

**For immediate release**
**NWS Holdings Announces FY2015 Interim Results**
**HIGHLIGHTS**

|                                     | For the six months ended 31 December |                      |                    |
|-------------------------------------|--------------------------------------|----------------------|--------------------|
|                                     | 2014<br>HK\$ million                 | 2013<br>HK\$ million | Change<br>+ / (-)% |
| Revenue                             | <b>11,974.4</b>                      | 10,097.8             | 19                 |
| Attributable Operating Profit (AOP) | <b>2,254.6</b>                       | 2,320.2              | (3)                |
| Profit attributable to shareholders | <b>2,003.8</b>                       | 2,604.9              | (23)               |
| Basic earnings per share (EPS)      | <b>HK\$0.54</b>                      | HK\$0.71             | (24)               |
| Interim dividend per share          | <b>HK\$0.27</b>                      | HK\$0.36             | (25)               |
| Net assets                          | <b>45,109.5</b>                      | 43,043.4*            | 5                  |

\*as at 30 June 2014

Net gearing ratio: 12% (30 June 2014: 23%)

**AOP Performance for the six months ended 31 December 2014**

|                            | HK\$ million   | Change + / (-)% |
|----------------------------|----------------|-----------------|
| <b>Infrastructure</b>      | <b>1,365.7</b> | <b>4</b>        |
| - Roads                    | 676.7          | 1               |
| - Energy                   | 93.7           | (51)            |
| - Water                    | 222.7          | 1               |
| - Ports & Logistics        | 372.6          | 62              |
| <b>Services</b>            | <b>888.9</b>   | <b>(12)</b>     |
| - Facilities Management    | 453.7          | (9)             |
| - Construction & Transport | 308.1          | 11              |
| - Strategic Investments    | 127.1          | (44)            |

(26 February 2015, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 659) today announced its interim results for the six months ended 31 December 2014 (the “Current Period”). Revenue rose by 19% to HK\$11,974 million (2013: HK\$10,098 million). Attributable Operating Profit (“AOP”) decreased by 3% to HK\$2,255 million (2013: HK\$2,320 million). Profit attributable to shareholders decreased by 23% to HK\$2,004 million (2013: HK\$2,605 million) due to the combined impact of exceptional items during the Current Period.

**新創建集團有限公司 NWS Holdings Limited**

(incorporated in Bermuda with limited liability)

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During the Current Period, the disposal gain of approximately HK\$1.5 billion in relation to Companhia de Electricidade de Macau - CEM, S.A. (“Macau Power”) was offset by the impairment losses in the carrying value of Newton Resources Ltd (“Newton Resources”) and Guangzhou Dongxin Expressway, which amounted to HK\$1.3 billion and HK\$0.3 billion respectively. Newton Resources’ provision was founded on the downward trend of iron concentrates prices while that for Guangzhou Dongxin Expressway was based on the lower-than-expected traffic flow. Taking into account these disposal gain and impairment losses during the Current Period but excluding the one-off gain on deemed disposal of HK\$594 million from the restructuring of the Group’s port investments in Xiamen in the six months ended 31 December 2013 (the “Last Period”), the profit attributable to shareholders during the Current Period compared to that of the Last Period remained stable.

On 2 February 2015, the Group acquired 40% equity interest in Goshawk Aviation Limited (“Goshawk”) and certain outstanding loan notes together with accrued and unpaid interest at a total cash consideration of approximately US\$223 million. Goshawk, which is engaged in commercial aircraft leasing business with a current fleet of 27 aircraft, plans to achieve a target fleet of approximately 50 aircraft by the end of 2015. The aircraft leasing business will be reported under the Ports & Logistics segment of the Infrastructure division, which saw an AOP growth of 62% in the Current Period due to full period contribution from Beijing Capital International Airport Co., Ltd. (“BCIA”) and Xiamen Container Terminal Group Co., Ltd. (“XCTG”).

The Board of Directors (the “Board”) has resolved to declare an interim dividend for the year ending 30 June 2015 in scrip form equivalent to HK\$0.27 per share (2013: HK\$0.36 per share) with a cash option to the shareholders registered on 25 March 2015. The dividend payout ratio of 50.6% is in line with the dividend strategy declared by the Board in FY2005.

### **Infrastructure businesses**

Infrastructure division reported an AOP of HK\$1,366 million for the Current Period, an increase of 4% when compared to the Last Period.

#### Roads

AOP from the Roads segment increased slightly to HK\$677 million during the Current Period. Toll revenue of Hangzhou Ring Road increased by 8% mainly due to the growth of heavy vehicles, even though the average daily traffic flow remained at a comparable level as the Last Period. However, the AOP contribution from this expressway dropped because of overhaul works.

Average daily traffic flow of Tangjin Expressway (Tianjin North Section) grew by 8% during the Current Period. With the expansion works substantially completed, operation resumed in both directions as scheduled on 31 December 2014.

The economic development and implementation of unitoll system in Guangdong during the Current Period benefited the Group's expressways in the Pearl River Delta Region. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) increased by 3% and 12% respectively. Shenzhen-Huizhou Expressway (Huizhou Section) and Guangzhou-Zhaoqing Expressway also reported traffic growth of 9% and 11% respectively when compared to the Last Period. Average daily traffic flow of Guangzhou City Nansha Port Expressway also registered an increase of 13%. Although the traffic volume of Guangzhou Dongxin Expressway grew by 28%, the actual traffic flow remained below expectation and the Group shared an impairment loss of HK\$0.3 billion for the expressway during the Current Period.

#### Energy

The AOP of the Energy segment dropped from HK\$191 million to HK\$94 million primarily due to the divestment of Macau Power in July 2014.

Coal price continued to drop during the Current Period. However, electricity sales at Zhujiang Power Plants dropped by 7% as two of the generators underwent overhaul while more hydro-electricity was imported from the western provinces. The abundance of hydro-electricity supply and weakening demand contributed to the 19% decline in electricity sales at Chengdu Jintang Power Plant.

#### Water

The AOP of the Water segment increased mildly to HK\$223 million during the Current Period.

Sales volume of Zhongshan Dafeng and Quanlu Water Plants and Sanya Water Plant increased by 10% and 5% respectively during the Current Period. Waste water treated by Chongqing Tangjiatuo Waste Water Plant and Shanghai SCIP Water Treatment Plants also rose by 5% and 14% respectively. In Macau, sales volume of Macau Water Plant grew healthily by 6% and a tariff hike of 5.6% became effective in August 2014.

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

### Ports & Logistics

The AOP from the Ports & Logistics segment surged by 62% to HK\$373 million for the Current Period, which was mainly due to the full period contribution from BCIA and XCTG. As the second busiest airport in the world in terms of passenger traffic, BCIA's throughput for the Current Period reached 44,550,000 passengers.

XCTG, which was established in December 2013, achieved a throughput of 3,626,000 TEUs for the Current Period. In Tianjin, the throughput of Tianjin Five Continents International Container Terminal Co., Ltd. and Tianjin Orient Container Terminals Co., Ltd. grew by 12% to 1,291,000 TEUs and 1% to 481,000 TEUs respectively.

Buoyed by strong demand for warehouse and logistics facilities in Hong Kong, ATL Logistics Centre maintained its remarkable growth momentum as the occupancy rate increased from 98.9% to 99.5% while average rental rose by 23% in the Current Period. NWS Kwai Chung Logistics Centre continued to provide steady AOP contribution and cash inflow to the Group.

China United International Rail Containers Co., Ltd. reported a throughput growth of 11% to 926,000 TEUs for the Current Period. Chongqing Terminal's expansion project commenced in November 2014 and its annual handling capacity is set to double to 600,000 TEUs upon completion in the financial year ending 30 June 2016.

### **Services businesses**

Services division recorded an AOP of HK\$889 million in the Current Period, representing a 12% decrease from the Last Period.

### Facilities Management

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

Having been voted "Asia's Best Convention and Exhibition Centre" for the 12<sup>th</sup> time by *CEI Asia Magazine*, one of the most influential trade publications in the region, HKCEC has genuinely demonstrated its ability and competitiveness in retaining and attracting event organizers to host international exhibitions and conventions as a market leader. During the Current Period, 551 events were held at HKCEC with a total patronage of approximately 4.3 million.



The overall performance of Free Duty continued to be affected by the austerity measures of Chinese government to curb luxury spending and higher rental expenses. However, with the completion of shop remodeling and full operation of all outlets, sales performance has continued to improve steadily. With effect from November 2014, a five-year duty free concession contract at Macau International Airport was awarded to a 60% owned subsidiary of the Group. Riding on this success, the Group will continue to actively seek opportunities to further extend its duty free footprint overseas.

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

### Construction & Transport

AOP contribution from the Construction business increased encouragingly by 52% to HK\$233 million in the Current Period mainly due to the improved gross profit and project progress. As at 31 December 2014, the gross value of contracts on hand was approximately HK\$61 billion and the remaining works to be completed amounted to approximately HK\$46 billion.

The Group's Transport business reported an AOP of HK\$75 million in the Current Period, representing a 40% reduction. This was primarily attributable to the decrease in fare revenue stemming from the suspension and diversion of bus services to circumvent major road closures during the "Occupy Central Movement" from September to December 2014. Fuel costs remained stable because of fuel cost hedging arrangements.

### Strategic Investments

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

### **Outlook**

Notwithstanding the decline in earnings in the Current Period, the Group is confident that the underlying strength of its asset portfolio will deliver quality growth in the long run. The traffic volume of Tangjin Expressway (Tianjin North Section), which resumed operation in both directions as scheduled on 31 December 2014, is expected to pick up swiftly. Furthermore, the AOP growth of the Ports & Logistics segment, mainly from the acquisition of interest in BCIA and establishment of XCTG in December 2013, successfully filled the anticipated profit gap in the Energy segment following the divestment of Macau Power in July 2014.



The “Occupy Central Movement” between September and December 2014 has inevitably cast a shadow over the services related businesses in Hong Kong, especially the bus operations which suffered serious disruptions during the entire period. However, the Group remains optimistic that the Services division will resume growth as supported by the remarkable performance of the construction business and the steady recovery of duty free sales.

The completion of the acquisition of Goshawk in February 2015 marked a strategic milestone as the investment enabled the Group to broaden its exposure in the aviation industry. In addition to the ability to generate strong recurring earnings and cash flow, the aircraft leasing business is poised for growth in the years to come amid an anticipated rise in global air traffic flow driven by increasing globalization. Hence this acquisition aligns well with the Group’s long-term business strategy in delivering sustainable growth and maximizing shareholder value through efficient and diversified operations, organic growth and value accretive acquisitions, while maintaining its financial strength.

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***Attachment: NWS Holdings’ Condensed Consolidated Income Statement - Unaudited***

*This press release is also available on the Group’s website ([www.nws.com.hk](http://www.nws.com.hk)).*

### **NWS Holdings Limited**

NWS Holdings Limited (“NWS Holdings”, Hong Kong stock code: 659), the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 17), operates businesses in Hong Kong, Mainland China and Macau. Its Infrastructure portfolio includes Roads, Energy, Water and Ports & Logistics projects. Its Services portfolio comprises Facilities Management (*the management of Hong Kong Convention and Exhibition Centre and Free Duty*), Construction & Transport (*construction, bus and ferry services*) and Strategic Investments.

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*Attachment: NWS Holdings' Condensed Consolidated Income Statement – Unaudited*

**For the six months ended 31 December**

|  | <b>2014</b>       | 2013      |
|--|-------------------|-----------|
|  | <b>HK\$'m</b>     | HK\$'m    |
| Revenue  | <b>11,974.4</b>   | 10,097.8  |
| Cost of sales  | <b>(10,364.8)</b> | (8,475.9) |
| Gross profit   | <b>1,609.6</b>    | 1,621.9   |
| Gain on deemed disposal of interests in joint ventures                   | -                 | 594.3     |
| Other income / gains (net)   | <b>507.7</b>      | 501.8     |
| General and administrative expenses                                      | <b>(494.0)</b>    | (470.6)   |
| Operating profit   | <b>1,623.3</b>    | 2,247.4   |
| Finance costs  | <b>(332.1)</b>    | (351.9)   |
| Share of results of  |                   |           |
| Associated companies   | <b>(984.2)</b>    | 225.5     |
| Joint ventures   | <b>1,936.5</b>    | 797.6     |
| Profit before income tax   | <b>2,243.5</b>    | 2,918.6   |
| Income tax expenses  | <b>(215.0)</b>    | (283.0)   |
| Profit for the period  | <b>2,028.5</b>    | 2,635.6   |
| Attributable to  |                   |           |
| Shareholders of the Company  | <b>2,003.8</b>    | 2,604.9   |
| Non-controlling interests  | <b>24.7</b>       | 30.7      |
|  | <b>2,028.5</b>    | 2,635.6   |
| Dividend   | <b>1,014.3</b>    | 1,337.4   |
| Basic earnings per share attributable to the shareholders of the Company | <b>HK\$0.54</b>   | HK\$0.71  |