

[Press Release]

**Chow Tai Fook & NWS Holdings
to Form Comprehensive Transport Services Provider**

(9 December 2003, Hong Kong) Chow Tai Fook Enterprises Limited (“CTF”) and NWS Holdings Limited (“NWS Holdings”, Stock code: 0659.HK) today jointly announced that they would form a comprehensive transport services provider, encompassing their full range of diversified transport-related businesses, under Merryhill Group Limited (“Merryhill Group”), currently an indirect wholly owned subsidiary of CTF.

The transaction will be effected pursuant to a Share Exchange Agreement involving cash payment, share swaps and shareholder loan capitalisation. Ultimately, CTF and NWS Holdings will each hold 50% of Merryhill Group.

Merryhill Group is envisioned to embrace the existing transport businesses of CTF and NWS Holdings which include local franchised and non-franchised bus services, inner and outer harbour and Hong Kong-Macau ferry services, local sightseeing ferry services, public transport services in Mainland China and other transport-related businesses.

After completion of the Share Exchange Agreement, both CTF and NWS Holdings will be able to structure their diversified transport businesses to strengthen their respective competitive positions and tap growth opportunities in Hong Kong, Macau and Mainland China.

The establishment of Merryhill Group will be instrumental in gearing up the growth of its transport businesses in Hong Kong, Macau and Mainland China. By pooling the extensive management expertise and solid track records of its various transport operations in different locations, Merryhill Group will be able to create a strong brand for the transport business and be in a good position to tap more business opportunities and explore new projects on the Mainland. New World First Bus Services (China) Limited, a member company under the post-completion Merryhill Group, will start public bus operations for the first time in Kunming in January 2004.

The creation of Merryhill Group will also improve operational efficiency throughout its transport businesses by realigning management resources, better deploying other resources and enhancing the overall quality of services provided to customers in Hong Kong, Macau and Mainland China.

CHOW TAI FOOK ENTERPRISES LTD.
周大福企業有限公司



After completion, both New World First Bus Services Limited (NWFB) and Citybus Limited (“Citybus”) will become member companies of Merryhill Group. They will continue to operate under their own franchises, and run separate route networks and bus fleets. Both NWFB and Citybus have no plans to lay off frontline staff.

The proposed new business structure will facilitate the two bus companies’ continued growth and development, and also pave the way for more extensive Bus-Bus-Interchange schemes across the NWFB and Citybus networks. Management will also explore the possibility of an Island Pass.

Commenting on the Share Exchange Agreement, Dr. Henry Cheng Kar Shun, Chairman of NWS Holdings, said, “The establishment of a comprehensive transport services provider is a very logical step in incorporating our various transport-related businesses under one umbrella. We believe this move will provide a strong competitive edge in different markets. As to the franchised bus operations, we fully understand the public’s wish to enjoy quality bus service and will continue to build on our track record to further enhance service standards. The realignment will benefit the travelling public and the synergistic benefits will enhance shareholders’ value ultimately.”

According to the Share Exchange Agreement, Merryhill Group shall repay a part of the Merryhill Group shareholder loans to CTF and issue new Merryhill Group shares to CTF to capitalise the remaining part of Merryhill Group shareholder loans.

Merryhill Group will also issue new shares and pay cash to NWS Holdings as consideration for the acquisition of New World First Holdings Limited (“NWFH”), which is the 100% parent company of New World First Bus Services Limited, New World First Ferry Services Limited, New World First Ferry Services (Macau) Limited, First Action Developments Limited and the holder of other transport-related investments, capitalisation of certain NWFH shareholder loans and the assignment (to Merryhill Group) of the remaining NWFH shareholder loans. This arrangement will have a positive impact on the balance sheet of NWS Holdings, primarily through a reduction of its net debt from approximately HK\$6.9 billion to HK\$5.4 billion as well as a decrease in its gearing ratio from about 62% to 49%.

The Share Exchange Agreement is subject to approval by the independent shareholders of New World Development Company Limited (“NWD” Stock code: 17.HK) and NWS Holdings at a special general meeting to be held in January 2004. NWD and NWS Holdings expect completion of the Share Exchange Agreement to take place by early next year.

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Background Information

Chow Tai Fook Enterprises Limited (“CTF”)

CTF, the privately owned company of the family of Dr. Cheng Yu-Tung, is the controlling shareholder of New World Development Company Limited (17.HK), which in turn has interests in three listed companies in New World Group: New World TMT Limited (301.HK), New World China Land Limited (917.HK) and NWS Holdings Limited (659.HK). The core businesses of these companies include property, infrastructure, services and telecommunications.

NWS Holdings Limited (“NWS Holdings”)

NWS Holdings Limited (“NWS Holdings”, Stock code: 0659.HK), the flagship servicing company of New World Development Company Limited (Stock code: 0017.HK), embraces a diversified range of businesses in Hong Kong, Macau and Mainland China. These businesses can be broadly grouped under three main divisions: service, traditional infrastructure and ports. Its **service** arm comprises Facilities (*Urban Property Management, General Security and the management of the Hong Kong Convention and Exhibition Centre*), Contracting (*Hip Hing Construction and NWS Engineering*), Transport (*First Bus and First Ferry*), Financial and Environmental. The **traditional infrastructure** portfolio includes roads and bridges, energy, and water treatment and waste management projects. For **ports**, NWS Holdings is principally engaged in container handling as well as logistics and warehousing.

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