

NWS Announces FY2023 Interim Results

(23 February 2023, HK) NWS Holdings Limited (“NWS” or the “Group”; HK stock code: 659) today announced its interim results for the six months ended 31 December 2022 (the “Current Period”).

Financial Highlights

- The Group’s Attributable Operating Profit (“AOP”) of recurring businesses slightly declined by 3%
- Overall AOP: HK\$2,100.9 million, decreased by 11%
 - Core Business AOP: HK\$1,640.7 million, decreased by 25%
 - Strategic Portfolio AOP: HK\$460.2 million, increased by 149%
- Profit attributable to shareholders: HK\$1,162.4 million
- Maintain sustainable and progressive dividend policy
 - Interim dividend: HK\$0.30 per share (Interim dividend of FY2022: HK\$0.30 per share)
- Net gearing ratio further decreased to 11% (30 June 2022: 19%)

Business Optimization

Acquisition

- Completed the acquisition of 40% interest in Guigang-Wuzhou Expressway in November 2022
- Announced the signing of the agreement to acquire the remaining 60% interest of Sui-Yue Expressway in December 2022
- Commenced the expansion of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)

Disposal

- In December 2022, Goshawk Aviation Limited (“Goshawk”) completed the disposal of all its commercial aircraft leasing business, except for six aircraft associated with Russian lessees. The total consideration was approximately US\$1.6 billion, 50% of which (approximately US\$0.8 billion) was attributable to NWS.

Outlook

- The Group maintains its positive view on the Mainland’s long-term economic prospects. With the border reopening between Hong Kong and the Mainland, it will bring a positive economic outlook and provide a strong boost to the Group’s businesses.
- With a solid business foundation and financial strength, the Group will proactively look for value accretive investment opportunities, particularly in roads and modern logistics, so as to strengthen the business portfolio, drive long-term sustainable business growth, and maintain its sustainable and progressive dividend policy.
- In February 2023, the Group executed a sale and purchase agreement to acquire a 90% interest in a logistics property in the Suzhou Industrial Park with a valuation of RMB570 million, enriching its logistics properties portfolio.

Business Performance Highlights

Core Business

Roads

- AOP of the Roads segment fell by 29% to HK\$684.5 million.
- Excluding the impact of RMB depreciation, the financial incentives associated with the investments in Changliu Expressway and Sui-Yue Expressway received in the six months ended 31 December 2021 (“Last Period”), the AOP declined by 20%.
- As at 31 December 2022, the overall average remaining concession period of our road portfolio was around 11 years, which supports the sustainable income and cash flow to the Group.

Construction

- AOP of the Construction segment remained steady at HK\$416.3 million.
- Hip Hing Group’s gross value contracts on hand increased by 6% year-on-year to approximately HK\$57.5 billion, and the remaining works to be completed grew by 17% year-on-year to around HK\$33.2 billion.
- New projects awarded were around HK\$4.0 billion, including the design and construction of expansion of the Legislative Council Complex, main contract works for office development at 20 Des Voeux Road Central and design and construction of a new public market in Tin Shui Wai.

Insurance

- AOP of the Insurance segment increased by 10% to HK\$539.9 million.
- The overall Annual Premium Equivalent (“APE”) of FTLife Insurance Company Limited (“FTLife Insurance”) was HK\$726.9 million in the Current Period. It maintained its ranking of 12th among Hong Kong life insurance companies by APE as at 30 September 2022.
- As at 31 December 2022, the solvency ratio of FTLife Insurance was 364%, well above minimum industry regulatory requirement of 150%.

Strategic Portfolio

Logistics

- AOP of the Logistics segment surged by 50% to HK\$417.7 million.
- Performance of ATL Logistics Centre Hong Kong remained solid. It accounted for over 70% of the segment's AOP. The average rent grew by 2% with a high occupancy rate of 99.2%.
- The five newly acquired logistics properties in the Mainland have continued to ramp up, with an overall occupancy rate reaching 90.8% as at 31 December 2022 (30 June 2022: 86.7%), and accounted for close to 15% of the segment's AOP. The completion of the acquisition of the sixth logistics property took place in January 2023.
- The throughput of China United International Rail Containers Co., Limited increased by 18% to approximately 2,725,000 TEUs, which spurred its AOP to surge by 43% year-on-year.

Facilities Management

- Attributable Operating Loss ("AOL") of Hong Kong Convention and Exhibition Centre narrowed. The number of events held improved by 22% year-on-year to 409 and the number of patronage rose by 24% to approximately 3.3 million.
- AOL of Free Duty continued to narrow, thanks to AOP of the only operating outlet at Hong Kong-Zhuhai-Macao Bridge almost tripled, together with the positive contribution from other business initiatives such as pop-up stores at D·PARK, THE FOREST and within the New World Group's ecosystem, as well as the e-commerce website, FDMALL.
- EBITDA of Gleneagles Hospital Hong Kong continued to grow and increased by 285% compared to Last Period since achieving EBITDA breakeven in May 2021. The number of inpatients and day cases grew by 1% and 3% respectively, while outpatients edged down by 2%.

AOP Contribution by Segment - Core Business

For the six months ended 31 December

	2022	2021	Change %
	HK\$'m	HK\$'m	
		(restated)	
Roads	684.5	968.7	↓ 29
Aviation	-	274.4	↓ 100
Construction	416.3	448.7	↓ 7
Insurance	539.9	490.9	↑ 10
Total	1,640.7	2,182.7	↓ 25

AOP Contribution by Segment - Strategic Portfolio

For the six months ended 31 December

	2022	2021	Change %
	HK\$'m	HK\$'m	
Logistics	417.7	279.3	↑ 50
Facilities Management	(127.8)	(161.8)	↑ 21
Strategic Investments	170.3	(53.7)	↑ 417
Discontinued operations			
Environment	-	121.0	↓ 100
Total	460.2	184.8	↑ 149

— End —

NWS Holdings Limited

NWS Holdings Limited (Hong Kong Stock Code: 659), as the diversified industries flagship of New World Development Company Limited (Hong Kong Stock Code: 17), invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Our core business includes toll roads, construction and insurance, while we also manage a strategic portfolio spanning sectors from logistics to facilities management.

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