



Sustain the Nation's Growth

Our service businesses provide an unrivalled breadth and depth of expertise that stretches from facilities rental, contracting to transport and others. As we move forward, we continue to support economic development and sustain the nation's growth.



Service

In FY2006, there was a significant increment in the contribution from the service operations. It was mainly due to the turnaround of the contracting operation from a loss in previous year to a profit this year. Other businesses in service operations also achieved satisfactory contribution.

Hong Kong Convention and Exhibition Centre (“HKCEC”) continued to achieve satisfactory result in FY2006. More than 1,300 events were held during the year serving over 4.9 million guests. Its average occupancy rate achieved a record high of 58%, up by 5% due to the positive impact of the Sixth WTO Ministerial Conference held in December 2005.

New venues such as the AsiaWorld-Expo and other conference and exhibition facilities in the Mainland China and other Asian countries have increased market competition. To strengthen its leading position as a premier and well-renowned international exhibition centre and being a proven venue choice in Hong Kong, HKCEC will continually enhance its service quality, facilities and equipment. The Atrium Link expansion construction commenced in August 2006 and will be completed in 2009. After completion of the expansion, HKCEC will have 30% additional exhibition space, making a total of 83,400 sq. m..

ATL Logistics Centre (“ATL”) benefited from the recovery of local economy and booming Mainland China market. It recorded a steady profit with average occupancy rate reaching 96% in FY2006. Managing one of the largest multi-storey drive-in warehousing/container freight station complexes in Hong Kong, ATL continues to provide professional warehousing and terminal services to its global and sophisticated clientele and remains as the market leader in the industry. It is expected that ATL will keep on delivering stable contribution as a result of the continuous growth of Hong Kong economy due to relaxation of personal travel of Mainlanders and increase in local consumer spending.



In FY2006, the contracting operation achieved satisfactory results with a turnaround from a loss in FY2005 to a profit. The significant improvement in operating results is due to a combination of factors including effective cost control measures and increased volume of work.

Building on the entrenched reputation in managing mega-sized and high quality construction projects and following the recent recovery of the private property development sector, the contracts on hand as at 30 June 2006 amounted to around HK\$21 billion. Following the fast expanding market potential in the Macau construction industry, the Group has successfully demonstrated its competitiveness and market-leading capability in securing a number of mega-sized projects, notably the Grand Lisboa Hotel project and the MGM Grand Paradise project.

The transport industry has been continuously suffering from the escalating fuel prices which have, on average, increased by nearly 30% during the period under review. In addition, other cost factors such as tunnel tolls, vessel maintenance costs and increase in interest rates were also working against the profits of the year. Our transport business will continue to implement all possible cost reduction measures through better resources allocation and utilization.





On 28 September 2006, NWSH entered into a joint venture agreement to establish a Sino-foreign equity joint venture enterprise in Mainland China (the "JV Enterprise"). The JV Enterprise will participate in developing and operating large-scale pivotal rail container terminals in Mainland China and the total investment cost will be approximately HK\$11.5 billion. NWSH will have a 22% interest in the JV Enterprise and is required to pay approximately HK\$0.9 billion as its portion of the JV Enterprise's registered capital and provide financial support for any possible financing arrangement in proportion to its interest in the JV Enterprise up to approximately HK\$1.6 billion.

Free Duty engaged in retail business of duty free tobacco and liquor at Hong Kong International Airport as well as the ferry terminals in China Hong Kong City and Shun Tak Centre. With the rebound in tourism sector and robust patronage, the company achieved excellent result during the year. Following the increasing trend in spending per passenger and the opening of its new retail outlets totalling approximately 28,000 sq. ft. at the KCR Lok Ma Chau Station, it is expected Free Duty will continually deliver steady contribution to the Group.



Urban Property Management Group contributed a stable profit to the Group despite tough market competition and maintained a clientele of over 165,000 residential units under management.