

# NWS Holdings Limited

## FY2020 Interim Results



Analyst Presentation

28 February 2020

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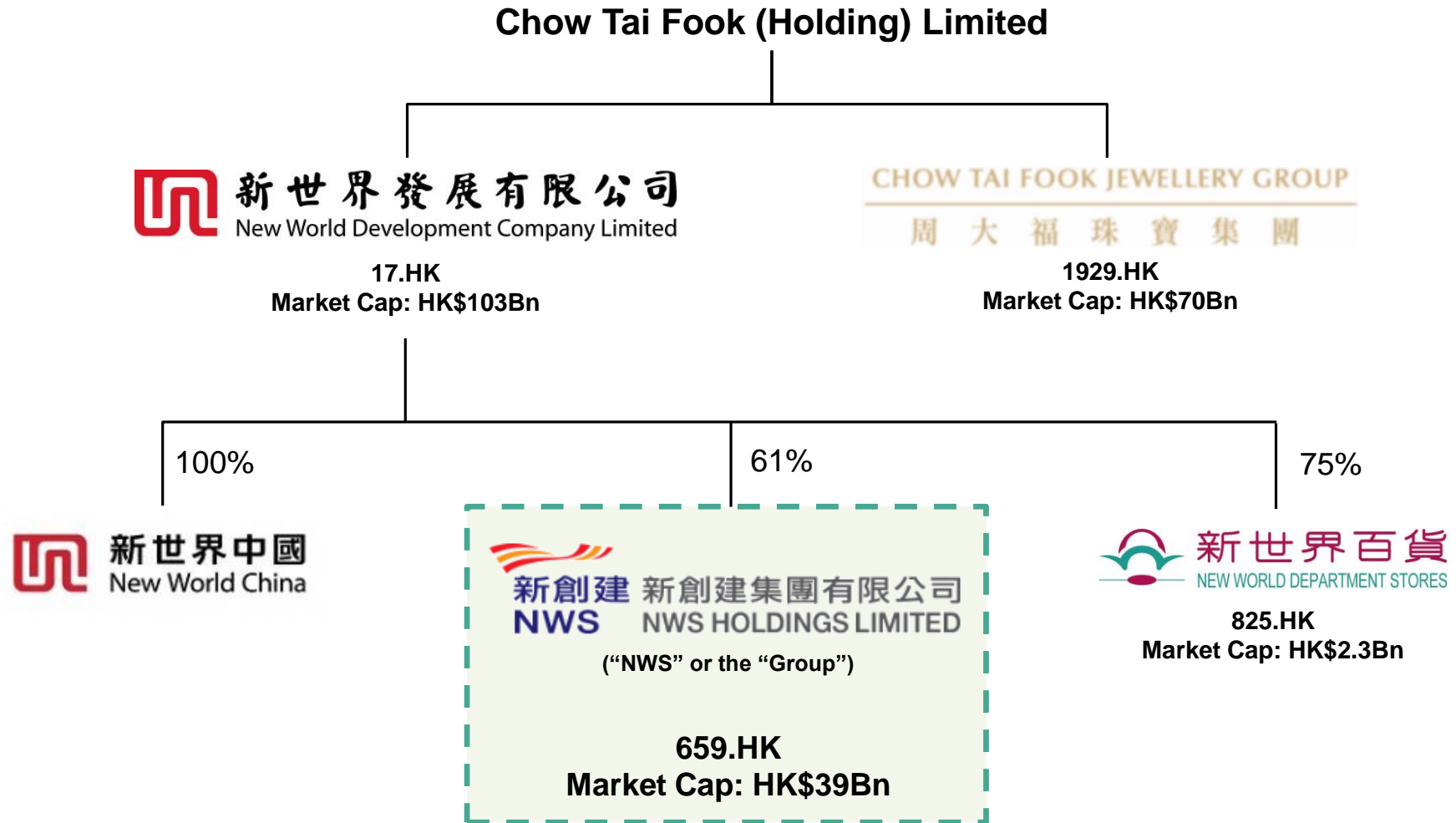
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# Section 1

## NWS Business Overview

# NWS Corporate Structure

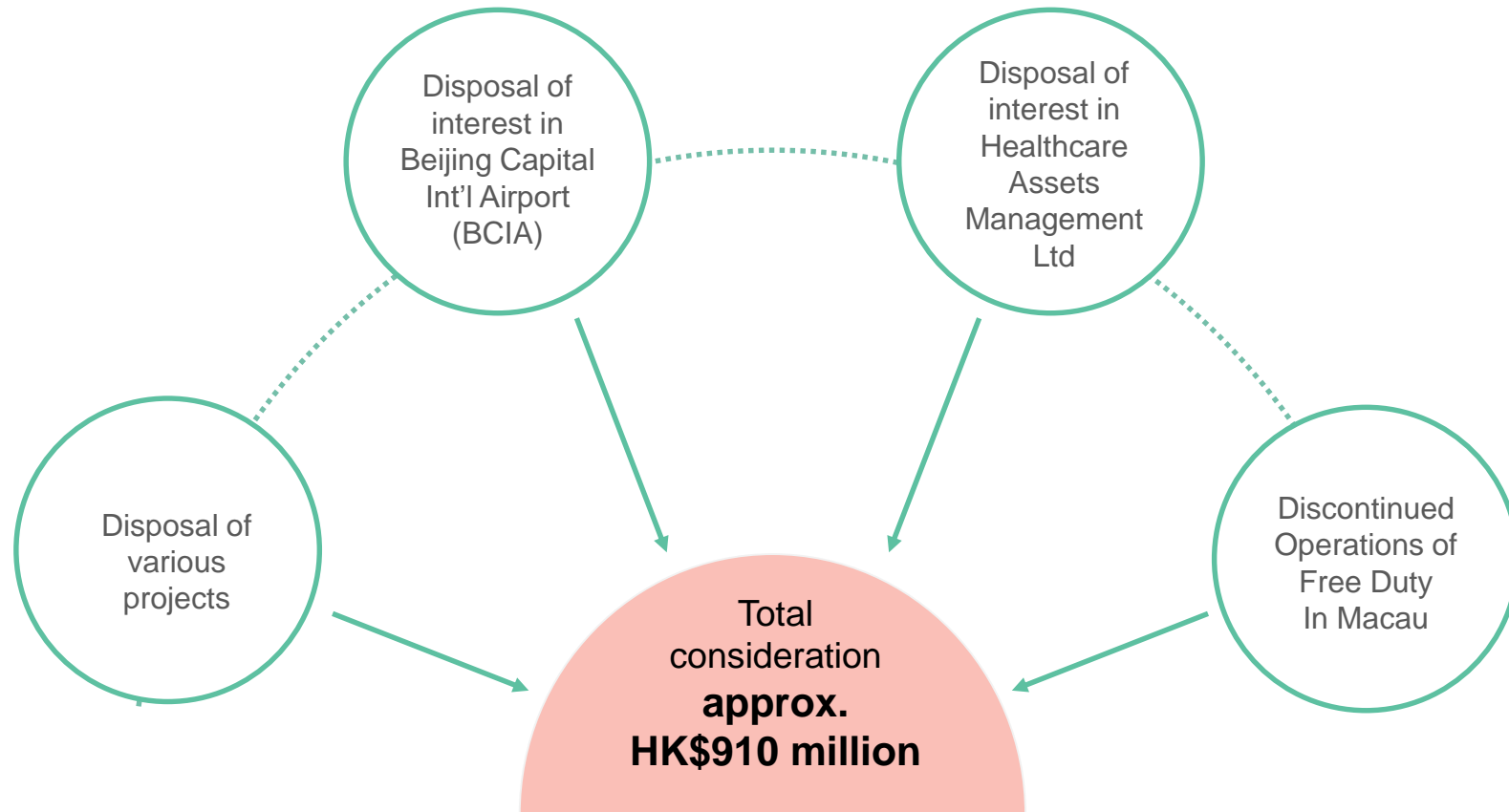


# NWS Business at a Glance



# Optimization of Businesses

## Disposal & Streamline of Non-Core Assets



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# Vision

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***Nurture a Resilient and Prospering Enterprise  
with Sustainable Long-Term Growth***

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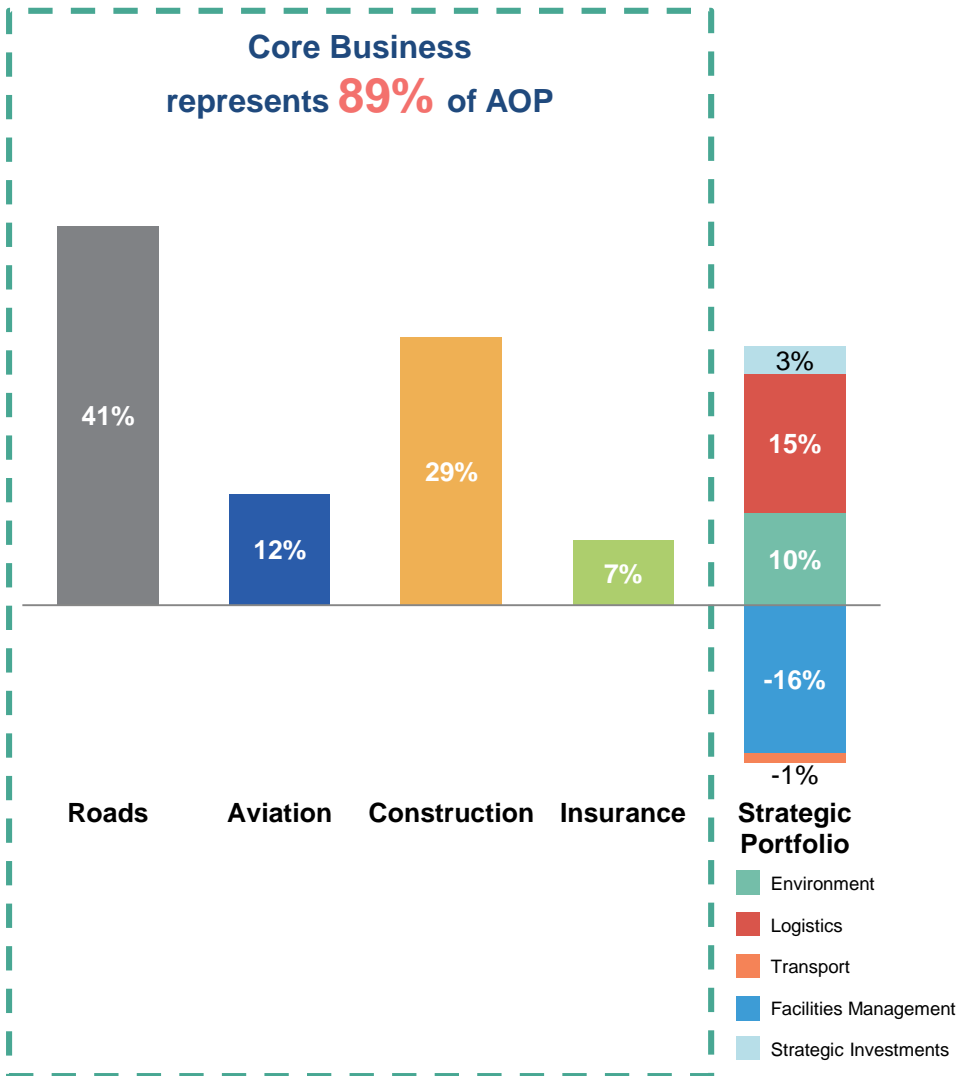
# Section 2

## FY2020-1H Financial Summary

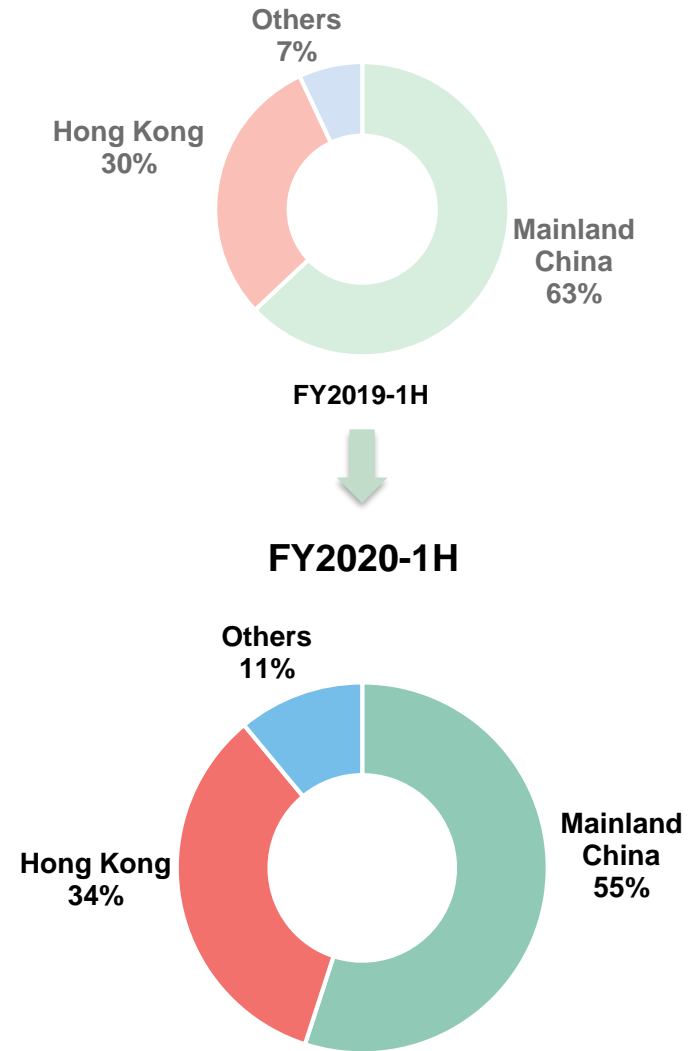


# AOP by Segment and Geography

AOP Contribution by Segment



AOP Contribution by Geography



# Financial Summary

For the six months ended 31 Dec	2018 (HK\$MM)	2019 (HK\$MM)	YoY change %
Revenue	14,188.0	13,215.5	(7)
<b>Attributable Operating Profit (AOP)<sup>(1)</sup></b>	<b>2,431.9</b>	<b>2,289.9</b>	<b>(6)</b>
<i>One-off exceptional gains / (losses)</i>	<i>180.8</i>	<i>(152.9)</i>	
Profit for the period <sup>(2)</sup>	2,274.3	1,804.2	(21)
Profit attributable to			
Shareholders of the Company	2,274.3	1,513.8	(33)
Holders of perpetual capital securities	-	290.4	
Basic Earnings per share (HK\$)	0.58	0.39	
Dividend per share (HK\$) – Interim	0.29	0.29	
Adjusted EBITDA <sup>(3)</sup>	2,547.0	3,150.6	24

• Disposal of and provision for various operations

	As at 30 Jun 2019 (HK\$MM)	As at 31 Dec 2019 (HK\$MM)
Total cash and bank balances	15,058.9	12,504.6
Total debt	15,069.4	30,008.6
Net debt position	10.5	17,504.0
Net gearing ratio	0%	30%

Notes:

1. Attributable operating profit ("AOP") is defined as profit available for appropriation before corporate office and non-operating items

2. Profit for the period after non-controlling interest

3. Adjusted EBITDA is calculated as gross profit minus general and administrative expenses, and selling and marketing expenses plus depreciation/amortization, dividends received from associated companies and joint ventures and interest income from financial assets at fair value through other comprehensive income (debt instruments).

# Performance by Segment

For the six months ended 31 December		2018 (HK\$MM)	2019 (HK\$MM)	YoY change %	
Core Business	Roads	948.5	949.6	-	• Excl. exchange rate effect AOP +4%
	Aviation	231.8	267.9	16	• Expansion in fleet size • Full period AOP impact from the acquisition of Sky Aviation • Gain arising from aircraft disposal • One-off acquisition expense of Sky Aviation recognized in FY2019-1H
	Construction	655.4	670.2	2	
	Insurance	-	160.4	N/A	• FTLife acquisition was completed in Nov 2019 – accounted for two-month AOP contribution
	<b>Total</b>	<b>1,835.7</b>	<b>2,048.1</b>	<b>12</b>	
Strategic Portfolio	Environment	449.6	233.1	(48)	• Excluding one-off FV gain from SUEZ NWS recognized in FY2019-1H, AOP increased by 7%
	Logistics	338.5	339.1	-	• No AOP contribution from two Tianjin ports after their disposal in FY2019
	Facilities Management	(146.8)	(364.4)	(148)	• Positive AOP contribution from HKCEC • GHK operating loss narrowed • Free Duty business remained under pressure
	Transport	(26.0)	(29.1)	(12)	
	Strategic Investments	(19.1)	63.1	430	• Escalating operating costs have offset the positive impact from the bus fare increase effective in Jan 2019 • Applied fare increase in Aug 2019 subject to govt approval • Positive AOP contribution from New World First Ferry
	<b>Total</b>	<b>596.2</b>	<b>241.8</b>	<b>(59)</b>	
<b>Grand Total AOP</b>		<b>2,431.9</b>	<b>2,289.9</b>	<b>(6)</b>	

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# Section 3

## NWS Core Competencies

# NWS Core Competencies



Continued Transition with Captive Sustainable Growth Prospects



Sustainable and Progressive Dividend Policy Supported by Strong Balance Sheet



Optimize Capital Structure Whilst Upholding a Prudent Financial Policy



# Continued Transition with Captive Sustainable Growth Prospects

## • Continued sustainable growth in Core Business

- 
 ➤ 3 recently acquired expressways in Central China with immediate AOP contribution of over HK\$100MM
- 
 ➤ Insurance as new growth engine
  - Post completion, 2 months VONB & APE y-o-y growth 21% & 11% and 2 months AOP HK\$160.4MM
- 
 ➤ Aviation continues to expand in fleet size by 16 aircraft<sup>(1)</sup> in FY2020-1H
- 
 ➤ Construction contract on hand and back log continue to grow y-o-y at 36% and 73% respectively



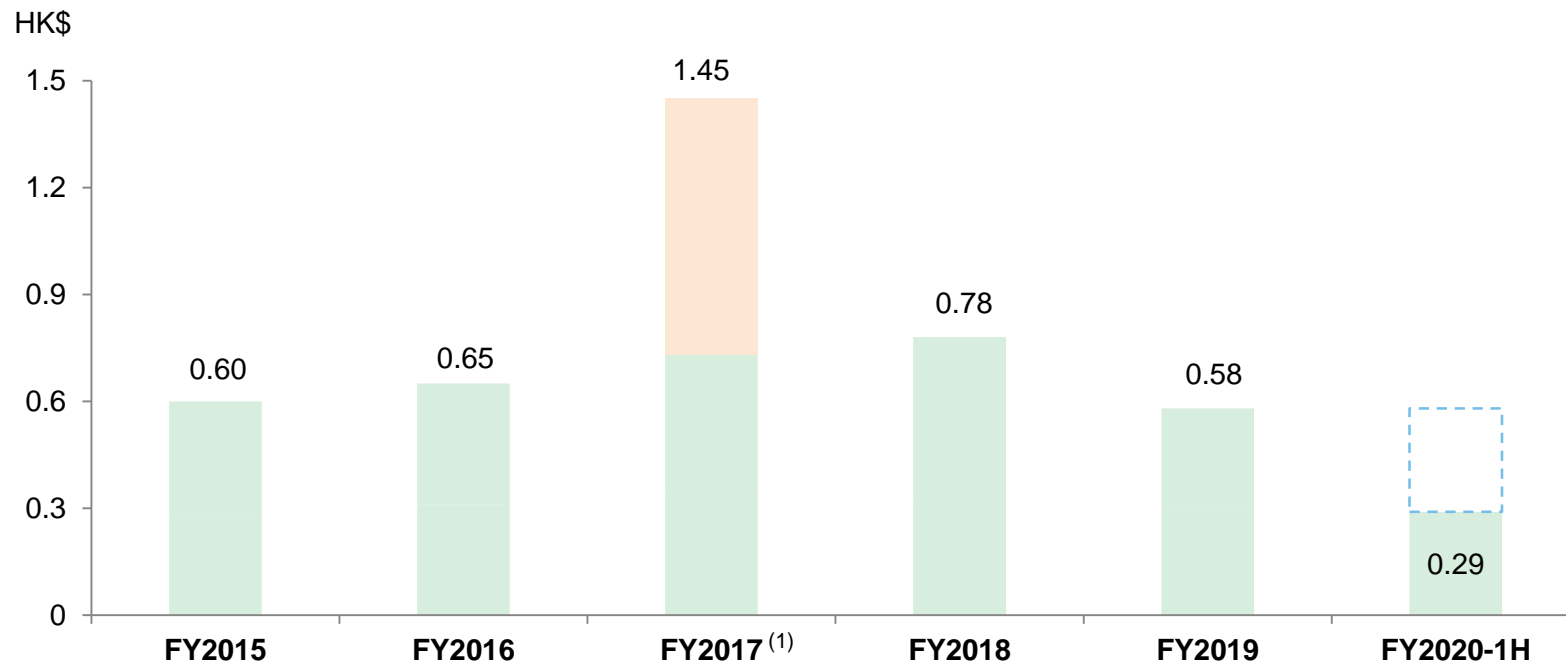
### Strategic Portfolio

- Crystalize and unlock value for shareholders
- Continue to optimize and streamline business portfolio

### Insurance

- Quality insurance product portfolio
- Expanding distribution platform (↑ no. of agents)
- Investment grade credit profile  
Fitch: A- & Moody's: A3
- Prudent financial management and ALM
- Synergies with New World Group

# Sustainable and Progressive Dividend Policy Supported by Strong Balance Sheet



Non-core assets disposal  
Total approx. HK\$910MM  
(BCIA and HAML)



Cash on hand  
HK\$12.5Bn



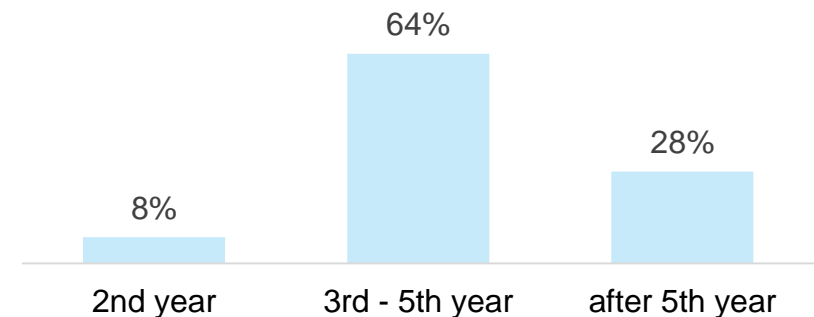
Unutilized committed  
banking facilities  
HK\$5.4Bn (As of 31 Dec 2019)  
Over HK\$10Bn (As of 28 Feb 2020)

# Optimize Capital Structure Whilst Upholding a Prudent Financial Policy

## NWS Financial Policy

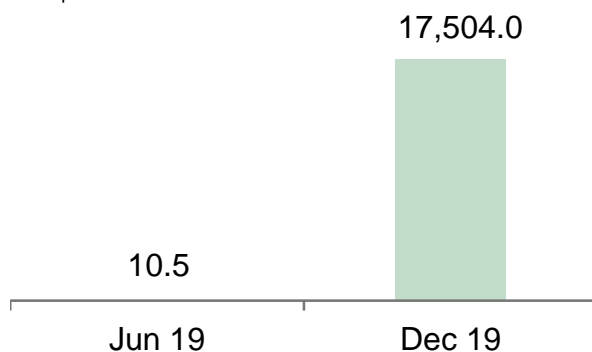
- Ample cash on balance sheet with HK\$12.5Bn as at 31 Dec 2019
- Well supported by local and international banks with approx. HK\$5.4Bn of unutilized committed banking facilities as at 31 Dec 2019
- Prudent financial policy and well managed maturity profile allow NWS to maintain financial flexibility for operations, potential investments and growth plans

## Debt Maturity Profile<sup>(1)</sup> (as of 31 Dec 2019)

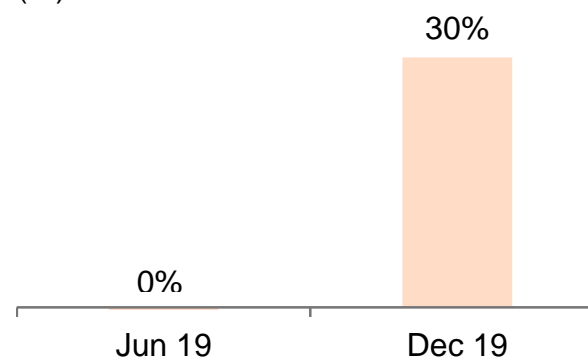


## Current leverage as of 31 Dec 2019

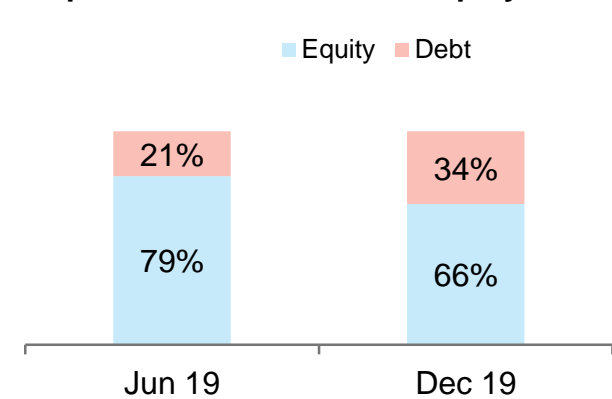
### Net Debt<sup>(2)</sup> HK\$MM



### Net Gearing Ratio<sup>(3)</sup> (%)



### Capital Structure - Debt & Equity



Issuance of a **US\$300MM** Senior Perpetual Capital Securities in July 2019



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# Section 4

## Business Segment Overview and Update

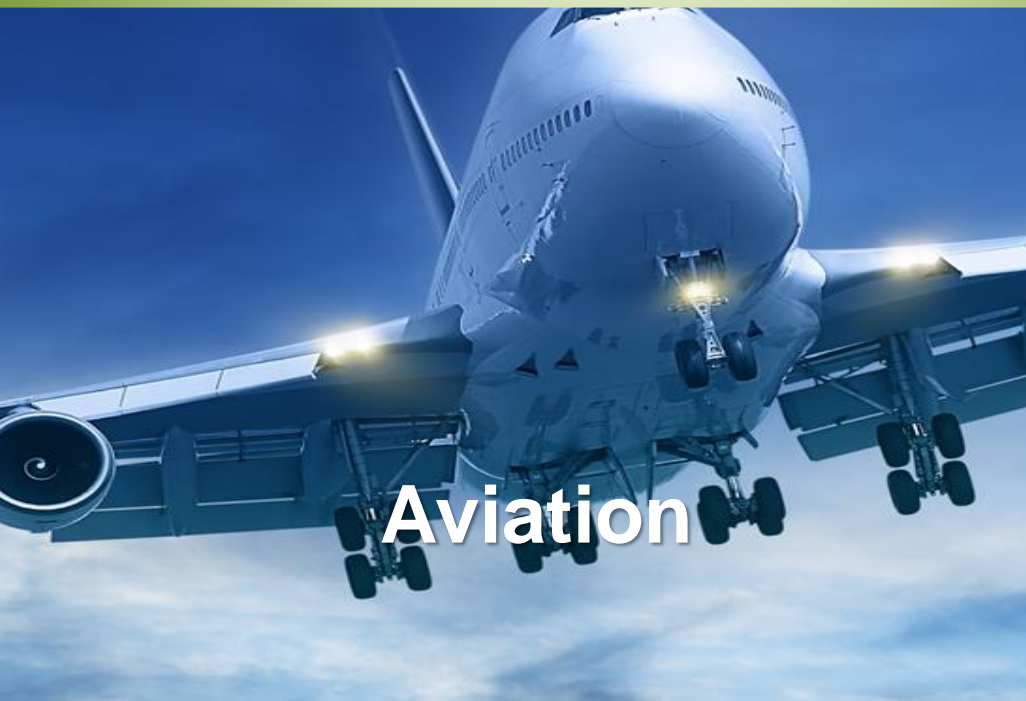


Roads



Construction

Core Business



Aviation



Insurance



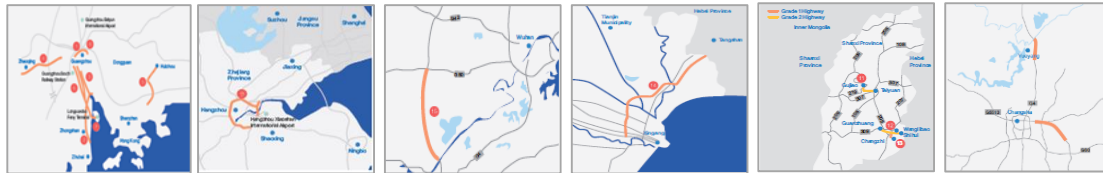


# Core Business – Roads

## Strategy

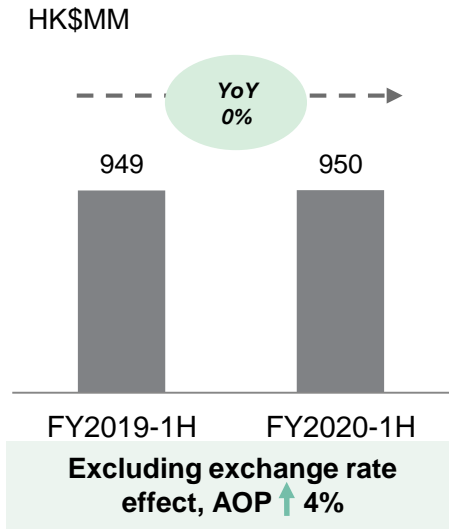
- Continue to acquire quality roads with strong cashflow and upside potential to foster sustainable growth and minimize any AOP gap with concession expiry

Portfolio of 15 toll roads in PRC c.740 km



	Guangdong	Zhejiang	Hubei	Tianjin	Shanxi	Hunan
# of Roads	7	1	1	1	3	2
Length	313.9 km	103.4 km	98.06 km	60.67 km	76.52 km	89.08 km
Concession Expiry	2023–2035	2029	2040	2039	2023–2025	2038-2043
Cumulative ADTF <sup>(1)</sup> ('000)	1,171	349	25	74	8	71 <sup>(2)</sup>
Highest YoY Growth Rate	19%	10%	11%	-1%	16%	16%

## Segment AOP



## Business Updates

4 anchor expressways

- Hangzhou Ring Road (100%)
- Tangjin Expressway (Tianjin North Section) (60%)
- Guangzhou City Northern Ring Road (65.29%)
- Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) (25%)



Contribute over 80% of Roads AOP  
Highest traffic flow growth rate of 10% yoy

- AOP contribution from projects from recent acquisition including Suiyuenan Expressway (Jan 2018), Sui-Yue Expressway (Dec 2018) and Changliu Expressway (Jul 2019) was over HK\$100MM in FY2020-1H
- Aiming at increasing efficiency of expressway networks nationwide, toll stations at provincial boundaries were revoked as planned by the end of 2019, we envisage the traffic flow will be improved in the long term
- The unprecedented implementation of the Toll Fee Exemption, which started on 17 Feb 2020, for all toll roads in Mainland China during the period of prevention and control measures taken by the PRC Government over the novel coronavirus is expected to have an immediate and short term impact on the results of the Group's Roads segment



# Core Business – Aviation

## Strategy

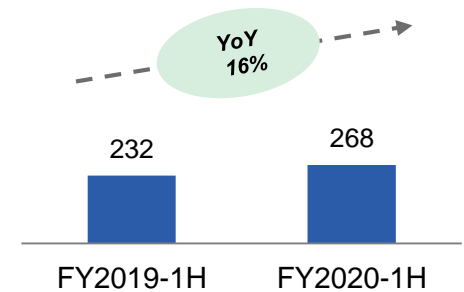
- Multiple sourcing channel to propel sustainable growth via sale and leasebacks, aircraft trading and direct OEM orders
- Growing asset management platform for broaden income base
- Continue to invest in narrow-body aircraft and young fleet with long remaining lease terms

## Goshawk's major developments

- A global leading commercial aircraft lessor
- Total fleet increased to 239 aircraft (including owned, managed and committed aircraft), approximately US\$12Bn portfolio value, (223 aircraft as of Jun 30 2019, ↑ 16 aircraft)
- Premium asset portfolio with the latest fuel efficiency technology (78% young narrow-body aircraft)

## Segment AOP

HK\$MM

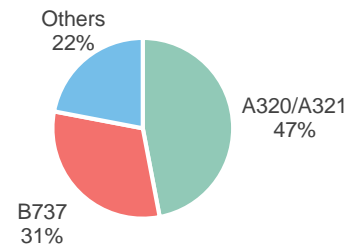


**AOP increased due to continued fleet expansion, full period AOP impact from the acquisition of Sky Aviation and gain from aircraft disposal**

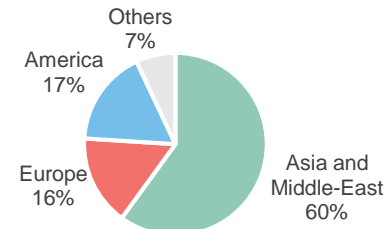
## As at 31 Dec 2019, 161 aircraft on book

- Lessees: **62** airlines over **35** countries
- Young fleet (avg. **4.0** years)
- Long remaining lease terms (avg. **6.8** years)

### Aircraft Type



### Geographical Spread



## Business Updates

- The Group has completely exited its shareholdings in BCIA after the divestment of the remaining 2.77% interest in Sep 2019
- Share of mark-to-market loss from unfavourable interest rate swap contracts position totaling HK\$43.0 million in FY2020-1H was approximately the same as the impact in FY2019-1H

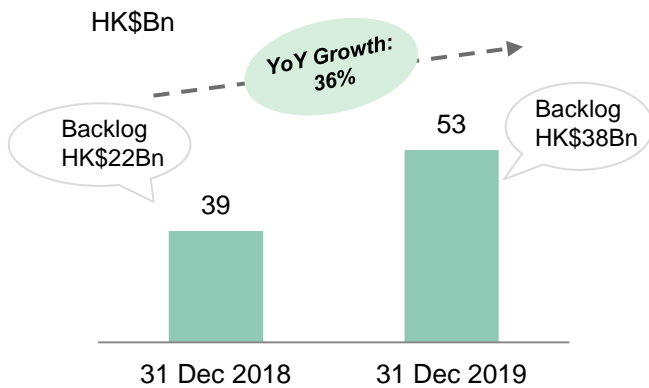


# Core Business – Construction

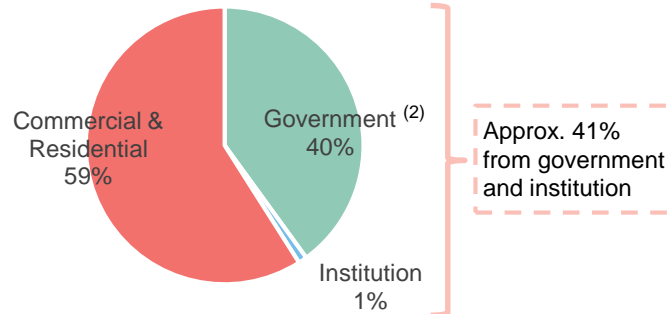
## Strategy

- Continue to build strong pipeline of projects riding on HK's well supported demand for residential and commercial property market, as well as government and institutional projects such as hospitals and universities

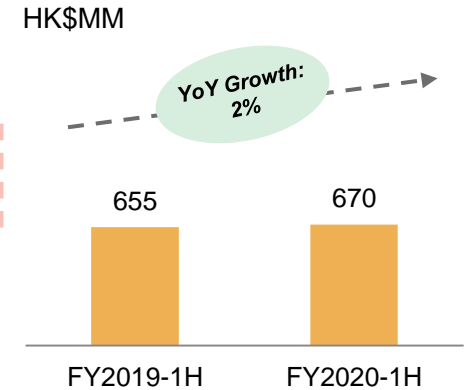
### Contracts on hand



### Type of Projects<sup>(1)</sup>



### Segment AOP



**Continued to have AOP growth despite volatile environment**

**With the suspension of the meeting of the Legislative Council in FY2020-1H, we have seen a temporary slowdown of the projects from the HKSAR Government**

## Business Updates

### Major new tenders awarded in FY2020-1H

- Total contract sum of HK\$4.4Bn mainly from commercial development in Kai Tak Area and the foundation works in Ko Chiu Road, Yau Tong, Kwun Tong
- No material contracts won from the government in FY2020-1H due to the Legco meeting suspension

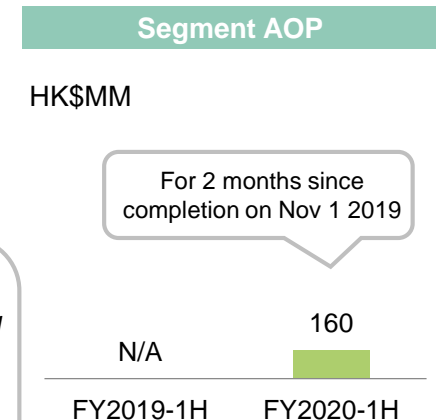


# Core Business – Insurance

## Strategy

- Focus on integration into New World Group, optimize ALM and value creation on embedded value
- Continue to expand in distribution channel with long term focused products and maintaining strong product margins
- FTLife Insurance has become an indirect wholly-owned subsidiary of NWS Group effective from 1 Nov 2019
- A premier Hong Kong life insurance business with more than 30 years of history
- Comprehensive range of life insurance products including whole life, term life, endowment, investment-linked, accident and health products to individual and institutional clients

## Key figures (for the year ended 31 Dec 2019)



## Business Plan and Updates

- Continue to focus on talent development, product innovation, digitalization, sales and distribution management
- New products launched in 2019:
  - Voluntary Health Insurance Scheme (VHIS)
  - Qualifying Deferred Annuity Policy (QDAP)
  - Regent Prime and Regent Elite
- Achieve synergy through collaboration with the New World Group's expanding healthcare and wellness portfolio
- Leverage the New World Group's expanding footprint in the GBA to position for greater regional exposure, as well as with its well-known brand name to attract new customers
- New anchor products integrating service with New World Group's ecosystem to be launched later this year

	Nov – Dec 2019 (After completion)	2019 Full Year (Jan - Dec)
Annual Premium Equivalent (APE)	+11%	+3%
Value of New Business (VONB)	+21%	+1%



# Synergies between FTLife & NW Group

## Leverage NW Group's brand equity

- Leverage NW Group's brand equity to reposition FTLife's brand and build a stronger brand image via various Group's initiatives
  - Create Shared Value (CSV) in the community
  - Support Group's public event (e.g. NWD Sustainability Forum 2020)



## Leverage NW Group's GBA exposure

- Leverage Group's extensive footprint, brand equity, extensive land bank & project pipeline in GBA
- Strengthen and integrate into Group's future business plan in GBA, e.g.
  - SkyCity
  - NWC Properties in GBA
- Capture the huge growth potential within GBA cities, esp. with the potential implementation of 'Insurance Connect'

## Extensive Group's customer base

- FTLife - Reach out to Group's broad staff and client base for cross-promotion, including:
  - NW Group staff discount on insurance products
  - Cultural retail, e.g. K11 MUSEA, D-Park, Klub11
  - Hospitality, e.g. K11 ARTUS, Rosewood
  - Property Management Portfolio, e.g. New World CLUB, NWD "Artisanal Living" App
  - Baby Kingdom
  - Jewelry, e.g. Chow Tai Fook, etc.

## Asset-Liability Management

- Leverage NWD & NWS strong cashflow and long yielding assets and match FTLife's long term liability management
  - FTLife's subscription for 30-year senior unsecured HKD Notes issued by NWD (MTN)
  - Principal amount: HKD 1.5B, 30 years with coupon of 4.89% per annum
- Extending the duration for FTLife's investment portfolio



## Leverage Group's diversified business

### - Property

- NWD's residential properties
  - FTLife promotion booth and wealth management seminars at NWD's new property sales events
  - Roadshow at NWD's residential properties clubhouses promoting QDAP and VHIS



## Leverage Group's diversified business

### Wellness & Healthcare

- Gleneagles Hong Kong Hospital
  - FTLife as a Direct Billing Partner of GHK to provide cashless claim services for clients
  - Special FTLife client promotion campaigns and health seminars

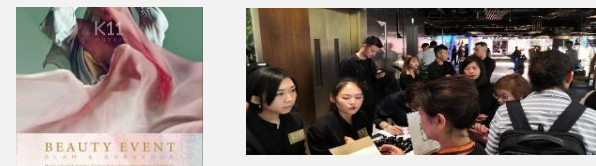


- Humansa
  - Exclusive health checkup discount for FTLife clients



### Retail

- K11
  - Invite FTLife's clients to Group's exclusive events for bespoke experience
  - E.g. K11 MUSEA Rewarding Month
  - Relaxed Klub 11 membership entry requirement
- D-Park
  - Free Personal Accident Insurance for DP Club members during promotion period
- Chow Tai Fook
  - Leverage CTF's branch network for additional customer service for FTLife's clients
  - High jewellery exhibition at CTF ARTRIUM for FTLife's HNW clients







Environment



Logistics

# Strategic Portfolio



Facilities Management



Transport





# Strategic Portfolio – Environment

- Environment business includes 121 projects spanning 47 cities across the Greater China region through two strategic platforms, SUEZ NWS Limited (“SUEZ NWS”) and Chongqing Derun Environment Co., Ltd. (“Derun Environment”)

## SUEZ NWS



### Business updates

- Total projects increased to 75 (↑ 2 projects)
- Overall water and wastewater treatment volume ↑ 10%
- Average daily waste treatment volume ↓ 4% due to drop in landfill

### New projects

- Two industrial wastewater treatment projects in Shandong and Jiangsu
- Hazardous waste treatment project in Hekou Blue Economy Chemical Industry Park in Shandong

Nature of business	Total Design Capacity
• Water & wastewater treatment	9.4 MM m <sup>3</sup> / day
• Sludge treatment	2,140 tonnes / day
• Waste collection & treatment	11,283 tonnes / day
• Industrial & municipal waste incineration	808,300 tonnes / year
• Landfill & landfill restoration	96MM m <sup>3</sup>

## Derun Environment



### New projects

- Commenced operation of two waste-to-energy plants in Guangdong and Xinjiang and total daily operating waste-to-energy capacity increased by 1,750 tonnes
- Two waste-to-energy contracts and three expansions of waste-to-energy plants with total daily treatment capacity of 2,250 tonnes in Chongqing, Gansu, Sichuan and Zhejiang

## ForVEI II S.r.l.

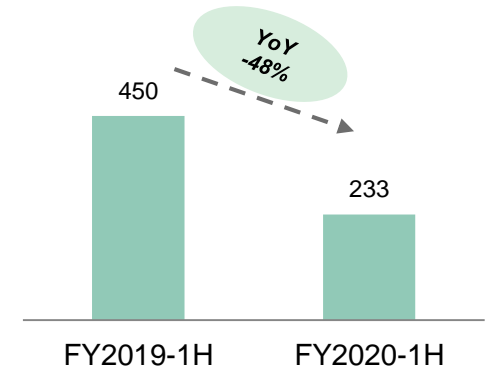


### Business updates (solar plants)

- A total of 43.26MW installed capacity of solar plants were acquired in FY2020-1H, with total installed capacity reaching 46.12MW as of Dec 2019

## Segment AOP

HK\$MM



Excluding the one-off fair value gain from SUEZ NWS in FY2019-1H, AOP increased by 7%



# Strategic Portfolio – Logistics

## ATL Logistics Centre



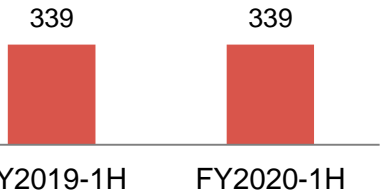
ATL Logistics Centre

- Located in HK - Largest logistics centre with ramp access in the world. Total leasable area: 5.9MM sqft
- FY2020-1H average occupancy rate: **99.7%**
- FY2020-1H average rental: **↑ 6%**
- Contributes over 70% of AOP within Logistics

Solid leasing demand; renewal rate remained high

## Segment AOP

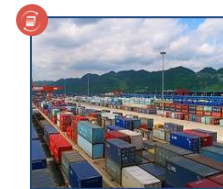
HK\$MM



**AOP performed steadily despite the loss of contribution from the two Tianjin ports which were disposed of in FY2019**

## CUIRC

- JV with China State Railway Group, PSA, CIMC and Deutsche Bahn
- 12 large-scale rail container terminals in the PRC
- FY2020-1H throughput: 1.93MM TEUs (↑12%)
- Development of rail intermodal transportation and expansion of logistics services
- New terminal in Qinzhou Guangxi to link up sea-rail transportation between Western China and Southeast Asia
- Guangzhou terminal expects to start construction in FY2020



CUIRC (Multiple locations across PRC)



Xiamen Container Terminal Group

## Port

- 1 port project in Xiamen, PRC
- FY2020-1H throughput: 4.34MM TEUs (up 1%)



## Business Updates

- CUIRC - Continuous expansion of the business, including Qinzhou terminal that has commenced operation in Jun 2019, doubling of handling capacity of Xian terminal in FY2020-1H, as well as construction of expansion of Qingdao terminal and new Guangzhou terminal, is expected to support steady growth of the business



# Strategic Portfolio – Facilities Management

## HKCEC



- Includes operation and management of HKCEC, HK's largest multi-functional facility
  - Gross rentable space: 91,500 sqm
  - Held 357 events in FY2020-1H
  - Approx. 4.1 MM visitors in FY2020-1H (5.2MM in FY2019-1H)

## Healthcare



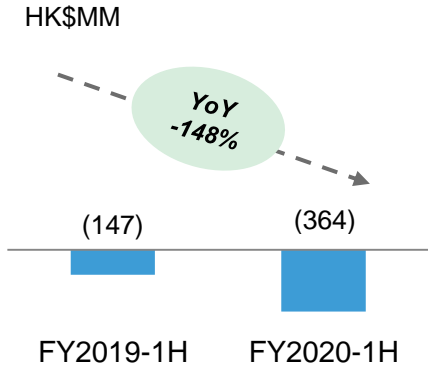
- GHK Hospital
  - Continue ramping up; operating loss narrowed
  - Outpatient and inpatient/day case admissions increased by 34% and 7% yoy
  - Now with 190 operational beds

## Free Duty Shops



- Retails of duty free tobacco, liquor, perfume, cosmetics, packaged food and general merchandise
- Shop locations in HK including MTR stations at Lo Wu, Hung Hom, Lok Ma Chau and HK-Zhuhai-Macao Bridge outlet

## Segment AOP



**AOP decreased due to rising operating pressures of Free Duty. Cost control and restructuring measures underway**

**Positive AOP contribution**

**AOL narrowed as both outpatient visits and inpatient admissions increased**

**AOL increased due to the drop in number of tourists triggered by the recent public activities**

## Business Updates

- HKCEC: Cost saving initiatives are underway
- GHK Hospital
  - Additional 40 beds were in operation during FY2020-1H (Total operational beds: 190) with an occupancy of 54%
  - With FTLife becoming part of the Group's business, GHK is set to benefit from the synergies generated between the two businesses
- Free Duty
  - Continue to streamline the business and explore opportunity to diversify its product range to improve its profitability
  - Discontinued operations of two outlets in Macau (Sands Macao and Macau Int'l Airport) during FY2020-1H.



# Strategic Portfolio – Transport

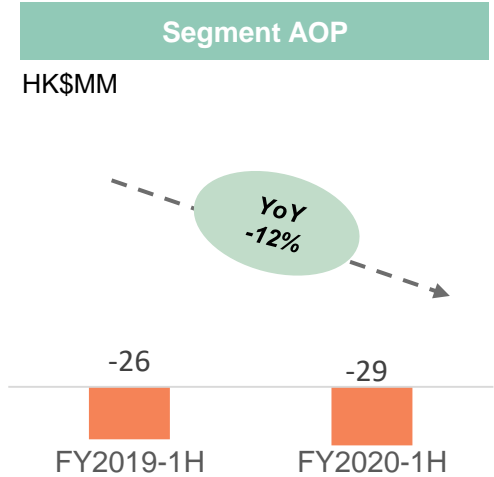


New World First Ferry

Citybus (F1 + F2)

New World First Bus

<b>Fleet Size</b>	20 vessels	1,033 buses	685 buses
<b>No. of Routes</b>	5 (-)	120 (↑2)	93 (↑2)
<b>Average Daily Patronage</b>	36,000 (-%)	605,000 (↓2%)	451,000 (↓2%)



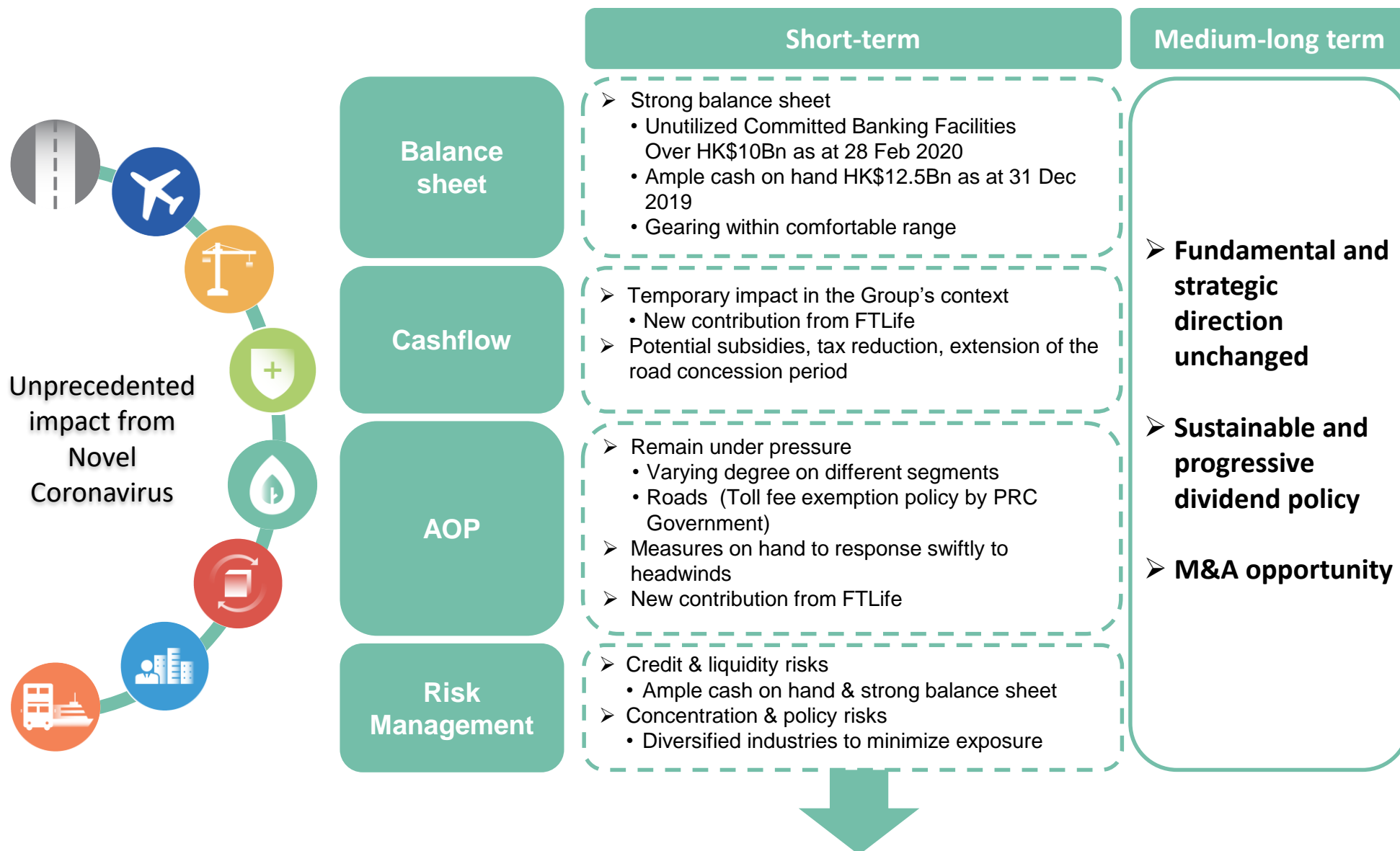
**AOP decreased mainly due to rising staff cost, bus insurance provision and tunnel toll fee**

**Positive AOP contribution from New World First Ferry**

## Business Updates

- Citybus (F1) and New World First Bus have applied to the Transport Department for a fare increase of 12% in Aug 2019 which is pending for approval from the Government
- The Government agreed to reimburse one-third of actual fuel cost for the twelve months up to Jun 2020 for the public bus and ferry operators in alleviating the operating pressure under the current economic environment

# Potential impact from Novel Coronavirus Outbreak



**Committed to Sustainable and Progressive Dividend Policy**

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# Section 5

## Environment, Social and Governance



# Strategic Approach to Sustainability



NEW WORLD  
SUSTAINABILITY  
VISION 2030

*Together, we create opportunities for a life well-lived*



- New World Group believes that sustainability is a vital element of better living. As a New World Group member, we subscribe to the **SV2030**, which sets out a strategy under four pillars – **Green, Wellness, Caring and Smart**



- In FY2019, the Group has drawn on the SV2030 to focus on the four UN SDGs that are most relevant to the Group and that enable us to have the greatest impact.

# NWS ESG Evolution

## Sustainability

is an integral part of the NWS corporate culture. Considerations in Environment, Social and Governance guide our business decision and daily operations as we strive to create lasting value and long-term growth for our business and our stakeholders.

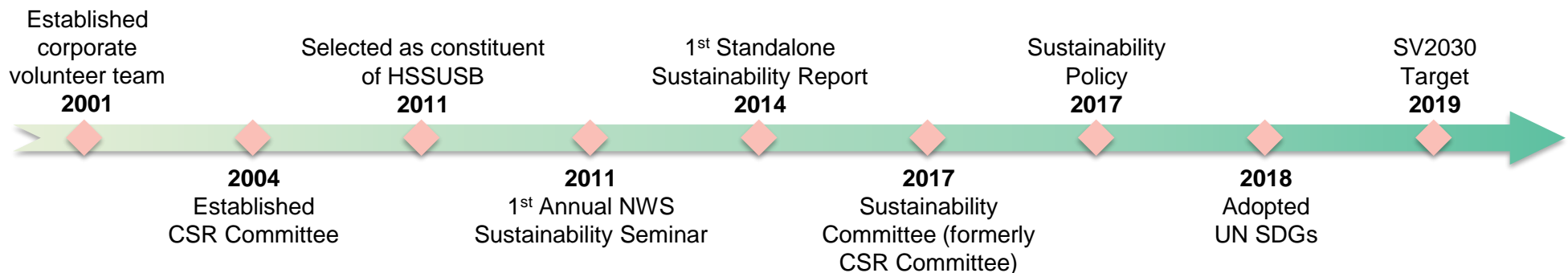
8th consecutive year as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index



### Awards

- Best Corporate Governance Awards - Commendation on Website Corporate Governance Information by HKICPA
- Hong Kong Sustainability Award 2018/19 - Certificate of Excellence by HKMA
- Sustainable Business Award 2019 & Sustainable Leadership Award 2019 by World Green Organization
- The Asset ESG Awards 2019 by Asset Publishing & Research Ltd

Framework	Investment Strategy	Operational Excellence
<ul style="list-style-type: none"> <li>• Sustainability Governance                             <ul style="list-style-type: none"> <li>➢ Board-level oversight</li> <li>➢ Overarching Sustainability Policy</li> </ul> </li> <li>• Stakeholder Engagement                             <ul style="list-style-type: none"> <li>➢ Persistent internal and external communication</li> <li>➢ Active engagement with all our stakeholders as well as shareholders</li> </ul> </li> <li>• Reporting and Disclosure                             <ul style="list-style-type: none"> <li>➢ Transparent disclosure (ESG + Financial)</li> <li>➢ ESG benchmarking</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Phase out coal-based energy and invest in renewable energy</li> <li>• Invests in:                             <ul style="list-style-type: none"> <li>➢ Environment</li> <li>➢ Healthcare &amp; wellness</li> </ul> </li> <li>• Sustainable economic growth                             <ul style="list-style-type: none"> <li>➢ Sustainable and progressive dividend policy</li> <li>➢ Building a platform with sustainable growth</li> <li>➢ Well capitalized balance sheet with solid capital structure</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Continual ESG improvements in operational excellence, such as:                             <ul style="list-style-type: none"> <li>➢ Roads</li> <li>➢ Construction</li> <li>➢ Facilities Management</li> <li>➢ Transport</li> <li>➢ Environment</li> <li>➢ Corporate office:                                     <ul style="list-style-type: none"> <li>- Community Care</li> <li>- Wellness</li> </ul> </li> </ul> </li> </ul>





# NWS Environmental Targets

- NWS contributes to NWD's SV2030 and we have our own set of environmental targets for **energy consumption, greenhouse gas emissions, freshwater consumption and waste.**



▼ **30%**

tonne(s)CO<sub>2</sub>e/  
HK\$m revenue



▼ **30%**

m<sup>3</sup>/ HK\$m  
revenue



▼ **25%**

GJ/ HK\$m  
revenue



≥ **90%**

Reuse of Construction  
and Demolition materials

## Sustainability Performance Highlights (For the year ended 30 Jun 2019)

### Environment

**366,869** tonnes of  
CO<sub>2</sub>e of greenhouse  
gas emission

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Biodiesel contributed  
to over **80%** of total  
diesel use at  
construction sites

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Over **95%** of our  
entire bus fleet meets  
Euro 5 emission  
standards or above

### Social



**Zero** fatality at  
construction site

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Over HK\$ **5.7**  
million contributed to  
charitable causes  
through the NWS  
Holdings Charities  
Foundation

### Governance



**Zero** reported  
incidents of  
corruption case

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**8th** consecutive  
year as a constituent  
stock of the Hang  
Seng Corporate  
Sustainability  
Benchmark Index

# Sustainability Performance Highlights by Industry

## (For the year ended 30 Jun 2019)

### Road



- G** Over 44,000 tonnes of asphalt pavement materials were reclaimed and sold to the local government for reuse
- S** Adopted real-time monitoring, smart scheduling and vehicle management on roads to support the development of “Hangzhou City Brain 2.0” to improve road safety, traffic management and efficiency
- S** Installed more than 10 charging points in support of the use of electric vehicles

### Construction



- G** One of the first in HK to showcase Modular Integrated Construction (MiC) for the construction of InnoCell
- G** 17 additional projects meeting BEAM Plus or equivalent
- G** Innovative design of on-site equipment (e.g. Venturi Cyclone, Auto-Power Supply System) to reduce environmental impacts
- G** 100% active construction sites are certified for ISO 14001, ISO 50001, and OHSAS 18001
- S** Full implementation of Building Information Modelling (BIM) to reduce clashes and rework during the construction of Xiqu Centre
- S** Use of drone to patrol site safety at the LOHAS Park construction site
- C**

### Facilities Management



- G** Retro-commissioning of HKCEC to optimize energy performance
- G** Upgrades of water pipe networks to prevent leaks and install water saving fixtures to reduce freshwater use
- G** Removed majority of single-use plastic cutlery and straws at all HKCEC restaurants and concession stands
- S** Use of big data from building services to continually improve the facility’s energy performance
- C** Kicked-off 5-Year
- W** Advancement Project in HKCEC to provide a safer, more efficient and comfortable environment for users

### Transport



- G** Over 95% of our bus fleet are either Euro 5 or 6
- G** Completed “zero-emission” single-deck electric buses trial
- G** Installation of grid-connected solar panels on roof top of headquarters for power generation
- G** Provision of on-shore power supply to enable ferries at berth to draw cleaner energy from the local grid
- G** Tinted glass windows to better insulate passenger areas of ferries and reduce the need for air-conditioning
- C** Enhanced safety features installations in buses and ferries

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# Appendix A

## Detailed Financial Statements

## Condensed Consolidated Income Statement (Unaudited)

(in HK\$MM)	(Audited)	(Unaudited)
For the six months ended 31 December	2018	2019
<b>Revenue</b>	<b>14,188.0</b>	<b>13,215.5</b>
Cost of sales	(12,590.2)	(11,296.0)
<b>Gross profit</b>	<b>1,597.8</b>	<b>1,919.5</b>
Other income/gains (net)	476.7	631.1
Selling and marketing expenses	(108.4)	(321.3)
General and administrative expenses	(607.3)	(652.7)
Overlay approach adjustments on financial assets	–	(137.8)
<b>Operating profit</b>	<b>1,358.8</b>	<b>1,438.8</b>
Finance costs	(210.7)	(451.9)
Share of results of		
Associated companies	596.2	273.6
Joint ventures	899.9	918.3
<b>Profit before income tax</b>	<b>2,644.2</b>	<b>2,178.8</b>
Income tax expenses	(353.5)	(374.5)
<b>Profit for the period</b>	<b>2,290.7</b>	<b>1,804.3</b>
Profit attributable to		
Shareholders of the Company	2,274.3	1,513.8
Holders of perpetual capital securities	–	290.4
Non-controlling interests	16.4	0.1
	<b>2,290.7</b>	<b>1,804.3</b>
<b>Earnings per share attributable to the shareholders of the Company</b>		
Basic	HK\$0.58	HK\$0.39
Diluted	HK\$0.58	N/A

# Condensed Consolidated Statement of Financial Position (Unaudited)

(in HK\$MM)	(Audited) 30 Jun 2019	(Unaudited) 31 Dec 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	1,726.5	1,726.2
Property, plant and equipment	5,413.4	5,577.0
Intangible concession rights	10,060.8	14,422.7
Intangible assets	718.7	6,666.2
Value of business acquired	–	5,770.4
Right-of-use assets	–	2,068.6
Deferred acquisition costs	–	260.2
Associated companies	14,552.3	14,087.9
Joint ventures	13,645.1	13,529.8
Financial assets at fair value through other comprehensive income	2,125.1	36,020.4
Financial assets at fair value through profit or loss	4,300.0	7,274.1
Other non-current assets	4,037.9	2,299.2
	<b>56,579.8</b>	<b>109,702.7</b>
<b>Current assets</b>		
Inventories	428.6	322.0
Trade, premium and other receivables	13,997.6	15,113.8
Investments related to unit-linked contracts	–	9,495.2
Financial assets at fair value through other comprehensive income	–	1,571.0
Financial assets at fair value through profit or loss	0.1	927.6
Cash and bank balances	15,058.9	12,504.6
	<b>29,485.2</b>	<b>39,934.2</b>
<b>Total assets</b>	<b>86,065.0</b>	<b>149,636.9</b>

# Condensed Consolidated Statement of Financial Position (Unaudited)-Cont'd

(in HK\$MM)	(Audited) 30 Jun 2019	(Unaudited) 31 Dec 2019
<b>EQUITY</b>		
Share capital	3,911.1	3,911.1
Reserves	45,134.9	44,093.7
Shareholders' funds	49,046.0	48,004.8
Perpetual capital securities	8,039.8	10,528.5
Non-controlling interests	160.8	689.6
<b>Total equity</b>	<b>57,246.6</b>	<b>59,222.9</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings and other interest-bearing liabilities	12,666.1	26,643.1
Deferred tax liabilities	2,262.2	2,461.6
Insurance and investment contract liabilities	–	13,424.7
Liabilities related to unit-linked contracts	–	161.6
Lease liabilities	–	1,631.1
Other non-current liabilities	161.0	235.2
	<b>15,089.3</b>	<b>44,557.3</b>
<b>Current liabilities</b>		
Borrowings and other interest-bearing liabilities	2,403.3	3,365.5
Liabilities related to unit-linked contracts	–	9,495.2
Insurance and investment contract liabilities	–	19,291.0
Trade, other payables and payables to policyholders	10,842.6	12,850.8
Lease liabilities	–	343.9
Taxation	483.2	510.3
	<b>13,729.1</b>	<b>45,856.7</b>
<b>Total liabilities</b>	<b>28,818.4</b>	<b>90,414.0</b>
<b>Total equity and liabilities</b>	<b>86,065.0</b>	<b>149,636.9</b>

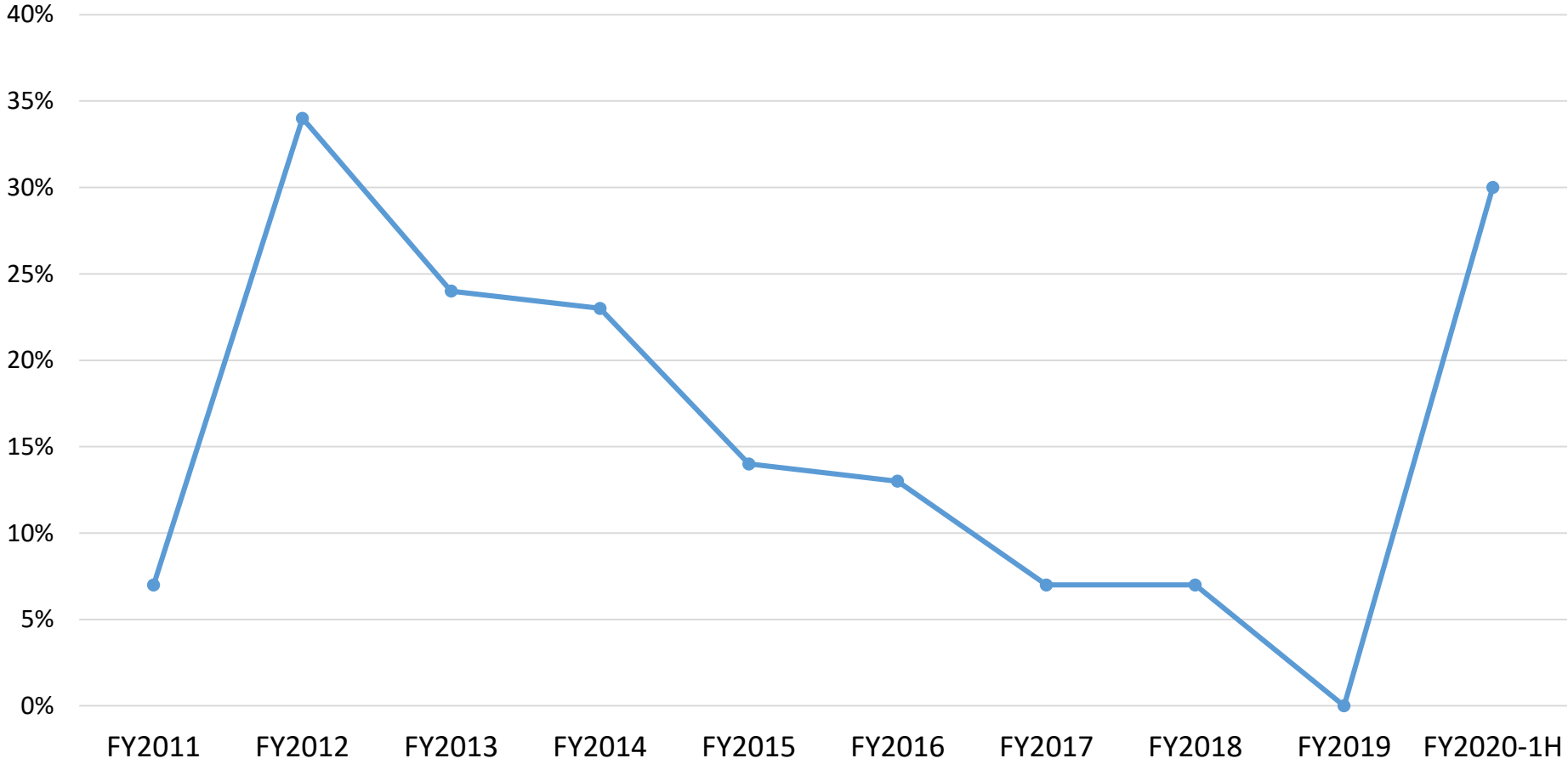
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# Appendix B

## Historical Net Gearing Ratio



# Net Gearing Ratio



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