NWS Holdings Announces Interim Results
Net Profit Increases by 5% with Turnaround in Contracting Business

HIGHLIGHTS

	For the six months ended 31 December		
	2005	2004	
	HK$ million	HK$ million	Change (%)
Turnover	**5,753.7**	5,132.4	12
Profit attributable to shareholders	**909.0**	867.6	5
Total assets	**25,636.3** *	25,165.5 **	2
Earnings per share	**HK$0.50**	HK$0.48	4
Dividend per share	**HK$0.24**	HK$0.18	33

- Net debt: HK$2.0 billion (30 June 2005: HK$2.3 billion)
- Gearing ratio: 14% (30 June 2005: 17%)
- Cash on hand: HK$3.0 billion (30 June 2005: HK$3.6 billion)
- Net gain on disposal of projects: HK$83.8 million

*As at 31 Dec 2005 **As at 30 Jun 2005

(13 March 2006, Hong Kong) NWS Holdings Limited ("NWS Holdings" or the "Group"; Hong Kong stock code: 0659) today announced its interim results for the six months ended 31 December 2005.

Profit attributable to shareholders increased by 5% to HK$909.0 million (2004: HK$867.6 million). Turnover increased by 12% to HK$5,753.7 million (2004: HK$5,132.4 million).

The Board of Directors has resolved to recommend an interim dividend of HK$0.24 per share for the year ending 30 June 2006 to shareholders registered on 7 April 2006, representing a 33% growth when compared with the first half of FY2005. The dividend payout ratio is 50%, which is in line with the dividend strategy declared by the Board in FY2005.

Commenting on the Group's results, Dr Cheng Kar Shun, Henry, Chairman of NWS Holdings, said, "The Group once again recorded satisfactory results and favourable return. I am particularly pleased that the Contracting segment of our Service & Rental division successfully turned around its performance during the first six months under review, which was attributable to its strategic move of seizing the promising opportunities in Macau."

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▪ Infrastructure 基建 ▪ Service & Rental 服務及租務

Solid Performance of Infrastructure Division

AOP for the period ended 31 December 2005 (the "Current Period") of Infrastructure division rose from HK$609.0 million to HK$627.3 million, an increase of HK$18.3 million or 3% over the same period in 2004 (the "Last Period"). Benefiting from the robust economic development in Mainland China, the portfolio of Roads and Water performed well while Energy segment also recorded a moderate increase in sales. As compared with the last period, earnings from Ports experienced a drop as a result of the disposal of Container Terminal No.3 ("CT3") and Container Terminal No.8 West in Hong Kong in February and March 2005 respectively.

Performance of the road projects within the Pearl River Delta region was outstanding. AOP of Roads segment amounted to HK$238.7 million for the current period, which represented a 24% increase when compared with the Last Period. Attributed to the opening of the new airport in Guangzhou in August 2004 that brought more vehicular traffic, the average traffic flow of Guangzhou City Northern Ring Road increased by 10% to nearly 140,000 vehicles per day. Moreover, AOP of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) grew substantially as there was an increase in average daily traffic flow on sections I and II. During the period, we disposed of our interest in Roadway No.1906 (Qingcheng Section) and recorded a gain of HK$65.7 million.

Owing to the booming economy, performance of Macau Power was satisfactory with a 10% increase in electricity sales. Being reckoned as world factory, Mainland China has had strong GDP growth that generated intense demand for electricity. The utilization rate of Zhujiang Power Station – Phases I and II stood high, where combined electricity sales increased by 2% as compared with the same period of last year. AOP of Energy segment, however, slightly dropped by 2% to HK$299.4 million in the Current Period due to the rise in coal price and tax concession period granted to Phase II ended in January 2005, which slightly offset the increase in both sales volume and tariff.

Water portfolio once again recorded impressive growth with AOP amounted to HK$51.2 million, a 14% increase when compared with the Last Period. In Mainland China, Tanggu Water Plant and Shanghai SCIP Water Treatment Plants have commenced operations, while Chongqing Water Plant had solid increase in both water revenue and income derived from water connection works. Also, Macau Water Plant recorded an increase in average daily sales volume by 5% as compared with the same period of last year.

As a result of the Group's disposal of CT3 in February 2005, AOP contribution from Ports segment decreased from HK$65.4 million to HK$38.0 million in the Current Period. Xiamen New World Xiangyu Terminals Co., Ltd. reported a remarkable increase in AOP of 49%, with throughput that grew by 19% to 365,000 TEUs compared with the same period of last year. Due to the cessation of coal handling business since March 2005, AOP contribution from Tianjin Orient Container Terminals Co., Limited. (formerly known as CSX Orient (Tianjin) Container Terminals Co., Limited) that previously operated four container berths and one coal berth, fell by 48% when compared with the Last Period. The management decided to transform the existing coal berth to handle container operation. The new facilities will increase its annual handling capacity by 250,000 TEUs and are expected to be operational in 2007.

Business Turnaround of Service & Rental

The Service & Rental division achieved a significant increase in AOP by 73% to HK$397.1 million for the Current Period, which was attributable to the business turnaround of the Contracting segment.

The Facilities Rental segment recorded an AOP of HK$205.3 million, representing a decrease of around 7% as compared with the Last Period. During the Current Period, Hong Kong Convention and Exhibition Centre ("HKCEC") recorded satisfactory results with over 600 events held and the total number of guests reaching 3.2 million, while ATL Logistics Centre recorded a stable profit margin with an average occupancy rate of 96%.

The Contracting segment reported an AOP of HK$73.5 million for the Current period, a significant increase of 154% over the results of the Last Period. This segment aggressively sought new business opportunities to diversify operations across Mainland China and Macau. As at 31 December 2005, gross value of contract-on-hand of Hip Hing Construction Group was about HK$21 billion, including contracts secured in Macau that worth HK$7 billion. NWS Engineering Group has taken strong initiatives to enhance cost and project management controls. As at 31 December 2005, out of its contract-on-hand's remaining value of HK$2.1 billion, around 50% was from Mainland China.

The Transport segment recorded an AOP of HK$37.4 million for the Current Period, 19% below that of the Last Period. Surging fuel cost, salary rise, increase in interest expenses and keen competition from railways were the main factors for the profit decline, in spite of cost savings from resource integration of New World First Bus Services Limited and Citybus Limited. The franchise for Citybus Limited was renewed for 10 years in January 2006. A fare adjustment mechanism with fare discount system became effective in February 2006. With these two critical matters being finalized with HKSAR government, the operating environment should become stable. New World First Ferry Services Limited, which operates a ferry business within Hong Kong, still incurred a loss due to high fuel costs. A fare rise of 6.5% approved by HKSAR government in February 2006 can partly mitigate the loss.

The Others segment reported an AOP of HK$80.9 million, a drop of 18% as compared with the Last Period, mainly due to stiff competition in various service businesses and provision made for the cessation of certain businesses. Of this segment, Free Duty sells duty free tobacco and liquor at Hong Kong International Airport and the ferry terminals at China Hong Kong City and Shun Tak Centre. Patronage of these retail outlets remains robust due to the persistent growth of Hong Kong's tourist sector. The property management business, managing 165,000 residential units, maintained a stable profit.

Poised for Long-term Growth

On the development of the Group, Dr Cheng remarked, "Keeping our promise that we made in the Group's reorganization exercise in January 2003, the Group has divested projects that performed below expectation. At the same time, we are earnestly seeking new projects with promising returns. Considering Chongqing is strategically important for the economic development of the middle-western part of China, we signed a contract with Chongqing Water Holding (Group) Co. Ltd. to form an investment company to explore water projects in the area. Also, eyeing on the extensive trading activities of Wenzhou, the Group signed a framework agreement on major terms with Wenzhou Port Group to invest in its multi-purpose terminals in Zhuangyuanao, Zhejiang Province, where we will own 55% of the joint venture. Total investment cost of the project is estimated at RMB1.4 billion."

In September 2005, the Group entered into a letter of intent with China Rail Container Transport Corp. Ltd. and other independent third parties to set up a sino-foreign joint venture, in which the Group will hold 22% interest to develop, operate and manage 18 large-scale pivotal rail container terminals in 18 major cities of Mainland China. An international consulting firm has recently completed its feasibility study. The terms of the joint venture agreement were under negotiation among all parties.

To maintain Hong Kong's leading position as an international exhibition hub, HKSAR government has approved HKCEC to expand its atrium link and convert the carpark to provide additional exhibition space of 19,400 square metres and 6,950 square metres respectively. Carpark renovation for conversion is scheduled for completion by the end of March this year.

The current strong economic rebound prompts HKSAR Government to start up certain infrastructure and construction projects held up for many years. NWS Holdings, with strong reputation in managing mega-size construction projects, feels optimistic about the contracting business continuing to improve.

Looking ahead, Dr Cheng outlined the corporate strategies and objectives, "The Group will continue to seek long-term growth, sustain profitability and maintain a healthy capital structure. We are well positioned to explore and develop promising expansion opportunities. Mainland China remains to be the primary focus of our investments. Hong Kong's economy is picking up and the business sentiments have turned positive. With our synergistic efforts, our Service & Rental business is expected to continue to recover and yield good results. The business of NWS Holdings is all about providing people with quality services that are indispensable to tens of millions of people in Hong Kong, Mainland China and Macau. We shall uphold service excellence and the corporate brand."

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Attachment: NWS Holdings' Condensed Consolidated Income Statement– Unaudited

This press release will be posted to 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, Roads, Water 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

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	For the six months ended 31 December	
	2005	2004
	HK$'m	HK$'m
		(restated)
Turnover	**5,753.7**	5,132.4
Cost of sales	**(5,176.4)**	(4,783.3)
Gross profit	**577.3**	349.1
Other income	**160.4**	228.9
General and administrative expenses	**(375.4)**	(307.9)
Other charges	**-**	(9.5)
Operating profit	**362.3**	260.6
Finance costs	**(125.4)**	(82.7)
Share of results of		
Jointly controlled entities	**433.3**	549.7
Associated companies	**297.5**	175.0
Profit before income tax	**967.7**	902.6
Income tax expense	**(47.1)**	(31.9)
Profit for the period	**920.6**	870.7
Attributable to		
Shareholders of the Company	**909.0**	867.6
Minority interests	**11.6**	3.1
	920.6	870.7
Dividends	**454.9**	325.3
Earnings per share attributable to shareholders of the Company	**HK$0.50**	HK$0.48