

For immediate release

NWS Holdings Announces FY2014 Annual Results

HIGHLIGHTS

	FY2014 HK\$ million	FY2013 HK\$ million	Change +/(-)%
Revenue	21,443.0	16,247.9	32
Attributable Operating Profit (AOP)	4,379.0	4,267.3	3
Profit attributable to shareholders	4,324.9	4,008.0	8
Earnings per share (EPS)	HK\$1.17	HK\$1.11	5
Dividend per share	HK\$0.58	HK\$0.55	5
Net assets	43,043.4	41,021.0	5

Total cash and bank balances: HK\$7,637 million (30 June 2013: HK\$7,768 million)

Net gearing ratio: 23% (30 June 2013: 24%)

AOP Performance for the year ended 30 June 2014

	HK\$ million	Compared to FY2013 Change +/(-)%
Infrastructure	2,428.0	6
- Roads	1,126.7	(9)
- Energy	384.0	16
- Water	355.7	(9)
- Ports & Logistics	561.6	70
Services	1,951.0	(1)
- Facilities Management	910.7	(19)
- Construction & Transport	605.3	54
- Strategic Investments	435.0	(6)

(23 September 2014, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 659) today announced its annual results for the year ended 30 June 2014 (“FY2014”). Revenue rose by 32% to HK\$21,443 million (2013: HK\$16,248 million) and Attributable Operating Profit (“AOP”) recorded a moderate growth of 3% to HK\$4,379 million (2013: HK\$4,267 million). Profit attributable to shareholders increased by 8% to HK\$4,325 million (2013: HK\$4,008 million), due partially to a one-off gain on deemed disposal of HK\$594 million from the Xiamen port merger.

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(incorporated in Bermuda with limited liability)

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The Board of Directors (the “Board”) has resolved to recommend a final dividend for FY2014 in scrip form equivalent to HK\$0.22 per share (2013: HK\$0.26 per share) with a cash option to the shareholders on the register on 24 November 2014. Together with the interim dividend of HK\$0.36 per share (2013: HK\$0.29 per share) paid in May 2014, total distribution of dividend by the Group for FY2014 will be HK\$0.58 per share (2013: HK\$0.55 per share), representing a payout ratio of approximately 50%, which is in line with the dividend strategy declared by the Board in FY2005.

Infrastructure businesses

Infrastructure division achieved an AOP of HK\$2,428 million, representing an increase of 6% when compared to HK\$2,288 million in FY2013.

Roads

AOP from the Roads segment decreased by 9% to HK\$1,127 million, which was mainly due to a significant decrease in gain on extra profit recognition from Tangjin Expressway (Tianjin North Section) in FY2014 in comparison with FY2013 despite a 7% increase in its average daily traffic flow. Excluding the AOP contribution from Tangjin Expressway (Tianjin North Section), AOP of the Roads segment actually increased by 3% in FY2014.

Hangzhou Ring Road continued to be the most significant AOP contributor for the Roads segment in FY2014. Its average daily traffic flow grew by 4% when compared to FY2013 while the reduction in bank loan interest expenses also had a positive impact on its AOP contribution.

Benefitting from the economic development in the Pearl River Delta region, all of the Group’s expressways in Guangdong Province registered traffic growth in FY2014. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) rose by 12% and 10% respectively. Shenzhen-Huizhou Expressway (Huizhou Section) and Guangzhou-Zhaoqing Expressway saw an increase in traffic volume by 6% and 18% respectively when compared with FY2013. Guangzhou Dongxin Expressway also reported a traffic growth of 23% while a modest 4% increase in traffic volume was recorded by Guangzhou City Nansha Port Expressway in FY2014.

In Hong Kong, average daily traffic flow of Tate’s Cairn Tunnel reduced slightly by 1% but the toll revenue rose as a result of the tariff increase in August 2013.

Energy

AOP of the Energy segment rose by 16% from HK\$330 million to HK\$384 million in FY2014.

Falling coal prices continued to have a positive impact on the overall financial performance of the Group's power plants in Mainland China during FY2014. Compared with FY2013, the volume of electricity sales at the Zhujiang Power Plants were maintained at a similar level while the sales volume at the Chengdu Jintang Power Plant dropped by 11% as one of its generators underwent system upgrade during FY2014.

In May 2014, the Group announced the divestment of its interest in Macau Power and accordingly, the Group ceased to account for its results upon the signing of the relevant agreements. The disposal was completed in the first quarter of FY2015.

Water

The Water segment reported an AOP of HK\$356 million for FY2014, down 9% from FY2013. The decrease in AOP was mainly attributable to the drop in Chongqing Water Group's contribution resulting from the impairment loss on an investment, and the reduction in exchange gain in FY2014.

Notwithstanding the above, the other water projects in Mainland China reported favourable results including water sales, treatment volumes and network income. Sales volume of Chongqing Water Plant and Tanggu Water Plant increased by 11% and 10% respectively during FY2014. Waste water treated by Chongqing Tangjiatuo Waste Water Plant increased by 24% while Shanghai SCIP Water Treatment Plants also reported a healthy growth of waste water revenue by 19% during FY2014.

During FY2014, several new operating projects were acquired including Jiangsu Water Company and Chengdu Chongzhou Dayi Waste Water Plant by Sino-French Holdings (Hong Kong) Limited ("SFH"). SFH was also contracted to build and operate a sludge treatment plant in Yangzhou.

Ports & Logistics

The Ports & Logistics segment registered a significant increase in AOP of 70% from HK\$330 million to HK\$562 million in FY2014.

In February 2013, the Group announced the plan to establish a company with other major port operators in Xiamen by injecting its two port investments in Xiamen, namely Xiamen New World Xiangyu Terminals Co., Ltd. and Trend Wood Investments Limited, in exchange for a 13.8% interest in the new company named Xiamen Container Terminal Group Co., Ltd. ("XCTG"). XCTG generated

AOP for this segment since its establishment in December 2013 and its throughput volume since then was 3,106,000 TEUs.

In Tianjin, the throughput of Tianjin Five Continents International Container Terminal Co., Ltd. rose by 5% to 2,408,000 TEUs but terminal modification at Tianjin Orient Container Terminals Co., Ltd resulted in a 3% decrease in its throughput to 937,000 TEUs in FY2014.

Being an operating asset, Beijing Capital International Airport Co., Ltd. (“BCIA”) also contributed to the significant growth of this segment by providing immediate and recurring AOP when the Group became its second largest shareholder following the share acquisition in December 2013.

ATL Logistics Centre continued to take advantage of the strong demand for logistics and warehousing facilities in Hong Kong during FY2014. Its average rental rose by 16% while occupancy rate remained at a remarkably high level of 99%. NWS Kwai Chung Logistics Centre, which has been fully leased out, continued to provide strong and recurring AOP contribution to the segment.

Throughput of China United International Rail Containers Co., Limited grew by 5% to 1,618,000 TEUs and continued to make positive AOP contribution during FY2014.

Services businesses

The Services division recorded an AOP of HK\$1,951 million in FY2014, similar to that in FY2013.

Facilities Management

The Facilities Management segment mainly comprises the management and operation of Hong Kong Convention and Exhibition Centre (“HKCEC”) and the business of Free Duty. HKCEC continued to maintain its steady growth momentum by leveraging on the strong demand to host international exhibitions and conventions at prime locations with state-of-art facilities. During FY2014, 1,086 events were held at HKCEC with a total patronage of approximately 5.9 million.

Free Duty’s travel retail, duty free liquor and tobacco business at all land border crossings continued to benefit from the rise in per passenger spending and increased patronage of visitors from Mainland China. However, the growth has been dampened by the Chinese government’s anti-corruption drive and crackdown on extravagant consumption.

Construction & Transport

AOP contribution from the Construction business increased substantially by 84% to HK\$433 million in FY2014 mainly due to improved gross profit margin and project progress. As at 30 June 2014, the gross value of contracts on hand for the Construction business was approximately HK\$50.1 billion and the remaining works to be completed amounted to approximately HK\$34.5 billion.

The Group's Transport business reported an AOP of HK\$173 million in FY2014, representing an 8% increase. This was mainly attributable to the increase in fare revenue in connection with the ridership growth and decrease in depreciation expenses for buses. Fuel costs decreased because of fuel cost hedging arrangements. In April 2014, the Transport business fully divested its 28.92% interest in Kwoon Chung Bus Holdings Limited in order to stay focus on the bus and ferry operations in Hong Kong.

The existing five ferry service licences have been renewed for three years by the Hong Kong government. With the exception of the North Point to Joss House Bay route which is renewed on an annual basis, the other four licences will expire in 2017.

Strategic Investments

This segment recorded an AOP of HK\$435 million, representing a 6% decrease in FY2014.

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

Going forward

The solid financial and operating performance in FY2014 bears testimony to the Group's effort and proficiency in maximizing growth potentials and overcoming challenges across different business segments. The acquisition of interest in BCIA and establishment of XCTG played a significant role in maintaining the growth momentum of the Infrastructure division. The full-year contribution from these two investments and newly acquired water projects, as well as the traffic growth of Tangjin Expressway (Tianjin North Section) upon the completion of its expansion works by the end of 2014, will act as growth drivers in the coming years. On the other hand, the anticipated profit gap for the Free Duty business was substantially bridged by the rise in profit contribution from the Construction & Transport segment.

The divestment of Macau Power and certain non-core assets reaffirmed the Group's long-term strategy in consolidating its asset portfolio and realizing the underlying value of assets while developing new investment opportunities. Having earmarked some HK\$4.0 billion of financial resources for new and potential investments, the Group will continue in this vein and forge ahead with its strategic plans for sustainable growth.

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Attachment: NWS Holdings' Consolidated Income Statement

This press release is also available on the Group's website (www.nws.com.hk).

NWS Holdings Limited

NWS Holdings Limited ("NWS Holdings", Hong Kong stock code: 659), the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 17), operates businesses in Hong Kong, Mainland China and Macau. Its Infrastructure portfolio includes Roads, Energy, Water and Ports & Logistics projects. Its Services portfolio comprises Facilities Management (*the management of Hong Kong Convention and Exhibition Centre and Free Duty*), Construction & Transport (*construction, bus and ferry services*) and Strategic Investments.

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Attachment: NWS Holdings' Consolidated Income Statement

	For the year ended 30 June	
	2014	2013
	HK\$'m	HK\$'m
Revenue	21,443.0	16,247.9
Cost of sales	(18,363.1)	(13,114.0)
Gross profit	3,079.9	3,133.9
Gain on deemed disposal of interests in joint ventures	594.3	-
Other income / gains (net)	763.3	1,251.3
General and administrative expenses	(881.1)	(747.1)
Operating profit	3,556.4	3,638.1
Finance costs	(694.1)	(768.7)
Share of results of		
Associated companies	572.2	438.0
Joint ventures	1,553.3	1,415.8
Profit before income tax	4,987.8	4,723.2
Income tax expenses	(605.3)	(640.9)
Profit for the year	4,382.5	4,082.3
Attributable to		
Shareholders of the Company	4,324.9	4,008.0
Non-controlling interests	57.6	74.3
	4,382.5	4,082.3
Dividends	2,160.6	2,012.4
Earnings per share attributable to the shareholders of the Company		
Basic	HK\$1.17	HK\$1.11
Diluted	N/A	HK\$1.11