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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 2014

FINANCIAL HIGHLIGHTS

Revenue	:	HK\$11,974.4 million
Profit attributable to shareholders	:	HK\$2,003.8 million
Basic earnings per share	:	HK\$0.54
Interim dividend per share	:	HK\$0.27

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 2014 (the “Current Period”), together with comparative figures for the six months ended 31 December 2013 (the “Last Period”) as follows:

Condensed Consolidated Income Statement – Unaudited

	<i>Note</i>	For the six months ended 31 December	
		2014 HK\$'m	2013 HK\$'m
Revenue	2	11,974.4	10,097.8
Cost of sales		(10,364.8)	(8,475.9)
Gross profit		1,609.6	1,621.9
Gain on deemed disposal of interests in joint ventures		-	594.3
Other income/gains (net)	3	507.7	501.8
General and administrative expenses		(494.0)	(470.6)
Operating profit	4	1,623.3	2,247.4
Finance costs		(332.1)	(351.9)
Share of results of			
Associated companies	2(b),8	(984.2)	225.5
Joint ventures	2(b),9	1,936.5	797.6
Profit before income tax		2,243.5	2,918.6
Income tax expenses	5	(215.0)	(283.0)
Profit for the period		2,028.5	2,635.6
Attributable to			
Shareholders of the Company		2,003.8	2,604.9
Non-controlling interests		24.7	30.7
		2,028.5	2,635.6
Dividend	6	1,014.3	1,337.4
Basic earnings per share attributable to the shareholders of the Company	7	HK\$0.54	HK\$0.71

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	For the six months ended	
	31 December	
	2014	2013
	HK\$'m	HK\$'m
Profit for the period	<u>2,028.5</u>	<u>2,635.6</u>
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligation	-	(17.3)
Reversal of reserves upon reclassification of an available-for-sale financial asset as an associated company	717.2	-
Items that have been reclassified/may be subsequently reclassified to profit or loss		
Fair value changes of available-for-sale financial assets	(215.5)	73.3
Release of reserves upon deemed disposal of interests in joint ventures	-	(127.8)
Share of other comprehensive loss of associated companies and joint ventures	(163.0)	(89.4)
Cash flow hedges	9.1	32.1
Currency translation differences	348.0	490.8
Other comprehensive income for the period, net of tax	<u>695.8</u>	<u>361.7</u>
Total comprehensive income for the period	<u>2,724.3</u>	<u>2,997.3</u>
Total comprehensive income attributable to		
Shareholders of the Company	2,689.7	2,955.6
Non-controlling interests	34.6	41.7
	<u>2,724.3</u>	<u>2,997.3</u>

Condensed Consolidated Statement of Financial Position – Unaudited

		At 31 December 2014 HK\$'m	At 30 June 2014 HK\$'m
	<i>Note</i>		
ASSETS			
Non-current assets			
Investment properties		3,791.5	3,643.8
Property, plant and equipment		542.9	552.7
Intangible concession rights		15,520.9	15,697.0
Intangible assets		439.5	455.1
Associated companies		13,233.2	12,972.0
Joint ventures		18,677.9	19,181.9
Available-for-sale financial assets		904.3	1,599.4
Other non-current assets		1,024.1	1,033.6
		54,134.3	55,135.5
Current assets			
Inventories		410.6	329.6
Trade and other receivables	<i>10</i>	7,914.0	8,444.3
Cash and bank balances		11,272.8	7,636.9
		19,597.4	16,410.8
Assets held for sale		7.8	7.8
		19,605.2	16,418.6
Total assets		73,739.5	71,554.1

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

	<i>Note</i>	At 31 December 2014 HK\$'m	At 30 June 2014 HK\$'m
EQUITY			
Share capital		3,756.5	3,741.9
Reserves		39,507.5	37,651.3
Proposed final dividend		-	823.2
Interim dividend		1,014.3	-
Shareholders' funds		<u>44,278.3</u>	<u>42,216.4</u>
Non-controlling interests		831.2	827.0
Total equity		<u>45,109.5</u>	<u>43,043.4</u>
LIABILITIES			
Non-current liabilities			
Borrowings		13,953.1	12,154.0
Deferred tax liabilities		2,503.5	2,512.1
Other non-current liabilities		336.5	328.2
		<u>16,793.1</u>	<u>14,994.3</u>
Current liabilities			
Borrowings		2,744.9	5,513.5
Trade and other payables	<i>11</i>	8,639.2	7,644.0
Taxation		452.8	358.9
		<u>11,836.9</u>	<u>13,516.4</u>
Total liabilities		<u>28,630.0</u>	<u>28,510.7</u>
Total equity and liabilities		<u>73,739.5</u>	<u>71,554.1</u>
Net current assets		<u>7,768.3</u>	<u>2,902.2</u>
Total assets less current liabilities		<u>61,902.6</u>	<u>58,037.7</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 2014 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 2014 except for the adoption of amendments to standards and interpretation which are further explained as below.

(a) Adoption of amendments to standards and interpretation

During the Current Period, the Group adopted the following amendments to standards and interpretation which are relevant to the Group’s operations and are mandatory for the financial year ending 30 June 2015:

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

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

1. Basis of preparation and accounting policies (continued)

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

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

Effective for the financial year ending 30 June 2016 or after

HKFRS 9	Financial Instruments
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptance Methods of Depreciation and Amortization
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities : Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRSs Amendments	Annual improvements to HKFRSs 2012-2014 Cycle

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

2. Revenue and segment information

The Group's revenue is analyzed as follows:

	For the six months ended	
	31 December	
	2014	2013
	HK\$'m	HK\$'m
Roads	1,259.8	1,172.6
Ports & Logistics	50.1	49.8
Facilities Management	3,283.3	3,088.0
Construction & Transport	7,381.2	5,787.4
	<u>11,974.4</u>	<u>10,097.8</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 comprise (i) Roads; (ii) Energy & Water; (iii) Ports & Logistics; (iv) Facilities Management; (v) Construction & Transport; and (vi) Strategic Investments.

The Executive Committee assesses the performance of the operating segments based on a measure of attributable operating profit. This measurement basis excludes the effects of corporate office and non-operating items. Corporate interest income, finance costs and expenses are not allocated to segments.

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
For the six months ended							
31 December 2014							
Total revenue	1,259.8	-	50.1	3,293.9	7,397.3	-	12,001.1
Inter-segment	-	-	-	(10.6)	(16.1)	-	(26.7)
Revenue – external	<u>1,259.8</u>	-	<u>50.1</u>	<u>3,283.3</u>	<u>7,381.2</u>	-	<u>11,974.4</u>
Attributable operating profit							
Company and subsidiaries	424.5	7.1	34.3	456.8	175.2	65.6	1,163.5
Associated companies	25.8	29.7	129.7	(3.4)	57.9	110.1 (ii)	349.8 (b)
Joint ventures	226.4	279.6	208.6	0.3	75.0 (i)	(48.6)	741.3 (b)
	<u>676.7</u>	<u>316.4</u>	<u>372.6</u>	<u>453.7</u>	<u>308.1</u>	<u>127.1</u>	<u>2,254.6</u>
Reconciliation – corporate office and non-operating items							
Net gain on disposal of a project under a joint venture							1,549.9 (b)
Gain on fair value of investment properties							148.3
Net exchange gain							3.1
Interest income							75.7
Impairment loss related to an associated company							(1,300.0) (b)
Impairment loss related to a joint venture							(300.0) (b)
Finance costs							(257.2)
Expenses and others							<u>(170.6)</u>
Profit attributable to shareholders							<u>2,003.8</u>

(i) The amount includes the Group's share of attributable operating profit of HK\$75.1 million from its Transport business.

(ii) The amount includes the Group's share of attributable operating profit of HK\$52.6 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	Segment						Total	Corporate	Eliminations	Consolidated
	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments				
For the six months ended										
31 December 2014										
Depreciation	5.2	-	-	31.7	23.4	-	60.3	3.4	-	63.7
Amortization of intangible concession rights	418.8	-	-	-	-	-	418.8	-	-	418.8
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	48.0	-	-	19.5	27.7	-	95.2	2.5	-	97.7
Interest income	84.0	10.7	2.8	0.6	3.3	-	101.4	78.0	(7.5)	171.9
Finance costs	65.6	-	4.1	0.2	12.1	0.4	82.4	257.2	(7.5)	332.1
Income tax expenses	160.8	9.7	9.5	92.1	4.9	(53.4)	223.6	(8.6)	-	215.0
As at 31 December 2014										
Company and subsidiaries	16,946.6	339.6	2,281.9	4,120.6	7,806.5	1,504.6	32,999.8	8,828.6	-	41,828.4
Associated companies	471.5	631.4	4,460.3	803.9	1,536.1	5,268.4	13,171.6	61.6	-	13,233.2
Joint ventures	6,015.1	6,571.2	3,027.7	5.8	1,877.7 (i)	1,156.2	18,653.7	24.2	-	18,677.9
Total assets	23,433.2	7,542.2	9,769.9	4,930.3	11,220.3	7,929.2	64,825.1	8,914.4	-	73,739.5
Total liabilities	4,454.6	38.5	63.3	950.6	7,264.3	17.2	12,788.5	15,841.5	-	28,630.0

(i) The balance includes the Group's investment in its Transport business of HK\$1,867.3 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	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Total
For the six months ended 31 December 2013							
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
Net exchange gain							30.4
Interest income							72.7
Finance costs							(288.7)
Expenses and others							(179.8)
Profit attributable to shareholders							<u>2,604.9</u>

- (i) The amount included the Group's share of attributable operating profit of HK\$124.9 million from its Transport business.
- (ii) The amount included 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	Segment						Total	Corporate	Eliminations	Consolidated
	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments				
For the six months ended										
31 December 2013										
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
As at 30 June 2014										
Company and subsidiaries	19,079.9	400.5	2,237.9	3,883.5	6,914.3	1,740.9	34,257.0	5,143.2	-	39,400.2
Associated companies	441.0	623.7	4,305.1	734.7	1,472.3	5,336.0	12,912.8	59.2	-	12,972.0
Joint ventures	6,189.7	6,772.4	2,961.2	5.6	1,965.8 (i)	1,238.4	19,133.1	48.8	-	19,181.9
Total assets	25,710.6	7,796.6	9,504.2	4,623.8	10,352.4	8,315.3	66,302.9	5,251.2	-	71,554.1
Total liabilities	5,481.6	41.9	74.1	896.4	6,299.0	138.3	12,931.3	15,579.4	-	28,510.7

(i) The balance included the Group's investment in its Transport business of HK\$1,955.3 million.

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</u>		<u>For the six months ended</u>	
	<u>31 December</u>		<u>31 December</u>	
	2014	2013	2014	2013
Attributable operating profit	349.8	242.3	741.3	873.1
Corporate associated companies, joint ventures and non-operating items				
Net gain on disposal of a project under a joint venture (Note 9)	-	-	1,549.9	-
Impairment losses (Notes 8 and 9)	(1,300.0)	-	(300.0)	-
Others	(34.0)	(16.8)	(54.7)	(75.5)
Share of results of associated companies and joint ventures	(984.2)	225.5	1,936.5	797.6

- (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</u>		<u>At</u>	
	<u>31 December</u>		<u>31 December</u>	
	2014	2013	2014	30 June 2014
Hong Kong	10,625.6	8,678.3	4,688.7	4,569.7
Mainland China	1,297.6	1,208.7	15,597.1	15,773.3
Macau	51.2	210.8	9.0	5.6
	11,974.4	10,097.8	20,294.8	20,348.6

3. Other income/gains (net)

	For the six months ended 31 December	
	2014 HK\$'m	2013 HK\$'m
Gain on fair value of investment properties	148.3	55.8
Profit on disposal of a financial asset at fair value through profit or loss	10.7	-
Profit on disposal of an available-for-sale financial asset	-	14.3
Net exchange gain	57.6	94.2
Interest income		
Available-for-sale financial asset	-	116.4
Bank deposits and others	171.9	120.6
Machinery hire income	59.7	47.2
Dividends and other income	38.3	39.6
Management fee income	21.2	13.7
	<u>507.7</u>	<u>501.8</u>

4. Operating profit

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

	For the six months ended 31 December	
	2014 HK\$'m	2013 HK\$'m
Crediting		
Gross rental income from investment properties	81.8	77.9
Less: outgoings	(12.8)	(6.7)
	69.0	71.2
Charging		
Cost of inventories sold	1,118.4	1,037.8
Cost of services rendered	9,246.4	7,438.1
Depreciation	63.7	53.4
Amortization of intangible concession rights	418.8	372.3
Amortization of intangible assets	15.6	15.6
Operating lease rental expenses – properties	32.0	29.8
Impairment of trade and other receivables	-	30.7

5. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2013: 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% (2013: 9% to 25%).

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

	For the six months ended	
	31 December	
	2014	2013
	HK\$'m	HK\$'m
Current income tax		
Hong Kong profits tax	30.8	98.8
Mainland China and overseas taxation	222.6	211.8
Deferred income tax credit	(38.4)	(27.6)
	<u>215.0</u>	<u>283.0</u>

Share of taxation of associated companies and joint ventures of HK\$56.5 million (2013: HK\$30.0 million) and HK\$172.5 million (2013: HK\$199.0 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

6. Dividend

	For the six months ended	
	31 December	
	2014	2013
	HK\$'m	HK\$'m
Interim dividend declared of HK\$0.27 (2013: paid of HK\$0.36) per share	<u>1,014.3</u>	<u>1,337.4</u>

7. Earnings per share

The calculation of basic earnings per share for the Current Period is based on earnings of HK\$2,003.8 million (2013: HK\$2,604.9 million) and on the weighted average of 3,741,994,845 (2013: 3,675,841,300) ordinary shares outstanding during the Current Period.

There is no dilutive potential ordinary share during the Current Period and the Last Period.

8. Share of results of associated companies

The amount includes an impairment loss of HK\$1.3 billion made for the Group's interest in Newton Resources Ltd ("Newton Resources") in the Current Period.

9. Share of results of joint ventures

The amount includes (i) the Group's share of gain of approximately HK\$1.5 billion arising from the disposal of its indirect interest in Companhia de Electricidade de Macau – CEM, S.A. ("Macau Power") in the Current Period; and (ii) the Group's share of impairment loss of HK\$0.3 billion for Guangzhou Dongxin Expressway in the Current Period.

10. Trade and other receivables

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

	At 31 December 2014 HK\$'m	At 30 June 2014 HK\$'m
Under 3 months	1,574.2	1,807.2
4 to 6 months	61.5	50.5
Over 6 months	47.9	69.0
	<u>1,683.6</u>	<u>1,926.7</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.

11. Trade and other payables

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

	At 31 December 2014 HK\$'m	At 30 June 2014 HK\$'m
Under 3 months	499.6	781.0
4 to 6 months	2.4	14.0
Over 6 months	14.1	13.4
	<u>516.1</u>	<u>808.4</u>

12. Event subsequent to period end

On 30 January 2015, Natal Global Limited, an indirectly wholly-owned subsidiary of the Group, entered into a share purchase agreement to purchase (i) 40% of the total issued preference share capital of Goshawk Aviation Limited (“Goshawk”); and (ii) certain outstanding loan notes together with accrued and unpaid interest thereon from Zion Sky Holdings Limited, a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited, at a total cash consideration of approximately US\$222.5 million. Goshawk is principally engaged in the investment of commercial aircraft on lease to operating lessees. The said acquisition was completed on 2 February 2015 and the investment in Goshawk is accounted for as an associated company of the Group.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the year ending 30 June 2015 (the “Interim Dividend”) in scrip form equivalent to HK\$0.27 per share with a cash option to shareholders whose names appear on the register of members of the Company on 25 March 2015.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Interim Dividend, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they will be given the option of electing to receive payment in cash of HK\$0.27 per share instead of the allotment of shares. A circular containing details of the scrip dividend arrangement will be despatched to shareholders of the Company, together with a form of election for cash dividend, on or about 2 April 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders’ entitlement to the Interim Dividend, the register of members of the Company will be closed. Details of such closure are set out below:

Latest time to lodge transfer documents for registration	4:30 pm on 19 March 2015
Closure of register of members	20 to 25 March 2015 (both days inclusive)
Record date	25 March 2015
Interim Dividend payment date	on or about 19 May 2015

During the above closure period, no transfer of shares will be registered. In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than the aforementioned latest time.

FINANCIAL REVIEW

Group overview

The Group recorded an Attributable Operating Profit (“AOP”) of HK\$2.255 billion for the Current Period, representing a decrease of HK\$65.6 million or 3%, as compared to HK\$2.320 billion for the Last Period. Infrastructure division generated an AOP of HK\$1.366 billion, an increase of 4% as compared to HK\$1.316 billion in the Last Period. The AOP of Services division decreased by 12% to HK\$888.9 million compared to HK\$1.005 billion in the Last Period.

During the Current Period, the Group shared a gain of approximately HK\$1.5 billion from the disposal of its indirect interest in Macau Power. Apart from unlocking the value of this mature asset and providing capital for new investments, the disposal also allowed Sino French Holdings (Hong Kong) Limited, a joint venture 50:50 beneficially owned by the Group and Suez Environnement, to focus its resources on the development of water and related businesses.

An impairment loss of HK\$1.3 billion in the carrying value of the Group’s interest in Newton Resources was recognized in light of the substantial reduction in the market price of iron concentrates and the unfavourable future projection of the price of iron concentrates. In addition, an impairment loss of HK\$0.3 billion for Guangzhou Dongxin Expressway was shared by the Group which was primarily attributable to the lower-than-expected traffic flow of the expressway. Both of these impairment losses are non-cash items and bear no impact on the cash flow and the operation of the Group.

Taking into account the aforesaid disposal gain and impairment losses during the Current Period but excluding the one-off gain on deemed disposal of HK\$594.3 million from the restructuring of the Group’s port investments in Xiamen in the Last Period, the profit attributable to shareholders during the Current Period compared with that in the Last Period remained stable.

Contribution by Division		
For the six months ended 31 December		
	2014	2013
	HK\$'m	HK\$'m
Infrastructure	1,365.7	1,315.7
Services	888.9	1,004.5
Attributable operating profit	2,254.6	2,320.2
<i>Corporate office and non-operating items</i>		
Net gain on disposal of a project under a joint venture	1,549.9	-
Gain on deemed disposal of interests in joint ventures	-	594.3
Gain on fair value of investment properties	148.3	55.8
Net exchange gain	3.1	30.4
Interest income	75.7	72.7
Impairment loss related to an associated company	(1,300.0)	-
Impairment loss related to a joint venture	(300.0)	-
Finance costs	(257.2)	(288.7)
Expenses and others	(170.6)	(179.8)
	(250.8)	284.7
Profit attributable to shareholders	2,003.8	2,604.9

Contributions from the operations in Hong Kong accounted for 54% of AOP in the Current Period as compared to 50% in the Last Period. Mainland China and Macau & others contributed 43% and 3% respectively, as compared to 40% and 10% respectively in the Last Period.

Earnings per share

The basic earnings per share was HK\$0.54 in the Current Period, representing a decrease of 24% from HK\$0.71 in the Last Period.

OPERATIONAL REVIEW – INFRASTRUCTURE

AOP Contribution by Segment

For the six months ended 31 December

	2014	2013	Change %
	HK\$'m	HK\$'m	Fav./Unfav.)
Roads	676.7	673.2	1
Energy	93.7	190.8	(51)
Water	222.7	221.3	1
Ports & Logistics	372.6	230.4	62
Total	<u>1,365.7</u>	<u>1,315.7</u>	4

Roads

Toll revenue of Hangzhou Ring Road (“HZRR”) 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.

In Hong Kong, the average daily traffic flow of Tate’s Cairn Tunnel rose by 5% when compared to the Last Period.

Energy

AOP of the Energy segment dropped from HK\$190.8 million to HK\$93.7 million primarily due to the divestment of Macau Power in July 2014.

Coal price continued to drop during the Current Period. 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.

Coal trading volume of Guangzhou Fuel Company grew by 42% during the Current Period due to the expansion of its sales network to northern part of Mainland China. However, its AOP contribution was adversely affected by the initial operating loss from a coal mine during the early stage of its operation.

Water

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

AOP from the Ports & Logistics segment surged by 62% to HK\$372.6 million for the Current Period, which was mainly due to the full period contribution from Beijing Capital International Airport Co., Ltd. (“BCIA”). As the second busiest airport in the world in terms of passenger traffic, its throughput for the Current Period reached 44,550,000 passengers.

Xiamen Container Terminal Group Co., Ltd. (“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.

On 2 February 2015, the Group acquired 40% equity interest in Goshawk and certain outstanding loan notes together with accrued and unpaid interest at a total cash consideration of approximately US\$222.5 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.

OPERATIONAL REVIEW – SERVICES

AOP Contribution by Segment

For the six months ended 31 December

	2014	2013	Change %
	HK\$'m	HK\$'m	Fav./ (Unfav.)
Facilities Management	453.7	499.4	(9)
Construction & Transport	308.1	278.3	11
Strategic Investments	127.1	226.8	(44)
Total	888.9	1,004.5	(12)

Facilities Management

Having been voted “Asia’s Best Convention and Exhibition Centre” for the 12th time by CEI Asia Magazine, one of the most influential trade publications in the region, Hong Kong Convention and Exhibition Centre (“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. HKCEC will continue to sustain healthy growth through proactive business development and focus on service excellence.

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 the 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 will commence operations in early 2017 as planned.

Construction & Transport

AOP contribution from the Construction business increased encouragingly by 52% to HK\$233.0 million in the Current Period mainly due to the improved gross profit and project progress. Major projects during the Current Period included New World Centre remodeling, Shatin Communications and Technology Centre for Hong Kong Jockey Club, logistic centre for SF Express at Tsing Yi and residential development at Clear Water Bay Road. In addition, new tenders awarded during the Current Period included Gleneagles Hong Kong Hospital, Xiqu Centre for West Kowloon Cultural District and revitalization of the Avenue of Stars at Tsim Sha Tsui. As at 31 December 2014, the gross value of contracts on hand for the Construction business was approximately HK\$60.5 billion and the remaining works to be completed amounted to approximately HK\$45.7 billion.

The Group's Transport business reported an AOP of HK\$75.1 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 ("Tricor"), Haitong International Securities Group Limited ("Haitong International"), Newton Resources, Tharisa plc ("Tharisa"), 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 54% of the total share of new listings in Hong Kong. Its business operations in Hong Kong, Singapore and Malaysia altogether contributed about 87% of the total profit of Tricor in the Current Period.

Haitong International continued to attain notable growth across all business lines, especially corporate finance, derivatives and margin financing businesses. As a result, Haitong International's AOP contribution increased steadfastly.

Production at the Yanjiazhuang Mine remained suspended in the Current Period and Newton Resources continued to explore other new income stream. Having considered the impact of the recent significant decline in the market price of iron concentrates, the delay in the mine's production and the recovery of estimated iron concentrates' price in the long term, an impairment loss of HK\$1.3 billion was recognized by the Group in the Current Period.

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

During the Current Period, Hyva's revenue from Mainland China dropped as sales of heavy vehicles remained suppressed but the impact was partly offset by the market recovery in India and Western Europe.

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.

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 cost-efficient ways of financing.

Liquidity

As at 31 December 2014, the Group's total cash and bank balances amounted to HK\$11.273 billion, as compared to HK\$7.637 billion as at 30 June 2014. The Group's Net Debt as at 31 December 2014 was HK\$5.425 billion, as compared to HK\$10.031 billion as at 30 June 2014. The decrease in Net Debt was mainly due to operating net cash inflow, refund of investment deposits and dividends received from joint ventures, including the Group's share of the proceeds from the disposal of the indirect interest in Macau Power. The capital structure of the Group which comprised 27% debt and 73% equity as at 31 December 2014 remained comparable to the composition of 29% debt and 71% equity as at 30 June 2014.

Debt profile and maturity

As at 31 December 2014, the Group's Total Debt decreased to HK\$16.698 billion from HK\$17.668 billion as at 30 June 2014. The Group has spaced out its debt maturity profile to reduce refinancing risks. Among the long-term loans and borrowings of HK\$13.953 billion as at 31 December 2014, 25% will mature in the second year and 75% will mature in the third to fifth year. Bank loans were denominated in Hong Kong Dollar or Renminbi, while bonds were denominated in United States Dollar. Apart from the fixed rate bonds, bank loans were mainly floating rate interest-bearing. Interest rate swaps are used to hedge part of the Group's underlying interest rate exposure. The Group did not have any material exposure to exchange risk other than Renminbi during the Current Period. As at 31 December 2014, 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\$1.493 billion as at 31 December 2014 as compared to HK\$1.616 billion as at 30 June 2014. This represented commitment for capital contributions to an associated company and certain joint ventures, properties and equipment and intangible concession rights. Sources of funding for capital expenditure include internally generated resources and banking facilities.

CONTINGENT LIABILITIES

Contingent liabilities of the Group were HK\$1.115 billion as at 31 December 2014, as compared to HK\$1.104 billion as at 30 June 2014. These composed of guarantees for credit facilities of an associated company, joint ventures and a related company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, approximately 27,900 staff were employed by entities under the Group's management of which approximately 10,500 staff were employed in Hong Kong. Total staff related costs including provident funds and staff bonus but excluding directors' remunerations were HK\$1.271 billion (2013: HK\$1.123 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was set up by the Board with specific terms 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 results 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 shareholder value.

Throughout the six months ended 31 December 2014, 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

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

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Current Period.

DEALINGS IN THE COMPANY’S SECURITIES BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”) as its own code of conduct for securities transactions by its directors. Having made specific enquiry of all directors, they had complied with the required standards of the Model Code during the Current Period.

The Company has also adopted the “Code for Securities Transactions by Relevant Employees”, which is no less exacting than the Model Code, for governing the securities transactions of specified employees (“Relevant Employees”) who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees have confirmed that they complied with the standards set out in the “Code for Securities Transactions by Relevant Employees” 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 and Mr Cheng Chi Ming, Brian; (b) the non-executive directors of the Company are Mr To Hin Tsun, Gerald, Mr Dominic Lai and Mr William Junior Guilherme Doo; 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, 26 February 2015

** For identification purposes only*