



新創建集團有限公司*
NWS Holdings Limited
(formerly known as Pacific Ports Company Limited)
(incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS

The NWD Directors and the NWSH Directors would jointly announce that on 19 March 2003, NWFF (Macau), Best Conquer, the Vessel Owners, CTFEL and Star Success entered into the Master Charter Agreement, pursuant to which NWFF (Macau) conditionally agreed to enter into eight separate Bareboat Charters with the Vessel Owners. Under the Bareboat Charters, NWFF (Macau) will charter the eight Vessels from the Vessel Owners for an initial term of four years commencing from the date of completion of the Master Charter Agreement. Subject to the mutual agreement of NWFF (Macau) and the Vessel Owners at the time, all (but not some) of the Bareboat Charters may be renewed for up to four years upon the expiry of the initial term of the Bareboat Charters. The same terms and conditions of the Bareboat Charters will apply to the renewed Bareboat Charters (except for the right of renewal, which will not be available under any renewed Bareboat Charters, and the term of lease, which may not exceed 4 years). The charter hire payable by NWFF (Macau) to each Vessel Owner each year will be equal to 25% of the fare revenue from the operation of its respective Vessel for that year. Under the Master Charter Agreement, CTFEL and Star Success have agreed to provide the Guarantees in favour of NWFF (Macau).

NWFF (Macau) is an indirect wholly owned subsidiary of NWS Holdings. Star Success is a wholly owned subsidiary of CTFEL, which is the controlling shareholder (as defined in the Listing Rules) of NWD, which in turn holds approximately 54% of the issued share capital (and hence a controlling shareholder (as defined in the Listing Rules)) of NWS Holdings. Best Conquer and its subsidiaries (including the Vessel Owners) are direct or indirect wholly owned subsidiaries of Star Success and, accordingly, are connected persons of NWS Holdings. The entering into and performance of the Master Charter Agreement constitute a connected transaction of NWD and NWS Holdings under Rule 14.25(1) of the Listing Rules.

As the aggregate Charter Hires per annum for any particular financial year during the Charter Period is provided to be subject to a maximum prescribed at 1.5% of the audited consolidated net tangible assets of the NWSH Group for the immediately preceding financial year (which in turn is expected to be less than 3% of the audited consolidated net tangible assets of the NWD Group of the corresponding financial year), approvals from shareholders of NWD and shareholders of NWS Holdings are not required for such connected transactions. Details of the connected transactions will be included in the annual report and financial statements of NWD and NWS Holdings for each financial year during the Charter Period.

The connected transactions contemplated under the Bareboat Charters, which are to be entered into in pursuance of the Master Charter Agreement, will continue from year to year until the expiry of the Bareboat Charters. Accordingly, NWD and NWS Holdings have applied for a waiver from strict compliance with the disclosure requirements under 14.25(1) of the Listing Rules subject to the conditions set out below.

THE MASTER CHARTER AGREEMENT

Date: 19 March 2003

Parties: (a) Best Conquer and the Vessel Owners as principal obligors
(b) CTFEL and Star Success as guarantors
(c) NWFF (Macau) as charterer

Subject matter: The Vessels are agreed by the Vessel Owners to be let, upon completion of the Master Charter Agreement, to NWFF (Macau) by entering into separate Bareboat Charters in respect of each of the Vessels, the principal terms of which are set out in the paragraph below.

Principal terms of Bareboat Charters:

(a) Charter Period:
(i) an initial term of four years commencing from the date of completion of the Master Charter Agreement
(ii) if NWFF (Macau) and the Vessel Owners agree, all but not some of the Bareboat Charters may be renewed for up to four years upon expiry of the initial term of the relevant Bareboat Charters. The same terms and conditions of the Bareboat Charters will apply to the renewed Bareboat Charters, except for (aa) the right of renewal, which shall not apply to any renewed Bareboat Charters, and (bb) the term of hire of the Vessels under the Bareboat Charter, which will be limited to four years

(b) Charter Hire in respect of each Vessel:
(i) *amount:* 25% of each Vessel's fare revenue received or receivable (including any charter hire from sub-charter by NWFF (Macau), but excluding any tax and other governmental levies or charges payable in respect of or in connection with such revenue, and net of all rebates, allowances, discounts and commissions paid in respect thereof)
(ii) *cap:* the aggregate Charter Hires for all the Vessels for any financial year is subject to a maximum equal to 1.5% of the audited consolidated net tangible assets of the NWSH Group for the immediately preceding financial year
(iii) *basis of determination of Charter Hire:* the Charter Hire was determined after arm's length negotiations between the parties taking into account the implied interest and depreciation charges (at an aggregate rate of approximately 14% per annum) which an owner of the Vessels would incur
(iv) *time of payment:* payable before the 15th calendar day of the next month
(v) *prior year information:* the aggregate fare revenues in respect of the Vessels for each of the two years ended 30 June 2002 amounted to approximately HK\$86.0 million and HK\$115.5 million, respectively. The amount of Charter Hire would have been approximately HK\$21.5 million and HK\$28.9 million for each of the two years ended 30 June 2002.

(c) First right of refusal to NWFF (Macau): none of the Relevant Holders shall dispose of the Relevant Interest unless the Relevant Interest held by the Relevant Holder is first offered to NWFF (Macau) by a notice in writing to NWFF (Macau) for sale at such fair value determined in accordance with the terms of the Master Charter Agreement.

(d) Termination:
(i) NWFF (Macau) shall have the right to terminate the Bareboat Charters at any time during the Charter Period by giving not less than three calendar months' prior written notice to the Vessel Owners; or
(ii) The Vessel Owners shall be entitled to withdraw their respective Vessels from service of NWFF (Macau) with immediate effect by written notice to NWFF (Macau) if NWFF (Macau) fails to remedy any of the following breaches within a specified grace period stipulated in the Bareboat Charters:
(1) fail to pay the Charter Hires; and
(2) fail to comply with the user restrictions and maintenance requirements set out in the Bareboat Charters; or
(iii) NWFF (Macau) shall be entitled to terminate any of the Bareboat Charters with immediate effect by written notice to the relevant Vessel Owner if the relevant Vessel Owner shall by any act or omission be in breach of its obligations under the respective Bareboat Charter to the extent that NWFF (Macau) is deprived of the use of the Vessel and such breach continues for a period of fourteen business days after written notice thereof has been given by NWFF (Macau) to the relevant Vessel Owner; or
(iv) The Bareboat Charters shall be deemed to be terminated if the relevant Vessels become a total loss or are declared to suffer total loss as recognised by law; or
(v) Either party of the Bareboat Charters shall be entitled to terminate the same with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.

Guarantees: CTFEL and Star Success agreed to provide guarantees in favour of NWFF (Macau) in respect of the following:
(a) the performance by Best Conquer and the Vessel Owners of their respective obligations under the Master Charter Agreement and the Bareboat Charters; and
(b) if the net profit before tax of NWFF (Macau) attributable to the operation of the Vessels for any particular financial year as set out in its pro forma consolidated or combined profit and loss accounts during the Charter Period is less than HK\$10 million (or such lesser amount as is proportional, on the basis of a 365 day year, thereto in respect of any part of a Charter Period which does not extend to the entire financial year of NWFF (Macau)), CTFEL will pay NWFF (Macau) an amount equal to the shortfall in cash within two months after the issue of the certificate by the auditors upon finalisation of the said accounts, provided that such amount shall not in any event exceed the aggregate Charter Hires payable and actually paid by NWFF (Macau) to the Vessel Owners under the Bareboat Charters for the relevant year. In the event that there is a shortfall, both NWS Holdings and NWD will make an announcement immediately.

Allocation of maintenance and insurance expenses: Under the Bareboat Charters, NWFF (Macau) will be responsible for the maintenance of the Vessels and effecting insurance in respect of the Vessels, including third party liability insurance payable to independent third parties. The estimated annual costs for the maintenance of the Vessels (based on historical figures with appropriate adjustment being made with reference to its current physical state and age) and effecting insurance in respect of the Vessels (based on the terms of the existing insurance policies) are HK\$32.8 million.

Conditions precedent to Master Charter Agreement: The conditions precedent to the completion of the Master Charter Agreement include:
(1) all consents and acts required under the Listing Rules in connection with the Master Charter Agreement and the transactions contemplated thereby being obtained and completed or, as the case may be, waiver from compliance with any of such rules being granted by the Stock Exchange;
(2) all necessary approvals in relation to the entering into and the performance of each of the Bareboat Charters having been obtained from the relevant governmental agencies and/or other authorities;
(3) the Master Charter Agreement and the transactions contemplated thereby having been approved by the NWSH Directors (excluding those who are not entitled to vote on the relevant resolution) at a meeting of directors of that company;
(4) the Master Charter Agreement and the transactions contemplated thereby having been approved by the NWD Directors (excluding those who are not entitled to vote on the relevant resolution) at a meeting of directors of that company; and
(5) none of the warranties set out in the Master Charter Agreement having been breached in any material respect, or being misleading or untrue in any material respect.

Completion: Completion of the Master Charter Agreement will take place on the date upon the conditions precedent having been satisfied. If, however, such conditions are not satisfied (or, as the case may be, waived by NWFF (Macau) on or before 12:00 noon on 31 March 2003, or such later date as NWFF (Macau) may agree, the Master Charter Agreement shall cease and terminate and none of the parties shall have any obligations and liabilities under such agreement save for any antecedent breaches of the terms of such agreement.

Financial implication

Based on the financial information of the NWSH Group, the fare revenues in respect of the Vessels for the two years ended 30 June 2002 amounted to approximately HK\$86.0 million and HK\$115.5 million. The NWSH Directors expect that the aggregate Charter Hires for the year ending 30 June 2003 will amount to approximately HK\$17.0 million. On such basis, the aggregate Charter Hires for the first year of the initial charter period (i.e. from 1 April 2003 to 31 March 2004) under the Bareboat Charters are expected to amount to approximately HK\$59.6 million. Under the Master Charter Agreement, it is further agreed by the parties that the aggregate Charter Hires for any financial year during the Charter Period shall be subject to a maximum amount equivalent to 1.5% of the audited consolidated net tangible assets of the NWSH Group for the immediately preceding financial year.

Under the Master Charter Agreement, CTFEL has also given a guarantee to the effect that NWFF (Macau)'s net profit before tax attributable to the operation of the Vessels for any financial year (as mentioned in the section headed "The Master Charter Agreement - Guarantees" above) will not be less than HK\$10 million, provided that the shortfall thereof shall not in any event exceed the aggregate Charter Hires payable and actually paid by NWFF (Macau) to the Vessel Owners under the Bareboat Charters for the relevant year. The NWSH Directors consider that such profit guarantee is beneficial to NWS Holdings and its shareholders as a whole.

Reasons for the Bareboat Charters

NWFF (Macau)'s principal business is the provision of certain ferry services in Hong Kong and Macau by the Vessels since January 2000.

On 19 March 2003, NWFF (Macau) entered into the Equity Sale Agreement with Star Success. The consideration under the Equity Sale Agreement was US\$1, being the unaudited net tangible asset value of Best Conquer as at 28 February 2003. The net tangible asset value was calculated on the basis of the unaudited consolidated assets of Best Conquer less its unaudited consolidated liabilities. Best Conquer's sole assets are the Vessels, which were appraised by an independent valuer, KEE Marine Service and Consultant Limited, to have a value of about HK\$235 million as at 31 January 2003. Best Conquer's unaudited consolidated liabilities as at 28 February 2003 were about HK\$287.6 million (comprising the shareholder's loan due from Best Conquer to NWFF (Macau)). For the two financial years ended 30 June 2002, the audited consolidated losses and profits of Best Conquer were approximately HK\$7.0 million and HK\$8.6 million respectively. As at the date of the Equity Sale Agreement, there were no outstanding ship mortgages. All losses, both prior years and ongoing, were funded by way of shareholder's loan from NWFF (Macau). These losses together with the aggregate purchase price of the Vessels of approximately HK\$287.6 million comprise the liabilities of Best Conquer. The Equity Sale Agreement does not contain any provisions for the sale and purchase of the shareholders' loans owing by Best Conquer to NWFF (Macau). These loans will be repaid immediately before or upon entering into of the Equity Sale Agreement by NWFF (Macau) making a demand to Best Conquer for their repayment. There is no express or implied agreement as to how Best Conquer will be funded on such repayment. It is anticipated that CTFEL will make arrangement for the repayment of these loans. Assuming that CTFEL will fund the repayment directly or will render financial assistance to Best Conquer for such repayment, such financial assistance will fall under Rule 14.24(8) of the Listing Rules, which is exempted from both disclosure or independent shareholders approval requirements. If these loans were not repaid on or before completion of the Equity Sale Agreement, these loans would become a financial assistance from the NWSH Group to a connected person, that is, CTFEL, under Rule 14.26(6) of the Listing Rules. In such case, each of NWS Holdings and NWD undertakes that it will comply with the relevant requirements of the Listing Rules. The sale under the Equity Sale Agreement is a connected transaction on normal commercial terms, which falls within the de minimis rule set out in Rule 14.24(5) of the Listing Rules.

The sale of the companies holding the Vessels could improve the financial position of the NWSH Group by reducing the debt owing by the NWSH Group in the amount of about HK\$159.3 million as well as by improving its cashflow position by about HK\$128.3 million through the disposal of the Vessels, which are less liquid assets.

The NWSH Directors believe that hiring of the Vessels under the Bareboat Charters is necessary for the purpose of providing its current ferry services in Hong Kong and Macau. At a duly convened meeting held on 7 March 2003 of a committee of the board of NWD (comprising two independent non-executive NWD Directors) duly appointed for such purpose by the NWD Directors, the Master Charter Agreement was considered and approved. None of the NWD Directors who might have interest in the Master Charter Agreement attended or voted at such meeting. Such board committee and the NWSH Directors (including the independent non-executive NWSH Directors) consider that the transactions are on normal commercial terms, that such terms (including the Charter Hire) are fair and reasonable, and that the transactions are in the best interest of NWD and NWS Holdings and their respective shareholders as a whole.

Application for ongoing connection transactions waiver

Given the on-going nature of the transactions (the "Transactions") contemplated under the Bareboat Charters, the NWD Directors and the NWSH Directors are of the view that it would be impracticable and unduly burdensome for them to make separate announcements on each and every occasion that such requirements arise. Under the Bareboat Charters, the aggregate Charter Hires per annum during the Charter Period is subject to a maximum amount of 1.5% of the audited consolidated net tangible assets of NWSH Group for the immediately preceding financial year end. An application has been made on behalf of NWD and NWS Holdings to the Stock Exchange for a waiver from strict compliance with the disclosure requirement under Rule 14.25(1) of the Listing Rules regarding the Charter Hires per annum payable by NWFF (Macau) to each of the Vessel Owners, subject to the following conditions:

- The Transactions shall be:
 - entered into by NWFF (Macau) in the ordinary and usual course of its business;
 - conducted either on normal commercial terms or (where there is no available comparison) on terms that are fair and reasonable so far as the respective shareholders of NWD and NWS Holdings are concerned; and
 - entered into in accordance with the terms of the Bareboat Charters;
- the aggregate annual amount of the Charter Hires for each financial year of NWS Holdings shall not exceed 1.5% of the consolidated net tangible asset value of NWSH Group as disclosed in the then latest published financial statements ("Cap");

3. both the independent non-executive NWD Directors and the independent non-executive NWSH Directors shall review the Transactions annually and confirm in the next and successive annual reports and financial statements of each of NWD and NWS Holdings during the Charter Period (and any renewed charter period) that the Transactions were conducted in the manner as stated in paragraphs 1 and 2 above;
4. the auditors of NWD and NWS Holdings shall review the Transactions annually and confirm in a letter (the "Letter") to the NWD Directors and NWSH Directors (a copy of which shall be provided to the Stock Exchange immediately upon receipt by the respective boards of directors of NWD and NWS Holdings) stating whether:
 - (a) the Transactions have received the approvals of each of the NWD's board of directors and NWS Holdings' board of directors;
 - (b) the Transactions have been entered into in accordance with the terms of the Bareboat Charters; and
 - (c) the aggregate annual amount of the Charter Hires did not exceed the Cap as set out in paragraph 2 above,
 (where, for whatever reason, the auditors decline to accept the engagement or are unable to provide the Letter, the NWD Directors and the NWSH Directors shall contact the Stock Exchange immediately);
5. brief details of the Transactions as required under Rule 14.25 (1)(A) to (D) of the Listing Rules shall be disclosed in the published annual report and financial statements of each of NWD and NWS Holdings during the Charter Period together with a statement of the opinion of each of the independent non-executive NWD Directors and independent non-executive NWSH Directors and the auditors of NWD and NWS Holdings referred to in paragraphs 3 and 4 above; and
6. Star Success and the Vessel Owners shall undertake to the Stock Exchange that they shall provide full access to the auditors of NWD and NWS Holdings for the purpose of performing review of the Transactions.

If any terms of the Bareboat Charters as mentioned above are altered or if NWFF (Macau) enters into any new agreements with the Vessel Owners in the future or upon a renewal of the Bareboat Charters on the terms thereof, NWD and NWS Holdings shall comply with the provisions of the Listing Rules and unless they apply for and obtain a separate waiver from the Stock Exchange.

CONNECTED TRANSACTION

NWFF (Macau) is an indirect wholly owned subsidiary of NWS Holdings. Star Success is a wholly owned subsidiary of CTFEL, which is the controlling shareholder (as defined in the Listing Rules) of NWD, which in turn holds 54% of the issued share capital of (and hence a controlling shareholder (as defined in the Listing Rules)) of NWS Holdings. Best Conquer and its subsidiaries (including the Vessel Owners) are direct or indirect wholly owned subsidiaries of Star Success and are connected persons of NWS Holdings. The entering into and performance of the Master Charter Agreement constitute a connected transaction of NWD and NWS Holdings under Rule 14.25 (1) of the Listing Rules.

As the aggregate Charter Hires per annum during the Charter Period is provided to be subject to a maximum amount of 1.5% of the audited consolidated net tangible assets of NWSH Group for the immediately preceding financial year (which in turn is expected to be less than 3% of the audited consolidated net tangible assets of the NWD Group of the corresponding financial year), approvals from shareholders of NWD and shareholders of NWS Holdings are not required for such connected transaction. NWS Holdings will designate its Finance and Company Secretarial departments (or, as and when appropriate, other departments) to be in charge of monitoring on a monthly basis the aggregate Charter Hires payable during the Charter Period and formulating and implementing appropriate control measures to ensure that the above maximum amount will not be exceeded. If the accumulated Charter Hires during any financial year exceeds the Cap, NWD and NWS Holdings will be required to comply with the provisions of the Listing Rules.

Details of such connected transactions will be included in the annual report and accounts of each of NWD and NWS Holdings for the year ending 30 June 2003 and (where applicable) during the Charter Period and any renewed charter period.

If NWFF (Macau) elects to exercise its right of renewal of the Bareboat Charters, or its right of first refusal for the purchase of any Relevant Interest in the Vessels, the Vessel Owners or Best Conquer, it will comply with the applicable provisions of the Listing Rules.

GENERAL

The NWD Group is principally engaged in property development, property investments, hotel and infrastructure investments, services and telecommunications and technology businesses, primarily in Hong Kong and in the PRC. NWD is the ultimate holding company of the NWSH Group.

The NWSH Group's businesses include the development, investment, operation and/or management of and in (i) toll roads, expressways, bridges and tunnel, water treatment plants and water treatment equipment manufacturing business and power plants in the PRC, Hong Kong and Macau; (ii) facilities, contracting, transport, financial and environmental services businesses; and (iii) the container terminals, cargo handling and storage businesses.

DEFINITIONS

"Bareboat Charters"	the eight several bareboat charters (or fixed-term leases) to be made pursuant to the Master Charter Agreement between each of the Vessel Owners respectively as owner and NWFF (Macau) as charterer in respect of the letting and hiring of each of the respective Vessels upon completion of the Master Charter Agreement
"Best Conquer"	Best Conquer Properties Limited, a company incorporated in the British Virgin Islands and currently a wholly owned subsidiary of Star Success
"Charter Hire"	the charter hire (or rental) payable by NWFF (Macau) under each of the Bareboat Charters, which is agreed under the Master Charter Agreement to be equivalent to such amount as summarised under the section headed "The Master Charter Agreement – Principal terms of Bareboat Charters" of this announcement
"Charter Period"	an initial fixed term of four years commencing from the date of completion of the Master Charter Agreement, plus such extended period upon NWFF (Macau) and the Vessel Owners agreeing to a renewal of the Bareboat Charters on the same terms and conditions thereof for an additional charter period of not more than four years commencing from the date of expiry of the initial term
"CTFEL"	Chow Tai Fook Enterprises Limited, a private company incorporated in Hong Kong with limited liability and the controlling shareholder of NWD and NWS Holdings
"Equity Sale Agreement"	the agreement for the sale and purchase of the entire issued share capital of Best Conquer by NWFF (Macau) to Star Success
"Guarantees"	the guarantees provided by CTFEL and Star Success in favour of NWFF (Macau) pursuant to the Master Charter Agreement, the principal terms of which are summarised under the section headed "The Master Charter Agreement - Guarantees" of this announcement
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Master Charter Agreement"	the agreement for bareboat charters dated 19 March 2003 and made between Best Conquer and Vessel Owners as principal obligors, CTFEL and Star Success as guarantors and NWFF (Macau) as charterer (or lessee) in respect of the entering into of the Bareboat Charters
"NWD"	New World Development Company Limited 新世界發展有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange
"NWD Directors"	the directors of NWD
"NWD Group"	NWD and its subsidiaries
"NWFF (Macau)"	New World First Ferry Services (Macau) Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of NWS Holdings
"NWS Holdings"	NWS Holdings Limited 新創建集團有限公司* (formerly known as Pacific Ports Company Limited), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
"NWSH Directors"	the directors of NWS Holdings
"NWSH Group"	NWS Holdings and its subsidiaries
"PRC"	the People's Republic of China
"Relevant Interest"	any interests of the Relevant Holder(s) in any of the Vessels or any share or securities of any of Best Conquer and/or any of its subsidiaries
"Relevant Holder(s)"	CTFEL, Star Success, Best Conquer or the Vessel Owners
"Star Success"	Star Success Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of CTFEL
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vessel Owners"	the registered owners of the Vessels, namely, Betop Associates Limited, Conquer Services Limited, Ever Eternal Limited, Headstart Associates Limited, Omni Choice Group Limited, Onfirst Holdings Limited, Princely Services Limited and Eagle Decade Limited, each of which is a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Best Conquer
"Vessels"	the eight vessels owned by the respective Vessel Owners, namely, New Ferry I, New Ferry II, New Ferry III, New Ferry V, New Ferry VI, New Ferry LXXXI, New Ferry LXXXII and New Ferry LXXXIII

By Order of the Board
NEW WORLD DEVELOPMENT COMPANY LIMITED
Mr. Leung Chi Kin, Stewart
Company Secretary

By Order of the Board
NWS HOLDINGS LIMITED
Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 19 March 2003

* For identification purposes only