



NWS Holdings Announces Interim Results

HIGHLIGHTS

	For the six months ended 31 December	
	2010 HK\$ million	2009 HK\$ million
Profit attributable to shareholders	2,391.2	2,305.4
Earnings per share (EPS)	HK\$0.73	HK\$0.73*
Dividend per share	HK\$0.37	HK\$0.62

Cash on hand: HK\$5,394 million (30 June 2010: HK\$5,158 million)

Net cash position of HK\$429.4 million as at 31 December 2010

*after adjusting for bonus issue in 2010

(24 February 2011, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 659) today announced its record breaking interim results for the six months ended 31 December 2010 (the “Current Period”).

The Group reported an outstanding profit attributable to shareholders with an increase of HK\$85.8 million or 4% to HK\$2,391.2 million (2009: HK\$2,305.4 million) and Attributable Operating Profit (“AOP”) rose 28% to HK\$2,213.9 million (2009: HK\$1,727.1 million).

The Board of Directors (the “Board”) has resolved to declare an interim dividend for the year ending 30 June 2011 in scrip form equivalent to HK\$0.37 per share (2009: HK\$0.62 per share) with a cash option to the shareholders. The dividend payout ratio of approximately 51.3% slightly exceeds the dividend strategy declared by the Board in FY2005.

Impressive growth for Infrastructure

Infrastructure division generated an AOP of HK\$1,260.7 million, marking an increase of 74% as compared to HK\$722.9 million in the six months ended 31 December 2009 (the “Last Period”).

Roads

The AOP for the Roads segment marked a significant increase of 220% to HK\$748.1 million in the Current Period. The increase in AOP was basically due to an additional gain of approximately HK\$332.5 million mainly on extra profit distribution from Tangjin Expressway (Tianjin North Section) recognized during the Current Period. In daily operations, its average traffic flow grew by 36%, mainly because other roads in the region were mostly undergoing maintenance and traffic was diverted to our expressway during the Current Period.

Guangzhou City Northern Ring Road was partially closed for major repair and maintenance works between July and November 2009 in the Last Period. The road has been re-opened and its average daily traffic flow jumped 51% in the Current Period. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Roadway and Expressway grew by 11% and 37% respectively, as compared to the Last Period.

The Group's new investments are set to bring in solid contributions in the medium term. Phase two of Guangzhou-Zhaoqing Expressway was completed in September 2010, greatly enhancing the project's competitiveness in the Pearl River Delta region. Guangzhou Dongxin Expressway has already commenced operation since December 2010. Guangzhou City Nansha Port Expressway's average daily traffic flow slightly decreased by 4% during the Current Period as it was temporarily affected by the Asian Games.

Energy

AOP of the Energy segment showed a decline of 11% to HK\$192.2 million during the Current Period mainly due to the surging coal price.

Zhujiang Power Plants were further affected by a drop in combined electricity sales of 14% as a result of lower demand during the Asian Games period. Electricity sales of Chengdu Jintang Power Plant reported a 20% growth in the Current Period. AOP from Guangzhou Fuel Company rose significantly on the strength of the booming coal market during the Current Period. Electricity sales of Macau Power registered a stable growth of 2%. The concession rights of Macau Power were renewed successfully in November 2010 for 15 years with the permitted return reduced from 12% to 9.5% per annum.

Water

AOP of the Water segment achieved a sharp increase of 39% to HK\$168.4 million during the Current Period.

Contribution from water projects in Mainland China continued to serve as the growth engine for the segment. Sales volume of Tanggu Water Plant, Changshu Water Plant and Chongqing Water Plants increased by 9%, 6% and 9% respectively. Water sales revenue was also benefited from the tariff hike of several water plants in 2010. Water sales volume in Macau Water Plant reported a slight decrease of 3%.

Thanks to the development of Chongqing, the AOP from Chongqing Water Group grew satisfactorily during the Current Period.

Ports & Logistics

AOP of the Ports & Logistics segment amounted to HK\$152.0 million during the Current Period.

The throughput of Xiamen New World Xiangyu Terminals Co., Ltd increased by 6% to 397,000 TEUs as trade activities improved. However, its average tariff dropped due to intensified competition in Xiamen during the Current Period. The Xiamen Haicang Xinhaida Container Terminals, scheduled to be operational in the second half of 2011, will strengthen the Group's presence in Xiamen to take advantage of the booming trade across the Taiwan Strait.

Occupancy rate at ATL Logistics Centre dropped from 97% to 95% while average rental also fell by 2% during the Current Period. Nevertheless, benefiting from the higher storage income generated from cargo volume pick-up in 2010 and cost savings initiatives, it managed to maintain its AOP during the Current Period.

China United International Rail Containers Co., Ltd. ("CUIRC") is developing strongly as more new terminals have come on stream. During the Current Period, a total of eight rail terminals were in operation, namely Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan and Xian. An aggregate throughput of 595,000 TEUs was recorded in the Current Period, increasing from 110,000 TEUs in the Last Period during which only Kunming terminal was operational. Overall CUIRC reached almost breakeven position in the Current Period. All 18 rail container terminals are scheduled to be completed by end of 2012.

Consolidation of Services

The AOP of Services division reported a slight decrease of 5% to HK\$953.2 million in the Current Period.

Facilities Management

Following the disposal of its facility service businesses, the Facilities Management segment, now comprising mainly the Hong Kong Convention and Exhibition Centre (“HKCEC”) and Free Duty, reported an AOP of HK\$404.3 million, representing an 1% increase over the Last Period. The negative impact resulting from the loss of profit contributions from the disposed facility service businesses was fully compensated by the outstanding performance of duty free business.

During the Current Period, 618 events were held at HKCEC with total patronage in excess of 4.8 million. Most recurrent international trade exhibitions reflected growth in both gross exhibition space and overall attendance. The food and beverage revenue also improved following the opening of three new restaurants and the additional banquet space provided.

Despite the negative impact on sales created by the new cigarette entry restriction for arrival passengers, Free Duty’s tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong continued to achieve outstanding results during the Current Period. Passenger traffic volume through the MTR stations at Lo Wu, Lok Ma Chau and Hung Hom reached 123.0 million during 2010, representing an increase of 8% over the previous year. The increased throughput, coupled with the increase in individual traveller’s spending on duty-free goods, contributed to the significant growth in this business.

Construction & Transport

As a result of the disposal of the mechanical and engineering business, this segment has been renamed “Construction & Transport”. It recorded a drop in AOP of 42% to HK\$149.8 million in the Current Period.

The lower AOP of the Construction business was caused by provision of job costs approximating HK\$178.6 million for projects in Hong Kong and overseas. As at 31 December 2010, the gross value of contracts on hand for the Construction business was approximately HK\$18.6 billion. After the discontinuation of business in Mainland China and certain overseas markets, the management will

continue to focus on cost reduction and right-sizing of its workforce while making every effort to minimize exposure to losses incurred by high-risk contracts.

The Group's Transport business scored a 13% increase in AOP over the Last Period. This was attributed to an increase in patronage and advertising income despite the increase in fuel cost during the period.

Strategic Investments

Previously known as “Financial Services”, this segment has been redefined as “Strategic Investments” to include results from Tricor Holdings Limited (“Tricor”) and Haitong International Securities Group Limited (“Haitong”, formerly known as Taifook Securities Group Limited) and net gains from the securities investments held by the Group for strategic investment purposes. These strategic investments have a clear investment mandate from the Board and have become an established feature in our investment portfolio as well as a significant contributor to segment results. The segment marked an increase of 16% in AOP to HK\$399.1 million in the Current Period.

Tricor recorded a steady growth in its corporate services and investor services businesses during the Current Period. It obtained about 38% of the total share of new listings from July to December 2010 in Hong Kong. Its business operations in Hong Kong and Singapore together contributed about 77% of the total profit during the Current Period.

The Group's shareholding in Haitong dropped to approximately 8.97% from approximately 61.86% after the disposal of 373,434,720 shares to Hai Tong (HK) Financial Holdings Limited on 21 December 2009, resulting in a significant drop in profit contribution.

NWS Holdings acquired an approximate 43.34% interest in Newton Resources Ltd (“Newton”) during the Current Period. The Group's interest in Newton was increased to approximately 55.02% in January 2011 and will further increase to 60% upon the completion of further acquisition. The Group intends to hold the interest in Newton as a long-term investment and may develop natural resources as one of the Group's core businesses in the future.

Leveraging on the growing economy

With organic growth in core businesses, the Group achieved a strong balance sheet and financial position and maintained a net cash position as at 31 December 2010.

The Group expects to benefit from the favourable economic environment in both Mainland China and Hong Kong. From most accounts, Mainland China should be able to maintain a double digit growth in 2011 and Hong Kong will likewise continue to perform well in most business sectors. The Group will take note of this trend and will capitalize on its strong connection with the Mainland economy to further develop its businesses in Mainland China. Moreover, the Group is optimistic that its Infrastructure business will benefit from the National 12th Five-Year Plan. At the same time, it will make every effort to enhance its operational efficiency in order to capture the uptrend in the exhibition, financial and retail sectors in Hong Kong.

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Attachment: NWS Holdings' Condensed Consolidated Income Statement (Unaudited)

This press release is also available at 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), embraces businesses in Hong Kong, Mainland China and Macau. Its **Infrastructure** portfolio includes Roads, Energy, Water and Ports & Logistics projects. Its **Services** division comprises Facilities Management (*the management of Hong Kong Convention and Exhibition Centre and Free Duty*), Construction & Transport (*Hip Hing Construction and bus and ferry services*) and Strategic Investments (*Tricor, Haitong and securities investments*).

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Attachment

Condensed Consolidated Income Statement – Unaudited

	For the six months ended	
	31 December	
	2010	2009
	HK\$'m	HK\$'m
Revenue	4,734.0	6,249.5
Cost of sales	(3,902.3)	(5,113.2)
Gross profit	831.7	1,136.3
Other income (net)	739.4	698.8
General and administrative expenses	(300.3)	(667.6)
Operating profit	1,270.8	1,167.5
Finance costs	(49.5)	(61.2)
Share of results of		
Associated companies	198.1	303.3
Jointly controlled entities	1,175.1	1,116.6
Profit before income tax	2,594.5	2,526.2
Income tax expenses	(187.3)	(163.4)
Profit for the period	2,407.2	2,362.8
Attributable to		
Shareholders of the Company	2,391.2	2,305.4
Non-controlling interests	16.0	57.4
	2,407.2	2,362.8
Dividend	1,226.7	1,308.9
Earnings per share attributable to shareholders of the Company		
Basic and diluted	HK\$0.73	HK\$0.73