	–	–	–	(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 income/(loss) 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

31 Reserves (continued)

Special reserves include statutory reserves which are created in accordance with the relevant PRC laws and/or terms of the joint venture agreements of subsidiaries and 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 swaps.

	Company				
HK$'m	**Share premium**	**Contributed surplus**	**Special reserves**	**Revenue reserve**	**Total**
At 1 July 2014	**15,880.0**	**237.3**	**84.0**	**2,328.1**	**18,529.4**
Issue of new shares as scrip dividends	**408.7**	**–**	**–**	**–**	**408.7**
Profit for the year	**–**	**–**	**–**	**5,851.1**	**5,851.1**
Dividends	**–**	**–**	**–**	**(1,837.5)**	**(1,837.5)**
Share options					
Value of services provided					
Company	**–**	**–**	**54.4**	**–**	**54.4**
Subsidiaries	**–**	**–**	**25.3**	**–**	**25.3**
Associated company	**–**	**–**	**0.5**	**–**	**0.5**
Joint ventures	**–**	**–**	**5.6**	**–**	**5.6**
At 30 June 2015	**16,288.7**	**237.3**	**169.8**	**6,341.7**	**23,037.5**
Representing					
Balance at 30 June 2015	**16,288.7**	**237.3**	**169.8**	**5,095.8**	**21,791.6**
Proposed final dividend	**–**	**–**	**–**	**1,245.9**	**1,245.9**
	16,288.7	**237.3**	**169.8**	**6,341.7**	**23,037.5**
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

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

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

32 Borrowings

	Note	Group 2015 HK$'m	Group 2014 HK$'m
Non-current			
Long term bank loans			
Secured	(a),(b),(c)	**606.2**	1,018.7
Unsecured	(a),(c)	**9,012.2**	7,276.2
Fixed rate bonds			
Unsecured	(d)	**3,868.4**	3,858.8
Other borrowings			
Unsecured		**0.2**	0.3
		13,487.0	12,154.0
Current			
Current portion of long term bank loans			
Secured	(a),(b),(c)	**412.5**	412.5
Unsecured	(a),(c)	**2,402.6**	2,300.9
Fixed rate bonds			
Unsecured	(d)	**–**	1,250.0
Short term bank loans and overdrafts			
Unsecured	(c)	**509.1**	1,549.9
Other borrowings			
Unsecured		**0.2**	0.2
		3,324.4	5,513.5
		16,811.4	17,667.5

32 Borrowings (continued)

(a) Long term bank loans

	Group	
	2015 HK$'m	2014 HK$'m
Bank loans, secured and wholly repayable within five years	**1,018.7**	1,431.2
Bank loans, unsecured and wholly repayable within five years	**11,414.8**	9,577.1
Total long term bank loans	**12,433.5**	11,008.3
Amounts repayable within one year included in current liabilities	**(2,815.1)**	(2,713.4)
	9,618.4	8,294.9

	Group	
	2015 HK$'m	2014 HK$'m
The maturity of long term bank loans is as follows:		
Within one year	**2,815.1**	2,713.4
In the second year	**1,919.9**	3,414.2
In the third to fifth year	**7,698.5**	4,880.7
	12,433.5	11,008.3

As at 30 June 2015, the Group's long term bank loans of HK$12.433 billion (2014: HK$11.008 billion) are exposed to interest rate risk of contractual repricing dates falling within one year except for an amount of HK$0.4 billion (2014: Nil) which is fixed rate interest-bearing.

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

32 Borrowings (continued)

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

	Group	
	2015	2014
Hong Kong dollar	**1.71%**	1.79%
Renminbi	**5.54%**	5.85%

(d) Fixed rate bonds

Fixed rate bonds represent US$500.0 million bonds bearing 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, US$500.0 million bonds will be redeemed at the principal on the maturity date on 9 February 2017.

As at 30 June 2015, the fair value of US$500.0 million bonds amounted to US$528.1 million (equivalent to approximately HK$4,103.5 million) which is based on the quoted market prices.

The balance as at 30 June 2014 included RMB1,000.0 million bonds which were 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.

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

	Group	
	2015 HK$'m	2014 HK$'m
Hong Kong dollar	**11,924.3**	10,114.9
Renminbi	**1,018.7**	3,693.8
United States dollar	**3,868.4**	3,858.8
	16,811.4	17,667.5

33 Deferred Income Tax

	Note	Group 2015 HK$'m	Group 2014 HK$'m
At beginning of year		**2,510.1**	2,605.4
Translation differences		**–**	(29.5)
Disposal of a subsidiary	39(b)	**(1.3)**	–
Net amount credited to the consolidated income statement	11	**(132.8)**	(65.8)
At end of year		**2,376.0**	2,510.1

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2014: 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$1,118.8 million (2014: HK$1,445.2 million) to be carried forward against future taxable income. These tax losses have no expiry dates.

As at 30 June 2015, the aggregate amount of unrecognized deferred tax liabilities associated with investments in subsidiaries totalled approximately HK$231.6 million (2014: HK$252.3 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.

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	**2015**	2014	**2015**	2014	**2015**	2014
At beginning of year	**22.4**	31.4	**88.8**	85.2	**111.2**	116.6
Translation differences	**–**	–	**–**	(1.0)	**–**	(1.0)
(Charged)/credited to the consolidated income statement	**(8.6)**	(9.0)	**(13.2)**	4.6	**(21.8)**	(4.4)
At end of year	**13.8**	22.4	**75.6**	88.8	**89.4**	111.2

33 Deferred Income Tax (continued)

Deferred tax liabilities

		Group									
		Accelerated tax depreciation		Amortization of concession rights		Dividend income withholding tax		Others		Total	
HK$'m	Note	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
At beginning 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
Translation differences		–	–	–	(28.5)	–	(1.0)	–	(1.0)	–	(30.5)
Disposal of a subsidiary	39(b)	–	–	–	–	–	–	(1.3)	–	(1.3)	–
Charged/(credited) to the consolidated income statement		13.2	10.1	(117.5)	(89.3)	(15.2)	8.9	(35.1)	0.1	(154.6)	(70.2)
At end of year		108.9	95.7	2,143.4	2,260.9	183.1	198.3	30.0	66.4	2,465.4	2,621.3

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 statement of financial position.

		Group	
	Note	2015 HK$'m	2014 HK$'m
Deferred tax assets	24	(2.3)	(2.0)
Deferred tax liabilities		2,378.3	2,512.1
		2,376.0	2,510.1

34 Other Non-Current Liabilities

		Group	
	Note	2015 HK$'m	2014 HK$'m
Long service payment obligations		18.8	24.5
Deferred income		148.0	129.7
Loans from non-controlling interests	(a)	96.8	97.5
Derivative financial instruments		83.2	74.5
Retirement benefit obligations		4.9	2.0
		351.7	328.2

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

35 Trade and Other Payables

		Group		Company	
	Note	**2015 HK$'m**	2014 HK$'m	**2015 HK$'m**	2014 HK$'m
Trade payables	(a)	**606.5**	808.4	**–**	–
Retention money payables		**890.3**	809.3	**–**	–
Advances received from customers for contract works		**1,284.9**	1,111.8	**–**	–
Amounts due to customers for contract works	29	**1,089.7**	805.9	**–**	–
Amounts due to non-controlling interests	(b)	**94.2**	44.6	**–**	–
Other payables and accruals		**5,080.7**	4,058.0	**53.5**	49.4
Amounts due to associated companies	(b)	**8.3**	5.4	**–**	–
Amounts due to joint ventures	(b)	**0.6**	0.6	**–**	–
Amounts due to subsidiaries	(b)	**–**	–	**13,210.4**	13,349.1
		9,055.2	7,644.0	**13,263.9**	13,398.5

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

	Group	
	2015 HK$'m	2014 HK$'m
Under 3 months	**587.7**	781.0
4 to 6 months	**5.4**	14.0
Over 6 months	**13.4**	13.4
	606.5	808.4

(b) As at 30 June 2015, the amounts payable are interest free, unsecured and have no fixed repayment terms, except for (i) an amount of HK$418.7 million (2014: HK$478.5 million) due to a subsidiary which bears interest at HIBOR plus 1.5% per annum; and (ii) an aggregate amount of HK$883.9 million (2014: HK$723.1 million) 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$395.4 million (2014: HK$431.1 million) denominated in Renminbi, HK$231.6 million (2014: HK$308.7 million) denominated in Macau Pataca and HK$208.1 million (2014: HK$153.1 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.

36 Financial Instruments by Category

Financial assets in the consolidated statement of financial position include available-for-sale financial assets, financial assets at fair value through profit or loss, derivative financial instruments, trade receivables, loan and other receivables and cash and bank balances. All these financial assets are carried at amortized cost using the effective interest method as "loans and receivables" except for the "available-for-sale financial assets", "financial assets at fair value through profit or loss" and "derivative financial instruments" which are carried at fair value.

Financial liabilities in the consolidated statement of financial position include borrowings, trade payables, derivative financial instruments, loan and other payables. 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.

37 Commitments

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

		Group	
	Note	**2015 HK$'m**	2014 HK$'m
Contracted but not provided for			
Intangible concession rights		**93.0**	22.7
Property, plant and equipment		**9.3**	53.6
Capital contributions to/acquisitions of an associated company and joint ventures	(i)	**2,072.7**	1,492.9
Authorized but not contracted for			
Intangible concession rights		**48.5**	47.0
Property, plant and equipment		**8.5**	–
		2,232.0	1,616.2

(i) The Group has committed 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$2,072.7 million (2014: HK$1,492.9 million) which represents the attributable portion of the capital and loan contributions to be made to the associated company and joint ventures.

37 Commitments (continued)

(b) The Group's share of commitments for capital expenditure committed by the joint ventures not included above are as follows:

	Group	
	2015 HK$'m	2014 HK$'m
Contracted but not provided for		
Property, plant and equipment	**971.2**	797.8
Capital contributions to/acquisitions of associated companies and joint ventures	**177.6**	73.8
Authorized but not contracted for		
Property, plant and equipment	**244.8**	479.0
	1,393.6	1,350.6

(c) On 30 June 2015, Chongqing Suyu Business Development Company Limited, ("Suyu", a 50% joint venture of the Group) contracted to invest in an equity interest of 25.1% in Chongqing Derun Environment Co., Ltd. ("Derun Environment"), a company engaged in environmental-related businesses in Mainland China. The consideration will be satisfied by the injection of approximately 13.44% equity interest in Chongqing Water Group Co., Ltd. currently owned by Suyu and cash consideration of approximately RMB442.0 million (equivalent to approximately HK$552.5 million). The Group's share of commitments towards the aforesaid cash consideration have been included in notes (a) and (b) above. Subject to relevant government approvals, the Group will indirectly own about 12.55% interest in Derun Environment upon completion.

(d) Commitments under operating leases

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

	Group	
	2015 HK$'m	2014 HK$'m
Buildings		
In the first year	**73.5**	57.4
In the second to fifth year inclusive	**88.3**	28.5
After the fifth year	**5.3**	5.8
	167.1	91.7

The lease terms range from 1 to 19 years.

37 Commitments (continued)

(e) Future minimum rental payments receivable

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

	Group	
	2015 HK$'m	2014 HK$'m
In the first year	**121.2**	119.8
In the second to fifth year inclusive	**127.4**	222.1
After the fifth year	**–**	8.1
	248.6	350.0

The Group's operating leases terms range from one to eight years.

38 Contingent Liabilities and Financial Guarantee Contracts

(a) The Group's and the Company's financial guarantee contracts are as follows:

	Group		Company	
	2015 HK$'m	2014 HK$'m	**2015 HK$'m**	2014 HK$'m
Guarantees for credit facilities granted to				
Subsidiaries	**–**	–	**21,522.8**	21,677.0
An associated company	**20.0**	20.0	**–**	–
Joint ventures	**1,025.6**	1,019.7	**900.0**	900.0
A related company	**49.7**	64.7	**–**	–
	1,095.3	1,104.4	**22,422.8**	22,577.0

(b) The Group's share of contingent liabilities of joint ventures not included above are HK$19.4 million as at 30 June 2015 (2014: HK$16.8 million).

39 Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to net cash generated from operations:

	2015 HK$'m	2014 HK$'m
Operating profit	**3,910.5**	3,556.4
Depreciation and amortization	**998.0**	907.3
Share-based payments	**79.7**	–
Provision for impairment on a joint venture	**–**	72.1
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company	**(914.0)**	–
Gain on deemed disposal of interests in joint ventures	**–**	(594.3)
Gain on fair value of investment properties	**(306.6)**	(111.4)
Net profit on disposal of property, plant and equipment	**(61.6)**	–
Profit on disposal of subsidiaries	**(5.1)**	(75.7)
Profit on disposal of available-for-sale financial assets	**(25.2)**	(14.3)
Profit on disposal of financial assets at fair value through profit or loss	**(10.7)**	–
Interest income	**(347.3)**	(455.3)
Dividend income from available-for-sale financial assets and other investments	**(3.5)**	(7.8)
Loss on partial disposal of an associated company	**131.5**	–
Other non-cash items	**(17.4)**	5.6
Operating profit before working capital changes	**3,428.3**	3,282.6
(Increase)/decrease in security deposits	**(0.1)**	236.6
(Increase)/decrease in inventories	**(107.3)**	36.7
Increase in trade and other receivables	**(1,225.5)**	(1,258.6)
Increase in trade and other payables	**1,329.0**	2,016.2
Increase in deferred income	**31.9**	7.1
Decrease in balances with associated companies and joint ventures	**20.5**	0.1
Decrease in long service payment obligations	**(5.8)**	(3.8)
Increase/(decrease) in amounts due to non-controlling interests	**49.5**	(36.1)
Net cash generated from operations	**3,520.5**	4,280.8

39 Notes to Consolidated Statement of Cash Flows (continued)

(b) Disposal of subsidiaries

	Note	2015 HK$'m	2014 HK$'m
Net assets disposed			
Investment properties	16	**5.6**	41.0
Property, plant and equipment	17	**–**	0.7
Trade and other receivables		**41.2**	–
Cash and bank balances		**0.3**	230.8
Trade and other payables		**(21.9)**	–
Tax payable		**(21.5)**	–
Deferred tax liabilities	33	**(1.3)**	–
		2.4	272.5
Net profit on disposal	7	**5.1**	75.7
Release of reserves upon disposal	31	**(3.8)**	(71.5)
		3.7	276.7
Represented by			
Cash consideration received		**3.7**	276.7

(c) Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	2015 HK$'m	2014 HK$'m
Cash consideration	**3.7**	276.7
Cash and bank balances disposed of	**(0.3)**	(230.8)
	3.4	45.9

40 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	2015 HK$'m	2014 HK$'m
Transactions with affiliated companies	(i)		
Provision of construction work services	(ii)	**–**	0.5
Provision of other services	(iii)	**3.5**	0.7
Interest income	(iv)	**30.6**	29.7
Management fee income	(v)	**23.7**	20.6
Rental and other related expenses	(vi)	**(10.0)**	(6.0)
Transactions with other related parties	(i)		
Provision of construction work services	(ii)	**6,986.8**	6,221.0
Provision of other services	(iii)	**75.5**	66.3
Rental and other related expenses	(vi)	**(45.4)**	(40.2)
Other expenses	(vii)	**(817.2)**	(868.4)

(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, 22 and 26 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.

40 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, 34 and 35.

(d) On 30 January 2015, a share purchase agreement (the "Share Purchase Agreement") was entered into between Natal Global Limited ("Natal Global", an indirect wholly owned subsidiary of the Company), Zion Sky Holdings Limited ("Zion Sky"), Investec Bank plc ("Investec") and Goshawk Aviation Limited ("Goshawk", a company which is engaged in commercial aircraft leasing) and pursuant to which, Natal Global agreed to purchase (i) 144,810,506 preference shares of Goshawk held by Zion Sky, representing 40% of the total issued share capital of Goshawk; and (ii) the loan notes in the outstanding principal amount of approximately US$60.9 million, representing approximately 18.7% of the estimated total outstanding notes as at the date of completion of the Share Purchase Agreement issued by GAL Dutch Finance B.V. under the senior notes deed dated 12 May 2014 entered into between GAL Dutch Finance B.V. as issuer and, among others, Zion Sky and Investec as noteholders from Zion Sky at a total cash consideration of approximately US$222.5 million. The total consideration was paid by Natal Global on the date of completion of the Share Purchase Agreement.

As at the date of signing of the Share Purchase Agreement, Zion Sky was wholly owned by CTF Enterprises. Completion of the Share Purchase Agreement took place on 2 February 2015 and upon completion, Natal Global owned 40% equity interest in Goshawk which was accounted for as an associated company of the Group.

(e) On 10 June 2015, a sale and purchase agreement (the "SP Agreement") was entered into between Polytown Company Limited ("Polytown", an indirect wholly owned subsidiary of the Company) (as vendor) and GH Hotel Company Limited and New World Harbourview Hotel Company Limited (as purchasers and tenants-in-common in equal shares) (together, the "Purchasers") and pursuant to which, Polytown agreed to sell and the Purchasers agreed to purchase the portion of the podium (comprising the swimming pool, planters, grill area, pool deck and filtration plant room) located at the Podium Roof Garden, Convention Plaza, No. 1 Harbour Road, Hong Kong at the consideration of HK$64.7 million. The consideration was paid by the Purchasers in cash upon completion of the SP Agreement and a net gain of HK$60.0 million was recognized in the Group's consolidated income statement.

As at the date of signing of the SP Agreement, each of the Purchasers was an indirect wholly owned subsidiary of Beames Holdings Limited, which in turn was held as to 64% by NWD and as to 36% by CTF Enterprises. Completion of the SP Agreement took place on 10 June 2015.

41 Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

42 Ultimate Holding Company

The directors regard NWD, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange, as being the ultimate holding company. The Company is held by NWD and certain of its subsidiaries.

43 Principal Subsidiaries

As at 30 June 2015

	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
Chinese Future Limited	1,000,000	1,000,000	–	100.0	Investment holding
CiF Solutions Limited	10	1,000	–	100.0	Provision of information
	160,000*	16,000,000	–	100.0	technology solutions
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
	600,000*	60,000,000	–	100.0	engineering
Hip Hing Engineering Company Limited	2,000,000	200,000,000	–	100.0	Building construction
Hip Seng Builders Limited (Formerly: Waking Builders, Limited)	20,000	20,000,000	–	100.0	Construction
Hip Seng Construction Company Limited	1	1	–	100.0	Construction
Hong Kong Convention and	3	3	–	100.0	Management of
Exhibition Centre (Management) Limited	1*	1	–	100.0	HKCEC
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	–	100.0	Investment holding
Kiu Lok Property Services	2	2	–	100.0	Property agency
(China) Limited	2*	2	–	100.0	management and consultancy
New World Construction Company Limited	1	1	–	100.0	Construction
New World Construction Management Company Limited	1	1	–	100.0	Construction
New World-Guangdong Highway	100	10,000	–	100.0	Investment holding
Investments Co. Limited	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

43 Principal Subsidiaries (continued)

As at 30 June 2015

	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 (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 operation and general trading
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
Wisemec Enterprises Limited	2	2	–	100.0	Investment holding

	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

43 Principal Subsidiaries (continued)

As at 30 June 2015

	Issued share capital#		Approximate percentage of shares held		
	Number	Par value per share	Company	Group	Principal activities
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
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
Natal Global 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
Pure Cosmos 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

43 Principal Subsidiaries (continued)

As at 30 June 2015

	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	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 is 40%)

(c) Profit sharing percentage (percentage for non-controlling interest is 35%)

(d) Percentage of interest in ownership and profit sharing (percentage for non-controlling interest is 5%)

(e) Cash sharing ratio of 90% (percentage for non-controlling interest is 10%) for the first 12 years from the operation date and thereafter 60% (percentage for non-controlling interest is 40%)

(f) Profit sharing percentage (percentage for non-controlling interest is 48%)

44 Principal Associated Companies

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2015 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 and trading

	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
	1,923**	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
	929**	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 operates in Hong Kong					
Wai Kee Holdings Limited	793,124,034	HK$0.10	–	27.0	Construction
Incorporated in the Cayman Islands and operate in Ireland					
Goshawk Aviation Limited	362,026,264 preference shares	US$0.001	–	40.0	Commercial aircraft leasing
Goshawk Management Holdings (Cayman) Limited	100	US$1	–	40.0	Commercial aircraft leasing management

44 Principal Associated Companies (continued)

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2015 is as follow (continued):

	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 Mainland China					
Newton Resources Ltd	4,000,000,000	HK$0.10	–	35.5	Mining, ore processing and sale of iron concentrate
Incorporated in Cyprus and operates in South Africa					
Tharisa plc	254,780,646	US$0.001	–	15.9(b)	Chrome mining and processing

		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

44 Principal Associated Companies (continued)

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2015 is as follow (continued):

	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 no control over the relevant activities including investment decisions of these companies but has significant influence through its representative on the investment committee

(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

(d) Percentage of interest in ownership and profit sharing

45 Principal Joint Ventures

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2015 is as follow:

	Amount of fully paid capital	Approximate percentage of attributable interest: Company	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),(d)	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),(d)	Operation of toll road

45 Principal Joint Ventures (continued)

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2015 is as follow (continued):

	Issued and fully paid share capital #		Approximate percentage of shares held		
	Number	Amount HK$	Company	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

	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

45 Principal Joint Ventures (continued)

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2015 is as follow (continued):

	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 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

(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

	2015	2014	2013	2012	2011
Earnings per share – Basic (HK$)	**1.19**	1.17	1.11	1.53	1.40
Earnings per share – Diluted (HK$)	**N/A**	N/A	1.11	1.52	1.40
Key ratios					
Net Gearing Ratio	**14%**	23%	24%	34%	7%
Return on Equity	**10%**	10%	10%	15%	14%
Return on Capital Employed	**7%**	8%	7%	10%	13%
Income statement data (HK$'m)					
Revenue	**24,491.8**	21,443.0	16,247.9	14,954.3	9,560.6
Revenue by segments					
Roads	**2,416.2**	2,306.8	2,200.3	1,903.5	254.3
Energy & Water	**–**	–	–	–	0.6
Ports & Logistics	**100.1**	99.7	102.1	41.3	–
Facilities Management	**6,768.6**	6,174.2	6,471.7	7,177.4	5,792.8
Construction & Transport	**15,206.9**	12,862.3	7,473.8	5,832.1	3,505.3
Strategic Investments	**–**	–	–	–	7.6
Revenue by region					
Hong Kong	**21,818.3**	18,504.2	13,973.6	12,786.4	8,716.1
Mainland China	**2,490.0**	2,381.2	2,265.9	1,971.7	609.1
Macau and others	**183.5**	557.6	8.4	196.2	235.4
Profit attributable to shareholders of the Company	**4,477.6**	4,324.9	4,008.0	5,251.1	4,626.8
Attributable operating profit	**4,456.6**	4,379.0	4,267.3	4,207.6	4,056.2
Attributable operating profit by segments					
Roads	**1,201.0**	1,126.7	1,238.2	1,210.1	1,134.9
Energy	**256.2**	384.0	330.2	262.2	352.4
Water	**375.2**	355.7	389.3	359.3	297.7
Ports & Logistics	**792.5**	561.6	330.4	301.4	281.9
Facilities Management	**861.5**	910.7	1,123.6	1,184.0	876.9
Construction & Transport	**691.1**	605.3	394.3	334.2	279.1
Strategic Investments	**279.1**	435.0	461.3	556.4	833.3

	2015	2014	2013	2012	2011
Income statement data (continued) (HK$'m)					
Attributable operating profit by region					
Hong Kong	**2,556.1**	2,292.4	2,204.7	2,241.4	2,176.8
Mainland China	**1,748.0**	1,642.8	1,647.5	1,493.0	1,549.2
Macau and others	**152.5**	443.8	415.1	473.2	330.2
Corporate office and non-operating items					
Net gain on disposal of a project under a joint venture	**1,549.9**	–	–	–	–
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company	**914.0**	–	–	–	–
Net gain on deemed disposals of interests in a subsidiary, an associated company or joint ventures	**–**	594.3	–	1,833.4	–
Gain on fair value of investment properties	**306.6**	111.4	333.6	93.3	479.9
Gain on disposals of projects, net of tax	**51.4**	79.0	–	108.7	343.9
Excess of fair value of net assets acquired over the cost of acquisition of interests of a joint venture	**–**	–	–	–	26.8
Share of profit from Harbour Place, a residential development project	**71.9**	41.8	28.1	51.8	1.2
Loss on partial disposal and impairment loss related to an associated company	**(1,910.9)**	–	–	–	–
Assets impairment losses	**–**	–	–	(316.5)	–
Impairment loss related to joint ventures	**(300.0)**	–	–	(200.0)	–
Provision for impairment on a joint venture	**–**	(72.1)	–	–	–
Interest income	**210.5**	113.2	109.7	51.8	40.1
Finance costs	**(522.0)**	(561.9)	(555.3)	(333.8)	(102.8)
Expenses and others	**(350.4)**	(359.8)	(175.4)	(245.2)	(218.5)
Statement of financial position data (HK$'m)					
Total assets	**75,153.6**	71,554.1	67,022.8	62,086.2	44,137.8
Total liabilities and non-controlling interests	**29,740.2**	29,337.7	26,839.7	26,291.9	13,060.3
Total borrowings	**16,811.4**	17,667.5	17,679.5	17,666.1	6,662.0
Shareholders' funds	**45,413.4**	42,216.4	40,183.1	35,794.3	31,077.5

PROJECT KEY FACTS AND FIGURES

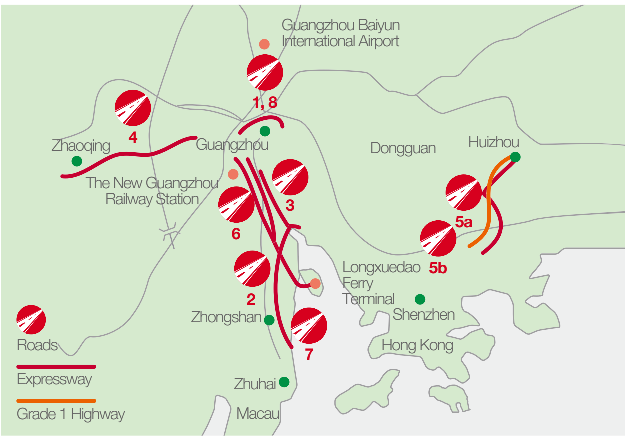
As at 30 June 2015

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



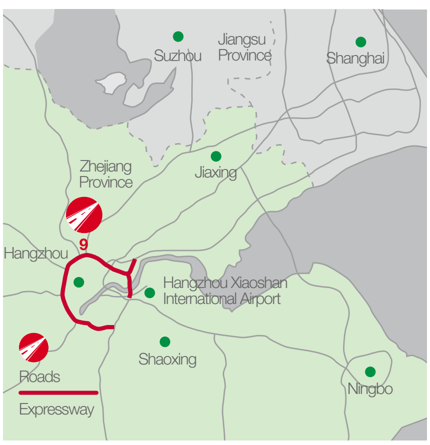
	1. Guangzhou City Northern Ring Road		
Attributable Interest	65.29%		
Form of Investment	CJV		
Length	22 km		
Lanes	Dual 3-Lane		
Location	Guangzhou City		
Operation Date	January 1994		
Expiry Date	2023		
Current Toll Rates	RMB1 – RMB28 (Normal) RMB0.12 / tonne / km (Toll-by-weight vehicle)		
Average Daily Traffic Flow	**2015** 258,580	**2014** 247,450	**2013** 220,815

	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 (Normal) Section 2: RMB2 – RMB109 (Normal) Section 1 and Section 2: RMB0.09 – RMB0.12 / tonne / km (Toll-by-weight vehicle)			RMB1 – RMB55 (Normal) RMB0.12 / tonne / km (Toll-by-weight vehicle)			RMB1 – RMB84 (Normal) RMB0.09 – RMB0.12 / tonne / km (Toll-by-weight vehicle)		
Average Daily Traffic Flow	**2015** 145,523	**2014** 131,737	**2013** 119,885	**2015** 42,075	**2014** 33,752	**2013** 27,794	**2015** 68,429	**2014** 63,073	**2013** 53,343

	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 – RMB31 (Normal) RMB0.09 / tonne / km (Toll-by-weight vehicle)	N/A (Annual toll ticket system has been implemented since January 2011)	RMB2 – RMB98 (Normal) RMB0.12 / tonne / km (Toll-by-weight vehicle)
Average Daily Traffic Flow	**2015** 70,942 **2014** 63,649 **2013** 60,293	**2015** N/A **2014** N/A **2013** N/A	**2015** 59,497 **2014** 44,232 **2013** 36,090

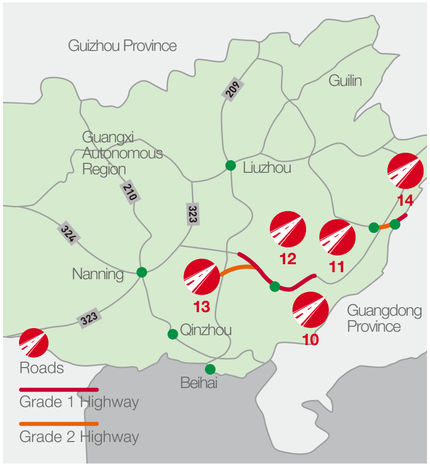
	7. Guangzhou City Nansha Port Expressway	8. Guangdong Unitoll Services Incorporated
Attributable Interest	22.5%	2%
Form of Investment	Equity	Equity
Length	72.4 km	N/A
Lanes	Dual 3 to 4-Lane	N/A
Location	Guangzhou City	Guangzhou City
Operation Date	December 2004	January 2013
Expiry Date	2030	N/A
Current Toll Rates	RMB2 – RMB78 (Normal) RMB0.12 / tonne / km (Toll-by-weight vehicle)	N/A
Average Daily Traffic Flow	**2015** 83,155 **2014** 74,309 **2013** 71,282	**2015** N/A **2014** N/A **2013** 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	**2015** 82,825 **2014** 85,090 **2013** 82,019

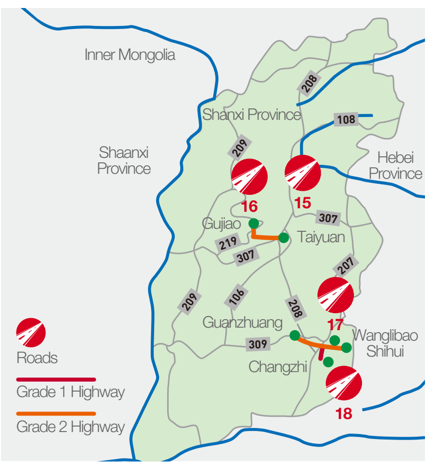
Guangxi Province



	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	**2015** **2014** **2013** 241 447 1,253	**2015** **2014** **2013** 239 442 1,241

	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	**2015** **2014** **2013** 583 1,080 3,030	**2015** **2014** **2013** 942 1,174 1,911	**2015** **2014** **2013** 3,799 3,697 3,109

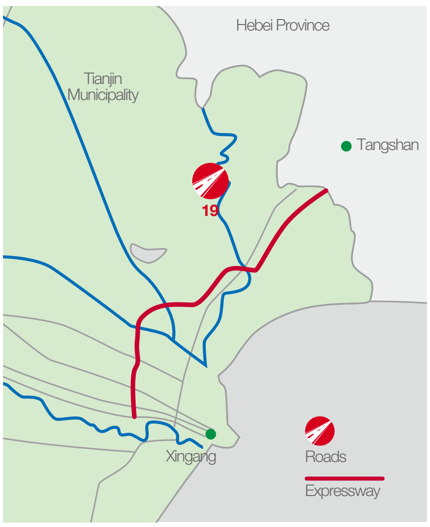
Shanxi Province



	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	**2015** **2014** **2013** 94 115 240	**2015** **2014** **2013** 777 327 411

	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	**2015** 5,017	**2014** 4,729	**2013** 3,850	**2015** 1,339	**2014** 1,184	**2013** 1,257

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 3-Lane		
Location	Tianjin Municipality		
Operation Date	Section 1: December 1998 Section 2: December 2000		
Expiry Date	2028		
Current Toll Rates	RMB5 – RMB105 (Normal) RMB0.1 / tonne / km (Toll-by-weight vehicle)		
Average Daily Traffic Flow	**2015** 35,568	**2014** 29,954	**2013** 28,110

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	**2015** 58,670	**2014** 55,731	**2013** 56,137

† 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 three power plants in Guangdong and Sichuan with a total installed capacity of approximately 2,420 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		
Attributable Interest	50%			25%		
Form of Investment	EJV			EJV		
Installed Capacity	600 MW			620 MW		
Location	Guangzhou City, Guangdong Province			Guangzhou City, Guangdong Province		
Type of Power	Coal-Fired Thermal			Coal-Fired Thermal		
Operation Date	January 1994			April 1996		
Expiry Date	2017			2020		
Electricity Sales (GWh)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
	2,437	2,918	2,494	2,777	2,569	2,994

	3. 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)	**2015**	**2014**	**2013**
	4,557	5,660	6,338

	4. Guangzhou Fuel Company
Attributable Interest	35%
Form of Investment	EJV
Coal Pier Handling Capacity	7 million tonnes / year
Location	Guangzhou City, Guangdong Province
Nature of Business	Wholesale, assembling and storage of coal
Operation Date	January 2008
Expiry Date	2033

WATER

The Group has invested in 28 water treatment projects, two sludge treatment projects and five 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 7.88 million cbms of water and waste water as well as 1,140 tonnes of sludge per day. The Group also invests in a chemical waste incineration plant in Shanghai with annual capacity of 120,000 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	330,000 m^3 / day	Phase 1: 60,000 m^3 / day Phase 2: 90,000 m^3 / day
Location	Macau	Zhongshan City, Guangdong Province
Operation Date	July 1985	Phase 1: January 1994 Phase 2: May 2007
Expiry Date	2030	2027
Average Daily Volume	**2015** / **2014** / **2013**	**2015** / **2014** / **2013**
Treated / Sold (m^3)	232,047 / 221,718 / 209,935	92,510 / 85,051 / 80,092

	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: 200,000 m^3 / day Phase 2: 300,000 m^3 / day	500,000 m^3 / day	118,000 m^3 / day
Location	Zhongshan City, Guangdong Province	Zhongshan City, Guangdong Province	Siping City, Jilin Province
Operation Date	Phase 1: April 1998 Phase 2: November 2008	April 1998	September 2000
Expiry Date	2020	2020	2030
Average Daily Volume	**2015** / **2014** / **2013** (combined for plants 3 and 4)		**2015** / **2014** / **2013**
Treated / Sold (m^3)	669,992 / 587,207 / 585,922		N/A / N/A / N/A

	6. Baoding Water Plant	7. Zhengzhou Water Plant	8. Panjin Water Plant
Attributable Interest	27.5%	25%	30%
Form of Investment	Equity	Equity	Equity
Capacity	260,000 m^3 / day	360,000 m^3 / day	110,000 m^3 / day
Location	Baoding City, Hebei Province	Zhengzhou City, Henan Province	Panjin City, Liaoning Province
Operation Date	June 2000	August 2001	April 2002
Expiry Date	2020	2031	2032
Average Daily Volume	**2015** / **2014** / **2013**	**2015** / **2014** / **2013**	**2015** / **2014** / **2013**
Treated / Sold (m^3)	234,000 / 236,978 / 234,000	272,099 / 274,068 / 249,064	93,000 / 93,952 / 92,241

	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	50,000 m³ / day			Waste Water (O&M^): 40,000 m³ / day			100,000 m³ / 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)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
	26,956	25,966	26,550	8,152	9,583	10,214	42,519	47,239	44,742

	12. Shanghai SCIP Water Treatment Plants			
Attributable Interest	25%			
Form of Investment	Equity			
Capacity	Waste Water:	50,000 m³ / day		
	Industrial Water:	200,000 m³ / day		
	Demineralized Water:	4,800 m³ / day		
Location	Shanghai Municipality			
Operation Date	Waste Water & Industrial Water:	April 2005		
	Demineralized Water:	February 2008		
Expiry Date	2052			
Average Daily Volume Treated / Sold (m³)		**2015**	**2014**	**2013**
	Waste Water:	63,074	54,753	51,486
	Industrial Water:	143,129	128,522	126,706
	Demineralized Water:	2,243	1,643	1,466

	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^): 10,000 m³ / day			Phase 1: 543,000 m³ / day Phase 2: 183,000 m³ / day			13,200 m³ / day		
Location	Shanghai Municipality			Qingdao City, Shandong Province			Qingdao City, Shandong Province		
Operation Date	October 2009			Phase 1: August 2002 Phase 2: September 2006			2nd half of 2015 (Estimate)		
Expiry Date	2039			2027			2042		
Average Daily Volume Treated / Sold (m³)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
	7,255	5,885	4,774	603,896	622,756	590,952	N/A	N/A	N/A

	16. Sanya Water Plant			17. Nanchang Water Plant		
Attributable Interest	25%			25%		
Form of Investment	Equity			Equity		
Capacity	Phase 1: 235,000 m³ / day Phase 2: 75,000 m³ / day			Phase 1: 50,000 m³ / day Phase 2: 50,000 m³ / day		
Location	Sanya City, Hainan Province			Nanchang City, Jiangxi Province		
Operation Date	Phase 1: January 2004 Phase 2: 2nd half of 2016 (Estimate)			Phase 1: January 1996 Phase 2: September 2008		
Expiry Date	2033			2023		
Average Daily Volume Treated / Sold (m³)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
	260,622	248,528	237,835	88,508	90,002	91,862

	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^):	19,800 m³ / day 15,350 m³ / day			40,000 m³ / 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)		**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
	Waste Water:	15,840	16,652	13,273	28,126	28,000	N/A
	Waste Water (O&M^):	7,635	10,251	9,312			

	20. Sichuan Water Fund	21. Chongqing Water Plant			22. Chongqing Tangjiatuo Waste Water Plant		
Attributable Interest	11.11%	27.93%			28.36%		
Form of Investment	Equity	Equity			Equity		
Capacity	N/A	Phase 1: 380,000 m³ / day Phase 2: 160,000 m³ / day Phase 3: 200,000 m³ / day			300,000 m³ / day		
Location	Chengdu City, Sichuan Province	Chongqing Municipality			Chongqing Municipality		
Operation Date	November 2014	Phase 1: November 2002 Phase 2: July 2006 Phase 3: July 2011			January 2007		
Expiry Date	2019	2052			2036		
Average Daily Volume Treated / Sold (m³)	N/A	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
		555,378	520,850	467,698	422,046	415,267	335,455

	23. Chongqing Construction Company				24. Chongqing CCIP Water Treatment Plants			
Attributable Interest	20.48%				25.52%			
Form of Investment	Equity				Equity			
Capacity	Waste Water: Sludge Treatment:	100,000 m³ / 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 2015 (Estimate) 2nd half of 2015 (Estimate)			March 2010			
Expiry Date	2038				2055			
Average Daily Volume Treated / Sold (m³)		**2015**	**2014**	**2013**		**2015**	**2014**	**2013**
	Waste Water:	N/A	N/A	N/A	Waste Water:	24,254	21,783	22,128
	Sludge Treatment:	N/A	N/A	N/A	Industrial Water:	33,089	29,504	31,508

	25. Chongqing Environmental R&D Centre	26. 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:	10,000 m³ / day 50,000 m³ / 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		**2015**	**2014**	**2013**
		Waste Water:	726	401	N/A
		Industrial Water:	1,479	478	N/A

	27. Tianjin Jieyuan Water Plant			28. Tanggu Water Plant			29. Xinchang Water Plant		
Attributable Interest	50%			24.5%			25%		
Form of Investment	Equity			Equity			Equity		
Capacity	500,000 m³ / day			310,000 m³ / day			100,000 m³ / 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)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
	320,174	320,104	294,492	180,352	181,477	165,721	92,548	87,557	79,509

	30. Changshu Water Plant			31. Changshu Waste Water Plant		
Attributable Interest	24.5%			24.5%		
Form of Investment	Equity			Equity		
Capacity	Phase 1: 675,000 m^3 / day Phase 2: 200,000 m^3 / day			Waste Water (O&M^): 80,000 m^3 / day		
Location	Changshu City, Jiangsu Province			Changshu City, Jiangsu Province		
Operation Date	Phase 1: September 1984 Phase 2: November 2012			March 2015		
Expiry Date	2036			2036		
Average Daily Volume Treated / Sold (m^3)	**2015** 470,899	**2014** 476,747	**2013** 466,668	**2015** N/A	**2014** N/A	**2013** N/A

	32. Jiangsu Water Company			
Attributable Interest	25%			
Form of Investment	Equity			
Capacity	Water: Waste Water:	350,000 m^3 / day 300,000 m^3 / day		
Location	Taizhou & Nanjing City, Jiangsu Province			
Operation Date	October 2007#			
Expiry Date	2037			
Average Daily Volume Treated / Sold (m^3)		**2015**	**2014**	**2013**
	Water:	253,863	235,432	N/A
	Waste Water:	325,102	335,397	N/A

	33. Suzhou Industrial Park Sludge Treatment Plant			34. Yangzhou Sludge Treatment Plant		
Attributable Interest	24.5%			10.41%		
Form of Investment	Equity			Equity		
Capacity	Phase 1: 300 tonnes / day Phase 2: 300 tonnes / day			300 tonnes / day		
Location	Suzhou City, Jiangsu Province			Yangzhou City, Jiangsu Province		
Operation Date	Phase 1: May 2011 Phase 2: 2nd half of 2016 (Estimate)			1st half of 2016 (Estimate)		
Expiry Date	2039			2044		
Average Daily Volume Treated (tonnes)	**2015** 279	**2014** 220	**2013** 195	**2015** N/A	**2014** N/A	**2013** N/A

	35. Sino French Solutions Company
Attributable Interest	50%
Form of Investment	Equity
Location	Hong Kong
Operation Date	October 2013

	36. Far East Landfill Technologies Limited			37. Shanghai SCIP Waste Incineration Plant		
Attributable Interest	47%			10%		
Form of Investment	Equity			Equity		
Capacity	35 million m^3			Phase 1: 60,000 tonnes / year Phase 2: 60,000 tonnes / year		
Location	Hong Kong			Shanghai Municipality		
Operation Date	June 1995			Phase 1: August 2006 Phase 2: 2nd half of 2016 (Estimate)		
Expiry Date	2045			2053		
Annual Volume Treated (tonnes)	**2015** 1,182,862	**2014** 1,107,655	**2013** 1,050,215	**2015** 59,795	**2014** 59,981	**2013** 48,563

	38. Chongqing Water Group Company Limited	39. 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. Through its joint venture, 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 invested in Beijing Capital International Airport, the second busiest airport in the world in terms of passenger throughput. The Group's Goshawk Aviation Limited invests in young and in-demand commercial aircraft for leasing to worldwide airline operators.

	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	3,420,000 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	6,838 m			1,136 m			1,202 m		
No. of Cranes	61			10			12		
Throughput Achieved (TEUs)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
	7,087,000*	3,106,000*	N/A	935,000	937,000	969,000	2,600,000	2,408,000	2,294,000

	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#		
	2015	**2014**	**2013**
Passenger Throughput	88,620,000	44,121,000**	N/A
Aircraft Movements	589,000	302,000**	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 Date	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	**2015** 99.5%	**2014** 98.8%	**2013** 98.8%	**2015** 100%	**2014** 100%	**2013** 100%

	7. China United International Rail Containers Co., Limited		
Attributable Interest	30%		
Form of Investment	EJV		
Investment Scope	Pivotal rail container terminal network		
Locations	Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian		
Operation Date	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)	**2015** 1,817,000	**2014** 1,618,000	**2013** 1,537,000

	8. Goshawk Aviation Limited		
Attributable Interest	40%		
Form of Investment	Equity		
Operation Date	October 2013#		
No. of Aircraft	**2015** 40	**2014** N/A†	**2013** N/A†

* The figures represented the aggregate throughput handled by Xiamen Container Terminal Group Co., Ltd. and its invested companies. For FY2014, the figure covered the period from its establishment in December 2013 to 30 June 2014

\# Date of incorporation

** The figures covered the period from the acquisition in December 2013 to 30 June 2014

† No comparative figures as the investment was acquired in February 2015

SERVICES

FACILITIES MANAGEMENT

The portfolio mainly comprises the management and operation of Hong Kong Convention and Exhibition Centre ("HKCEC") and the Free Duty business. HKCEC, managed and operated by the Group, is an award-winning venue for international exhibitions and conventions. Free Duty/Sky Shilla Duty Free Limited retails duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise at Hong Kong's cross-border transport terminals and Macau International Airport.

	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	1,113	271
No. of Attendants This Year	Approximately 6.4 million	Approximately 2.3 million

	Free Duty	Sky Shilla Duty Free Limited
Attributable Interest	100%	60%
Services Offered	Retail of duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise	Retail of duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise
Locations of Shops	MTR Lo Wu, Hung Hom and Lok Ma Chau Stations; Hong Kong-Macau Ferry Terminal and China Ferry Terminal; Hong Kong International Airport	Macau International Airport

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$23.2 billion	HK$6.0 billion
Value of Contracts on Hand	HK$35.7 billion (remaining value of works to be completed: HK$24.5 billion)	HK$35.3 billion (remaining value of works to be completed: HK$26.4 billion)
Major Projects	West Kowloon Government Offices; Xiqu Centre at West Kowloon Cultural District; Gleneagles Hong Kong Hospital at Wong Chuk Hang; Shangri-La Hotel at Hung Hom; Phase Two Expansion of Cathay Pacific's Catering Services Facility at Chek Lap Kok; Residential Development at Tsuen Wan West Station TW6 for New World Development and Vanke; Residential Development "Double Cove" for New World Development; Commercial Developments "One Bay East" at Kwun Tong, "One HarbourGate" at Hung Hom and Residential and Commercial Development at Tseung Kwan O Area 65C1 for Wheelock Properties; Goldin Financial Global Centre at Kowloon Bay for Goldin Group; Yau Ma Tei Police Station; Urban Renewal Project at Sham Shui Po for Hong Kong Housing Society; Public Rental Housing Development at Ex Kwai Chung Police Married Quarters 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 Service Apartment Development at Happy Valley; Residential Development at Des Voeux Road West; Residential Development at Sai Yuen Lane; Office Redevelopment at King's Road; Avenue of Stars Revitalization at Tsim Sha Tsui; Tai Wai Station Development (Advance Work)

	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	933 buses	708 buses
No. of Routes	5	103	87
Average Daily Patronage	41,000	635,000	466,000

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
"FY2014"	the financial year ended 30 June 2014
"FY2015"	the financial year ended 30 June 2015
"FY2016"	the financial year ending 30 June 2016
"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"	$\frac{\text{dividends}}{\text{profit attributable to shareholders of the Company}}$
"Basic Earnings per Share"	$\frac{\text{profit attributable to shareholders of the Company}}{\text{weighted average number of shares in issue during the year}}$
"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 *(Chief Executive Officer)*
Mr Hui Hon Chung *(Deputy Chief Executive Officer)*
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 Hui Hon Chung
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

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Clarendon House
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Bermuda

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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, Hopewell 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
China Construction Bank (Asia) Corporation Limited
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
The Bank of Tokyo – Mitsubishi UFJ, Ltd. Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

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新創建 NWS

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