

NWS Holdings Announces Annual Results 2008

HIGHLIGHTS

	2008	2007	Change
	HK\$ million	HK\$ million	(%)
Revenue	18,889.5	15,047.1	26
Profit attributable to shareholders	3,818.3	2,005.4	90
Earnings per share (EPS)	HK\$1.89	HK\$1.01	87
Dividend per share	HK\$0.95	HK\$0.55	73

(8 October 2008, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 659) today announced its annual results for the year ended 30 June 2008 (“FY2008”).

Profit attributable to shareholders increased by 90% to HK\$3,818 million (2007: HK\$2,005 million). Revenue increased by 26% to HK\$18,890 million (2007: HK\$15,047 million). Attributable Operating Profit (“AOP”) increased by 19% to HK\$2,723 million (2007: HK\$2,291 million). Apart from the operating results, an encouraging profit of HK\$1,633 million from the sale of the residential flats of Harbour Place was recognized in FY2008.

The Board of Directors (the “Board”) has resolved to recommend a final dividend for FY2008 in scrip form equivalent to HK\$0.40 per share (2007: HK\$0.30 per share) with a cash option to shareholders registered on 1 December 2008. Together with the interim dividend of HK\$0.55 per share (2007: HK\$0.25 per share) paid in June 2008, total dividend for FY2008 will be HK\$0.95 per share (2007: HK\$0.55 per share). The dividend payout ratio of approximately 50.8% is in line with the dividend strategy declared by the Board in FY2005.

Strong growth for Infrastructure

Infrastructure division achieved an AOP of HK\$1,332 million, a 16% increase as compared with HK\$1,150 million for last year.

Roads

AOP of the Roads segment amounted to HK\$745 million, which represented a 31% increase over last year, with the projects within the Pearl River Delta Region remaining as the main contributor to the segment. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) recorded a strong growth of 20%. Moreover, the combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway also increased by 16%. Toll revenue of Tangjin Expressway (Tianjin North Section) grew 38% in FY2008 after the introduction of toll-by-weight policy in August 2007, coupled with an average daily traffic flow up 8% when compared to FY2007.

Energy

AOP of the Energy segment slightly decreased by 5% to HK\$384 million during FY2008. In FY2008, the combined electricity sales and average tariff of Zhujiang Power Plants increased by 3% and 2% respectively. Its combined AOP, however, dropped by 32% on a year-on-year basis due to soaring coal price. The performance of Macau Power was satisfactory as its electricity sales grew 23% during the year. Guangdong Baolihua New Energy Stock Co., Limited, interest of which was acquired in December 2006, contributed its full-year AOP in FY2008. Furthermore, two generation units of Chengdu Jintang Power Plant commenced operation in June and October 2007 respectively. In 2008, the Group acquired 35% interest in Guangzhou Fuel Company, which is one of the largest coal trading companies in the Pearl River Delta Region.

Water

AOP of the Water segment recorded satisfactory growth of 6% and amounted to HK\$108 million compared with FY2007. Average daily sales volume of Macau Water Plant increased by 7% in FY2008. In Mainland China, water sales volume of Tanggu Water Plant in Tianjin and Chongqing Water Plant grew 8% and 10% respectively when compared to FY2007. Full year contribution from Changshu Water Plant in Jiangsu Province and Chongqing Tangjiatuo Waste Water Treatment Plant also contributed to Water segment's AOP increase in FY2008.

Ports

The Ports segment achieved an AOP of HK\$96.3 million, a sharp 22% increase over FY2007. The throughput of Xiamen New World Xiangyu Terminals Co., Ltd. dropped 6% to 745,000 TEUs when compared to FY2007, as a major customer was lost in FY2008. The effect was partly compensated by a 4% increase in average tariff. Average tariff of Tianjin Orient Container Terminals Co., Ltd. increased after a rate hike in 2008. Average tariff of Tianjin Five Continents International Container Terminal Co., Ltd. also increased as more foreign cargoes were handled during FY2008. In September 2007, our 70% interest in Xiamen Xinyuan Container Terminal Co., Ltd. was sold and realized a gain of HK\$2.4 million.

Remarkable performance of Service & Rental

The Service & Rental division reported a remarkable 22% increase in AOP to HK\$1,391 million, compared with HK\$1,141 million in last year. The significant increase of AOP by HK\$250 million was mainly attributable to the continuing business growth of Contracting segment and increase in contribution from Taifook Securities Group Limited (“Taifook Securities”) after the completion of further acquisition of its shareholding to 61.3% on 8 June 2007.

Facilities Rental

The Facilities Rental segment continues to achieve satisfactory result, with an increase of 12% to HK\$453 million. Hong Kong Convention and Exhibition Centre (“HKCEC”) continued to achieve satisfactory result in FY2008 with 1,345 events held during the year serving over 4.6 million guests. Construction works of the Atrium Link expansion in HKCEC is due for completion in the first half of 2009, which will increase HKCEC’s available space by 30% up to 83,400 sq m. ATL Logistics Centre (“ATL”) recorded a steady profit with average occupancy rate maintaining at a high level of 98% in FY2008. The Group expects that ATL will continue to deliver stable profits.

Contracting

The Contracting segment performed well, with an AOP amounted to HK\$348 million representing a 36% increase when compared with FY2007, which is attributed to the gradual improvement of the overall operating environment in Hong Kong and the substantial contribution from Macau. It is expected that Macau will continue to be the major profit contributor in the next year. Performance of the Group’s engineering business remained satisfactory albeit substantial upsurge of workers’ salary, material price fluctuations and tender price war.

Financial Services

Performance of the Financial Services segment was encouraging, with its AOP rose to HK\$335 million, a sharp 137% increase over last year. The contribution attributable to this segment has become more significant after the Group increased its shareholding in Taifook Securities to 61.3% on 8 June 2007. Taifook Securities achieved excellent results for FY2008. The remarkable achievement can be mainly attributed to an exceptional robust stock market in 2007, in which contributions from Taifook Securities’ core operations all grew substantially during the first half of FY2008. Tricor Holdings Limited (“Tricor”) was also benefited from the booming stock market in year 2007 and has successfully expanded into the Mainland China and Singapore markets. Tricor achieved excellent results with a profit growth of 18% during FY2008.

Other Services

The Other Services segment, which comprises transport and other general services businesses, reported an AOP of HK\$255 million representing a 25% decrease over last year. The Group's transport business achieved an AOP of HK\$32.5 million for FY2008, a 68% decrease over FY2007. The decrease was due chiefly to the vastly increased fuel costs. The increase in staff wages and repairs and maintenance charges also added pressure to the overall profitability of the transport business.

Free Duty engaged in duty free tobacco and liquor retail business at Hong Kong International Airport and the ferry terminals in China Hong Kong City and Shun Tak Centre has achieved excellent result in FY2008 following robust patronage arising from the rebound in Hong Kong's tourism sector and the increasing trend in spending per passenger. The Group also commenced duty free operations in Lok Ma Chau Station in August 2007 and Lo Wu Station in January 2008.

The property management business contributed a stable profit to the Group despite tough market competitions and maintained a clientele of over 108,000 residential units under management. The Group will continue to explore new market opportunities in Mainland China.

A positive outlook

Looking forward, NWS Holdings has confidence in sustaining its growth momentum with a number of new projects in the pipeline. For the **Infrastructure** division, most current projects recorded stable growth and are defensive in nature while new projects will bring contributions in the near future. Some highlights include newly invested Chongqing Water Group, Guangzhou Fuel Company, Guangzhou City Nansha Port Expressway and Wenzhou Zhuangyuan Ao New World International Terminal. As for the **Service & Rental** division, new operations such as HKCEC Atrium Link expansion, Lo Wu Free Duty shop and new construction projects of Hip Hing Construction Company Limited will bring instant boost to the Group's profit. In addition, large scale projects such as the China Rail Container Terminals Project and the new logistic centre in Kwai Chung under construction are expected to generate strong growth momentum in the long run.

Capitalizing on its strengths and having established a strong foothold in the region, NWS Holdings will actively and prudently seek new investment opportunities in the Group's core businesses while maintaining a healthy capital structure and dividend policy. At the same time, the Group remains committed to building service excellence, upholding corporate governance, enhancing corporate brand and being socially responsible.

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Attachment : NWS Holdings' Consolidated Income Statement

This press release will be posted to the Group's website (www.nws.com.hk).

NWS Holdings Limited

NWS Holdings Limited (Hong Kong stock code: 659), the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 17), embraces a diversified range of businesses in Hong Kong, Mainland China and Macau. Its **Infrastructure** portfolio includes Roads, Energy, 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* and *NWS Engineering*), Financial Services (*Taifook Securities* and *New World Insurance*) and Other Services (*New World First Bus*, *Citybus* and *New World First Ferry*).

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Attachment

**NWS HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT**

For the year ended 30 June

	2008 HK\$'m	2007 HK\$'m
Revenue	18,889.5	15,047.1
Cost of sales	(16,519.4)	(13,750.8)
Gross profit	2,370.1	1,296.3
Other income	474.0	291.5
General and administrative expenses	(1,377.6)	(755.8)
Other charges	(135.7)	(14.4)
Operating profit	1,330.8	817.6
Finance costs	(298.7)	(221.1)
Share of results of		
Associated companies	315.8	542.6
Jointly controlled entities	2,901.7	1,034.8
Profit before income tax	4,249.6	2,173.9
Income tax expenses	(215.4)	(136.0)
Profit for the period	4,034.2	2,037.9
Attributable to		
Shareholders of the Company	3,818.3	2,005.4
Minority interests	215.9	32.5
	4,034.2	2,037.9
Dividend	1,939.3	1,104.4
Earnings per share attributable to the shareholders of the Company		
Basic	HK\$1.89	HK\$1.01
Diluted	HK\$1.88	HK\$1.01