

新創建集團有限公司 **NWS Holdings Limited**

(incorporated in Bermuda with limited liability)

(Stock code: 659)

PROPOSED ISSUE OF CONVERTIBLE BONDS

The Directors of the Company are pleased to announce that on 29 March 2004, the Company and the Issuer entered into a subscription agreement with MSI in connection with the issue by the Issuer of HK dollar denominated convertible bonds in aggregate principal amount of HK\$1,350 million. The bonds are guaranteed by the Company and are convertible into ordinary shares of HK\$1.00 each in the share capital of the Company.

The Issuer has granted MSI an option, which can be exercised in whole or in part on up to two occasions at any time on or before the 30th day following the Closing Date, to require the Issuer to issue up to a further HK\$150 million in aggregate principal amount of the Bonds. If the Option is exercised in full, the aggregate principal amount of the Bonds issued would be HK\$1.500 million

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent set out in the agreement. (See the section headed "Conditions of the Subscription Agreement" below for further information.) In addition, the Subscription Agreement may be terminated in certain circumstances. (See the section headed "Termination" below for further information.) The Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the Bonds will be offered to the public in Hong Kong and none of the Bonds will be placed to any directors,

chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The net proceeds from the issue of the Bonds (assuming the Option is not exercised) are estimated to be approximately HK\$1,325 million. The aggregate expenses relating to the issue of the Bonds (assuming the Option is not exercised) amount to approximately HK\$25 million including commissions and other ancillary expenses. The net proceeds are currently intended to be used by the Company for repayment of existing debt (as to approximately 50%) and for general working capital of the Group (as to approximately 50%)

As the Subscription Agreement may or may not complete, Shareholders and prospective investors are advised to exercise caution when dealing in the shares of the Company.

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange has been suspended since 9:30 a.m. (Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading the release of Stock Exchange with effect from 9:30 a.m. (Hong Kong time) on 31 March 2004.

SUBSCRIPTION AGREEMENT DATED 29 MARCH 2004

The Directors are pleased to announce that on 29 March 2004, the Company and the Issuer entered into the Subscription Agreement with MSI in connection with the issue of the Bonds in aggregate principal amount (not including the Optional Bonds) of HK\$1,350 million. The bonds are denominated in HK dollars and are convertible into ordinary shares of HK\$1.00 each in the share capital of the Company and are guaranteed by the Company.

Introduction

the Issuer;

the Company; and

MSI. (c)

MSI is the sole bookrunner and lead manager in respect of the subscription and issue of the Bonds. MSI and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company. The Hongkong and Shanghai Banking Corporation Limited will be the co-lead manager and Tai Fook Securities Group Limited will be the co-manager in respect of the offering of the Bonds. Subject to the fulfilment of the conditions set out below under the sub-section headed "Conditions of the Subscription Agreement" and pursuant to the terms

of the Subscription Agreement, MSI has agreed, among other things, to subscribe or procure subscribers for Bonds with an aggregate principal amount of HK\$1,350 million The Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance

upon Regulation S of the US Securities Act. None of the Bonds will be offered to the public in Hong Kong and none of the Bonds will be placed to any connected persons (as defined in the Listing Rules) of the Company.

MSI may (to the extent permitted by applicable laws) over-allot or effect transactions with a view to supporting the market price of the Bonds at levels which might not otherwise prevail in the open market for a limited period. However, there is no obligation on MSI to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. MSI will conduct any such stabilisation in accordance with all applicable laws and regulations (including, but not limited to, the Listing Rules and the Securities and Futures Ordinance (Cap. 571)).

The Issuer has granted to MSI an option, which can be exercised in whole or in part on up to two occasions at any time on or before the 30th day following the Closing Date, to require the Issuer to issue up to a further HK\$150 million in aggregate principal amount of the Bonds. If the Option is exercised in full, the aggregate principal amount of the Bonds issued would be HK\$1,500 million.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon, among other things:

- MSI being satisfied with the results of its due diligence investigations on the Company, the Issuer and their respective subsidiaries for the purpose of
- an application for listing of the Bonds and the Conversion Shares having been made to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange approving the listing of the Bonds and the Conversion Shares, subject to any conditions reasonably satisfactory to the Issuer, the Company
- (c) the execution and delivery of the Trust Deed and a paying and conversion agency agreement in relation to the Bonds and all other documents ancillary to the transactions contemplated under the Subscription Agreement:
- (d) the issuance of certain legal opinions and of auditors' comfort letters:
- the representations and warranties given by the Issuer and the Company to MSI remaining true and accurate as at the Closing Date; and
- there being no material adverse change in the condition (financial or otherwise), earnings, business or operations of the Company or the Group as a whole from that to be set out in the Offering Circular. (f)

MSI may at its discretion waive compliance with the whole or part of the conditions

Certain undertakings relating to the Subscription Agreement

The Company and the Issuer have undertaken to MSI (among other things) that (i) (subject to certain exceptions), they will not (nor will any of their respective subsidiaries or persons acting on their behalves) for a period commencing on 29 March 2004 and ending on the date 90 days after 26 April 2004 or, if later, the Option Closing Date (the "Restricted Period"), without the prior written consent of MSI (such consent not to be unreasonably withheld) allot, issue, offer to allot or issue, pledge, sell, contract to sell, sell any contract to purchase, purchase any option to sell, grant any option, right or warrant to subscribe, otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly or otherwise) or deposit in any depositary receipt facility, securities of the same class as the Bonds or the Shares or any securities which are convertible into or exercisable or exchangeable for or otherwise carrying rights to acquire or subscribe for securities of the same class as the Bonds or the Shares or enter into any agreement or arrangement whereby any such securities or interests may be issued during the Restricted Period, otherwise than pursuant to the conversion of the Convertible Bonds or the granting of any option, or the exercise of any such option granted, under the existing share option schemes of the Company; and (ii) New World Development Company Limited has given a written undertaking to MSI to the effect that it will not and will procure companies directly or indirectly controlled by it and which hold any Shares or any interest therein will not, during the Restricted Period, sell, charge, dispose of or enter into any agreement or arrangement to sell, charge or dispose of any Shares or any interest therein whatsoever and howsoever.

The Subscription Agreement may be terminated in certain circumstances. In particular, MSI may terminate the Subscription Agreement by notice in writing to the Issuer and the Company given at any time prior to payment of the net subscription monies for the Bonds to the Issuer on the Closing Date. Such

- if there comes to the notice of MSI any breach of, or any event which renders untrue or incorrect any of the warranties and representations in the Subscription Agreement or any material failure to perform any of the Issuer's or the Company's undertakings or agreements in the Subscription Agreement:
- if any of the conditions specified in the Subscription Agreement has not been satisfied or waived; and
- if (i) trading generally shall have been suspended or materially limited on or by, as the case may be, either the New York Stock Exchange, the London Stock Exchange or the Hong Kong Stock Exchange, (ii) trading of any securities of the Company shall have been suspended on the Hong Kong Stock Exchange save for any temporary suspension for not more than 3 business days pending the issue of an announcement but lifted before the Closing Date, (iii) a material disruption in securities settlement, payment or clearance services in Hong Kong shall have occurred, (iv) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or a general moratorium on commercial banking activities in London or Hong Kong shall have been declared by the UK or Hong Kong authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets, currency exchange rates or controls or any calamity or crises that, in the sole discretion of MSI, is material and adverse and which, singly or together with any other event specified in this paragraph (c), makes it, in the sole discretion of MSI, likely to prejudice materially the success of the offering and distribution of the Bonds on the terms and in the manner contemplated in the Subscription Agreement or in the Offering Circular.

Subject to the foregoing, completion of the subscription and issue of the Bonds shall take place on the Closing Date, which is expected to be on or about 26

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Redemption at option of the

Form and Denomination

Status

Listina

Negative Pledge

The principal terms of the Convertible Bonds are summarised as follows:

Issuer The Issuer Guarantor The Company

MSI Manager

HK\$1,350 million (or HK\$1,500 million if the Option is exercised in full) Principal Amount

The Issuer has granted MSI an Option, which can be exercised in whole or in part on up to two occasions at any time Option on or before the 30th day following the Closing Date, to require the Issuer to issue up to a further HK\$150 million in

aggregate principal amount of the Bonds. Maturity Date Five years from (and inclusive of) the Closing Date Issue

Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the Terms and Conditions, the Issuer will redeem the Bonds on the Maturity Date (as defined above) at 97.53% of the outstanding Redemption at Maturity principal amount thereof.

Subject to certain conditions, the Bonds are convertible at any time on and after 27 May 2004 and prior to 11 April Conversion 2009 into Conversion Shares at the Conversion Price (as described below) (subject to adjustmen

HK\$13.63 per Conversion Share. The Conversion Price will be subject to adjustment for, among other things Conversion Price

subdivision or consolidation of the Shares, capital distributions, bonus issues, rights issues and other dilutive events.

Cash settlement option of the Issuer The Issuer may, at its option, satisfy its obligation to deliver Conversion Shares pursuant to the exercise of the right of conversion of a Bondholder, in whole or in part, by paying to the relevant Bondholder an amount of cash in HK dollars equal to the product of (i) the number of Conversion Shares otherwise deliverable upon exercise of such

Bondholder's right of conversion in respect of which the Issuer has elected to satisfy by cash and (ii) the volume weighted average price of the Shares on the Hong Kong Stock Exchange for each day during the 5 trading days immediately following the relevant conversion date. The Issuer may redeem the Bonds, in whole or in part, on and at any time after 26 October 2005 and prior to the Maturity Date at the Early Redemption Amount (as defined in the Terms and Conditions) at the date fixed for such Redemption at option of the Issuer

redemption, provided that the closing price of the Shares for each of any 20 dealing days falling within a period of 30 consecutive dealing days, the last day of which period occurs no more than 5 dealing days prior to the date upon which notice of such redemption is given, is at least 120% of the Conversion Price in effect on each such dealing

If at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued (including any further issues), the Issuer shall have the option to redeem such outstanding Bonds in whole but not in part at the Early Redemption Amount The Bonds may be redeemed, at the option of the Bondholders, (a) on the second anniversary of the Closing Date at

99% of their principal amount, and (b) in the event of a Change of Control of the Company or a delisting of the Shares at the Early Redemption Amount at the relevant redemption date. The Bonds will be in registered form and in denomination of HK\$10,000 each and will be freely transferable.

The Bonds will be represented by a global certificate which will be registered in the name of a nominee of, and will be deposited on or about the Closing Date with a common depositary for, Euroclear Bank S.A./N.V. and Clearstream

Banking, societe anonyme The Bonds will be direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank at least pari passu in right of payment with all other unsubordinated, unconditional and unsecured obligations

of the Issuer and shall at all times rank pari passu among themselves, except as may be required by mandatory provisions of applicable law.

Bondholders will not have any right to attend or vote in any meeting of the Company by virtue of their being Bondholders

So long as any Bond remains outstanding, the Company has agreed that, unless certain conditions are met, it will

Hong Kong Stock Exchange

not create or permit to subsist, and the Company will procure that no Subsidiary (as defined in the Terms and Conditions) creates or permits to subsist any Security upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Investment Securities or to secure any guarantee of or indemnity in respect of, any Investment Securities. An application will be made for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange. An application will be made for the listing of, and permission to deal in, the Conversion Shares on the

capital of the Company and approximately 5.24% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming the Option is not exercised). In the event of the exercise of the Option in full, the aggregate principal amount of the Bonds of HK\$1,500 million will be convertible into approximately 110,051,357 Conversion Shares (subject to adjustment for, among other things, subdivision or consolidation of the Shares, bonus issues, rights issues and other dilutive events), representing approximately 6.15% of the existing issued share capital of the Company and approximately 5.79% of the issued share capital of

The Conversion Price of HK\$13.63 per Conversion Share (subject to adjustment) represents a premium of approximately 25% to the closing price of HK\$10.90 per Share as quoted on the Hong Kong Stock Exchange on 29 March 2004 and a premium of approximately 30% to the average closing price of HK\$10.47 per

For illustrative purposes and assuming conversion at HK\$13.63 per Conversion Share, the aggregate principal amount of the Bonds of HK\$1,350 million (assuming the Option is not exercised) will be convertible into approximately 99,046,221 Conversion Shares (subject to adjustment for, among other things,

subdivision or consolidation of the Shares, bonus issues, rights issues and other dilutive events), representing approximately 5.53% of the existing issued share

the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be issued pursuant to the general mandate given to the Directors at the annual general meeting of the Company held on 28

November 2003. Other than the proposed issue of the Bonds, the Company has not conducted any capital raising exercise in the 12 months prior to this announcement. The Conversion Shares will when issued, rank equally with the existing Shares in issue at the date of issue of the Conversion Shares. The Company will promptly notify the Hong Kong Stock Exchange if it becomes aware of any dealings in the Bonds by any connected persons (as defined in the Listing Rules).

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

COMPARISON OF THE CONVERSION PRICE

CONVERSION SHARES

The ordinary shareholdings in the Company before and after the issue of the Conversion Shares (Note 1) are summarised as follows:

Share as quoted on the Hong Kong Stock Exchange for the 10 trading days up to and including 29 March 2004.

	At pr	esent	After the issue of the Conversion Shares (assuming Option not exercised)		After the issue of the Conversion Shares (assuming Option exercised in full)	
Shareholder	No. of Shares	Approximate % of issued ordinary share capital of the Company	No. of Shares	Approximate % of issued ordinary share capital of the Company	No. of Shares	Approximate % of issued ordinary share capital of the Company
Mombasa Limited	303,221,591	16.94%	303,221,591	16.05%	303,221,591	15.96%
New World Development Company Limited (Note 2)	969,779,643	54.18%	969,779,643	51.34%	969,779,643	51.04%
Chow Tai Fook Enterprises Limited	2027, 7270 .0		2027 270	0.10.77	2027 270	0.110.170
(Note 3)	1,029,611,536	57.52%	1,029,611,536	54.50%	1,029,611,536	54.19%
Bondholder(s) (Note 4)	_	_	99,046,221	5.24%	110,051,357	5.79%
Public	760,444,557	42.48%	760,444,557	40.26%	760,444,557	40.02%
Total	1,790,056,093	100.00%	1,889,102,314	100.00%	1,900,107,450	100.00%
Notas						

On the basis of a conversion price of HK\$13.63 per Share (subject to adjustment).

- New World Development Company Limited indirectly holds 100% interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. New World Development Company Limited is also deemed to be interested in 1,970,911 shares in the Company which are held by Financial Concepts Investment Limited, a non-wholly owned subsidiary of New World Development Company Limited.
- Chow Tai Fook Enterprises Limited (together with its subsidiaries) have interests in more than one-third of the issued shares of New World Development Company Limited and Chow Tai Fook Enterprises Limited is accordingly deemed to have an interest in the shares interested by or deemed to be interested by New World Develo
- Shares held by "Bondholders" are not included in the number held by "Public". NET PROCEEDS, REASONS FOR THE ISSUE OF BONDS AND USE OF PROCEEDS

The net proceeds from the issue of the Bonds (assuming the Option is not exercised) are estimated to be approximately HK\$1,325 million. The aggregate expenses relating to the issue of the Bonds (assuming the Option is not exercised) amount to approximately HK\$25 million including commissions, and other

The Directors consider that the issue of the Bonds will strengthen the capital base of the Group. They are of the view that the terms of the Bonds are fair and reasonable and are in the interests of the Group as a whole

It is the present intention of the Directors to use the net proceeds from the issue of the Bonds for repayment of existing debt (as to approximately 50%) and for eneral working capital of the Group (as to approximately 50%).

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. (Hong Kong time) on 30 March 2004 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. (Hong Kong time) on 31 March 2004.

PRINCIPAL BUSINESS OF THE GROUP

The Group's principal businesses include: (i) facilities, contracting, financial and environmental services businesses as well as transport and related businesses; (ii) the development, investment, operation and/or management of and in toll roads, expressways, bridges and tunnel, power plants, water treatment and waste management plants; and (iii) the development, investment, operation and management of container handling, logistics and warehousing businesses.

Owing to the price sensitive nature of the transactions contemplated in this announcement, Shareholders and prospective investors are advised to exercise caution when dealing in the shares of the Company. **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

holder(s) of the Bonds from time to time Bondholder(s) HK dollar denominated convertible bonds to be issued by the Issuer and convertible into the Shares of, and quaranteed by **Bonds**

Change of Control the acquisition or control of more than 50% of the voting rights of the issued share capital of the Company or the right to

appoint the majority of the Directors or where a merger results in the same Closing Date 26 April 2004 or such other date as may be agreed by the Company and MSI

Company NWS Holdings Limited, a company incorporated in Bermuda with limited liability and which is listed on the Hong Kong Stock Exchange

Conversion Price HK\$13.63 per Share (subject to adjustment) **Conversion Shares** Shares to be allotted and issued by the Company upon conversion of the Bonds

The director(s) of the Company Directors

The Company and its subsidiaries Group The lawful currency of Hong Kong HK\$ and HK dollars

The Hong Kong Special Administrative Region of The People's Republic of China Hong Kong

The Stock Exchange of Hong Kong Limited Hong Kong Stock Exchange bonds, debentures, notes or other investment securities with a maturity of not less than one year which are or are capable **Investment Securities**

of being quoted, listed, dealt in or traded on any stock exchange, quotation system or over-the-counter market or other NWSH Capital Finance Limited, a company incorporated in the British Virgin Islands and wholly owned by the Company

Listing Rules the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

London Stock Exchange London Stock Exchange plc the date falling five years from (and inclusive of) the Closing Date **Maturity Date**

Morgan Stanley & Co. International Limited **New York Stock Exchange** New York Stock Exchange, Inc.

Offering Circular the listing document to be issued in connection with the Bonds Option an option granted by the Issuer to MSI to subscribe for all or any of the Optional Bonds for a period of 30 days commencing

Optional Bonds Bonds to be issued by the Issuer upto a maximum aggregate principal amount of HK\$150 million upon exercise of the

Option Closing Date a date determined by MSI but which must be not later than 10 June 2004 Regulation S Regulation S under the US Securities Act

Security any mortgage, charge, pledge, lien or other form of encumbrance or security interest Shareholder(s) holder(s) of Share(s) as recorded on the register of members of the Company Share(s) ordinary share(s) of HK\$1.00 each in the share capital of the Company

Subscription Agreement the subscription agreement dated 29 March 2004 between the Company, the Issuer and MSI in connection with the issue of

Subsidiary has the meaning given to it in section 2(4) of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong

the terms and conditions of the Bonds to appear on the reverse of each of the definitive certificates evidencing the Bonds Terms and Conditions

Trust Deed the deed to be executed constituting the Bonds the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

any persons or entities deemed to be a US person for purposes of Regulation S under the US Securities Act, as amended **US Persons US Securities Act** the US Securities Act of 1933, as amended

Hong Kong, 30 March 2004 For identification purposes only

US

NWS Holdings Limited Dr. Cheng Kar Shun, Henry

By Order of the Board