

NWS Holdings Announces Interim Results 2009
HIGHLIGHTS

	For the six months ended 31 December		
	2008 HK\$ million	2007 HK\$ million	Change %
Revenue	8,658.2	9,367.8	(8)
Profit attributable to shareholders	813.3	2,233.5	(64)
Earnings per share (EPS)	HK\$0.40	HK\$1.11	(64)
Dividend per share	HK\$0.20	HK\$0.55	(64)
Gearing ratio: 23% (30 June 2008: 21%)			
Cash on hand: HK\$3,671 million (30 June 2008: HK\$4,124 million)			

(17 March 2009, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 659) today announced its interim results for the six months ended 31 December 2008 (the “Current Period”).

Profit attributable to shareholders decreased by 33% to HK\$813.3 million (2007: HK\$1,218.7 million excluding the HK\$1,014.8 million one-off profit from the sale of the residential flats of Harbour Place). Revenue decreased by 8% to HK\$8,658.2 million (2007: HK\$9,367.8 million). Attributable Operating Profit (“AOP”) decreased by 11% to HK\$1,241.2 million (2007: HK\$1,393.5 million).

The Board of Directors (the “Board”) has resolved to declare an interim dividend for the six months ended 31 December 2008 in scrip form equivalent to HK\$0.20 per share (2007: HK\$0.55 per share) with a cash option to shareholders registered on 15 April 2009. The dividend payout ratio of approximately 50.5% is in line with the dividend strategy declared by the Board in FY2005.

Healthy operation for Infrastructure

Infrastructure division achieved an AOP of HK\$574.1 million, an 18% decrease as compared with HK\$700.7 million for the corresponding period in the last financial year (the “Last Period”).

Roads

AOP of the Roads segment amounted to HK\$382.6 million, which represented a 5% increase over the Last Period. Projects within the Pearl River Delta Region have in general recorded a drop in traffic volume due to slowdown in business activities. The average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) fell by 3% and 8% respectively. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway also dropped by 5%. The toll revenue of Tangjin Expressway (Tianjin North Section) grew 33% in the Current Period after the introduction of toll-by-weight policy in August 2007. Its average daily traffic flow also rose by 15% as traffic was diverted to the expressway due to the temporary traffic measures introduced during Olympic period.

Energy

AOP of the Energy segment showed a significant decline of 79% to HK\$42.8 million during the Current Period. The combined electricity sales of Zhujiang Power Plants in the Current Period dropped by 10% as a result of soaring coal price and the downturn of the economy. The performance of Macau Power remained satisfactory with a growth of electricity sales of 6% during the Current Period despite delays or suspension of works of some mega-sized construction projects in Macau. Furthermore, electricity sales of Chengdu Jintang Power Plant increased 12% from the Last Period as two generation units commenced operation in June and October 2007 respectively.

Water

AOP of the Water segment amounted to HK\$93.1 million that represented a remarkable growth of 32% compared with the Last Period. The 7.5% effective investment interest in the Chongqing Water Group was completed in August 2008 and its contribution is reflected in the overall AOP. Average daily sales volume of Macau Water Plant decreased slightly by 1% in the Current Period. In Mainland China, Chongqing Tangjiatuo Waste Water Treatment Plant reported a 4% growth in daily average treated volume. Water sales volume of Zhengzhou Water Plant and Changshu Water Plant reduced by 6% and 3% respectively when compared to the Last Period. The overall impact of the global financial tsunami on the Water segment was small when compared to other business segments of the Infrastructure division.

Ports

AOP contribution of Ports segment dropped by 6% to HK\$55.6 million during the Current Period. The throughput of Xiamen New World Xiangyu Terminals Co., Ltd. reduced by 6% to 379,000 TEUs when compared to the Last Period, as the contract with a major customer had been terminated. Affected by the competition from new terminals and slowdown of economic activities, the throughput of Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents International Container Terminal Co., Ltd. fell 18% to 473,000 TEUs and 5% to 976,000 TEUs respectively.

Stable performance of Service & Rental

The Service & Rental division reported a slight 4% decrease in AOP to HK\$667.1 million, compared with HK\$692.8 million in the Last Period. The decrease was mainly attributable to the significant drop in AOP of Taifook Securities Group Limited (“Taifook Securities”), as a consequence of the global financial tsunami, but was partly offset by an encouraging performance from the Free Duty operation.

Facilities Rental

The Facilities Rental segment continued to provide a steady source of income and cash flow to the Group, with an increase of 6% in AOP to HK\$224.0 million. Hong Kong Convention and Exhibition Centre (“HKCEC”) continued to achieve satisfactory result for the Current Period with 527 events held and total patronage exceeded three million. Construction works of the Atrium Link expansion in HKCEC is due for completion soon and will increase HKCEC’s available space by 30% up to 83,400 sq m from April 2009. Being the world’s largest multi-storey warehousing and logistics facility, ATL Logistics Centre recorded a steady profit with average occupancy rate maintaining at a high level of 99% in the Current Period.

Contracting

The Contracting segment achieved an AOP of HK\$142.1 million for the Current Period, representing a slight increase of 2% over the Last Period, mainly due to the improved gross profit margin of the mechanical and engineering business. As at 31 December 2008, the gross value of contracts on hand for the construction group was approximately HK\$29.0 billion and that for the mechanical and engineering businesses was HK\$6.6 billion. While cautiously optimistic about the medium to long term prospects in Hong Kong, the Group is well positioned to take advantage of mega-sized projects such as the West Kowloon development, Disney phases 2 and 3, Kai Tak Redevelopment and the Hong Kong – Zhuhai – Macau Bridge.

Financial Services

The performance of the Financial Services segment deteriorated seriously in the Current Period, with its AOP fell 83% to HK\$37.4 million when compared with the Last Period. The global financial tsunami and the lack of turnover volume in the equity markets have led to Taifook Securities’ substantial decline in earnings from its core operations including brokerage service and margin financing services. As a result, its AOP contribution dropped significantly during the Current Period. Contributions from Tricor Holdings Limited remained stable in the financial turmoil.

Other Services

The Other Services segment, which comprises transport and other general services businesses, reported an AOP of HK\$263.6 million representing a 107% increase over the Last Period. However, there was a 35% decline in the AOP of the local bus operation and a HK\$8.4 million operating loss in local ferry's operation for the Current Period (2007: HK\$0.4 million). High fuel costs and salaries rise remained heavy burdens to the transport business. The gloomy economy and intense competition from the market have in general led to a drop in patronage of the Group's transport business.

Free Duty engaged in duty free tobacco and liquor retail business at various cross-boundary transportation terminals has achieved satisfactory result in the Current Period following an increased spending per passenger. Benefiting from the steady traffic growth via railway between Hong Kong and Mainland China, the duty free operation in Lo Wu and Hung Hom MTR Stations which commenced in January 2008 brought additional revenue to the Group during the Current Period.

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

Leverage on diversified portfolio

Taking advantage of its defensive and diversified portfolio, NWS Holdings has confidence in sustaining its businesses in both Infrastructure and Service & Rental divisions amid the current financial turmoil. While the Group actively looks for cost reduction opportunities in the coming year in order to maintain reasonable profitability, its management will continue to closely monitor developments in the market and strive to maintain a healthy return for shareholders. With the weak and unstable economy foreseen to persist, NWS Holdings endeavors to manage prudently, uphold sound corporate governance and be socially responsible.

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Attachment: NWS Holdings' Condensed Consolidated Income Statement (Unaudited)

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

Condensed Consolidated Income Statement - Unaudited

	For the six months ended	
	31 December	
	2008	2007
	HK\$'m	HK\$'m
		(restated)
Revenue	8,658.2	9,367.8
Cost of sales	(7,681.3)	(8,151.4)
Gross profit	976.9	1,216.4
Other income	275.2	287.9
General and administrative expenses	(581.4)	(693.7)
Other charges	(290.5)	-
Operating profit	380.2	810.6
Finance costs	(142.1)	(169.2)
Share of results of		
Associated companies	20.0	267.9
Jointly controlled entities	618.6	1,613.5
Profit before income tax	876.7	2,522.8
Income tax expenses	(47.6)	(142.6)
Profit for the period	829.1	2,380.2
Attributable to		
Shareholders of the Company	813.3	2,233.5
Minority interests	15.8	146.7
	829.1	2,380.2
Dividend	411.1	1,116.5
Earnings per share attributable to the shareholders of the Company		
Basic	HK\$0.40	HK\$1.11
Diluted	HK\$0.40	HK\$1.11