



29 November 2004

Mr Robert John Steen Law, JP
Director of Environmental Protection
Environmental Protection Department
28th floor, Southern Centre
130 Hennessy Road
Wan Chai
Hong Kong

Dear Robert,

After an intensive study of the various options for Hunghom Peninsula and careful consideration of the need to balance social and economic interests, NWS Holdings Limited ("NWS Holdings") and Sun Hung Kai Properties Ltd. ("Sun Hung Kai Properties") today made an announcement of our decision to redevelop the project, along with details of the plan.

We cannot emphasize enough that this has been a very difficult decision to make, and we wish to assure you that the redevelopment plan represents our best efforts to accommodate the many, often conflicting, priorities of the community. It would be a massive waste if this prime site was not used to its full potential. Our plan meets the highest environmental standards, and includes a comprehensive waste-reduction scheme to recycle up to 95% of the existing estate.

We believe that the redevelopment will increase the proportion of green space in Hunghom and greatly enhance architectural consistency and landscaping in the district. Most importantly, our commitment is a vote of confidence in the long-term prospects for Hong Kong.

The enclosed documents explain the rationale behind the redevelopment and the measures we will put in place to minimize its impact on the neighborhood and the community at large. We hope you find this package informative. Please feel free to call Mr Kwan Chuk Fai, General Manager - Corporate Communication of NWS Holdings at 2131 6253 and Ms May Lau, Head of Corporate Communications of Sun Hung Kai Real Estate Agency at 2828 5234 for more information.

With very best regards,

Stewart Leung
Executive Director
New World Development Company Limited

Thomas Kwok
Vice Chairman & Managing Director
Sun Hung Kai Properties Limited

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RS: A 29/11/04



Sun Hung Kai Properties

Press Release

Hunghom Peninsula Development Plan Consortium Sets New Environmental Standards With Waste Recycling Reaching 95%

(29 November 2004, Hong Kong) NWS Holdings Limited (0659.HK) and Sun Hung Kai Properties Ltd (0016.HK) today announced the redevelopment of Hunghom Peninsula following an intensive study of almost a year. To address public concerns of possible environmental issues that may arise from the project, the consortium will put in place a comprehensive construction materials recycling programme to implement the redevelopment plan.

A spokesperson for the Hunghom Peninsula project said: "Up to 95% of the construction materials will be recycled to minimize wastage. Hydraulic crusher, instead of conventional jackhammers, will be used with a view to significantly reducing noise and dust created by the demolition works. Of the 190,000 tonnes of construction debris, only a few thousand tonnes will be transported to the landfill. This is about one one-thousandth of the waste handled by Hong Kong landfills last year. Although the legislation on landfill charge has yet to come into effect, we have committed to donating an amount matching the landfill charge to support the promotion of greenery projects in Hong Kong. In addition, the proceeds from the sale of recyclable and reusable materials will be donated to support environmental projects.

The future development of Hunghom Peninsula has been a subject of public discussion over the past several months. The spokesperson said we should optimize the use of Hong Kong's scarce land resources. The Hunghom Peninsula development began as a Private Sector Participation Scheme (PSPS) project. Unfortunately, this was a mismatch of land resources. It would be a massive waste if this prime site was not used to its full potential.

"We appreciate the controversy surrounding the project and the redevelopment plan was a difficult decision for us. We understand public concerns about the environmental issues, and we also attach great importance to the development needs. As a result, we have carefully studied various options for almost a year, hoping to find a solution that can meet Hong Kong's development needs, addresses community concerns and balance all interests," the spokesperson said.

In light of the public concerns, the consortium has carefully considered three options, including selling the existing units as they are, extensive renovation and reconfiguration to upgrade quality of the flats, as well as demolition and reconstruction. The spokesperson said the consortium has fully considered different

comments from the community, weighed the pros and cons of each option, and finally decided on the third option.

The spokesperson explained that to keep the original plan for this prime site was simple but it failed to make optimal use of Hong Kong's scarce land resources. Since the original layout and facilities were designed to PSPS estate standards, it falls short of market expectation of private property.

Over the past year, the consortium also explored the possibility of an extensive renovation and reconfiguration to bring the units up to private estate standards, with a simulation in Chai Wan. These included approaches like partial demolition of interiors and changing unit layouts, as well as partial demolition of external walls to accommodate larger windows for more light and spaciousness. In all scenarios, the limitations of the original layout proved to be insurmountable, so this option was ruled out.

After careful consideration, the consortium believes that a full redevelopment is the best option as it will offer the benefits of comprehensive planning using a premium design and materials, as well as incorporating facilities that meet the standards expected of a private estate. This option can also significantly increase the green area and maintain the standard of waterfront property, enabling this prime site to be used to its full potential.

"The Hunghom development began as a PSPS project to help meet the government's housing supply target, and the original plan for this prime site is now clearly at odds with Hong Kong's future development needs. To make optimal use of Hong Kong's scarce land resources is the right decision," the spokesperson said.

"Redeveloping Hunghom Peninsula not only helps create over a thousand new jobs, meet market demand for premium land, raise government revenue from increased stamp duty and rates, and stabilise Hunghom's housing prices. In addition, the project will improve the district waterfront with a new green design, more open space and better environment," he added.

"In correcting the mismatch in land resources, we demonstrate to our next generation that if a mistake was made, one should have the courage to put it right. Moreover, our comprehensive green construction programme also helps raise the next generation's awareness of protecting the environment."

To bolster the transparency of the project and address the concerns of neighbouring residents, students, parents, teachers and groups that take an interest in the plan, the consortium will set up a Hunghom Peninsula Concern Group to provide a platform for all parties concerned to be briefed regularly the project's status and the implementation of environmental measures. The Concern Group will also provide an opportunity for representatives to voice their views and for the consortium to follow up their suggestions. The consortium will invite representatives from Kowloon City District Council, Ma Tau Chung Government Primary School (Hunghom Bay), the Hong Kong Polytechnic University and its halls, Whampoa Garden owners'

committees as well as green groups to join the Concern Group. A hotline and an e-mail will be set up for public enquiry.

The spokesperson pointed out that the consortium wants to redevelop Hunghom Peninsula in the spirit of transparency, sincerity and responsibility.

"From the time we bid for the project to making today's decision to redevelop the site, every step we took is within the law. The decision is also reasonable and fully reflects that we have acted responsibly to our shareholders," the spokesperson remarked.

"Redeveloping Hunghom Peninsula is a major investment for the consortium, and the fact that we are implementing a comprehensive recycling programme only adds to the investment risk. Nonetheless, we are willing to spend more time and money on the project. The investment decision is our vote of confidence in Hong Kong's future."

"The redevelopment plan has been conceived with the principles of balancing the interests of society and our shareholders, as well as our commitment to be good corporate citizens. We believe our decision will create a win-win situation," the spokesperson concluded.

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Attached is the fact sheet of the redevelopment of Hunghom Peninsula (95% waste recycling – the highest environmental standards).

This press release will be posted to the website of NWS Holdings Limited (www.nwsh.com.hk) and the website of Sun Hung Kai Properties Ltd (www.shkp.com).

NWS Holdings Limited

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

Sun Hung Kai Properties Ltd

Sun Hung Kai Properties (Stock code: 0016.HK) was publicly listed in 1972 and is now one of the largest property companies in Hong Kong. It specializes in premium-quality residential and commercial projects for sale and investment. The Group employs over 21,000 people and has in-house expertise in land acquisition, architecture, construction, engineering and property management that allow it to maintain stringent cost controls, while still adhering to the highest standards of quality. The Group's core business is the development of property for sale and investment. The Group also has complementary operations in property related fields such as hotels, financial services, insurance and property management. The Group also has investments in telecommunications, information technology, transportation, infrastructure and logistics.

For further information, please contact:

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Redevelopment of Hunghom Peninsula At the Highest Environmental Standards

- The consortium has retained international environmental consultants to create the most comprehensive recycling programme ever launched in Hong Kong. Up to 95% of the materials produced will be recycled to ensure that the works will cause minimal disruptions to the neighbourhood. The recycling rate sets a new standard for Hong Kong.
- Reusable items such as sinks, bathtubs, air conditioners, door closers and faucets will be donated to charity. A number of charitable organizations have expressed interest in the donation plan. And other charities are welcome to make a registration through our hotline.
- Remaining reusable items, if any, will be sent to the Mainland's second-hand market for reuse.
- Materials such as steel, aluminium and wood will be recycled in Mainland construction projects.
- Concrete will be crushed and used for other civil engineering projects in Hong Kong and on the Mainland. Using crushed concrete will reduce the need to quarry stone or dredge fill from the seabed, thus minimizing environmental damage.
- The consortium has set up an advanced control center to monitor the movement of construction vehicles using global positioning satellite.
- The consortium is committed to ensuring that construction vehicles will be fully enclosed when transporting debris. It will also strictly bar the construction vehicles from entering or leaving the site during peak hours when students go to or from the Ma Tau Chung Government Primary School (Hunghom Bay).
- Completely wrapping each block in tarpaulins and netting will reduce noise and dust.
- Sprinkler systems and fully enclosed construction vehicles for transporting debris will reduce dust further.
- The consortium has installed a number of noise and air quality monitors near the site and started to record any change of noise level and air quality last week. The subsequent building works will also be carried out with similar high environmental standards.

A list of recyclable materials:

Reusable materials:

Items

- Kitchenware
- Bathtubs
- Wash basins
- Faucets
- Sinks
- Air conditioners
- Aluminium window frames
- Switches
- Door locks
- Door hinges

Recyclable materials:

Items

- Steel
 - Concrete
 - Aluminium
 - Wood
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