

**NWS Holdings Interim Net Profit Increased by 338% to HK\$814.2 million**
**HIGHLIGHTS**

	For the six months ended 31 December		Change
	2003 HK\$ million	(Restated) 2002 HK\$ million	
Turnover	<b>6,542.5</b>	6.1	+1,072 times
Profit attributable to shareholders	<b>814.2</b>	185.8	+338%
Earnings per ordinary share	<b>HK\$0.46</b>	HK\$0.85	-46%
Dividend per ordinary share	<b>HK\$0.15</b>	NIL	N/A

- Strong commitment to our business creates value for shareholders
- Profit attributable to shareholders increased by 3.4 times, with no disposal or exceptional gains taken into account
- After the completion of reorganization of Transport segment on 9 March 2004, net debt decreased to HK\$5.6 billion while gearing ratio lowered to approximately 54%; cash on hand was HK\$2.5 billion
- The inclusion in the Hang Seng HK MidCap Index and FTSE Asia Pacific Ex-Japan Index enhances the liquidity of shares and vividly shows the recognition won from investment community

(18 March 2004, Hong Kong) NWS Holdings Limited (“NWS Holdings” or “the Group”; 0659.HK) today announced its interim results for the six months ended 31 December 2003, posting a substantial increase in net profit.

Profit attributable to shareholders increased 3.4 times to HK\$814.2 million. (2002 Restated: HK\$185.8 million). Turnover increased by 1,072 times to HK\$6,542.5 million (2002: HK\$6.1 million). The growth in net profit was mainly due to contributions from the service and infrastructure businesses acquired when the Group reorganized in early 2003.

The Board of Directors has resolved to recommend an interim dividend of HK\$0.15 per ordinary share for the six months ended 31 December 2003 (2002: nil). The interim dividend will be paid on or about 30 April 2004 to ordinary shareholders whose names appear on the Register of Members of the Company on 13 April 2004.

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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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■ Facilities Management 設施管理 ■ Contracting 建築機電 ■ Transport 交通運輸 ■ Infrastructure 基建 ■ Ports 港口

Commenting on the Group's strong results, Dr Cheng Kar Shun, Henry, Chairman of NWS Holdings, said, "This robust performance was made possible by the Group's solid tripod structure. Supported by its Service, Infrastructure and Ports divisions, this structure enables any two units to compensate for the shortfall of the third. Over the last year, our Ports division was hampered by SARS and a throughput slowdown in Hong Kong, leading to a slight drop in contribution. However, Service posted excellent results due to the economic rebound and the central government's lifting of individual travel restrictions. In addition, the booming economic environment in Mainland China and the harvest of investments led to solid growth in the Infrastructure division. As a result, the Group was able to achieve significant growth in profit attributable to shareholders."

### **Tripod Structure Provides Strength**

Overall, the Service division performed exceptionally well with contribution from facilities significantly improving. With many events rescheduled for the first quarter of 2003/04 as a result of the SARS outbreak, turnover from the Hong Kong Convention and Exhibition Centre increased by 12% or HK\$42 million. Wai Hong Cleaning Group registered a 39% growth in net profit and secured new contracts from Hong Kong International Airport and Central Plaza. By focusing on the Mainland China market, Kiu Lok Property Management Group achieved a 42% net profit growth. Free Duty shops of our newly joined subsidiary Sky Connection Limited recorded solid contribution through the sale of duty-free tobacco and liquor at Hong Kong International Airport and the ferry terminals in China Hong Kong City and Shun Tak Centre.

By a share-exchange agreement, Merryhill Group, in which NWS Holdings has a 50% stake, has become a comprehensive transport services provider encompassing the transport-related businesses of New World First Holdings Group and Citybus Group. The formation of Merryhill Group facilitates the realignment of management resources of New World First Bus Services Limited and Citybus Limited, which in turn will benefit shareholders, passengers and the community at large.

The local contracting business is still being impeded by the lukewarm construction market and shrinking public sector investments. Despite such a tough environment, the Group was able to secure HK\$20.5 billion worth of gross contract-on-hand with HK\$10.5 billion being the remaining.

For the Infrastructure division, all segments benefited from the harvest of investments in various projects. The energy segment performed well due to the hot weather around Mainland China and the fast-growing secondary industry. In addition, the reduction in tariff with effect from July 2002 boosted demand for electricity. Supported by all these favourable factors, Zhujiang Power Phase I and II together sold 22% more electricity.

The water treatment and waste management businesses benefited from the improved performance of several Mainland China projects, in particular the Chongqing water project. The Macau water plant registered a 7% increase in water sales compared with the same period in the previous year.

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In Guangdong, the toll income of the Guangzhou City Northern Ring Road rose by 15% due to the government's change in the toll rates/vehicle type classification in August 2003. In Tianjin, toll income for the Tangjin Expressway increased by 32% or HK\$30.4 million. In Hong Kong, the prevailing economic climate caused a slight 4% drop in the Attributable Operating Profit ("AOP") of Tate's Cairn Tunnel.

The Ports division suffered from the effects of SARS and the slowing down of throughput growth in Hong Kong. The 12% decline in the combined AOP was mainly due to the decrease in both the throughput of CSX World Terminals Hong Kong and average occupancy rate of the ATL Logistics Centre Hong Kong.

## Strategy for a Brighter Future

Looking ahead, Dr Cheng outlined the Group's plans for growth. "Our two-pronged development strategy is straight forward and effective. Firstly, we will build on our successful local service businesses to tap the enormous market in Mainland China and, secondly, divest low yielding projects and re-invest in promising ones. We are optimistic about the economy and the promising opportunities in the Greater China region," he said.

Dr Cheng also expects the *Closer Economic Partnership Arrangement* ("CEPA") to benefit the Group. "CEPA offers better inroads to the huge service market in Mainland China and the Group will be swift to seize new opportunities. Our two recent initiatives include a 10% stake in China Construction Third Engineering Bureau Company and a 51% interest in Kunming New World First Bus Services Limited ('Kunming NWFB')," he said.

NWS Holdings increased its exposure in the construction market in Mainland China, looking to benefit from its greater volume and return compared to Hong Kong. Apart from having applied to form a wholly owned subsidiary in Beijing, NWS Holdings has invested in China Construction Third Engineering Bureau Company, one of the largest construction groups in Mainland China.

The Group's investment in Kunming bus service vividly demonstrates how its strong service presence in Hong Kong facilitates tapping the enormous Mainland China market. Backed by its excellent transport record in Hong Kong, the Group was able to enter the bus transport market in Kunming. With about 700 buses and 39 routes, Kunming NWFB commenced business in January 2004 and is expected to generate profit in the second half of this financial year.

Apart from the vigorous exploration of business opportunities, the Group also divested low yielding projects and re-invested in promising ones. During the period, NWS Holdings was in the process of disposing of 13 toll-road projects in Zhaoqing and the bridge in Wuhan. In January 2004, the Group expanded its water treatment business to Sanya, Hainan province. With more Mainland China cities privatizing their water and wastewater facilities, NWS Holdings is posed to thrive in this sector.

NWS Holdings is more than just improving the bottom line, Dr Cheng explained. Referring to the Group's recent brand building exercise, he added, "At NWS Holdings, to serve the people is not just a slogan. Service means more than simply providing quality infrastructure and efficient ports. It is also our duty to make life better for everyone. With a highly devoted workforce of 29,000, we are confident that NWS Holdings can provide a better quality of life for our community while creating higher value for shareholders."

– END –

*Attached is NWS Holdings' Consolidated Profit and Loss Account (Unaudited).*

*This press release is also posted at the Group's website ([www.nwsh.com.hk](http://www.nwsh.com.hk)).*

### **NWS Holdings Limited**

NWS Holdings Limited ("NWS Holdings", 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, Macau and Mainland China. 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 Construction* and *NWS Engineering*), Transport (*New World First Bus, Citybus* and *New World First Ferry*), Financial and Environmental. The **Infrastructure** portfolio includes roads and bridges, energy and water treatment and waste management projects. For **Ports**, NWS Holdings is principally engaged in container handling and logistics and warehousing.

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

	<b>For the six months ended 31 December</b>	
	<b>2003 HK\$'m</b>	<b>(Restated) 2002 HK\$'m</b>
Turnover	<b>6,542.5</b>	6.1
Cost of sales	<b>(5,619.5)</b>	(7.3)
Gross profit / (loss)	<b>923.0</b>	(1.2)
Other revenues	<b>92.6</b>	3.6
Amortization of net negative goodwill	<b>33.1</b>	-
General and administrative expenses	<b>(583.2)</b>	(14.2)
Other charges	<b>(26.7)</b>	(35.0)
Operating profit / (loss)	<b>438.8</b>	(46.8)
Finance costs	<b>(169.0)</b>	-
Share of results of		
Jointly controlled entities	<b>553.1</b>	107.5
Associated companies	<b>161.5</b>	154.1
Profit before taxation	<b>984.4</b>	214.8
Taxation	<b>(156.0)</b>	(28.9)
Profit after taxation	<b>828.4</b>	185.9
Minority interests	<b>(14.2)</b>	(0.1)
Profit attributable to shareholders	<b>814.2</b>	185.8
Dividend	<b>267.1</b>	11.4
Earnings per ordinary share		
Basic	<b>HK\$0.46</b>	HK\$0.85
Diluted	<b>HK\$0.45</b>	HK\$0.35