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**新創建 NWS**

**新創建集團有限公司\***  
**NWS HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(stock code: 659)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

### **FINANCIAL HIGHLIGHTS**

<b>Revenue</b>	<b>:</b>	<b>HK\$10,097.8 million</b>
<b>Profit attributable to shareholders</b>	<b>:</b>	<b>HK\$2,604.9 million</b>
<b>Earnings per share – basic</b>	<b>:</b>	<b>HK\$0.71</b>
<b>Interim dividend per share</b>	<b>:</b>	<b>HK\$0.36</b>

## **RESULTS**

The board of directors (the “Board”) of NWS Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2013 (the “Current Period”), together with comparative figures for the six months ended 31 December 2012 (the “Last Period”) as follows:

## Condensed Consolidated Income Statement – Unaudited

		For the six months ended 31 December	
	<i>Note</i>	2013 HK\$'m	2012 HK\$'m
Revenue	2	10,097.8	7,971.0
Cost of sales		<u>(8,475.9)</u>	<u>(6,299.6)</u>
Gross profit		1,621.9	1,671.4
Gain on deemed disposal of interests in joint ventures	8	594.3	-
Other income/gains (net)	3	501.8	690.5
General and administrative expenses		<u>(470.6)</u>	<u>(376.2)</u>
Operating profit	4	2,247.4	1,985.7
Finance costs		(351.9)	(383.1)
Share of results of			
Associated companies		225.5	189.0
Joint ventures		797.6	708.4
Profit before income tax		<u>2,918.6</u>	<u>2,500.0</u>
Income tax expenses	5	<u>(283.0)</u>	<u>(358.6)</u>
Profit for the period		<u><u>2,635.6</u></u>	<u><u>2,141.4</u></u>
Attributable to			
Shareholders of the Company		2,604.9	2,106.2
Non-controlling interests		30.7	35.2
		<u><u>2,635.6</u></u>	<u><u>2,141.4</u></u>
Dividend	6	<u>1,337.4</u>	<u>1,056.7</u>
Earnings per share attributable to the shareholders of the Company	7		
Basic		<u><u>HK\$0.71</u></u>	<u><u>HK\$0.59</u></u>
Diluted		<u><u>N/A</u></u>	<u><u>HK\$0.59</u></u>

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	For the six months ended	
	31 December	
	2013	2012
	HK\$'m	HK\$'m
Profit for the period	2,635.6	2,141.4
Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss		
Remeasurement of post employment benefit obligation	(17.3)	-
Items that may be reclassified subsequently to profit or loss		
Fair value changes of available-for-sale financial assets	73.3	62.4
Release of reserves upon deemed disposal of interests in joint ventures	(127.8)	-
Release of reserves upon disposal of assets held for sale	-	(2.4)
Share of other comprehensive (loss)/income of associated companies and joint ventures	(89.4)	45.6
Cash flow hedges	32.1	(29.4)
Currency translation differences	490.8	699.4
Other comprehensive income for the period, net of tax	361.7	775.6
Total comprehensive income for the period	2,997.3	2,917.0
Total comprehensive income attributable to		
Shareholders of the Company	2,955.6	2,860.8
Non-controlling interests	41.7	56.2
	2,997.3	2,917.0

## Condensed Consolidated Statement of Financial Position – Unaudited

		At 31 December 2013 HK\$'m	At 30 June 2013 HK\$'m
<b>ASSETS</b>			
Non-current assets			
Investment properties		3,499.0	3,443.1
Property, plant and equipment		479.6	454.1
Intangible concession rights		16,497.0	16,660.4
Intangible assets		470.7	486.3
Associated companies	8	13,546.9	9,686.2
Joint ventures		19,953.4	19,861.7
Available-for-sale financial assets		494.8	424.1
Other non-current assets		1,041.5	1,073.4
		55,982.9	52,089.3
Current assets			
Inventories		394.9	366.3
Trade and other receivables	9	6,915.9	5,464.1
Available-for-sale financial asset		583.5	583.5
Cash and bank balances		8,800.3	7,768.2
		16,694.6	14,182.1
Assets held for sale	10	7.8	751.4
		16,702.4	14,933.5
Total assets		72,685.3	67,022.8

**Condensed Consolidated Statement of Financial Position –  
Unaudited (continued)**

		At 31 December 2013 HK\$m	At 30 June 2013 HK\$m
	<i>Note</i>		
<b>EQUITY</b>			
Share capital		3,715.1	3,675.6
Reserves		37,571.8	35,551.8
Proposed final dividend		-	955.7
Interim dividend		1,337.4	-
Shareholders' funds		<u>42,624.3</u>	<u>40,183.1</u>
Non-controlling interests		<u>865.1</u>	<u>837.9</u>
Total equity		<u>43,489.4</u>	<u>41,021.0</u>
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings		12,898.1	16,275.8
Deferred tax liabilities		2,609.7	2,607.4
Other non-current liabilities		321.3	339.2
		<u>15,829.1</u>	<u>19,222.4</u>
Current liabilities			
Borrowings		5,180.0	1,403.7
Trade and other payables	<i>11</i>	7,818.2	4,972.2
Taxation		368.6	403.5
		<u>13,366.8</u>	<u>6,779.4</u>
Total liabilities		<u>29,195.9</u>	<u>26,001.8</u>
Total equity and liabilities		<u>72,685.3</u>	<u>67,022.8</u>
Net current assets		<u>3,335.6</u>	<u>8,154.1</u>
Total assets less current liabilities		<u>59,318.5</u>	<u>60,243.4</u>

## **Notes:**

### **1. Basis of preparation and accounting policies**

The unaudited condensed consolidated interim financial statements (the “interim financial statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The interim financial statements should be read in conjunction with the June 2013 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies used in the preparation of these interim financial statements are consistent with those set out in the annual report for the year ended 30 June 2013 except for the adoption of new standards and amendments to standards which are further explained as below.

(a) Adoption of new standards and amendments to standards

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

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

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

## 1. Basis of preparation and accounting policies (continued)

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

As a result of the adoption of HKFRS 10 on 1 July 2013, the accounting policy for subsidiaries has been revised as follows:

A subsidiary is an entity 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 assessed that the adoption of HKFRS 10 did not result in any change in the determination of control over its subsidiaries.

The Group also adopted HKFRS 11 on 1 July 2013. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangements. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and therefore adopted equity method of accounting for investments in joint ventures.

The application of HKFRS 11 has no material impact on the Group's accounting treatment for joint ventures.

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

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

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

## 1. Basis of preparation and accounting policies (continued)

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

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

Effective for the year ending 30 June 2015

HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HKFRSs Amendments	Annual improvements to HKFRSs 2010-2012 Cycle and Annual improvements to HKFRSs 2011-2013 Cycle

Effective for the year ending 30 June 2016

HKFRS 9	Financial Instruments (Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)
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The Group has already commenced an assessment of the impact of these new standards, amendments to standards and interpretation, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.



## 2. Revenue and segment information

The Group's revenue is analyzed as follows:

	For the six months ended	
	31 December	
	2013	2012
	HK\$m	HK\$m
Roads	1,172.6	1,115.1
Ports & Logistics	49.8	52.3
Facilities Management	3,088.0	3,498.1
Construction & Transport	5,787.4	3,305.5
	<u>10,097.8</u>	<u>7,971.0</u>

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 comprises (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 head office and non-recurring items. Corporate interest income, finance costs and expenses are not allocated to segments.

## 2. Revenue and segment information (continued)

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

HK\$m	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Total
<b>For the six months ended 31 December 2013</b>							
Total revenue	1,172.6	-	49.8	3,099.0	5,863.4	-	10,184.8
Inter-segment	-	-	-	(11.0)	(76.0)	-	(87.0)
Revenue – external	<u>1,172.6</u>	<u>-</u>	<u>49.8</u>	<u>3,088.0</u>	<u>5,787.4</u>	<u>-</u>	<u>10,097.8</u>
Attributable operating profit							
Company and subsidiaries	425.4	-	38.1	497.3	100.8	143.2	1,204.8
Associated companies	22.6	15.4	18.2	(0.5)	52.6	134.0 (ii)	242.3 (b)
Joint ventures	225.2	396.7	174.1	2.6	124.9 (i)	(50.4)	873.1 (b)
	<u>673.2</u>	<u>412.1</u>	<u>230.4</u>	<u>499.4</u>	<u>278.3</u>	<u>226.8</u>	<u>2,320.2</u>
Reconciliation – corporate office and non-operating items							
Gain on deemed disposal of interests in joint ventures							594.3
Gain on fair value of investment properties							55.8
Share of profit from Harbour Place							2.2
Net exchange gain							30.4
Interest income							72.7
Finance costs							(288.7)
Expenses and others							(182.0)
Profit attributable to shareholders							<u>2,604.9</u>

(i) The amount includes the Group's share of attributable operating profit of HK\$124.9 million from its Transport business.

(ii) The amount includes the Group's share of attributable operating profit of HK\$107.1 million from three associated companies engaged in investment activities.

## 2. Revenue and segment information (continued)

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

HK\$m	Energy & Ports & Facilities Construction Strategic Segment					Segment Total	Corporate	Eliminations	Consolidated	
	Roads	Water	Logistics	Management	& Transport					Investments
<b>For the six months ended</b>										
<b>31 December 2013</b>										
Depreciation	4.9	-	-	24.9	18.7	-	48.5	4.9	-	53.4
Amortization of intangible concession rights	372.3	-	-	-	-	-	372.3	-	-	372.3
Amortization of intangible assets	-	-	-	15.6	-	-	15.6	-	-	15.6
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	8.5	-	-	34.5	35.9	-	78.9	0.1	-	79.0
Interest income	25.1	11.2	1.1	0.8	3.2	130.5	171.9	72.7	(7.6)	237.0
Finance costs	56.3	-	4.6	0.3	9.6	-	70.8	288.7	(7.6)	351.9
Income tax expenses	155.6	12.7	8.7	98.2	4.2	3.4	282.8	0.2	-	283.0
<b>As at 31 December 2013</b>										
Company and subsidiaries	18,240.0	91.1	2,165.6	3,974.6	6,013.1	1,822.7	32,307.1	6,877.9	-	39,185.0
Associated companies	425.9	649.6	3,924.5	711.1	1,401.6	6,369.9	13,482.6	64.3	-	13,546.9
Joint ventures	6,755.7	7,072.1	3,058.7	13.6	1,734.4 (i)	1,292.6	19,927.1	26.3	-	19,953.4
Total assets	25,421.6	7,812.8	9,148.8	4,699.3	9,149.1	9,485.2	65,716.8	6,968.5	-	72,685.3
Total liabilities	4,987.1	30.2	67.9	779.0	4,783.9	1,355.0	12,003.1	17,192.8	-	29,195.9

(i) The balance includes the Group's investment in its Transport business of HK\$2,078.5 million.

## 2. Revenue and segment information (continued)

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

HK\$'m	Energy &		Ports &	Facilities	Construction	Strategic	Total
	Roads	Water	Logistics	Management	& Transport	Investments	
For the six months ended							
31 December 2012							
Total revenue	1,115.1	-	52.3	3,508.1	3,305.5	-	7,981.0
Inter-segment	-	-	-	(10.0)	-	-	(10.0)
Revenue – external	<u>1,115.1</u>	<u>-</u>	<u>52.3</u>	<u>3,498.1</u>	<u>3,305.5</u>	<u>-</u>	<u>7,971.0</u>
Attributable operating profit							
Company and subsidiaries	383.9	-	34.2	686.5	(2.7)	133.8	1,235.7
Associated companies	11.2	27.6	12.3	-	28.6	142.5 (ii)	222.2 (b)
Joint ventures	<u>295.7</u>	<u>290.1</u>	<u>106.9</u>	<u>0.1</u>	<u>97.4 (i)</u>	<u>(52.1)</u>	<u>738.1 (b)</u>
	690.8	317.7	153.4	686.6	123.3	224.2	2,196.0
Reconciliation – corporate office and non-operating items							
Gain on fair value of investment properties							178.4
Share of profit from Harbour Place							25.5
Net exchange gain							63.7
Interest income							58.5
Finance costs							(272.0)
Expenses and others							<u>(143.9)</u>
Profit attributable to shareholders							<u><u>2,106.2</u></u>

(i) The amount included the Group's share of attributable operating profit of HK\$93.2 million from its Transport business.

(ii) The amount included the Group's share of attributable operating profit of HK\$112.1 million from three associated companies engaged in investment activities.

## 2. Revenue and segment information (continued)

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

HK\$'m	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Segment Total	Corporate	Eliminations	Consolidated
For the six months ended										
31 December 2012										
Depreciation	4.4	-	-	27.6	19.0	-	51.0	4.7	-	55.7
Amortization of intangible concession rights	344.2	-	-	-	-	-	344.2	-	-	344.2
Amortization of intangible assets	-	-	-	15.6	-	-	15.6	-	-	15.6
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	3.8	-	-	18.9	20.7	-	43.4	6.1	-	49.5
Interest income	27.8	7.3	0.5	0.2	3.1	95.3	134.2	58.5	(8.4)	184.3
Finance costs	110.7	-	5.4	0.3	3.1	-	119.5	272.0	(8.4)	383.1
Income tax expenses	178.4	26.9	4.1	137.3	2.3	9.3	358.3	0.3	-	358.6
As at 30 June 2013										
Company and subsidiaries	18,933.0	162.0	2,159.5	4,036.4	4,515.0	1,898.4	31,704.3	5,770.6	-	37,474.9
Associated companies	422.5	643.9	280.0	689.0	1,363.8	6,224.6	9,623.8	62.4	-	9,686.2
Joint ventures	6,409.7	7,480.9	3,039.1	17.5	1,617.0 (i)	1,273.1	19,837.3	24.4	-	19,861.7
Total assets	25,765.2	8,286.8	5,478.6	4,742.9	7,495.8	9,396.1	61,165.4	5,857.4	-	67,022.8
Total liabilities	5,899.5	27.3	91.2	916.2	3,674.9	148.3	10,757.4	15,244.4	-	26,001.8

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

## 2. Revenue and segment information (continued)

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

HK\$'m	<u>Associated companies</u>		<u>Joint ventures</u>	
	<u>For the six months ended 31 December</u>		<u>For the six months ended 31 December</u>	
	2013	2012	2013	2012
Attributable operating profit	242.3	222.2	873.1	738.1
Corporate associated companies, joint ventures and non-recurring items				
Harbour Place	-	-	2.2	25.5
Others	(16.8)	(33.2)	(77.7)	(55.2)
Share of results of associated companies and joint ventures	225.5	189.0	797.6	708.4

- (c) Information by geographical areas:

HK\$'m	<u>Revenue</u>		<u>Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets</u>	
	<u>For the six months ended 31 December</u>		<u>At</u>	<u>At</u>
	2013	2012	31 December 2013	30 June 2013
Hong Kong	8,678.3	6,822.8	4,373.7	4,306.4
Mainland China	1,208.7	1,146.8	16,572.6	16,731.8
Macau	210.8	1.4	-	5.7
	10,097.8	7,971.0	20,946.3	21,043.9

### 3. Other income/gains (net)

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	2012
	<b>HK\$'m</b>	HK\$'m
Gain on fair value of investment properties	<b>55.8</b>	178.4
Gain on fair value of a derivative financial instrument	-	58.8
Profit on disposal of assets held for sale	-	45.4
Net gain on fair value of financial assets at fair value through profit or loss	-	34.5
Profit on disposal of an available-for-sale financial asset	<b>14.3</b>	-
Net exchange gain	<b>94.2</b>	113.3
Interest income		
Available-for-sale financial asset	<b>116.4</b>	82.1
Bank deposits and others	<b>120.6</b>	102.2
Machinery hire income	<b>47.2</b>	31.5
Dividends and other income	<b>39.6</b>	30.8
Management fee income	<b>13.7</b>	13.5
	<b>501.8</b>	<b>690.5</b>

### 4. Operating profit

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

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	2012
	<b>HK\$'m</b>	HK\$'m
<b>Crediting</b>		
Gross rental income from investment properties	<b>77.9</b>	78.9
Less: outgoings	<b>(6.7)</b>	(13.0)
	<b>71.2</b>	65.9
<b>Charging</b>		
Cost of inventories sold	<b>1,037.8</b>	1,175.2
Cost of services rendered	<b>7,438.1</b>	5,124.4
Depreciation	<b>53.4</b>	55.7
Amortization of intangible concession rights	<b>372.3</b>	344.2
Amortization of intangible assets	<b>15.6</b>	15.6
Operating lease rental expenses – properties	<b>29.8</b>	30.6
Impairment of trade and other receivables	<b>30.7</b>	2.5

## 5. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the Current Period. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the Current Period at the rates of tax prevailing in the countries in which the Group operates. These rates range from 9% to 25% (2012: 9% to 25%).

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

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	2012
	<b>HK\$'m</b>	HK\$'m
Current income tax		
Hong Kong profits tax	<b>98.8</b>	145.2
Mainland China and overseas taxation	<b>211.8</b>	209.1
Deferred income tax (credit)/charge	<b>(27.6)</b>	4.3
	<b><u>283.0</u></b>	<u>358.6</u>

Share of taxation of associated companies and joint ventures of HK\$30.0 million (2012: HK\$16.7 million) and HK\$199.0 million (2012: HK\$148.6 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

## 6. Dividend

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	2012
	<b>HK\$'m</b>	HK\$'m
Interim dividend declared of HK\$0.36 (2012: paid of HK\$0.29) per share	<b><u>1,337.4</u></b>	<u>1,056.7</u>



## 7. Earnings per share

The calculation of basic earnings per share for the Current Period is based on earnings of HK\$2,604.9 million (2012: HK\$2,106.2 million) and on the weighted average of 3,675,841,300 (2012: 3,590,308,151) ordinary shares outstanding during the Current Period.

There is no dilutive potential ordinary share in the Current Period. The calculation of diluted earnings per share for the Last Period was based on earnings of HK\$2,106.2 million and on the weighted average of 3,590,727,932 ordinary shares outstanding during the Last Period, calculated as follows:

	For the six months ended 31 December 2012 HK\$'m
Profit attributable to shareholders of the Company and for calculation of diluted earnings per share	<u>2,106.2</u>
	Number of shares 2012
Weighted average number of shares for calculating basic earnings per share	3,590,308,151
Effect of dilutive potential ordinary shares Share options	<u>419,781</u>
Weighted average number of shares for calculating diluted earnings per share	<u>3,590,727,932</u>

## 8. Associated companies

Pursuant to an announcement made by the Company on 25 February 2013 in relation to the establishment of a joint venture with other major port operators in Xiamen which would involve the injection of the Group's two port investments in Xiamen — Xiamen New World Xiangyu Terminals Co., Ltd. ("NWXY Terminal") and Trend Wood Investments Limited ("Trend Wood", which invested in Xiamen Haicang Xinhaida Container Terminals Co., Limited) in exchange for a 13.8% interest in the new joint venture, the carrying values of NWXY Terminal and Trend Wood, thereafter, had been reclassified as assets held for sale. The joint venture, namely Xiamen Container Terminal Group Co., Ltd. ("XCTG"), was legally established in December 2013 and a gain on deemed disposal of interests in joint ventures of HK\$594.3 million was recognized in the Current Period. The Group's investment in XCTG was accounted for as an associated company as at 31 December 2013.

## 9. Trade and other receivables

Included in trade and other receivables are trade receivables which are further analyzed as follows:

	At 31 December 2013 HK\$'m	At 30 June 2013 HK\$'m
Under 3 months	1,129.6	1,018.3
4 to 6 months	58.9	90.8
Over 6 months	44.0	35.0
	<u>1,232.5</u>	<u>1,144.1</u>

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate.

## 10. Assets held for sale

	At 31 December 2013 HK\$'m	At 30 June 2013 HK\$'m
Equity securities listed in Hong Kong	7.8	7.8
Assets reclassified as held for sale	8	743.6
	<u>7.8</u>	<u>751.4</u>

## 11. Trade and other payables

Included in trade and other payables are trade payables which are further analyzed as follows:

	At 31 December 2013 HK\$'m	At 30 June 2013 HK\$'m
Under 3 months	328.4	534.3
4 to 6 months	2.4	5.5
Over 6 months	15.1	15.8
	<u>345.9</u>	<u>555.6</u>

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend for the year ending 30 June 2014 in scrip form equivalent to HK\$0.36 per share with a cash option to shareholders registered on 24 March 2014.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that shareholder be given the option to elect to receive payment in cash of HK\$0.36 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a circular to be sent to shareholders, together with a form of election for cash dividend, on or about 1 April 2014. It is expected that certificates for the scrip shares and dividend warrants will be despatched to shareholders on or about 16 May 2014.

## **BOOK CLOSE DATES**

Book close dates (both days inclusive):	Wednesday, 19 March 2014 to Monday, 24 March 2014
Latest time to lodge transfer with transfer office:	4:30 pm on Tuesday, 18 March 2014
Name and address of transfer office:	Tricor Standard Limited 26/F, Tesbury Centre 28 Queen's Road East, Hong Kong

## **FINANCIAL REVIEW**

### **Group overview**

The Group recorded an Attributable Operating Profit (“AOP”) of HK\$2.320 billion for the Current Period, representing an increase of HK\$124.2 million or 6%, as compared to HK\$2.196 billion for the Last Period. Infrastructure division generated an AOP of HK\$1.316 billion, an increase of 13% as compared to HK\$1.162 billion in the Last Period. The AOP of Services division decreased by 3% to HK\$1.005 billion.

In February 2013, the Company announced the establishment of a joint venture with other major port operators in Xiamen which would involve the injection of its two port investments in Xiamen – NWCY Terminal and Trend Wood in exchange for a 13.8% interest in the new joint venture. The new joint venture was legally established in December 2013 and a one-off gain on deemed disposal of HK\$594.3 million arising from the restructuring was recognized during the Current Period.

<b>Contribution by Division</b>		
<b>For the six months ended 31 December</b>		
	<b>2013</b>	2012
	<b>HK\$'m</b>	HK\$'m
Infrastructure	<b>1,315.7</b>	1,161.9
Services	<b>1,004.5</b>	1,034.1
<b>Attributable operating profit</b>	<b>2,320.2</b>	2,196.0
<i>Corporate office and non-operating items</i>		
Gain on deemed disposal of interests in joint ventures	<b>594.3</b>	-
Gain on fair value of investment properties	<b>55.8</b>	178.4
Share of profit from Harbour Place	<b>2.2</b>	25.5
Net exchange gain	<b>30.4</b>	63.7
Interest income	<b>72.7</b>	58.5
Finance costs	<b>(288.7)</b>	(272.0)
Expenses and others	<b>(182.0)</b>	(143.9)
	<b>284.7</b>	(89.8)
<b>Profit attributable to shareholders</b>	<b>2,604.9</b>	2,106.2

Contributions from the operations in Hong Kong accounted for 50% of AOP in the Current Period as compared to 53% in the Last Period. Mainland China and Macau & others contributed 40% and 10% respectively, as compared to 39% and 8% respectively in the Last Period.

## **Earnings per share**

The basic earnings per share was HK\$0.71 in the Current Period, representing an increase of 20% from HK\$0.59 in the Last Period.

## OPERATIONAL REVIEW – INFRASTRUCTURE

### *AOP Contribution by Segment*

For the six months ended 31 December

	<b>2013</b>	2012	Change %
	<b>HK\$'m</b>	HK\$'m	Fav./Unfav.)
Roads	<b>673.2</b>	690.8	(3)
Energy	<b>190.8</b>	110.2	73
Water	<b>221.3</b>	207.5	7
Ports & Logistics	<b>230.4</b>	153.4	50
Total	<b><u>1,315.7</u></b>	<u>1,161.9</u>	13

### **Roads**

Notwithstanding a significant decrease in gain on extra profit recognition from Tangjin Expressway (Tianjin North Section) due to the onset of the partial closure for its expansion works in June 2012, AOP contributions from a number of road projects improved in line with robust traffic growth during the Current Period. Excluding the AOP contributions from Tangjin Expressway (Tianjin North Section), AOP of the Roads segment for the Current Period grew by 12%.

Toll revenue of Hangzhou Ring Road (“HZRR”) increased by 5% mainly due to the growth of heavy vehicles, despite the drop of 3% in average daily traffic flow when compared to the Last Period.

The Group’s expressways in the Pearl River Delta Region continued to report robust traffic growth in the Current Period. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) increased by 15% and 9% respectively. Shenzhen-Huizhou Expressway and Guangzhou-Zhaoqing Expressway also reported traffic growth of 9% and 20% respectively. Guangzhou Dongxin Expressway registered an increase of 27% in traffic volume while the traffic flow of Guangzhou City Nansha Port Expressway rose by 2%.

In Hong Kong, the average daily traffic flow of Tate’s Cairn Tunnel dropped by 1% although the tariff increase in August 2013 had a positive impact on toll revenue.

## **Energy**

Falling coal price continued to have a positive impact on the performance of the Group's power plants in Mainland China during the Current Period. Electricity sales of Zhujiang Power Plants posted an increase of 13% as one power plant underwent overhaul in the Last Period. On the other hand, electricity sales of Chengdu Jintang Power Plant dropped by 19% due to system upgrade.

Trading margin of Guangzhou Fuel Company improved as coal price remained less volatile during the Current Period while trading volume increased by 8%.

Electricity sales of Macau Power grew slightly by 1% when compared to the Last Period.

## **Water**

Sales volume of Chongqing Water Plant and Tanggu Water Plant increased by 14% and 13% respectively during the Current Period. Waste water treated by Chongqing Tangjiatuo Waste Water Plant and Shanghai SCIP Water Treatment Plants also rose by 27% and 9% respectively. In Macau, sales volume of Macau Water Plant grew healthily by 5%.

Chongqing Water Group continued to perform satisfactorily and contributed to the increase in AOP for the Current Period.

## **Ports & Logistics**

In Tianjin, the throughput of Tianjin Five Continents International Container Terminal Co., Ltd. grew by 2% to 1,149,000 TEUs but terminal modification at Tianjin Orient Container Terminals Co., Ltd. resulted in a 2% drop in its throughput to 475,000 TEUs.

Benefiting from the strong demand for logistics and warehousing facilities in Hong Kong, occupancy rate at ATL Logistics Centre increased further from 98% to 99% while average rental grew by 11%. NWS Kwai Chung Logistics Centre, which has been fully leased out, continued to provide steady AOP contribution to the Group during the Current Period.

China United International Rail Containers Co., Ltd. reported throughput growth of 9% to 834,000 TEUs and made positive AOP contribution during the Current Period.

In December 2013, the Group invested in Beijing Capital International Airport Co., Ltd. ("BCIA") which is the second busiest airport in the world in terms of passenger throughput with more than 80 million passengers per year. This quality infrastructure asset is expected to contribute recurring AOP for this segment.

## OPERATIONAL REVIEW – SERVICES

### *AOP Contribution by Segment*

For the six months ended 31 December

	<b>2013</b>	2012	Change %
	<b>HK\$'m</b>	HK\$'m	Fav./Unfav.)
Facilities Management	<b>499.4</b>	686.6	(27)
Construction & Transport	<b>278.3</b>	123.3	126
Strategic Investments	<b>226.8</b>	224.2	1
Total	<b><u>1,004.5</u></b>	<u>1,034.1</u>	(3)

### **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 maintain its steady growth momentum by leveraging on the strong demand to host international exhibitions and conventions at prime locations with state-of-the-art facilities. During the Current Period, 558 events were held at HKCEC with a total patronage of approximately 3.9 million.

The continuous rise in per passenger spending and patronage of affluent visitors from Mainland China continued to benefit Free Duty’s tobacco and liquor retail business at all land border crossings. However, the overall performance was affected by the expiry of the concession contract at the Hong Kong International Airport in November 2012 and the renewed concession terms.

To strengthen the Group’s service portfolio in Hong Kong, a joint venture in which the Group has 40% interest, was formed for the construction, development and operation of a private hospital, Gleneagles Hong Kong Hospital, at Wong Chuk Hang. The construction phase kicked off in January 2014. With the strategic partnership of Parkway Pantai Limited and The University of Hong Kong, the Group has every confidence to make this project a success and open up new opportunities within the healthcare sector in the years to come.



## **Construction & Transport**

AOP contribution from the Construction business increased by fourfold to HK\$153.4 million in the Current Period mainly due to improved gross profit margin and project progress. Main projects during the Current Period included New World Centre Remodeling, residential developments “The Austin” at the MTR Austin Station, “Double Cove” in Ma On Shan, “Park Signature” in Yuen Long, residential development at Clear Water Bay Road and logistic centre for SF Express at Tsing Yi. As at 31 December 2013, the gross value of contracts on hand for the Construction business was approximately HK\$45.6 billion.

The Group’s Transport business reported an AOP of HK\$124.9 million in the Current Period, representing a 34% increase. This was mainly attributable to the increase in fare revenue in connection with ridership growth and decrease in depreciation expenses for buses. Fuel costs decreased because of fuel cost hedging arrangements.

Five ferry service licenses will expire either by the end of March or June 2014. Applications for extension for another three years have been submitted to the government and the results are expected to be announced shortly.

## **Strategic Investments**

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

Tricor’s corporate services businesses performed solidly during the Current Period and captured about 44% of the total share of new listings in Hong Kong. Its business operations in Hong Kong, Singapore and Malaysia altogether contributed about 77% of the total profit of Tricor in the Current Period.

With the growth of its brokerage and retail margin financing, fixed income and structured financing businesses, Haitong International’s contribution to the Group’s AOP increased.

Production at the Yanjiazhuang Mine remained suspended in the Current Period although Newton Resources continued to engage itself in active communication and negotiations with the relevant government authorities at various levels regarding the mediation and solution to the disturbance to the mine. As matters stand, the resumption of iron concentrate production would be dependent on the outcome of these discussions and subsequent actions taken by respective parties.

The Group holds an effective interest of approximately 38% in Hyva, a company which engages in the manufacturing and supply of components used in hydraulic loading and unloading systems on trucks and trailers. Revenue from Mainland China has improved due to market recovery but sales in India continued to be affected by the slowdown of local infrastructure projects.

## **OUTLOOK**

The financial results and business operations in the Current Period exemplified the Group's determination and ability in delivering and maintaining stable and sustainable growth. Having proven its resilience against the full-year impact of the negative government policies in the previous financial year, the Group's roads portfolio is well poised to take advantage of the urban development in Mainland China. In addition, the daily traffic capacity of Tangjin Expressway (Tianjin North Section) will be raised from 50,000 to 75,000 vehicles upon the completion of its expansion works by the end of 2014 and will serve as a future growth driver for Roads segment. The Group remains confident that the services related business in Hong Kong will continue to produce gratifying results in light of the improving performance of Construction and Transport segment and unremitting demand for world-class exhibition facilities and duty-free goods.

On the other hand, the recent acquisition of interest in BCIA and investment in Gleneagles Hong Kong Hospital showcased the Group's success in identifying and acquiring high-quality assets in both infrastructure and service sectors. Going forward, the Group will continue its steadfast approach in enhancing operational efficiency and capitalizing on business opportunities arising from the economic growth and development in Mainland China and Hong Kong.

## **FINANCIAL RESOURCES**

### **Treasury management and cash funding**

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

### **Liquidity**

As at 31 December 2013, the Group's total cash and bank balances amounted to HK\$8.800 billion, as compared to HK\$7.768 billion as at 30 June 2013. The Group's Net Debt as at 31 December 2013 was HK\$9.278 billion, as compared to HK\$9.911 billion as at 30 June 2013. The decline in Net Debt was due to operating net cash inflow and dividends received from associated companies and joint ventures. The capital structure of the Group which comprised of 29% debt and 71% equity as at 31 December 2013 remained comparable to the composition of 30% debt and 70% equity as at 30 June 2013.

### **Debt profile and maturity**

As at 31 December 2013, the Group's Total Debt increased to HK\$18.078 billion from HK\$17.680 billion as at 30 June 2013. The Group purposely spreads out its debt maturity profile to reduce refinancing risks. Among the long-term loans and borrowings of HK\$12.898 billion as at 31 December 2013, 24% and 76% of which will mature in the second year and in the third to fifth year respectively. Bank loans were denominated in Hong Kong Dollar or Renminbi, while bonds were denominated in Renminbi or United States Dollar. Apart from the fixed rate bonds, bank loans were mainly floating rate interest-bearing. Cross currency swaps and interest rate swaps are used to hedge part of the Group's underlying exchange risk and interest rate exposure respectively. The Group did not have any material exposure to exchange risk other than Renminbi during the Current Period. As at 31 December 2013, intangible concession rights of HZRR were pledged as securities for a banking facility of the Group.

### **Commitments**

The Group's commitments for capital expenditure were HK\$1.540 billion as at 31 December 2013 as compared to HK\$1.463 billion as at 30 June 2013. This represented commitment for capital contributions to/acquisitions of an associated company and certain joint ventures of HK\$1.517 billion as at 31 December 2013 as compared to HK\$1.428 billion as at 30 June 2013; and commitments for properties and equipment and intangible concession rights of HK\$23.0 million as at 31 December 2013 as compared to HK\$34.8 million as at 30 June 2013. The share of commitments for capital expenditure committed by joint ventures was HK\$1.498 billion as at 31 December 2013 as compared to HK\$1.574 billion as at 30 June 2013. Sources of funding for capital expenditure include internally generated resources and banking facilities.

## **CONTINGENT LIABILITIES**

Contingent liabilities of the Group were HK\$1.465 billion as at 31 December 2013, as compared to HK\$603.1 million as at 30 June 2013. These composed of guarantees for credit facilities granted to associated companies, joint ventures and a related company of HK\$22.0 million, HK\$1.378 billion and HK\$64.7 million respectively as at 31 December 2013, as compared to HK\$24.2 million, HK\$477.2 million and HK\$101.7 million respectively as at 30 June 2013. The share of contingent liabilities of joint ventures was HK\$16.7 million as at 31 December 2013 and HK\$20.4 million as at 30 June 2013.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2013, approximately 26,600 staff were employed by entities under the Group's management of which approximately 9,900 staff were employed in Hong Kong. Total staff related costs including provident funds and staff bonus but excluding directors' remunerations were HK\$1.123 billion (2012: HK\$884.5 million). 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.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Audit Committee of the Company was set up by the Board with specific terms of reference for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control. It currently comprises three independent non-executive directors and a non-executive director of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial statements for the Current Period with the management and the external auditor.

The unaudited interim financial statements of the Company for the Current Period have been reviewed by the Company's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

## **CORPORATE GOVERNANCE PRACTICES**

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

Throughout the six months ended 31 December 2013, the Company has complied with all the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Current Period.

## **THE BOARD**

As at the date of this announcement, (a) the executive directors of the Company are Dr Cheng Kar Shun, Henry, Mr Tsang Yam Pui, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo and Mr Cheng Chi Ming, Brian; (b) the non-executive directors of the Company are Mr To Hin Tsun, Gerald and Mr Dominic Lai; and (c) the independent non-executive directors of the Company are Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr Wilfried Ernst Kaffenberger (alternate director to Mr Wilfried Ernst Kaffenberger: Mr Yeung Kun Wah, David) and Mr Lee Yiu Kwong, Alan.

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

Hong Kong, 25 February 2014

*\* For identification purposes only*