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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 2015

FINANCIAL HIGHLIGHTS

Revenue	**:**	**HK$14,224.4 million**
Profit attributable to shareholders	**:**	**HK$2,354.3 million**
Basic earnings per share	**:**	**HK$0.62**
Interim dividend per share	**:**	**HK$0.31**

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 2015 (the "Current Period"), together with comparative figures for the six months ended 31 December 2014 (the "Last Period") as follows:

Condensed Consolidated Income Statement – Unaudited

	Note	For the six months ended 31 December **2015** **HK$'m**	 2014 HK$'m
Revenue	*2*	**14,224.4**	11,974.4
Cost of sales		**(12,554.2)**	(10,364.8)
Gross profit		**1,670.2**	1,609.6
Other income/gains (net)	*3*	**845.5**	507.7
General and administrative expenses		**(591.7)**	(494.0)
Operating profit	*4*	**1,924.0**	1,623.3
Finance costs		**(311.9)**	(332.1)
Share of results of			
Associated companies	*2(b),5*	**299.0**	(984.2)
Joint ventures	*2(b),6*	**785.5**	1,936.5
Profit before income tax		**2,696.6**	2,243.5
Income tax expenses	*7*	**(303.9)**	(215.0)
Profit for the period		**2,392.7**	2,028.5
Attributable to			
Shareholders of the Company		**2,354.3**	2,003.8
Non-controlling interests		**38.4**	24.7
		2,392.7	2,028.5
Basic earnings per share attributable to the shareholders of the Company	*8*	**HK$0.62**	HK$0.54

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	For the six months ended 31 December	
	2015	2014
	HK$'m	HK$'m
Profit for the period	**2,392.7**	2,028.5
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
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	**(429.7)**	(215.5)
Share of other comprehensive loss of associated companies and joint ventures	**(91.5)**	(163.0)
Cash flow hedges	**(0.4)**	9.1
Currency translation differences	**(1,686.2)**	348.0
Other comprehensive (loss)/income for the period, net of tax	**(2,207.8)**	695.8
Total comprehensive income for the period	**184.9**	2,724.3
Total comprehensive income attributable to		
Shareholders of the Company	**170.6**	2,689.7
Non-controlling interests	**14.3**	34.6
	184.9	2,724.3

Condensed Consolidated Statement of Financial Position – Unaudited

	Note	At 31 December 2015 HK$'m	At 30 June 2015 HK$'m
ASSETS			
Non-current assets			
Investment properties		**4,536.4**	3,944.0
Property, plant and equipment		**993.5**	658.4
Intangible concession rights		**13,736.4**	14,904.0
Intangible assets		**402.5**	423.9
Associated companies		**13,934.8**	13,480.4
Joint ventures		**18,214.1**	18,277.5
Available-for-sale financial assets		**2,239.4**	2,602.5
Other non-current assets		**1,032.7**	1,015.1
		55,089.8	55,305.8
Current assets			
Inventories		**548.4**	436.9
Trade and other receivables	*10*	**10,312.6**	8,988.6
Cash and bank balances		**11,369.2**	10,422.3
		22,230.2	19,847.8
Total assets		**77,320.0**	75,153.6
EQUITY			
Share capital		**3,805.2**	3,775.4
Reserves		**40,858.4**	41,638.0
Shareholders' funds		**44,663.6**	45,413.4
Non-controlling interests		**772.6**	774.3
Total equity		**45,436.2**	46,187.7
LIABILITIES			
Non-current liabilities			
Borrowings		**14,869.6**	13,487.0
Deferred tax liabilities		**2,235.6**	2,378.3
Other non-current liabilities		**210.6**	351.7
		17,315.8	16,217.0
Current liabilities			
Borrowings		**3,586.3**	3,324.4
Trade and other payables	*11*	**10,712.8**	9,055.2
Taxation		**268.9**	369.3
		14,568.0	12,748.9
Total liabilities		**31,883.8**	28,965.9
Total equity and liabilities		**77,320.0**	75,153.6

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 2015 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 2015.

There has been no new standards or amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2016 ("FY2016"). The following new standards and amendments to standards are mandatory for accounting period beginning on or after 1 July 2016 or later periods but which the Group has not early adopted:

Effective for the financial year ending 30 June 2017 or after

HKFRS 9	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interest in Joint Operations
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	
	2015	2014
	HK$'m	HK$'m
Roads	**1,217.8**	1,259.8
Ports & Logistics	**50.0**	50.1
Facilities Management	**3,514.2**	3,283.3
Construction & Transport	**9,442.4**	7,381.2
	14,224.4	11,974.4

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 2015										
Total revenue	**1,217.8**	**-**	**50.0**	**3,522.0**	**9,442.4**		**-**		**14,232.2**	
Inter-segment	**-**	**-**	**-**	**(7.8)**	**-**		**-**		**(7.8)**	
Revenue – external	**1,217.8**	**-**	**50.0**	**3,514.2**	**9,442.4**		**-**		**14,224.4**	
Attributable operating profit										
Company and subsidiaries	**347.5**	**7.1**	**34.2**	**371.7**	**249.9**		**67.1**		**1,077.5**	
Associated companies	**37.5**	**19.1**	**295.8**	**(5.3)**	**120.3**		**57.6**	**(ii)**	**525.0**	**(b)**
Joint ventures	**235.2**	**235.3**	**257.6**	**3.1**	**122.2**	**(i)**	**(57.7)**		**795.7**	**(b)**
	620.2	**261.5**	**587.6**	**369.5**	**492.4**		**67.0**		**2,398.2**	
Reconciliation – corporate office and non-operating items										
Gain on fair value of investment properties									**593.0**	
Net gain on deemed disposal of a project under a joint venture									**179.3**	**(b)**
Gain on disposal of projects, net of tax									**163.2**	
Interest income									**136.1**	
Net exchange loss									**(266.6)**	
Impairment loss related to an associated company									**(200.0)**	**(b)**
Impairment loss related to a joint venture									**(177.6)**	**(b)**
Finance costs									**(274.1)**	
Expenses and others									**(197.2)**	
Profit attributable to shareholders									**2,354.3**	

(i) The amount includes the Group's share of attributable operating profit of HK$122.2 million from its Transport business.

(ii) The amount includes the Group's share of attributable operating profit of HK$64.2 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 2015										
Depreciation	**6.9**	**-**	**-**	**36.9**	**29.5**	**-**	**73.3**	**2.5**	**-**	**75.8**
Amortization of intangible concession rights	**408.5**	**-**	**-**	**-**	**-**	**-**	**408.5**	**-**	**-**	**408.5**
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	**159.4**	**-**	**-**	**24.4**	**350.6**	**-**	**534.4**	**2.1**	**-**	**536.5**
Interest income	**16.6**	**10.4**	**7.9**	**1.4**	**3.7**	**12.2**	**52.2**	**136.6**	**(6.9)**	**181.9**
Finance costs	**26.1**	**-**	**3.6**	**0.4**	**14.3**	**0.3**	**44.7**	**274.1**	**(6.9)**	**311.9**
Income tax expenses	**192.3**	**3.9**	**9.4**	**75.4**	**22.4**	**-**	**303.4**	**0.5**	**-**	**303.9**
As at 31 December 2015										
Company and subsidiaries	**15,171.5**	**370.7**	**4,099.8**	**4,570.6**	**9,399.2**	**2,878.3**	**36,490.1**	**8,681.0**	**-**	**45,171.1**
Associated companies	**459.9**	**588.8**	**6,434.4**	**1,128.7**	**1,739.1**	**3,547.3**	**13,898.2**	**36.6**	**-**	**13,934.8**
Joint ventures	**5,642.9**	**6,501.3**	**2,925.5**	**6.7**	**1,955.4 (i)**	**1,152.6**	**18,184.4**	**29.7**	**-**	**18,214.1**
Total assets	**21,274.3**	**7,460.8**	**13,459.7**	**5,706.0**	**13,093.7**	**7,578.2**	**68,572.7**	**8,747.3**	**-**	**77,320.0**
Total liabilities	**3,426.5**	**26.8**	**135.2**	**1,025.4**	**9,278.9**	**17.6**	**13,910.4**	**17,973.4**	**-**	**31,883.8**

(i) The balance includes the Group's investment in its Transport business of HK$1,952.9 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 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	1,259.8	-	50.1	3,283.3	7,381.2	-	11,974.4
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)
	676.7	316.4	372.6	453.7	308.1	127.1	2,254.6
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
Interest income							75.7
Net exchange gain							3.1
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							(170.6)
Profit attributable to shareholders							2,003.8

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

(ii) The amount included 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	Roads	Energy & Water	Ports & Logistics	Facilities Management	Construction & Transport	Strategic Investments	Segment Total	Corporate	Eliminations	Consolidated
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 30 June 2015										
Company and subsidiaries	15,722.2	530.0	3,969.6	4,262.5	7,465.0	2,499.9	34,449.2	8,946.5	-	43,395.7
Associated companies	488.0	615.6	6,004.4	902.3	1,631.2	3,803.0	13,444.5	35.9	-	13,480.4
Joint ventures	5,993.9	6,290.1	2,990.9	6.3	1,908.6 (i)	997.0	18,186.8	90.7	-	18,277.5
Total assets	22,204.1	7,435.7	12,964.9	5,171.1	11,004.8	7,299.9	66,080.5	9,073.1	-	75,153.6
Total liabilities	3,972.7	21.8	128.4	1,205.9	7,481.2	4.3	12,814.3	16,151.6	-	28,965.9

(i) The balance included the Group's investment in its Transport business of HK$1,898.2 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:

	Associated companies		Joint ventures	
	For the six months ended 31 December		**For the six months ended 31 December**	
HK$'m	**2015**	2014	**2015**	2014
Attributable operating profit	**525.0**	349.8	**795.7**	741.3
Corporate associated companies, joint ventures and non-operating items				
Net gain on deemed disposal / disposal of a project under a joint venture (Note 6)	**-**	-	**179.3**	1,549.9
Impairment losses (Notes 5 and 6)	**(200.0)**	(1,300.0)	**(177.6)**	(300.0)
Others	**(26.0)**	(34.0)	**(11.9)**	(54.7)
Share of results of associated companies and joint ventures	**299.0**	(984.2)	**785.5**	1,936.5

(c) Information by geographical areas:

	Revenue		Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	
	For the six months ended 31 December		**At 31 December**	At 30 June
HK$'m	**2015**	2014	**2015**	2015
Hong Kong	**12,564.9**	10,625.6	**5,809.9**	4,930.2
Mainland China	**1,256.0**	1,297.6	**13,842.7**	14,987.3
Macau	**403.5**	51.2	**16.2**	12.8
	14,224.4	11,974.4	**19,668.8**	19,930.3

The operations of the Group's Infrastructure division in Mainland China are undertaken mainly through associated companies and joint ventures, the results of which are accounted for by the equity method of accounting.

3. Other income/gains (net)

	For the six months ended 31 December	
	2015	2014
	HK$'m	HK$'m
Gain on fair value of investment properties	**593.0**	148.3
Profit on disposal of a subsidiary	**95.0**	-
Profit on disposal of intangible concession rights	**58.7**	-
Profit on disposal of a financial asset at fair value through profit or loss	**-**	10.7
Profit on disposal of an asset held for sale	**15.0**	-
Net exchange (loss)/gain	**(271.0)**	57.6
Interest income	**181.9**	171.9
Machinery hire income	**42.1**	59.7
Dividend income	**54.9**	2.8
Management fee income	**11.4**	21.2
Other income	**64.5**	35.5
	845.5	507.7

4. Operating profit

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

	For the six months ended 31 December	
	2015	2014
	HK$'m	HK$'m
Crediting		
Gross rental income from investment properties	**82.9**	81.8
Less: outgoings	**(13.4)**	(12.8)
	69.5	69.0
Charging		
Cost of inventories sold	**1,206.9**	1,118.4
Cost of services rendered	**11,347.3**	9,246.4
Depreciation	**75.8**	63.7
Amortization of intangible concession rights	**408.5**	418.8
Amortization of intangible assets	**15.6**	15.6
Operating lease rental expenses – properties	**42.2**	32.0

5. Share of results of associated companies

The amount includes an impairment loss of HK$200.0 million made for the Group's interest in Tharisa plc ("Tharisa") in the Current Period.

6. Share of results of joint ventures

The amount includes (i) the Group's share of impairment loss of HK$177.6 million for Hyva Holding B.V. ("Hyva"); and (ii) the Group's share of gain of HK$179.3 million arising from deemed disposal of its indirect interest in Chongqing Water Group Co., Ltd. ("Chongqing Water Group") in the Current Period.

7. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2014: 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 12% to 25% (2014: 9% to 25%).

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

	For the six months ended 31 December	
	2015	2014
	HK$'m	HK$'m
Current income tax		
Hong Kong profits tax	**91.6**	30.8
Mainland China and overseas taxation	**236.3**	222.6
Deferred income tax credit	**(24.0)**	(38.4)
	303.9	215.0

Share of taxation of associated companies and joint ventures of HK$94.7 million (2014: HK$56.5 million) and HK$199.8 million (2014: HK$172.5 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

8. Earnings per share

The calculation of basic earnings per share for the Current Period is based on earnings of HK$2,354.3 million (2014: HK$2,003.8 million) and on the weighted average of 3,775,691,850 (2014: 3,741,994,845) ordinary shares outstanding during the Current Period.

The share options of the Company have an anti-dilutive effect on the basic earnings per share for the Current Period and are ignored in the calculation of diluted earnings per share. There was no dilutive potential ordinary shares during the Last Period.

9. Dividend

A final dividend of HK$1,245.9 million (2014: HK$823.2 million) that related to the financial year ended 30 June 2015 was paid in December 2015.

On 22 February 2016, the Board has resolved to declare an interim dividend of HK$0.31 per share (2014: paid of HK$0.27 per share) for FY2016 in scrip form with a cash option, which is payable on or about 16 May 2016 to shareholders whose names appear on the register of the members of the Company on 23 March 2016. This interim dividend, amounting to HK$1,179.6 million (2014: HK$1,014.3 million), has not been recognized as liability in this interim financial information. It will be recognized in shareholders' equity in FY2016.

10. Trade and other receivables

Included in trade and other receivables are trade receivables which are further analyzed based on invoice date as follows:

	At 31 December 2015 HK$'m	At 30 June 2015 HK$'m
Under 3 months	**1,569.5**	1,909.9
4 to 6 months	**9.1**	9.0
Over 6 months	**41.4**	57.9
	1,620.0	1,976.8

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 based on invoice date as follows:

	At 31 December 2015 HK$'m	At 30 June 2015 HK$'m
Under 3 months	**395.5**	587.7
4 to 6 months	**5.3**	5.4
Over 6 months	**10.5**	13.4
	411.3	606.5

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for FY2016 (the "Interim Dividend") in scrip form equivalent to HK$0.31 per share with a cash option to shareholders whose names appear on the register of members of the Company on 23 March 2016.

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$0.31 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 30 March 2016.

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 17 March 2016
Closure of register of members	18 to 23 March 2016 (both days inclusive)
Record date	23 March 2016
Interim Dividend payment date	on or about 16 May 2016

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$2.398 billion for the Current Period, representing an increase of HK$143.6 million or 6%, as compared to HK$2.255 billion for the Last Period. Buoyed by the outstanding performance of the Logistics business, the Infrastructure division generated an AOP of HK$1.469 billion, an increase of 8% as compared to HK$1.366 billion in the Last Period, despite the impact of Renminbi depreciation. The AOP of Services division increased by 4% to HK$928.9 million compared to HK$888.9 million in the Last Period mainly due to the continuing growth of the Construction business.

During the Current Period, the Group shared a gain of HK$179.3 million on the deemed disposal of its indirect interest in Chongqing Water Group as a 50% joint venture of the Group injected its interest in Chongqing Water Group and cash into Chongqing Derun Environment Co., Ltd. ("Derun Environment"). With a total asset valuation of approximately RMB30.0 billion, Derun Environment will strive to be a leading environmental services provider in Mainland China by focusing its resources on water and waste water treatment, urban and hazardous waste handling, waste-to-energy project investment, soil remediation and environmental technology development. In addition, the Group recognized fair value gain of HK$593.0 million from the revaluation of investment properties.

On the other hand, however, the Group recognized an impairment loss of HK$200.0 million on the carrying value of the Group's interest in Tharisa in view of the substantial drop in the market price of chrome concentrates. In light of the sales decline and growth projections for hydraulic components in Mainland China, an impairment loss of HK$177.6 million for Hyva was also shared by the Group. Both of these impairment losses are non-cash items and bear no impact on the cash flow and the operation of the Group. Furthermore, the depreciation of Renminbi yielded a net exchange loss of HK$266.6 million upon translation of the Group's monetary assets denominated in Renminbi into Hong Kong dollars.

In the Last Period, the Group recognized several one-off items including the share of a gain of approximately HK$1.5 billion from the disposal of its indirect interest in Companhia de Electricidade de Macau – CEM, S.A., an impairment loss of HK$1.3 billion on the carrying value of the Group's interest in Newton Resources Ltd ("Newton Resources") and a share of the impairment loss of HK$0.3 billion for Guangzhou Dongxin Expressway.

As a whole, profit attributable to shareholders increased by 17% to HK$2.354 billion. If there were no depreciation of Renminbi in the Current Period, the profit attributable to shareholders would have increased by approximately 40% instead.

Contribution by Division **For the six months ended 31 December**	**2015** **HK$'m**	2014 HK$'m
Infrastructure	**1,469.3**	1,365.7
Services	**928.9**	888.9
Attributable operating profit	**2,398.2**	2,254.6
Corporate office and non-operating items		
Net gain on deemed disposal of a project under a joint venture	**179.3**	-
Net gain on disposal of a project under a joint venture	-	1,549.9
Gain on disposal of projects, net of tax	**163.2**	-
Gain on fair value of investment properties	**593.0**	148.3
Impairment loss related to an associated company	**(200.0)**	(1,300.0)
Impairment loss related to a joint venture	**(177.6)**	(300.0)
Net exchange (loss)/gain	**(266.6)**	3.1
Interest income	**136.1**	75.7
Finance costs	**(274.1)**	(257.2)
Expenses and others	**(197.2)**	(170.6)
	(43.9)	(250.8)
Profit attributable to shareholders	**2,354.3**	2,003.8

Contributions from the operations in Hong Kong accounted for 55% of AOP in the Current Period as compared to 54% in the Last Period. Mainland China and Macau & others contributed 37% and 8% respectively, as compared to 43% and 3% respectively in the Last Period.

Earnings per share

The basic earnings per share was HK$0.62 in the Current Period, representing an increase of 15% from HK$0.54 in the Last Period.

OPERATIONAL REVIEW – INFRASTRUCTURE

AOP Contribution by Segment

For the six months ended 31 December

	2015	2014	Change %
	HK$'m	HK$'m	Fav./(Unfav.)
Roads	**620.2**	676.7	(8)
Energy	**37.6**	93.7	(60)
Water	**223.9**	222.7	1
Ports & Logistics	**587.6**	372.6	58
Total	**1,469.3**	1,365.7	8

Roads

AOP from the Roads segment decreased by 8% to HK$620.2 million which was mainly due to the depreciation of Renminbi, despite healthy growth of traffic flow and toll revenue in the Current Period. AOP would have increased by 12% without the impact of Renminbi depreciation.

Toll revenue of Hangzhou Ring Road ("HZRR") grew by 2% despite a 1% drop in traffic volume. The improvement works to alleviate the bottleneck in the western section during peak hours will be completed in the second half of FY2016.

Average daily traffic flow of Tangjin Expressway (Tianjin North Section) surged by 58% due to the resumption of two-way traffic after the completion of expansion works in December 2014 and traffic diversion from the temporary closure of a competing road following the local explosion incident in August 2015.

Riding on the economic development in the Pearl River Delta Region and the implementation of toll-by-weight policy since June 2015, all the expressways in Guangdong registered growth in both traffic volume and toll revenue. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) increased by 10% and 7% respectively. Both Shenzhen-Huizhou Expressway (Huizhou Section) and Guangzhou-Zhaoqing Expressway reported traffic growth of 10%. Average daily traffic flow of Guangzhou City Nansha Port Expressway and Guangzhou Dongxin Expressway also registered an increase of 11% and 44% respectively. Road expansion works of Shenzhen-Huizhou Expressway (Huizhou Section) from dual 2-lane to dual 3-lane were completed in December 2015 as scheduled.

In Hong Kong, the average daily traffic flow of Tate's Cairn Tunnel rose by 3% and the latest toll hike took effect in January 2016.

Energy

Notwithstanding the decline in fuel prices, weakening electricity demand, competition from renewable energy and rigorous emission controls continued to exert pressure on coal-fired power plant operators. Electricity sales of both Zhujiang Power Plants and Chengdu Jintang Power Plant fell by 19% during the Current Period. In January 2016, the average coal-fired benchmark on-grid tariff in Mainland China was cut by RMB0.03/kWh or 7%.

Coal trading margin of Guangzhou Fuel Company fell due to keen competition while the operating loss from a coal mine further affected its AOP contribution during the Current Period.

Water

AOP of the Water segment reported a mild growth of 1% to HK$223.9 million despite the pressure from Renminbi depreciation in the Current Period.

Sales volume of Chongqing Water Plant and Jiangsu Water Company increased by 7% and 13% respectively during the Current Period. In Macau, sales volume of Macau Water Plant grew slightly by 1% and a tariff hike of 4.3% became effective in October 2015. After the expansion of several existing water plants, the total daily treatment capacity for water and waste water exceeded 8 million cubic metres as at 31 December 2015.

Chongqing Water Group remained a major AOP contributor for the segment. Pursuant to the agreement between Chongqing Water Assets Management Co., Ltd. and a joint venture with Suez Environnement, the Group attained an indirect interest of 12.55% in Derun Environment, an approximately RMB30.0 billion platform to invest in environmental-related business in Mainland China, in December 2015. The consideration for the interest in Derun Environment was substantially met by the injection of the Group's indirect interest in Chongqing Water Group. Accordingly, the Group shared a deemed disposal gain of HK$179.3 million during the Current Period.

Ports & Logistics

Ports & Logistics segment maintained its robust growth momentum as AOP for the Current Period rose by 58% to HK$587.6 million. To capture the growing demand for air transportation, the Group entered the commercial aircraft leasing business by acquiring 40% equity interest in Goshawk Aviation Limited ("Goshawk") in February 2015 which focuses on young narrow body aircraft that are both modern and in demand. As evidenced by Goshawk's fast expanding fleet that grew from 27 aircraft at the time of acquisition to 53 aircraft as at 31 December 2015 and commitments to increasing the fleet size to over 70 aircraft by June 2016, this business will serve as an important growth impetus for the Group in the years to come.

As the world's second busiest airport in terms of passenger throughput, Beijing Capital International Airport served 45,870,000 passengers in the Current Period and continued to be one of the major AOP contributors of the segment.

Throughput handled by Xiamen Container Terminal Group Co., Ltd. ("XCTG") reached 4,079,000 TEUs for the Current Period, representing a healthy growth of 12%. Following the acquisition of additional 6.2% interest in September 2015 as previously reported, the Group's stake in XCTG has increased to 20%. In Tianjin, the throughputs of Tianjin Five Continents International Container Terminal Co., Ltd. and Tianjin Orient Container Terminals Co., Ltd. fell by 5% to 1,226,000 TEUs and 6% to 454,000 TEUs respectively in the Current Period.

With the introduction of containerized break-bulk cargo transportation in January 2015 and the increasing demand for international block train services, throughput handled by China United International Rail Containers Co., Limited grew 6% to 979,000 TEUs during the Current Period. To meet the business growth, the expansion works to double the handling capacity at Chongqing terminal were completed in December 2015 while the construction of Tianjin and Urumqi terminals are scheduled to be completed in 2016 and 2017 respectively.

ATL Logistics Centre continued to register robust rental growth. The Current Period saw an average rental uplift of 16% which was partly boosted by the rental adjustment of a major tenant. Its occupancy rate decreased slightly from 99.5% to 97.8% due to transitional vacancy upon lease renewals during the Current Period. NWS Kwai Chung Logistics Centre remained a stable AOP contributor to the Group.

OPERATIONAL REVIEW – SERVICES

AOP Contribution by Segment

For the six months ended 31 December

	2015	2014	Change %
	HK$'m	HK$'m	Fav./(Unfav.)
Facilities Management	**369.5**	453.7	(19)
Construction & Transport	**492.4**	308.1	60
Strategic Investments	**67.0**	127.1	(47)
Total	**928.9**	888.9	4

Facilities Management

Having been voted the "Best Convention and Exhibition Centre in Asia" for 13 times from 2001 to 2016 by CEI Asia magazine, one of the most influential trade publications in the region, Hong Kong Convention and Exhibition Centre ("HKCEC") has firmly solidified its leading position in the industry. During the Current Period, 587 events were held at HKCEC with a total patronage of approximately 3.7 million. Furthermore, HKCEC reached a significant milestone in its sustainability efforts by becoming the first organization in Hong Kong to achieve the ISO 20121 Event Sustainability Management System recognition. HKCEC will endeavour to enhance its competitiveness by offering innovative solutions and quality services capable of achieving total customer satisfaction to sustain healthy organic revenue growth.

A reduction in the number of high-spending visitors from Mainland China and the continued contraction of inbound tourism have negatively impacted Free Duty's business. Coupled with rising operating costs, the profit contribution from this business declined. However, in light of the promising growth potential at the Lok Ma Chau terminal and the Macau International Airport and the successful renewal of concession contracts at Macau Ferry Terminal and China Hong Kong Ferry Terminal to 2018, the Group remains cautiously optimistic on the sales outlook despite the headwinds.

The construction of Gleneagles Hong Kong Hospital is making good progress and the hospital is expected to commence operations in early 2017.

Construction & Transport

AOP contribution from the Construction business increased encouragingly by 59% to HK$370.2 million in the Current Period mainly due to the continuous improvement in gross profit through effective project management. Major projects during the Current Period included New World Centre remodeling, Phase II Expansion of Cathay Pacific's catering services facility, Shangri-La Hotel at Hung Hom, Gleneagles Hong Kong Hospital, Xiqu Centre at the West Kowloon Cultural District, Goldin Financial Global Centre, as well as residential developments at New Eastern Terrace and Clear Water Bay Road. In addition, new tenders awarded during the Current Period included construction for the Home Ownership Scheme Developments at Kiu Cheong Road, Yuen Long and Ngan Kwong Wan Road East and West, Lantau Island, a composite development at Tseung Kwan O and a commercial development at Kowloon Bay. As at 31 December 2015, the gross value of contracts on hand for the Construction business was approximately HK$75.3 billion and the remaining works to be completed amounted to approximately HK$48.8 billion.

Having recovered from the impact of the "Occupy Central Movement" in the Last Period and riding on the increased patronage for airport bus services and lower fuel costs, the Group's Transport business reported AOP growth of 63% to HK$122.2 million in the Current Period, even though the competition from the MTR West Island Line continues to exert pressure on ridership.

Strategic Investments

This segment includes contributions from Tricor Holdings Limited ("Tricor"), Haitong International Securities Group Limited ("Haitong International"), Newton Resources, Tharisa, Hyva and other investments held by the Group for strategic investment purposes.

Tricor's corporate services businesses performed steadily during the Current Period and captured about 53% of the total share of new listings in Hong Kong. Hong Kong, Singapore and Malaysia are the major contributors of its profit.

The Group's investment in Haitong International was reclassified from an associated company to an available-for-sale financial asset in June 2015. Contribution from Haitong International represented dividend income in the Current Period.

Production at the Yanjiazhuang Mine remained suspended in the Current Period and Newton Resources continued to develop new income streams from the sale of gabbro-diabase and crushed stones.

Tharisa, which is principally engaged in chrome mining and processing in South Africa, continued to ramp up production to full capacity. Its ordinary shares are listed on the Johannesburg Stock Exchange Limited. In view of the substantial drop in the market price of chrome concentrates, the Group recognized an impairment loss of HK$200.0 million in the carrying value of its interest in Tharisa.

The slowdown of China's economy continued to have an adverse impact on Hyva's sales. While the operating losses had been mitigated by cost savings measures, an impairment loss of HK$177.6 million was shared by the Group in the Current Period.

BUSINESS OUTLOOK

As evidenced by the reassuring AOP growth of 6%, the Group continued to display its capability and adeptness in handling challenges and uncertainties in the operating environment. AOP of Ports & Logistics segment rose substantially as the Group capitalized on the global demand for leased aircraft and the sustained local demand for quality warehousing facilities. Goshawk grew swiftly in accordance with the post-acquisition expansion plan and nearly doubled the size of its fleet in 2015. However, the growth momentum was dampened by the adverse impact of Renminbi depreciation on our infrastructure projects in Mainland China, especially the Roads segment which endured an 8% decline in profit contribution notwithstanding the overall increase in toll revenue and traffic volumes.

The investment of Derun Environment in December 2015 will serve as a springboard to the Group's entry into a wider range of environmental services in Mainland China and overseas. Riding on the rigorous government sustainability strategies and policies, this new investment platform is poised to be a major long-term growth driver for the Water segment.

The upbeat AOP growth of the Construction & Transport segment showed that the Group continued to take advantage of the vibrant construction market while lower fuel costs and the non-recurrence of prolonged major public order events like the "Occupy Central Movement" aided the recovery of the bus operations. However, the persistent downturn of the retail and tourism industries coupled with rising operating costs stalled Free Duty's recovery which in turn led to the negative growth of the Facilities Management segment.

The Group from time to time conducts strategic reviews on its long-term assets and is currently considering various strategic options, including potential disposals, for NWS Kwai Chung Logistics Centre and Tricor which would enhance shareholder value.

Looking ahead, with the backing of a strong balance sheet and war chest, the Group is well resourced and positioned to deliver stable growth in times of uncertainty. By the same token, the Group will remain vigilant and cautious in managing its Renminbi exposure while seizing acquisition and divestment opportunities to create and unlock long-term shareholder value.

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 2015, the Group's total cash and bank balances which were mainly denominated in Renminbi and Hong Kong Dollar amounted to HK$11.369 billion, as compared to HK$10.422 billion as at 30 June 2015. The Group's Net Debt as at 31 December 2015 was HK$7.087 billion, as compared to HK$6.389 billion as at 30 June 2015. The increase in Net Debt was mainly due to increase in investments in associated companies and joint ventures. The capital structure of the Group which comprised of 29% debt and 71% equity as at 31 December 2015 remained comparable to the composition of 27% debt and 73% equity as at 30 June 2015.

Debt profile and maturity

As at 31 December 2015, the Group's Total Debt increased to HK$18.456 billion from HK$16.811 billion as at 30 June 2015. The Group has spaced out its debt maturity profile to reduce refinancing risks. Among the long-term loans and borrowings of HK$14.870 billion as at 31 December 2015, 35% will mature in the second year and 65% 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 2015, 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$1.893 billion as at 31 December 2015 as compared to HK$2.175 billion as at 30 June 2015. This represented commitments for capital contributions to an associated company and certain joint ventures, properties and equipment, intangible concession rights and other investment. Sources of funding for capital expenditure include internally generated resources and banking facilities.

Financial guarantee contracts

Financial guarantee contracts of the Group were HK$2.414 billion as at 31 December 2015, as compared to HK$1.095 billion as at 30 June 2015. These represented guarantees for credit facilities of associated companies, joint ventures and a related company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, approximately 28,600 staff were employed by entities under the Group's management of which approximately 11,200 staff were employed in Hong Kong. Total staff related costs including provident funds, staff bonus and deemed share option benefits but excluding directors' remunerations were HK$1.520 billion (2014: HK$1.271 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 four 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 2015, the Company has complied with all the applicable code provisions under the Corporate Governance Code as contained 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.

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 directors. Specific enquiry was made with all directors and it was established that they had all 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 had 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 Hui Hon Chung, 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, Mr Lam Wai Hon, Patrick 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 Lee Yiu Kwong, Alan and Mrs Oei Fung Wai Chi, Grace.

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 22 February 2016

* *For identification purposes only*