

**NWS Holdings to Develop and Operate
Large-scale Pivotal Rail Container Terminals in Mainland China**

(28 September 2006, Hong Kong) NWS Holdings Limited (“NWS Holdings” or the “Group”; Hong Kong stock code: 0659) today announced that the Group has signed the joint venture agreement with a subsidiary of the Ministry of Railways, China Railway Container Transport Corp. Ltd., and other joint venture parties to set up a joint venture enterprise, China United International Rail Containers Co., Limited, which is a 50-year joint venture to develop and manage 18 large-scale pivotal rail container terminals in 18 major cities in Mainland China. This is the first large-scale sino-foreign joint venture of the Ministry of Railways, which will adopt a brand new operating mode of rail container transportation in Mainland China.

Pursuant to the joint venture agreement, the estimated total investment of the project is RMB12.0 billion (equivalent to approximately HK\$11.5 billion), 35% of which is registered capital, that is, RMB 4.2 billion (equivalent to approximately HK\$4.0 billion). NWS Holdings will hold 22% interest in the joint venture enterprise. Other shareholders include China Railway Container Transport Corp. Ltd (58%), China International Marine Containers (Group) Co., Ltd (10%) and Promisky Investment Limited (10%).

The joint venture agreement embraces policy support from the Ministry of Railways, such as rail transportation capacity, land-use rights, service reliability (including container block train fixed-time schedule, punctuality and service level standards) and network transportation. In addition, the joint venture can set the tariffs by itself according to the market. During the 50-year joint venture period, the joint venture will be principally engaged in developing and operating rail container terminals and related businesses by providing one-stop door-to-door logistics services, including container receiving and dispatching, loading and unloading, cargo consolidation, warehousing and storage, container repair, customs declaration, transshipment, clearance and inspection, container trucking, distribution and logistics, international freight forwarding, intermodal transportation and contracting of container block train service. The project would provide a rail transportation network at the 18 major coastal and inland cities in Mainland China to meet the anticipated robust international and domestic trade growth and freight movements.

The 18 pivotal rail container terminals will be developed by two phases. Phase One is consisted of 11 terminals, which include Shanghai, Kunming, Chengdu, Chongqing, Wuhan, Xian, Shenzhen, Qingdao, Dalian, Harbin and Tianjin, of which the Shanghai terminal is nearly completed and Kunming terminal is currently under construction. The remaining seven terminals in Phase Two include Zhengzhou, Lanzhou, Shenyang, Guangzhou, Urumqi, Beijing and Ningbo. All these 18 terminals are planned to be constructed by 2010.



Mr Tsang Yam Pui, Executive Director of NWS Holdings, said the Group is confident of the project's growth potential, "Mainland China has experienced rapid economic growth and there is a soaring demand in logistics service. Moreover, the territory is vast in Mainland China, where specialized rail networks for both passenger traffic and freight transport will be developed over time. As such, the growth potential of developing large-scale pivotal rail container terminals is enormous. In addition, an independent consultancy firm has undertaken a feasibility study on this project. It is believed the project would generate favorable contributions for the Group. By leveraging the expertise and know-how in different business scopes, the individual joint venture partners could bring their respective business strengths into full play in the project." To match with the State's Eleventh Five-Year Plan, the Ministry of Railways would develop 17,000 km rail networks as well as enhance the electrified rail system and high-speed train technology during this period. The construction of the 18 pivotal rail container terminals is in line with the overall development plan of rail transportation in Mainland China, revealed Mr Tsang.

Currently, in Mainland China the annual rail containerized cargo volume is about 3 million TEUs, which accounts for approximately 3% of the total rail freight, far below to that of 30% in the U.S. The Ministry of Railways expects the rail containerized cargo volume would increase to 10 million TEUs in 2010, which would account for 6% of the total rail freight. It is expected growth will further increase upon the completion of the 18 rail container terminals. In Mainland China, a single-deck container block train could carry approximately 100 TEUs. Double-deck block trains have already been adopted in the Beijing-Shanghai service, which could carry approximately 150 TEUs. The use of double-deck block trains will be expanded to other networks during the Eleventh Five-Year Plan period.

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

NWS Holdings Limited

NWS Holdings Limited ("NWS Holdings", Hong Kong stock code: 0659), the infrastructure and service flagship of New World Development Company Limited (Hong Kong stock code: 0017), embraces a diversified range of businesses in Hong Kong, Mainland China and Macau. Its **Infrastructure** portfolio includes Energy, Roads, 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 Group* and *NWS Engineering Group*), Transport (*New World First Bus*, *Citybus* and *New World First Ferry*), etc.

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Page 2 of 2