

**NWS Holdings Announces Annual Results 2005
Net Profit Increases by 90% to HK\$2,918 million**

HIGHLIGHTS

	2005	2004	
	HK\$ million	HK\$ million	Change
Turnover	10,286.1	12,552.9	-18%
Profit attributable to shareholders	2,918.0	1,538.2	+90%
Total assets	25,193.5	23,915.1	+5%
Earnings per share	HK\$1.62	HK\$0.86	+88%
Total dividend per share	HK\$0.80	HK\$0.40	+100%

- Net debt: HK\$2.5 billion (30 June 2004: HK\$4.6 billion)
- Gearing ratio: 18% (30 June 2004: 44%)
- Cash on hand: HK\$3.6 billion (30 June 2004: HK\$3.5 billion)
- Finance costs: decreased by 27% to HK\$205.5 million (2004: HK\$280.8 million)
- Net gain on disposal of projects: HK\$2,030.2 million

(5 October 2005, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 0659) today announced its annual results for the year ended 30 June 2005.

Profit attributable to shareholders increased by 90% to HK\$2,918.0 million (2004: HK\$1,538.2 million), mainly due to the exceptional gain of HK\$2,030.2 million from the disposals of Hong Kong ports operations and infrastructure projects.

The Board of Directors has resolved to recommend a final dividend for the year ended 30 June 2005 in scrip form equivalent to HK\$0.62 per share with a cash option to shareholders registered on 29 November 2005. The final dividend will be paid on or about 20 January 2006 to shareholders. Together with the interim dividend of HK\$0.18 per share, total dividend for the year will be HK\$0.80 per share (2004: HK\$0.40), representing a 100% growth in FY2005. The dividend payout ratio increased from 47% in FY2004 to 50% in FY2005.

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新創建集團有限公司 NWS Holdings Limited

(incorporated in Bermuda with limited liability)

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▪ Infrastructure 基建 ▪ Service & Rental 服務及租務

Commenting on the Group's results, Dr Cheng Kar Shun, Henry, Chairman of NWS Holdings, said, "The Group achieved satisfactory results and favourable return during the year under review, attributable to our proactive investment and effective corporate strategies. In order to sustain long-term growth and enhance profitability, we strictly evaluated the performance of each business segment and enhanced our project portfolio by disposing of under-performing projects. Besides, we have successfully de-leveraged to a very healthy capital structure with gearing ratio reduced to 18%. With stable recurring cash flow and a stronger cash position, we are confident of exploring new investment opportunities, as well as maintaining a long-term stable dividend payout ratio to increase shareholders' return."

Satisfactory Growth for Infrastructure Division

NWS Holdings' Infrastructure division recorded another year of stable growth in FY2005, with attributable operating profit ("AOP") of HK\$1,010.2 million, a slight increase of HK\$4 million over last year. Its portfolio of quality infrastructure projects, which accounts for approximately 71% of the total AOP, has been a key driving force for the Group.

The Group's energy projects benefited from the strong local economy in Guangdong Province and Macau. Despite the profitability being hindered by soaring coal price, the Group's investments achieved satisfactory performance with AOP of HK\$489.9 million. The combined electricity sales of Zhujiang Power Phase I and II increased by 2%, while the performance of Macau Power was also satisfactory with an 11% increase in electricity sales.

Supported by the strong growth in Mainland China, especially the Pearl River Delta region, the Roads segment delivered a solid performance with AOP increased by 28% to HK\$372.3 million. Guangzhou City Northern Ring Road, Sections I and II of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Tangjin Expressway (Tianjin North Section) all reported growth in traffic flow and profit. With strategic focus on Pearl River Delta region, the Group has secured three new expressway projects, namely Pearl River Delta Ring Road (South-western Section), Guangzhou-Zhaoqing Expressway and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section), to broaden its income stream.

The AOP of Wuhan Airport Expressway grew substantially due to increased traffic flow boosted by the higher utilization of Wuhan Tianhe Airport. In addition, the Group obtained a gain of HK\$191 million on the disposal of bridge project in Wuhan.

Water segment registered a 22% growth in AOP to HK\$80.6 million due to the full year contribution from the new water project in Sanya City, Hainan Province, a new Tianjin Tanggu project that commenced operation in April 2005, and the impressive performance of other water projects in Mainland China. The average daily water sales volume of Macao Water was also increased by 3%.

The Ports segment reported a 64% decline in AOP to HK\$67.4 million due to fierce competition from Shenzhen ports and loss of certain major customers of CSX World Terminals Hong Kong Limited before the Group disposed of its interests in Hong Kong ports.

In view of the attractive unsolicited offer from PSA International Pte Ltd, the Group has disposed of its interests in Kwai Chung Container Terminal No.3 and No.8 West, resulting in a disposal gain of approximately HK\$1.8 billion.

Xiamen New World Xiangyu Terminals Co., Ltd. registered a remarkable growth in AOP of 28% to HK\$26.3 million, with throughput growing by 5% to 635,000 TEUs in FY2005. CSX Orient (Tianjin) Container Terminals Co., Limited reported a 20% decline in AOP to HK\$26.6 million due to a newly built terminal being operational and shifting of throughput mix from foreign trade to domestic trade and transshipment. However, the Group is confident of the prospect of ports business in Tianjin where it has acquired an 18% stake in Tianjin Five Continents International Container Terminal Co., Ltd.

Stable Performance in Service & Rental Division

The AOP of Service & Rental division decreased by HK\$492.3 million to HK\$404.8 million mainly due to provisions made for the Contracting segment. Apart from the Contracting segment, the Service & Rental division continued to contribute stable profit and cash inflow.

Hong Kong Convention and Exhibition Centre (“HKCEC”) achieved satisfactory result with profit up 11%, thanks to the improved profit margin following local economic recovery. ATL Logistics Centre continued to achieve a stable contribution with average occupancy rate maintaining at a level of 93%.

The local contracting business was impeded by the shrinking public sector investments and cautious investment attitude in the private sector. After assessing the risk on its project portfolio, the management adopted a prudent approach to make provisions of HK\$316 million for project losses. Excluding these provisions, the contracting business recorded a profit of HK\$62.8 million. The Group will strive to reinforce management control over its contracts by implementing stringent cost control measures and carefully monitoring the contract progress. The Group has secured contracts totaling HK\$10.4 billion, of which HK\$7 billion was attributed to the booming Macau market. Contracts on hand as at 30 June 2005 stood at HK\$17.7 billion, of which remaining works to be completed amounted to HK\$13.3 billion.

Performance of the transport businesses remained stable with AOP of HK\$65.6 million. The profitability was hindered by the dramatic increase in oil prices, competition from new rail extensions and tunnel toll increase. However, with the realignment of the transport business, this negative impact was tempered as the synergistic effects started to crystallize through management alignment, resources pooling, routes rationalization and other cost saving measures.

Sustaining Growth Building Value

Looking ahead, Dr Cheng outlined the Group's plans for growth, "NWS Holdings' management has well planned for future growth. The Group has secured a number of new projects with great potential. The Group is also confident that we can turn the tide for the Contracting segment while various businesses of the Service & Rental division will continually bring stable recurrent income. The Group's diversified business portfolio and quality infrastructure projects are poised to boost overall growth in the future. We believe that the recently signed letter of intent for investing in 18 large-scale pivotal railway container terminals in 18 major cities of Mainland China will generate favourable contribution for the Group in FY2009."

For the Roads segment, Central Government's long-term target of building 85,000 km of expressways and continuous increase in car ownership in Mainland China will boost growth and offer ample investment opportunities. The Energy segment is expected to benefit from the increasing electricity demand in the region. The outlook of the Water segment is also promising as the Central Government encourages privatization of the water supply service. Also, with the extensive experience and expertise of our joint venture company, Sino French Holdings (Hong Kong) Limited, in water treatment industry across Mainland China and Macau, the Group is well positioned to capture new water projects in major cities in Mainland China.

Local economic rebound continues to favour business recovery in Hong Kong's service sectors. The approval of HKCEC expansion by about 30% of the exhibition space will boost future profitability of the Facilities Rental segment. Synergies in the Transport segment following the business realignment are expected to provide incremental contribution should the oil price return to a moderate level. With booming tourism and entertainment industries in Macau, where the Group's Contracting segment will be well positioned to tap business opportunities.



Dr Cheng added, “Our management team and business partners possess profound understanding of Mainland China and Macau markets and have extensive experience in sourcing quality projects there. NWS Holdings will grow from strength to strength. We are confident in sustaining long-term growth and providing shareholders with a highly competitive return on investments.”

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Attachment: NWS Holdings’ Consolidated Profit and Loss Account

This press release is also posted at the Group’s website (www.nwsh.com.hk).

NWS Holdings Limited

NWS Holdings Limited (“NWS Holdings”, Hong Kong stock code: 0659), the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 0017), embraces a diversified range of businesses in Hong Kong, Mainland China and Macau. Its **Infrastructure** portfolio includes Energy, Water, Roads and Ports projects. Its **Service & Rental** division comprises Facilities Rental (the management of *Hong Kong Convention and Exhibition Centre* and *ATL Logistics Centre*), Contracting (*Hip Hing Construction Group* and *NWS Engineering Group*), Transport (*New World First Bus*, *Citybus* and *New World First Ferry*), etc.

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Attachment

**NWS HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 30 June

	2005 HK\$'m	2004 HK\$'m
Turnover	10,286.1	12,552.9
Cost of sales	(9,568.2)	(11,180.9)
Gross profit	717.9	1,372.0
Other income	2,117.4	564.3
General and administrative expenses	(810.1)	(983.1)
Other charges	(59.9)	(405.4)
Operating profit	1,965.3	547.8
Finance costs	(205.5)	(280.8)
Share of results of		
Jointly controlled entities	1,019.1	1,127.5
Associated companies	423.3	493.0
Profit before taxation	3,202.2	1,887.5
Taxation	(287.7)	(329.5)
Profit after taxation	2,914.5	1,558.0
Minority interests	3.5	(19.8)
Profit attributable to shareholders	2,918.0	1,538.2
Dividend	1,462.3	720.3
Earnings per share		
Basic	HK\$1.62	HK\$0.86
Diluted	HK\$1.61	HK\$0.86

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