

NWS Holdings Limited Announces Annual Results 2004**Net Profit Increases by 29% to HK\$1,538.2 million****HIGHLIGHTS**

	FY2004	(As restated) FY2003	Change
	HK\$ million	HK\$ million	
Turnover	12,552.9	5,770.0	+118%
Profit attributable to shareholders	1,538.2	1,193.2	+29%
Earnings per share	HK\$0.86	HK\$1.36	-37%
Dividend per share	HK\$0.25	HK\$0.20	+25%

- Net debt of HK\$4.6 billion as at 30 June 2004 (2003: HK\$6.9 billion)
- Gearing ratio dropped significantly to 44% (2003: 64%)
- Cash on hand: HK\$3.5 billion as at 30 June 2004
- Gain on disposal of under-performing projects: HK\$405.4 million

(15 October 2004, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; 0659.HK) today announced its annual results for the year ended 30 June 2004.

Profit attributable to shareholders increased by 29% to HK\$1,538.2 million (2003: HK\$1,193.2 million). Turnover rose 118% to HK\$12,552.9 million (2003: HK\$5,770.0 million), including the Group’s first full-year contributions from its Service business and Infrastructure assets acquired upon completion of the reorganization in January 2003.

The board of directors has resolved to recommend a final dividend of HK\$0.25 per share for the year ended 30 June 2004 (2003: HK\$0.20). The final dividend will be paid on or about 15 December 2004 to shareholders. Together with the interim dividend of HK\$0.15 per share, the total dividend for the year will be HK\$0.40 per share.

新創建集團有限公司 NWS Holdings Limited

(incorporated in Bermuda with limited liability)

香港中環皇后大道中 18 號新世界大廈 28 樓 28/F New World Tower, 18 Queen's Road Central, Hong Kong
電話 Tel: (852) 2131 0600 傳真 Fax: (852) 2131 0611 網址 Website: www.nwsh.com.hk

▪ Service 服務 ▪ Infrastructure 基建 ▪ Ports 港口

Commenting on the Group's results, Dr Cheng Kar Shun, Henry, Chairman of NWS Holdings, said, "FY2004 marked the first year in which all three core businesses — Service, Infrastructure and Ports — made full contributions. The robust results reflected the success of the reorganization completed in early 2003 and the achievement of distinct synergies. With the strong and stable cash flow from our project portfolio, we also reduced net debt to HK\$4.6 billion, taking gearing ratio down from 64% to 44% by the end of FY2004. The significant progress in debt reduction strengthened the financial community's confidence in NWS Holdings, and we are now in a stronger position to seek further growth opportunities in Greater China and add value for shareholders."

Synergies Provide Sustainable Growth

Benefiting from the rebound of Hong Kong's economy since the second half of 2003, the Service division recorded a 15% increase in Attributable Operating Profit ("AOP") to HK\$727.2 million, of which the Facilities segment was the largest contributor with an AOP of HK\$344.3 million, representing a 33% increase over the last financial year. During the reporting period, Hong Kong Convention and Exhibition Centre (Management) Limited achieved excellent results by capturing business that was deferred and rescheduled to the first quarter of FY2004 as a result of the SARS outbreak.

The Transport segment registered a growth in AOP to HK\$65.7 million. Yet neither New World First Bus Services Limited nor Citybus Limited has regained its profitability back to pre-SARS level. The dramatic increase in oil prices and competition from other modes of transport have further affected their profitability. The formation of the Merryhill Group Limited ("Merryhill Group"), of which NWS Holdings has a 50% stake, has started to bring synergies which can help relieve the pressure from unfavourable factors. Merryhill Group will continue to enhance service quality and improve operating efficiency through realigning management and deploying resources more efficiently. Supported by its transport expertise, NWS Holdings tapped the Kunming bus market in early 2004, and this has already contributed profit in FY2004.

Despite a shrinking construction market in Hong Kong, the Contracting segment achieved an AOP of HK\$253.6 million for FY2004, a similar figure to that for FY2003. Hip Hing Construction Company Limited ("Hip Hing") was the major contributor, representing 25% of the segment's AOP apart from the share of results from the investment in Wai Kee Holdings Limited. Total contracts-on-hand were worth HK\$17.4 billion with HK\$11.4 billion representing the total value accruing upon completion of these projects.

Energy and Water Drive Growth of the Infrastructure Businesses

The Infrastructure division maintained stable profit growth in FY2004, with an AOP of HK\$806.2 million compared to HK\$769.1 million in FY2003. The surge in demand for electricity and treated water drove the growth in profitability. Due to the rapid growth of local heavy industries and the hot weather, overall electricity sales of Zhujiang Power Phase I and II increased by 16%. Macau Power also recorded a satisfactory 7% increase in electricity sales.

The AOP of the Water Treatment and Waste Management segment increased by 99% to HK\$52.1 million in FY2004. The full-year contribution from a project in Chongqing that commenced operation in November 2002 and a net reduction in provision for under-performing projects contributed to an increase in the segment's AOP. The Group also acquired water plants in Sanya City, Hainan Province and Tanggu District, Tianjin Municipality, bringing its total number of water projects to 19. Among these projects, The Macao Water Supply Company Limited once again stood out as the highest profit contributor in this segment.

Due to the one-off gains booked in FY2003, the AOP of the Roads and Bridges segment recorded a decrease of 16%, to HK\$291.0 million in this fiscal year. Despite this decrease, the Group's key road projects performed well. The toll income of Guangzhou City Northern Ring Road increased by 19%, thanks to the reclassification of Guangdong toll rates/vehicle types that took effect in August 2003 and increase in average daily traffic flow. The average daily traffic flow of Sections I and II of the Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) also increased by 18% and 19% respectively.

To implement the policy of divesting under-performing projects, during the reporting period, the Group disposed of several road projects and a bridge project in Zhaoqing, Shunde Desheng Power Plant as well as Tianjin Yonghe Bridge. In August 2004, the Group entered into a conditional sale and purchase agreement with a Mainland Chinese party in respect of the disposal of Sichuan Qianwei Dali Power Plant. The disposal of our interest in Wuhan Bridge Construction Co., Ltd. is not yet completed but partial instalments have been received according to the agreed schedule.

Ports Division Records Mixed Results

The Ports business reported a 7% decline in AOP to HK\$369.9 million due to loss of a major customer in CSX World Terminals Hong Kong Limited ("CSXWTHK").

CSXWTHK, the operator of Container Terminal No. 3, recorded a decrease in throughput from 1.34 million TEUs in FY2003 to 1.11 million TEUs in FY2004. The operator is now undertaking aggressive marketing strategy to attract replacement customers and implementing cost-saving measures to retain profit margin. ATL Logistics Centre Hong Kong Limited ("ATL") contributed a stable AOP in FY2004. The average occupancy rate decreased slightly to 91% from 95% in the previous year. To maintain its premier position, ATL is now upgrading both hardware and software to enhance its quality services to clients.

Asia Container Terminals Limited holds an interest in two berths at Container Terminal No. 9 ("CT9"). The exchange of these two CT9 berths for Modern Terminals Limited's two berths at Container Terminal No. 8 West was completed during FY2004.

CSX Orient (Tianjin) Container Terminals Co., Limited operates four container berths and one coal berth in Tianjin Xingang, which handled 1.14 million TEUs in FY2004. Throughput for Xiamen Xiang Yu Quay Co., Ltd. increased from 482,000 TEUs in FY2003 to 603,000 TEUs in FY2004, which led to a significant increase of AOP by 85% from FY2003.

Driving Forward, Seeking Excellence

The recent economic rebound continues to fuel business recovery in many of the service sectors in Hong Kong. However, the rise in oil price, start of a new interest rate hike in the US and the austerity measures adopted by the Central Government will dampen Hong Kong's market sentiment.

Despite these pressures, the Group's Service division is well positioned to withstand the often-volatile movements in Hong Kong's economy. The Facilities segment has shown strong recovery and has good growth potential. Synergies in the Transport segment following the business merger are also expected to enhance profit.

In the Mainland China market, the success of the Kunming transport project enhances the Group's determination to operate across the border. In Contracting, the setting up of wholly foreign-owned enterprises in Beijing and the strategic investment in Wuhan are both excellent steps forward in the huge construction market. As for road projects, the sustainable economic development, together with the increase in personal consumption and private car ownership, should continue to boost growth in traffic flow. The Central Government's long-term plan of building an expressway network with a total length of 82,000 km will create ample investment opportunities.

Dr Cheng added, "Backed by a strong track record and a wealth of experience, the Group will continue to seek growth in Pearl River Delta including Hong Kong, Macau and Guangdong Province. Although competition remains keen, we are confident that new projects shall generate favourable returns for our shareholders."

As to Energy, national electricity demand rose by 18.5% in the first half of 2004. The demand for and sales of electricity in Guangdong Province remain promising. In Macau, the booming tourism industry will boost growth in energy consumption, which in turn will benefit Macau Power.

Hong Kong ports are facing fierce competition from Shenzhen ports. Mainland China is the key to the success of the Group's ports operations. Xiamen, the shipment hub for Fujian Province in southeast China, is set to benefit from the strong growth in the shipping sector. Tianjin remains the gateway port to the north and is most likely to benefit from activities leading up to the 2008 Olympics.

The business of NWS Holdings is all about providing people with quality services that are indispensable to millions of people in Hong Kong, Mainland China and Macau. Dr Cheng concluded, "The Group will continue to uphold service excellence to make life better for everyone. With a powerful corporate branding, our dedicated and prudent staff will make a real difference to our performance and enhance our competitiveness."

- END -

Attachment: NWS Holdings' Consolidated Profit and Loss Account

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



NWS Holdings Limited

NWS Holdings Limited (Stock code: 0659.HK), the service flagship of New World Development Company Limited (Stock code: 0017.HK), embraces a diversified range of businesses in Hong Kong, Mainland China and Macau. These businesses can be broadly grouped under three main divisions: Service, Infrastructure and Ports. Its **Service** division comprises Facilities (*Urban Property, General Security and the management of Hong Kong Convention and Exhibition Centre*), Contracting (*Hip Hing Group and NWS Engineering Group*), Transport (*New World First Bus, Citybus and New World First Ferry*), Financial and Environmental. The **Infrastructure** portfolio includes energy, water treatment and waste management as well as roads and bridges projects. For **Ports**, NWS Holdings is principally engaged in container handling as well as logistics and warehousing.

For further information, please contact:

NWS Holdings Limited

Ms Maria Cheung

Tel: (852) 2131 6251

Pager: (852) 7302 3499

E-mail: mariacheung@nwsh.com.hk