



Service



Sustain the Nation's Growth

Our service businesses provide an unrivalled breadth and depth of expertise that stretches from facility management, contracting to transport and others.

As we move forward, we continue to support economic development and sustain the nation's growth.

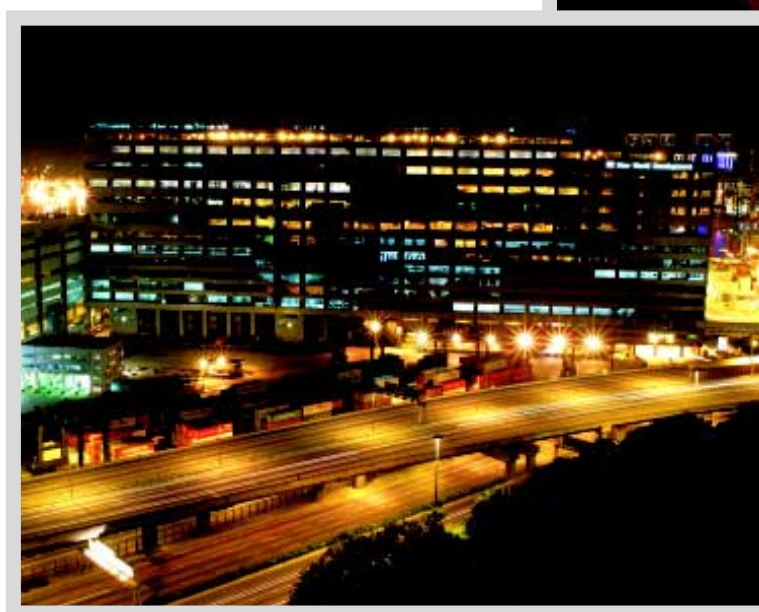
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In FY2007, there was a significant increment in the contribution from the service operations. Contracting, financial services, transport and other businesses in service operations achieved a substantial growth in the profit.

Hong Kong Convention and Exhibition Centre (“HKCEC”) continued to achieve satisfactory results in FY2007. New venues such as the AsiaWorld-Expo and other conference and exhibition facilities in Macau, Mainland China and other Asian countries have increased competition in this market. Construction works of the Atrium Link expansion commenced in August 2006 and is due for completion in 2009. The new 19,400 sq m expansion will increase HKCEC’s available space up to a total of 83,400 sq m.

ATL Logistics Centre (“ATL”) recorded a steady profit with average occupancy rate reaching 98% in FY2007. It has benefited from the growth of the local economy and the Mainland China’s market. Being one of the Hong Kong’s largest multi-storey drive-in warehousing/container freight station complexes, ATL continues to provide professional warehousing and terminal services for a demanding global clientele. As such, it remains as the market leader in the industry.

Due to a combination of factors including effective cost control measures and increase in volume of work, the contribution from the contracting operation improved significantly in FY2007. Leveraging its proven expertise in managing mega-sized and high quality construction projects and following the recent recovery of the private property development sector, our contracting operation has secured contracts of substantial size with total contract sum over \$35.9 billion as at 30 June 2007. Hip Hing Construction Company Limited (“Hip Hing”) was among the most competitive and successful specialist players in Macau’s rapidly expanding construction market. Notable among the number of large-scale projects Hip Hing secured in Macau were the Grand Lisboa Hotel, the MGM Casino projects and One Central Macau.



The contribution from financial services operation has become more significant after the further acquisition of Taifook Securities Group Limited ("Taifook") (HK stock code: 0665) shareholding and the benefit of buoyant stock market. In view of Taifook's enviable reputation in financial services business and satisfactory growth history, NWSH decided to further increase its shareholding in Taifook from 22% to 61% on 8 June 2007. Given the promising outlook of financial markets in Hong Kong and Mainland China, the Group is confident that the acquisition of Taifook will enhance its long-term profitability and align with its balanced investment strategy.

During the period under review, the transport operation achieved an increase in the contribution. The increase was mainly contributed by the local bus businesses and investment in Kwoon Chung Bus Holdings Limited. Despite the 5% growth in fare revenue, the local ferry business recorded a loss, mainly due to the rising operating costs. The Macau ferry services continued to achieve a satisfactory growth rate of 14% in patronage.

Free Duty engaged in retail business selling duty free tobacco and liquor at Hong Kong International Airport and the ferry terminals in China Hong Kong City and Shun Tak Centre. Robust patronage arising from the rebound in Hong Kong's tourism sector made a major contribution to the company's excellent performance during FY2007. It has commenced the duty free concession at Lok Ma Chau Station in August 2007 while the concession at Lo Wu will start from January 2008.

In September 2006, NWSH acquired a 22% stake in China United International Rail Containers Co. Ltd., becoming the second largest shareholder in a 50-year joint venture between a company under China's Ministry of Rail and five other Chinese and international partners. Terminals in Shanghai and Kunming have already been completed while construction work will soon start at Chongqing, Zhengzhou and Qingdao. Ultimately, the company will construct a total of 18 terminals in 18 major cities in Mainland China by 2010.

