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POTENTIAL TRANSACTION BETWEEN

NEW WORLD DEVELOPMENT COMPANY LIMITED

AND

NEW WORLD INFRASTRUCTURE LIMITED

New World Development Company Limited and New World Infrastructure Limited announce that they are in discussion of a potential internal reorganization relating to the fixed line telecommunications businesses.

Application has been made by NWI for the resumption of trading in shares of NWI and it is expected that trading will resume at 10:00 a.m. on 29 January 2002.

New World Development Company Limited ("NWD") and New World Infrastructure Limited ("NWI") announce that they are in discussion of a potential internal reorganization relating to the fixed line telecommunications businesses. Consideration of the potential internal reorganization may involve the issuance of convertible notes and warrants of NWI. The potential internal reorganization, if proceeds, may constitute a notifiable transaction for NWI under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). NWD and NWI have noted that there have been articles in several newspapers discussing the potential internal reorganization and wish to state that they are not aware of the sources of such reports. Discussion regarding such reorganization is on-going and such reorganization may or may not materialise. Further announcement will be made by NWD and NWI as and when appropriate in accordance with the relevant requirements of the Listing Rules.

Investors are reminded that no definitive agreement has been entered into regarding the reorganization and it is not certain that the reorganization will proceed. Investors should exercise caution when dealing in the securities of the two companies.

At the request of NWI, shares of NWI have been suspended from trading on the Stock Exchange at 10:00 a.m. on 28 January 2002. Application has been made by NWI for the resumption of trading in shares of NWI and it is expected that trading will resume at 10:00 a.m. on 29 January 2002.

By order of the Board
New World Development Company Limited
Leung Chi-Kin Stewart
Company Secretary

By order of the Board
New World Infrastructure Limited
Chow Oi-Wah, Fergus
Company Secretary

Hong Kong, 28 January 2002

* For identification purpose only

"Please also refer to the published version of this announcement in the South China Morning Post"