



For immediate release

NWS Holdings Announces FY2015 Annual Results

HIGHLIGHTS

	FY2015 HK\$ million	FY2014 HK\$ million	Change + / (-)%
Revenue	24,491.8	21,443.0	14
Attributable Operating Profit (AOP)	4,456.6	4,379.0	2
Profit attributable to shareholders	4,477.6	4,324.9	4
Basic Earnings per share	HK\$1.19	HK\$1.17	2
Dividend per share	HK\$0.60	HK\$0.58	3
Net assets	46,187.7	43,043.4	7

Total cash and bank balances: HK\$10,422 million (30 June 2014: HK\$7,637 million)

Net gearing ratio: 14% (30 June 2014: 23%)

AOP Performance for the year ended 30 June 2015

	HK\$ million	Compared to FY2014 Change + / (-)%
Infrastructure	2,624.9	8
- Roads	1,201.0	7
- Energy	256.2	(33)
- Water	375.2	5
- Ports & Logistics	792.5	41
Services	1,831.7	(6)
- Facilities Management	861.5	(5)
- Construction & Transport	691.1	14
- Strategic Investments	279.1	(36)

(23 September 2015, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 659) today announced its annual results for the year ended 30 June 2015 (“FY2015”). The Group’s revenue rose by 14% to HK\$24,492 million (2014: HK\$21,443 million) and Attributable Operating Profit (“AOP”) recorded a moderate growth of 2% to HK\$4,457 million (2014: HK\$4,379 million). Profit attributable to shareholders increased by 4% to HK\$4,478 million (2014: HK\$4,325 million).

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(incorporated in Bermuda with limited liability)

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▪ Infrastructure 基建 ▪ Services 服務



Hang Seng Corporate Sustainability Index Series Member 2015-2016



During FY2015, the Group entered the commercial aircraft leasing sector by acquiring 40% equity interest in Goshawk Aviation Limited (“Goshawk”) and certain outstanding loan notes together with interest payable at a cash consideration of approximately US\$222.5 million. As at 30 June 2015, Goshawk owned a fleet of 40 aircraft, which were all on lease to airlines around the world.

During the reporting period, the Group shared a gain of approximately HK\$1.5 billion from the disposal of its indirect interest in Companhia de Electricidade de Macau – CEM, S.A. (“Macau Power”). In addition, a fair value gain of approximately HK\$0.9 billion was recognized upon reclassification of Haitong International Securities Group Limited (“Haitong International”) from an associated company to an available-for-sale financial asset. However, these gains were largely offset by the impairment and partial disposal losses of approximately HK\$1.9 billion in relation to Newton Resources Ltd (“Newton Resources”), and an impairment loss of HK\$0.3 billion for Guangzhou Dongxin Expressway due to the lower-than-expected traffic flow. As these impairment losses were non-cash items, they bore no impact on the cash flow and the operation of the Group.

The Board of Directors (the “Board”) has resolved to recommend a final dividend for FY2015 in scrip form equivalent to HK\$0.33 per share (2014: HK\$0.22 per share) with a cash option to the shareholders on the register 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 Group for FY2015 will be HK\$0.60 per share (2014: HK\$0.58 per share), representing a payout ratio of approximately 50%, which is in line with the dividend strategy declared by the Board in FY2005.

Infrastructure businesses

The Infrastructure division achieved an AOP of HK\$2,625 million, representing an increase of 8% when compared to HK\$2,428 million in FY2014.

Roads

AOP from the Roads segment rose by 7% to HK\$1,201 million as a result of the overall increase in toll revenue from the Group’s road portfolio during FY2015.

Although traffic flow of Hangzhou Ring Road 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 on these highways. 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%.

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 million mainly due to the divestment of Macau Power during FY2015.

The growth in hydro-electricity supply and 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.

Water

AOP of the Water segment increased by 5% to HK\$375 million in FY2015 when compared to FY2014.

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, Sino-French Holdings (Hong Kong) Limited 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.

Ports & Logistics

The Ports & Logistics segment registered a strong growth as AOP increased by 41% to HK\$793 million in FY2015, including a significant contribution from the aviation business, namely Beijing Capital International Airport Co., Ltd. (“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.

Xiamen Container Terminal Group Co., Ltd. (“XCTG”) achieved a throughput of 7,087,000 TEUs and generated full-year AOP in FY2015. In September 2015, the Group increased its stake in XCTG by 6.2% to 20% at a cash consideration of RMB450.8 million. In Tianjin, the throughput of Tianjin Five Continents International Container Terminal Co., Ltd. grew by 8% to 2,600,000 TEUs while the throughput at Tianjin Orient Container Terminals Co., Ltd. remained stable at 935,000 TEUs in FY2015.

Driven by China Railway Corporation’s support policies for containerized cargoes and the Chinese government’s “One Belt, One Road” initiative, the throughput of China United International Rail Containers Co., Limited (“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.

Services businesses

The Services division recorded an AOP of HK\$1,832 million in FY2015, a 6% decrease compared to FY2014.

Facilities Management

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

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.

Construction & Transport

AOP contribution from the Construction business grew encouragingly by 31% to HK\$566 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.

The Group's Transport business reported an AOP of HK\$125 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 recorded an AOP of HK\$279 million, representing a 36% decrease compared to FY2014.

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

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 order to unlock shareholder value in June 2015. 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.

In June 2015, the Group completed the disposal of 12.5% equity interest in Newton Resources to a wholly-owned subsidiary of Shougang Holding (Hong Kong) Limited, 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 amounted to approximately HK\$1.9 billion.

Going forward

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 continue to 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 slowdown and 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 for the year ending 30 June 2016 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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Attachment: NWS Holdings' Consolidated Income Statement

This press release is also available on the Group's website (www.nws.com.hk).

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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' Consolidated Income Statement

	For the year ended 30 June	
	2015	2014
	HK\$'m	HK\$'m
Revenue	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)	1,774.2	1,357.6
General and administrative expenses	(1,014.4)	(881.1)
Operating profit	3,910.5	3,556.4
Finance costs	(637.7)	(694.1)
Share of results of Associated companies Joint ventures	(946.4) 2,662.7	572.2 1,553.3
Profit before income tax	4,989.1	4,987.8
Income tax expenses	(476.2)	(605.3)
Profit for the year	4,512.9	4,382.5
Attributable to Shareholders of the Company Non-controlling interests	4,477.6 35.3	4,324.9 57.6
	4,512.9	4,382.5
Dividends	2,260.2	2,160.6
Basic earnings per share attributable to the shareholders of the Company	HK\$1.19	HK\$1.17