

**For immediate release**

## NWS Holdings Announces FY2017 Interim Results

### HIGHLIGHTS

	For the six months ended 31 December		
	2016 HK\$ million	2015 HK\$ million	Change +/(-)%
Revenue	<b>13,846.0</b>	14,224.4	(3)
Attributable Operating Profit (AOP)	<b>2,519.4</b>	2,398.2	5
Profit attributable to shareholders	<b>2,600.1</b>	2,354.3	10
Basic earnings per share (EPS)	<b>HK\$0.68</b>	HK\$0.62	10
Interim dividend per share	<b>HK\$0.34</b>	HK\$0.31	10
Net assets	<b>46,135.9</b>	45,858.4*	1

\*as at 30 June 2016

Net gearing ratio: 12% (30 June 2016: 13%)

### AOP Performance for the six months ended 31 December 2016

	HK\$ million	Change +/(-)%
<b>Infrastructure</b>	<b>1,524.7</b>	<b>4</b>
- Roads	733.2	18
- Environment	256.4	(2)
- Logistics	316.1	(9)
- Aviation	219.0	(9)
<b>Services</b>	<b>994.7</b>	<b>7</b>
- Facilities Management	258.9	(30)
- Construction & Transport	533.6	8
- Strategic Investments	202.2	202

(21 February 2017, 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 2016 (the “Current Period”). Revenue decreased by 3% to HK\$13,846 million (2015: HK\$14,224 million). Attributable Operating Profit (“AOP”) increased by 5% to HK\$2,519 million (2015: HK\$2,398 million). Profit attributable to shareholders increased by 10% to HK\$2,600 million (2015: HK\$2,354 million).

## 新創建集團有限公司 NWS Holdings Limited

(incorporated in Bermuda with limited liability)

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Driven by the organic growth of the Roads segment and the increased contribution from Hangzhou Ring Road (“HZRR”) since becoming a wholly owned subsidiary of the Group in January 2016, the Infrastructure division generated an AOP of HK\$1.525 billion, an increase of 4% compared with HK\$1.469 billion for the six months ended 31 December 2015 (the “Last Period”), despite the impact of Renminbi depreciation. The AOP of the Services division was HK\$995 million, an increase of 7% compared with HK\$929 million in the Last Period, mainly due to the steady growth of the Construction business on the back of a buoyant real estate sector and the improved performance of the strategic investments.

During the Current Period, the Group recognized a gain of HK\$454 million on the restructuring of Sino-French Holdings (Hong Kong) Limited (a then 50% joint venture of the Group and now known as SUEZ NWS Limited (“SNL”)) that involved asset injections by both shareholders of SNL. Following the completion of acquiring further 50% interest in NWS Transport Services Limited (“NWST”) in December 2016, the Group also recognized an accounting gain on the remeasurement of previously held equity interest in NWST of HK\$113 million. NWST has since become a wholly owned subsidiary of the Group.

While the Group recognized fair value gain of HK\$72 million on the revaluation of its investment properties, it also shared an impairment loss of HK\$204 million for Newton Resources Ltd. (“Newton Resources”) in light of the impairment of Newton Resources’ mining assets in Yanjiazhuang, Mainland China. This impairment loss is a non-cash item and bears no impact on the Group’s cash flow and operation.

The Board of Directors (the “Board”) has resolved to declare an interim dividend for the year ending 30 June 2017 in scrip form equivalent to HK\$0.34 per share (2015: HK\$0.31 per share) with a cash option to the shareholders registered on 17 March 2017. The dividend payout ratio is about 50.4% and is in line with the dividend strategy declared by the Board in FY2005.

## Infrastructure Businesses

The Infrastructure division reported an AOP of HK\$1,525 million in the Current Period, an increase of 4% compared with the Last Period.

### Roads

AOP from the Roads segment rose by 18% to HK\$733 million. Traffic volume of the Group’s road portfolio grew by 12% during the Current Period which was supported by the increase in passenger cars from ongoing urbanization in Mainland China.

Toll revenue of HZRR, fuelled by the rising cross-border trucks traffic during the Current Period, increased by 5% despite a 7% drop in traffic flow caused by the traffic control measures in Hangzhou during the G20 Summit. AOP contribution from HZRR in the Current Period was also boosted following the acquisition of the remaining 5% interest from the minority shareholder in January 2016.

Average daily traffic flow of Tangjin Expressway (Tianjin North Section) grew by 6% in the Current Period notwithstanding the boosted traffic volume in the Last Period as a result of the traffic diversion from a competing road which was closed off temporarily following the Tianjin explosion incident.

The Group's expressways in the Pearl River Delta Region performed satisfactorily both in terms of traffic volume and toll revenue. Average daily traffic flow of Guangzhou City Northern Ring Road increased by 15%. Both Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway reported traffic growths of 13%. Having completed its expansion works in December 2015, Shenzhen-Huizhou Expressway's traffic flow rose by 17% while its toll revenue surged by 69% under the new standard toll rate approved in March 2016. Both Guangzhou City Nansha Port Expressway and Guangzhou Dongxin Expressway continued to show positive progress as their traffic flows grew by 15% and 25% respectively during the Current Period.

In Hong Kong, the average daily traffic flow of Tate's Cairn Tunnel remained stable while its toll revenue rose in line with the toll hike which took effect in January 2016.

### Environment

AOP of the Environment segment dropped slightly by 2% to HK\$256 million in the Current Period.

The overall water and wastewater treatment revenue of SNL grew by 7% in the Current Period. The restructuring of SNL has been duly completed and the strengthened cooperation with SUEZ hence well positions the Group to capture the growth of a wide range of environmental businesses in Hong Kong, Mainland China, Macau and Taiwan. SNL is spurred on to explore and maximize potential synergies across a much wider operating portfolio in Greater China with its consolidated net asset value increased almost twofold to approximately HK\$8 billion.

The Group injected its interest in Chongqing Water Group into Chongqing Derun Environment Co., Ltd. ("Derun Environment") in December 2015. Derun Environment, an investment platform targeting environmental businesses in Mainland China, delivered a positive AOP in the Current Period.



National power consumption in Mainland China rose mildly during the Current Period. However, an average cut of 7% on coal-fired benchmark on-grid tariff in January 2016 together with the rebound in coal prices during the Current Period exerted pressures on the performance of the Group's power plant projects.

Electricity sales of Zhujiang Power Plants increased by 23% as one of the generators underwent overhaul in the Last Period. Due to the increasing competition from hydro-power, electricity sales of Chengdu Jintang Power Plant fell by 6%. The effect was mitigated by the robust performance of the Guangzhou Fuel Company in light of the rising coal prices during the Current Period.

### Logistics

AOP from the Logistics segment dropped by HK\$32 million to HK\$316 million in the Current Period which reflected the disposal of NWS Kwai Chung Logistics Centre in 2016.

Contribution from ATL Logistics Centre dropped in the Current Period as there was a one-off rental adjustment of a major tenant in the Last Period. Its average rental grew modestly by 5% (excluding the aforesaid one-off rental adjustment) while occupancy rate fell slightly from 97.8% to 97.2% due to tenants' tendency to consolidate or reduce their space requirements upon lease renewals as a result of the general slowdown in retail.

China United International Rail Containers Co., Limited ("CUIRC") delivered continuous AOP growth in the Current Period. Benefitting from the launching of containerized break-bulk cargo services in January 2015, its throughput rose swiftly by 34% to 1,311,000 TEUs during the Current Period. These services also generate higher unit revenue and thus better yield. To capture the growing demand for international rail container transportation services and the economic opportunities created by "One Belt, One Road" Initiative, the new Tianjin terminal commenced trial run during the Current Period while the construction of Urumqi terminal is expected to complete by mid-2017. Furthermore, new warehouses are currently under construction at Chongqing and Wuhan terminals which will further enhance logistics and intermodal capabilities and services.

Throughput handled by Xiamen Container Terminal Group Co., Ltd. grew by 6% to 4,310,000 TEUs during the Current Period. With the steady recovery in business activities after the Tianjin explosion incident, Tianjin Five Continents International Container Terminal Co., Ltd. and Tianjin Orient Container Terminals Co., Ltd. registered throughput growth of 8% to 1,324,000 TEUs and 9% to 496,000 TEUs respectively.

### Aviation

This segment includes the Group's investments in Beijing Capital International Airport Co., Ltd. ("BCIA") and its commercial aircraft leasing business. The decrease in AOP of 9% was primarily due to the Last Period's exceptional gain arising from the insurance claim on an aircraft formerly owned by Goshawk Aviation Limited ("Goshawk").

As the second busiest airport in the world in terms of passenger throughput for seven consecutive years, BCIA served 48.8 million passengers in the Current Period, representing a 6% growth compared with the Last Period. BCIA continues to maintain growth in aeronautical revenue through increase in flight movements, particularly international flight movements. For non-aeronautical revenue, BCIA remains focused on the development of the concession models for retail, food and beverage as well as advertising businesses.

With confidence in the long-term prospects of the commercial aircraft leasing business amid globalization trends and growing demand for air travel, the Group acquired an additional 10% equity interest in each of Goshawk and Goshawk Management Holdings (Cayman) Limited in October 2016 to increase its shareholding in each of these companies to 50%. Goshawk continues to focus on commercial aircraft that are young, modern and in demand. The fleet size grew from 68 aircraft as at 30 June 2016 to 76 aircraft as at 31 December 2016, reaching US\$3.0 billion in total assets under management. The fleet size was only 27 when the Group first invested in this platform in February 2015. Goshawk has since nearly tripled its fleet size. As all aircraft are purchased with leases attached, Goshawk is poised to generate steady and recurring income for the Group.

The Group's second commercial aircraft leasing platform, Bauhinia Aviation Capital Limited ("Bauhinia"), a joint venture with Chow Tai Fook Enterprises Limited ("CTF Enterprises") and Aviation Capital Group Corp., commenced business with a fleet size of four aircraft as at 31 December 2016. The Group expects Bauhinia to bring recurring cash flows and stable incomes to the Group in the coming years in the same manner as Goshawk.

### **Services Businesses**

Services division recorded an AOP of HK\$995 million in the Current Period, representing a 7% increase from the Last Period.

### Facilities Management

During the Current Period, 560 events were held at Hong Kong Convention and Exhibition Centre (“HKCEC”) with a total patronage of approximately 3.7 million. Facing tough economic conditions, exhibition business is expected to remain sluggish with some recurring exhibitions downsizing the scale in exhibit space and/or event duration. Looking ahead, the management company for HKCEC, Hong Kong Convention and Exhibition Centre (Management) Limited, will focus its business development efforts to secure new knowledge-based exhibitions such as cloud computing and professional development and to identify large scale conferences to fill up the non-peak periods.

The performance of Free Duty in the Current Period continued to be affected by the slowdown in inbound Mainland tourists and the corresponding decline in visitor spending. Coupled with rising operating costs, the profit contribution from this business further declined. However, the operation at the MTR Lok Ma Chau Station sustained steady growth despite the retail headwinds. Apart from adjusting its marketing strategy, Free Duty will actively seek opportunities to extend its e-commerce platform and seek expansion opportunities. The Group is pleased to have won a competitive bid to continue its duty free concessions for five years at the MTR Hung Hom, Lo Wu and Lok Ma Chau Stations until 2022.

Gleneagles Hong Kong Hospital in Wong Chuk Hang, in which the Group owns 40% interest, is making final preparation for its opening in March 2017. This new 500-bed hospital will provide a comprehensive range of medical services and the recruitment process for doctors, nurses and healthcare professionals is progressing well.

To further capture the growing demand for healthcare services in Asian markets, in particular, Mainland China, the Group entered into an agreement (subject to certain conditions precedent) to subscribe for 20% of the enlarged issued share capital of UMP Healthcare China Limited and established a 50/50 joint venture with CTF Enterprises to serve as an investment platform for investing in healthcare facilities in Asia, with primary focus on clinics and medical centres in Mainland China and Hong Kong. The joint venture entered into an agreement (subject to certain conditions precedent) for the acquisition of interests in four clinics located in Mainland China from UMP Phoenix Healthcare Limited and UMP Healthcare China Limited.

### Construction & Transport

AOP contribution from the Construction business increased steadily by 10% to HK\$409 million in the Current Period mainly due to the continuous improvement in gross profit through effective project management. As at 31 December 2016, the gross value of contracts on hand for the Construction business was approximately HK\$73.7 billion and the remaining works to be completed amounted to approximately HK\$39.9 billion.





Despite the pressure on ridership following the opening of MTR Kwun Tong Line Extension and South Island Line in the Current Period, the Group's Transport business managed to deliver an AOP growth of 2% to HK\$125 million while maintaining a hedging programme to stabilize the fuel costs. NWST became a wholly owned subsidiary of the Group on 30 December 2016 and the results of NWST and its subsidiaries will be fully consolidated into the Group's financial statements in the second half of this financial year. Notwithstanding the anticipated competition from the expansion of the MTR network, public bus service in Hong Kong has its competitive advantages in terms of point-to-point travel and more extensive geographical coverage. Franchised buses will continue to be an important mode of transportation in Hong Kong.

### Strategic Investments

This segment includes contributions from Tricor Holdings Limited ("Tricor"), Haitong International Securities Group Limited, Newton Resources, Tharisa plc, Hyva Holding B.V. and other investments held by the Group for strategic investment purposes. The closing of the disposal of the Group's entire interest in Tricor is expected to occur during the first quarter of 2017 and the Group is expected to recognize a profit in the amount of approximately HK\$0.9 billion, as announced previously. On 23 January 2017, the Group disposed of 20% of its stake in Newton Resources and thereby reduced its shareholding to 15.5%.

### **Business Outlook**

The robust performance achieved by the Group under the prevailing challenging market conditions bodes well for our sustainable growth strategy. In line with our disciplined investment philosophy, the Group continues to reinforce and consolidate its asset portfolio by investing in high-growth sectors while seizing opportunities to bolster various core businesses. Based on our capital spending target, the Group has already incurred over HK\$4 billion on capital expenditure in the current financial year. The Group has further earmarked HK\$1 billion of resources for potential investment opportunities until the end of FY2017. Furthermore, with proactive treasury management, the Group has been able to mitigate the negative impact of Renminbi depreciation during the Current Period.

The convincing AOP growth delivered by the Roads segment fully verifies the investment decision to buy out the interest of the minority shareholder of HZRR. Based on the overall increase in traffic flow and toll revenue, the Roads segment will remain resilient. Following the investment in Derun Environment, the Group further expanded the Environment segment by extending the scope of collaboration with our long-term strategic partner SUEZ. With the enlarged investment capabilities of SNL, the Group is therefore in a strong position to capitalize on the growing demand for water and environmental services in Greater China.



The current dynamic environment for the logistics and air travel industries will continue to enhance the growth of the Logistics and Aviation segments. With two more new terminals coming into operation in 2017, CUIRC is well placed to capture the long-term benefits from China's further economic development and the well publicised "One Belt, One Road" Initiative. Having raised the stake in Goshawk by 10% and established a seed portfolio for Bauhinia, the Group has effectively strengthened its position in the commercial aircraft leasing market.

The mixed performance within the Services division reflected the influence of business cycles on local commercial activities. Underpinned by a strong order book, the Construction business continued to flourish while the duty free business remained subdued reflecting the weakness in inbound tourism and rising costs. That said, the Group remains optimistic in the prospects of the Services division after having secured the contract to operate the concessions at both cross-border rail terminals until 2022. In addition, the future performance of the division is expected to be boosted by the stable and recurring contribution from NWST as a wholly owned subsidiary after the completion of the latest acquisition.

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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) is the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 17). It has diverse businesses and investments predominantly in Hong Kong and Mainland China, comprising toll roads, environmental management, port and logistics facilities, rail container terminals, commercial aircraft leasing, facilities management, healthcare services, construction and public transport. Please visit [www.nws.com.hk](http://www.nws.com.hk) for details.



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

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2016</b>	2015
	<b>HK\$'m</b>	HK\$'m
Revenue	<b>13,846.0</b>	14,224.4
Cost of sales	<u><b>(12,081.1)</b></u>	<u>(12,554.2)</u>
Gross profit	<b>1,764.9</b>	1,670.2
Other income/gains	<b>892.2</b>	845.5
General and administrative expenses	<u><b>(616.7)</b></u>	<u>(591.7)</u>
Operating profit	<b>2,040.4</b>	1,924.0
Finance costs	<b>(289.1)</b>	(311.9)
Share of results of		
Associated companies	<b>254.0</b>	299.0
Joint ventures	<u><b>926.9</b></u>	<u>785.5</u>
Profit before income tax	<b>2,932.2</b>	2,696.6
Income tax expenses	<u><b>(323.1)</b></u>	<u>(303.9)</u>
Profit for the period	<u><b>2,609.1</b></u>	<u>2,392.7</u>
Attributable to		
Shareholders of the Company	<b>2,600.1</b>	2,354.3
Non-controlling interests	<u><b>9.0</b></u>	<u>38.4</u>
	<u><b>2,609.1</b></u>	<u>2,392.7</u>
Basic earnings per share attributable to the shareholders of the Company	<u><b>HK\$0.68</b></u>	<u>HK\$0.62</u>