

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealers, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in NWS Holdings Limited, you should at once hand this circular to the purchaser or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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新創建集團有限公司*
NWS Holdings Limited

(incorporated in Bermuda with limited liability)

(stock code: 0659)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

COMMERZBANK 
Commerzbank AG Hong Kong Branch

A letter from the Board is set out on pages 4 to 13 of this circular and a letter from the Independent Board Committee is set out on page 14 of this circular. A letter from Commerzbank, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 32 of this circular.

A notice convening the SGM of NWS Holdings Limited to be held at Bauhinia Room, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong, on Thursday, 30 June 2005 at 10:30 a.m. is set out on pages 41 and 42 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrars in Hong Kong, Standard Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

* For identification purposes only

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday) on which banks are generally open for business in Hong Kong
“Cleaning and Landscaping Services”	cleaning, landscaping and related services as described in Section 2 of the “Letter from the Board”
“Commerzbank”	Commerzbank AG acting through its Hong Kong Branch, an authorized financial institution registered with the Hong Kong Monetary Authority and a licensed corporation under the SFO to carry out type 1 (dealing in securities), 4 (advising on securities), and 6 (advising on corporate finance) regulated activities as set out in Schedule 5 of the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Services Agreement, the Continuing Connected Transactions and the relevant annual cap amounts
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Conditional Waiver”	the conditional waiver obtained by the Company from the Stock Exchange on 8 April 2003 from strict compliance with the connected transactions requirements under the then Listing Rules
“connected person”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the Operational Services, the Other Services and the continuing connected transactions under the Conditional Waiver
“Contracting Services”	construction, engineering and related services as described in Section 2 of the “Letter from the Board”
“Director(s)”	director(s) of the Company
“E & M Engineering Services”	electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems and electrical systems, system design and consultancy, and computer aided drafting services provided by the Group to the NWD Group pursuant to the Conditional Waiver

DEFINITIONS

“Engagement Undertaking”	the deed of non-competition and engagement undertakings dated 29 January 2003 entered into between NWD and the Company, details of which are contained in Section 1 of the “Letter from the Board”
“Facility Management Services”	facility management, information technology and related services as described in Section 2 of the “Letter from the Board”
“Financial Services”	insurance brokerage and related services as described in Section 2 of the “Letter from the Board”
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising the independent non-executive directors of the Company for the purpose of advising the Independent Shareholders in connection with the Continuing Connected Transactions
“Independent Shareholders”	Shareholders other than NWD and its associates
“Latest Practicable Date”	9 June 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Services”	management services provided by the Group to the NWD Group for its hotel-related businesses and other development projects in Hong Kong and the PRC
“Master Services Agreement”	the master services agreement entered into between NWD and the Company on 30 May 2005
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“NWD Group”	NWD, its subsidiaries and/or any other company in the equity capital of which NWD and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors but excluding members of the Group

DEFINITIONS

“Operational Agreements”	the individual agreements in respect of the provision of any of the Operational Services and the Other Services which may from time to time be entered into between a member of the NWD Group and a member of the Group pursuant to the Master Services Agreement, and “ Operational Agreement ” means any of them
“Operational Services”	Contracting Services, Facility Management Services, Security and Guarding Services, Cleaning and Landscaping Services, Financial Services, Property Management Services and such other types of services as NWD and the Company may agree upon from time to time in writing
“Other Services”	the rental of properties and vessels and the Sale of Food Products as described in Section 2 of the “Letter from the Board” and such other types of services as NWD and the Company may agree upon from time to time in writing
“PRC”	The People’s Republic of China (excluding Hong Kong and the Macau Special Administrative Region of the PRC for the purposes of this circular)
“Property Management Services”	property management and related services as described in Section 2 of the “Letter from the Board”
“Sale of Food Products”	supply of frozen food products and related services as described in Section 2 of the “Letter from the Board”
“Security and Guarding Services”	security and related services as described in Section 2 of the “Letter from the Board”
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on 30 June 2005 at Bauhinia Room, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Continuing Connected Transactions
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules



新創建集團有限公司*
NWS Holdings Limited

(incorporated in Bermuda with limited liability)

(stock code: 0659)

Executive Directors:

Dr. Cheng Kar Shun, Henry (*Chairman*)
Mr. Doo Wai Hoi, William (*Deputy Chairman*)
Mr. Chan Kam Ling (*Chief Executive Officer*)
Mr. Tsang Yam Pui
Mr. Wong Kwok Kin, Andrew
Mr. Lam Wai Hon, Patrick
Mr. Cheung Chin Cheung

Non-executive Directors:

Mr. Wilfried Ernst Kaffenberger
(alternate director to Mr. Wilfried Ernst
Kaffenberger: Mr. Yeung Kun Wah, David)
Mr. To Hin Tsun, Gerald
Mr. Dominic Lai

Independent Non-executive Directors:

Mr. Kwong Che Keung, Gordon
Mr. Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham

Registered office:

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2 Church Street
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Bermuda

*Head office and principal place of
business in Hong Kong:*

28/F., New World Tower
18 Queen's Road Central
Hong Kong

15 June 2005

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement made by the Company dated 30 May 2005 relating to, among other things, the Master Services Agreement and the Continuing Connected Transactions.

In April 2003, the Company obtained the Conditional Waiver from strict compliance with the connected transactions requirements under the then Listing Rules and an annual cap as a percentage of the annual turnover of the Group was assigned to each category of the

* For identification purposes only

LETTER FROM THE BOARD

continuing connected transactions for each of the three financial years ending 30 June 2005. Such continuing connected transactions will continue following the expiry of the Conditional Waiver on 30 June 2005.

Pursuant to the Engagement Undertaking, NWD has, subject to certain qualifications, undertaken to engage the Group for the provision of the Operational Services for a period of 15 years from 29 January 2003. On 30 May 2005, the Company and NWD entered into the Master Services Agreement whereby (a) NWD agrees to, and agrees to procure that members of the NWD Group shall (to the extent practicable), engage members of the Group to provide the Operational Services and to sell frozen food products to the NWD Group and (b) the Company agrees to, and agrees to procure that members of the Group shall (to the extent practicable), engage members of the NWD Group to rent properties and vessels to the Group, during the term of the Master Services Agreement.

As at the Latest Practicable Date, NWD holds approximately 54% of the total issued share capital of the Company. NWD is a substantial shareholder of the Company and hence, a connected person of the Company. Accordingly, the transactions contemplated under the Master Services Agreement will constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. As one or more of the percentage ratios will exceed 2.5% on an annual basis, such transactions will be subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Master Services Agreement, the annual caps thereunder and the new annual caps in respect of certain continuing connected transactions under the Conditional Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of Commerzbank.

Commerzbank has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Master Services Agreement, the annual caps thereunder and the new annual caps in respect of certain continuing connected transactions under the Conditional Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is:

- (i) to provide the Shareholders with details of the Continuing Connected Transactions;
- (ii) to set out the advice of Commerzbank in respect of the Continuing Connected Transactions;
- (iii) to set out the recommendation of the Independent Board Committee in respect of the Continuing Connected Transactions; and
- (iv) to give notice to convene the SGM to consider and, if thought fit, to approve the Continuing Connected Transactions.

2. THE MASTER SERVICES AGREEMENT

Date

30 May 2005

Parties

NWD and the Company

Term

The Master Services Agreement has an initial term of three years (from 1 July 2005 to 30 June 2008). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time, the Master Services Agreement may be renewed for a further term of three years unless either party gives written notice to the other party not later than two months before the expiry of the initial term.

Provision of the Operational Services and the Other Services

Under the Master Services Agreement, (a) NWD agrees to, and agrees to procure that members of the NWD Group shall (to the extent practicable), engage members of the Group to provide the Operational Services and to sell frozen food products to NWD and/or relevant members of the NWD Group and (b) the Company agrees to, and agrees to procure that members of the Group shall (to the extent practicable), engage members of the NWD Group to rent properties and vessels to the Group, during the term of the Master Services Agreement.

The Operational Services and the Other Services include the following categories of services, and such other types of services as NWD and the Company may agree upon from time to time in writing:

**Operational Services
category**

Description of services

a. Contracting Services

Building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, the supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services and electrical systems and system design and consultancy and computer aided drafting services.

LETTER FROM THE BOARD

Operational Services category

	Description of services
b. Facility Management Services	Provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services at the Hong Kong Convention and Exhibition Centre and other locations, food processing, trading and supply, and merchandise sourcing, procurement and supply.
c. Security and Guarding Services	Provision of security guards, security systems installation and maintenance services, armoured transport services and supply of security products.
d. Cleaning and Landscaping Services	General cleaning, landscaping and plant maintenance, supply of plants and laundry services.
e. Financial Services	Risk management, insurance management, global and regional management, alternate risk financing and reinsurance broking services.
f. Property Management Services	Property management, property sales, letting agency services, pre-marketing consultancy services, technical services and the provision of car parking, management and related services (including certain rebates to be paid by the Group).

Other Services category

	Description of services
a. Rental of properties and vessels	Rental of office, commercial, storage and car-parking spaces and vessels by the Group from the NWD Group.
b. Sale of Food Products	Supply of frozen food products by the Group to the NWD Group in Hong Kong and the PRC.

Terms and pricing policies

Pursuant to the Master Services Agreement, members of the NWD Group and members of the Group shall, from time to time during the term of the Master Services Agreement, enter into separate Operational Agreements in respect of the provision and/or acquisition of the Operational Services and the Other Services. The terms of each Operational Agreement shall be the same as the provisions of the Master Services Agreement except for operational details. NWD and the Company have agreed that:

- (a) With respect to the Operational Services:
 - (i) the prices and terms of the Operational Agreements with respect to the Contracting Services, the Facility Management Services, the Property Management Services, the Cleaning and Landscaping Services and the Financial Services shall be determined in the ordinary course of business at prices and terms no less favourable than those charged and provided to independent third party customers;
 - (ii) the prices and terms at which the Security and Guarding Services are to be provided shall be determined in the ordinary course of business on a cost-plus basis at prices and terms no less favourable than those charged to and contracted with other independent third party customers; and
 - (iii) the term of each Operational Agreement shall be fixed and in any event shall not exceed three years. If the term of an Operational Agreement extends beyond 30 June 2008 (that is, the expiry date of the Master Services Agreement), the Company shall re-comply with the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable Listing Rules at the relevant time.
- (b) With respect to the Other Services:
 - (i) in respect of the rental of properties and vessels, the rent payable shall be based on normal commercial terms, negotiated on an arm's length basis at prices and terms no less favourable than those charged and provided by the NWD Group to independent third parties;
 - (ii) the prices and terms at which frozen food products are to be sold shall be those applicable from time to time in the ordinary course of business at prices and terms no less favourable than those charged and provided by the Group to independent third party customers; and
 - (iii) the term of each Operational Agreement shall be fixed and in any event shall not exceed three years. If the term of an Operational Agreement extends beyond 30 June 2008 (that is, the expiry date of the Master Services Agreement), the Company shall re-comply with the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable Listing Rules at the relevant time.

Historical figures

The aggregate transaction values in respect of the Operational Services for the years ended 30 June 2002, 2003 and 2004 were approximately HK\$1,435 million, HK\$1,811 million and HK\$2,115 million respectively.

The aggregate transaction values in respect of the Other Services for the years ended 30 June 2002, 2003 and 2004 were approximately HK\$35 million, HK\$36 million and HK\$29 million respectively.

3. REASONS FOR, AND BENEFITS OF, THE MASTER SERVICES AGREEMENT

The Continuing Connected Transactions are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. Under the Master Services Agreement, the terms of the Operational Agreements will be agreed on an arm's length basis and on normal commercial terms. The Directors are of the view that the terms of the Master Services Agreement are fair, reasonable and in the interests of the Company and the Shareholders as a whole, and that it is beneficial to the Company to enter into the Master Services Agreement as the continuing connected transactions thereunder will continue to facilitate the operation of the Group's businesses in general.

4. MAXIMUM AGGREGATE ANNUAL CAPS

The Company expects that the maximum aggregate annual value in respect of each category of the Operational Services and the Other Services contemplated under the Master Services Agreement (the "Annual Cap") will be as follows:

Category	Annual Caps for each year ending		
	30 June 2006, 2007, 2008		
	30 June	30 June	30 June
	2006	2007	2008
	<i>(HK\$'million)</i>	<i>(HK\$'million)</i>	<i>(HK\$'million)</i>
Contracting Services	3,288	4,083	4,111
Facility Management Services	17	18	19
Security and Guarding Services	33	37	40
Cleaning and Landscaping Services	70	78	86
Financial Services	9	10	11
Property Management Services	50	55	60
Other Services:			
(a) Rental of properties and vessels	35	40	46
(b) Sale of Food Products	1	2	2

LETTER FROM THE BOARD

The aggregate contract amounts in respect of each category of the Operational Services and the other services for each year ended 30 June 2002, 2003 and 2004 and the six months ended 31 December 2004 are as follows:

Category	Aggregate contract amounts for each year ended 30 June 2002, 2003, 2004 and the six months ended 31 December 2004			
	30 June 2002 (HK\$'million)	30 June 2003 (HK\$'million)	30 June 2004 (HK\$'million)	31 December 2004* (HK\$'million)
Contracting Services	1,280	1,683	1,989	550
Facility Management Services	7	10	11	7
Security and Guarding Services	34	29	26	12
Cleaning and Landscaping Services	77	48	52	28
Financial Services	12	12	8	3
Property Management Services	25	29	29	20
Other services:				
(a) Rental of properties and vessels	30	31	29	13
(b) Management Services	5	5	0	0

* The aggregate contract amounts for the six months ended 31 December 2004 are based on the unaudited interim consolidated results of the Group for the six months ended 31 December 2004. The Company would like to remind the Shareholders that certain Operational Services are subject to seasonality, and accordingly, the unaudited interim results of the Group for the six months ended 31 December 2004 may not be indicative of the audited annual results of the Group for the year ending 30 June 2005.

The Annual Cap in respect of each category of the Operational Services has been determined by reference to: (a) the historical annual or annualised amounts in respect of that category of service provided by relevant members of the Group to relevant members of the NWD Group during the past three financial years and (b) the projected annual or annualised amounts in respect of that category of service to be provided by relevant members of the Group to relevant members of the NWD Group in the next three financial years.

The Annual Cap in respect of the Other Services has been determined by reference to: (a) the historical annual or annualised amounts in respect of that category of service provided by relevant members of the NWD Group to relevant members of the Group or vice versa (as the case may be) during the past three financial years and (b) the projected annual or annualised amounts in respect of that category of service to be provided by relevant members of the NWD Group to relevant members of the Group or vice versa (as the case may be) in the next three financial years.

The above projected figures are determined based on the relevant historical figures, taking into account the estimated future demand and adjustments for non-recurring items, such as management fee income for hotel related businesses and other development projects

in Hong Kong and the PRC (only until 30 June 2003), and leasing commission from the New World Centre (only for the financial year ended 30 June 2004), and on the principal assumptions that, for the duration of the projected period: (a) the businesses of the Group and the NWD Group (in particular, the service industries in which the Group operates) will experience significant growth in light of the improved economic conditions in Hong Kong and the PRC and the potential rebound in the property market in Hong Kong. Furthermore, as members of the Group have submitted tenders for a number of large construction projects, such as a property development project each at Hanoi Road and in Shanghai as well as an elderly centre in Ma On Shan, etc., it is possible that the Contracting Services will experience a significant growth if the Group is chosen as the successful bidder; (b) there will not be any adverse change or disruption in the market conditions, operation and business environment or government policies which may materially affect the Group's and/or the NWD Group's businesses; and (c) the service industries in which the Group and the NWD Group operate will experience significant growth particularly in light of the rebound in the property market and potential new opportunities in the PRC.

5. NEW ANNUAL CAPS UNDER THE CONDITIONAL WAIVER

It is expected that the annual turnover of the Group for the year ending 30 June 2005 will decrease mainly due to the deconsolidation of NWS Transport Services Limited ("**NWS Transport**", formerly known as Merryhill Group Limited) from the accounts of the Company as a result of the share exchange which was completed on 9 March 2004 and the general adverse economic conditions in Hong Kong in recent years. Consequently, the transaction values of the E & M Engineering Services, the Facility Management Services, the Property Management Services and other services (including rental of properties and the Management Services) under the Conditional Waiver are expected to exceed their respective annual caps (as a percentage of the expected turnover of the Group for the year ending 30 June 2005). Pursuant to the terms of the Conditional Waiver, the Company will have to comply with the reporting, announcement and independent shareholders' approval requirements with respect to those continuing connected transactions.

6. REQUIREMENTS OF THE LISTING RULES

Master Services Agreement and the Annual Caps

As at the Latest Practicable Date, NWD holds approximately 54% of the total issued share capital of the Company. NWD is a substantial shareholder of the Company and hence, a connected person of the Company. Accordingly, the transactions contemplated under the Master Services Agreement will constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rule. As one or more of the relevant percentage ratios will exceed 2.5% on an annual basis, such transactions will be subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

At the SGM, NWD and its associates shall abstain from voting on the resolution in connection with the Master Services Agreement and the Annual Caps. The vote taken at the SGM to seek approval of the Master Services Agreement and the Annual Caps will be taken by poll.

LETTER FROM THE BOARD

In the event that any of the Annual Cap is exceeded or the Master Services Agreement is renewed or materially varied, the Company will re-comply with the reporting, announcement and independent shareholders' approval requirements pursuant to Rules 14A.45 to 14A.48 of the Listing Rules.

New annual caps under the Conditional Waiver

Pursuant to the terms of the Conditional Waiver, the Company will have to comply with the reporting, announcement and independent shareholders' approval requirements with respect to those categories of continuing connected transactions with transaction values which are expected to exceed their respective annual caps (as a percentage of the expected annual turnover of the Group for the year ending 30 June 2005).

At the SGM, NWD and its associates shall abstain from voting on the resolution in connection with the approval of the new annual caps of the following categories of the existing continuing connected transactions (the "New Annual Caps"). The vote taken at the SGM will be taken by poll.

Categories of existing continuing connected transactions with transaction values which are expected to exceed their respective annual caps under the Conditional Waiver	Annual Caps approved under the Conditional Waiver (expressed as a percentage of the Group's consolidated turnover of the relevant financial year)	Aggregate contract amounts for the year ended 30 June 2002 (HK\$'million)	Aggregate contract amounts for the year ended 30 June 2003 (HK\$'million)	Aggregate contract amounts for the year ended 30 June 2004 (HK\$'million)	Aggregate contract amounts for the six months ended 31 December 2004* (HK\$'million)	New Annual Caps for the year ending on 30 June 2005 (HK\$'million)
E & M Engineering Services	2.5%	165	96	233	112	304
Facility Management Services	0.1%	7	10	11	7	16
Property Management Services	0.35%	25	29	29	20	45
Rental of properties and the Management Services	0.3%	35	36	29	13	31

* The aggregate contract amounts for the six months ended 31 December 2004 are based on the unaudited interim consolidated results of the Group for the six months ended 31 December 2004. The Company would like to remind the Shareholders that certain Operational Services are subject to seasonality, and accordingly, the unaudited interim results of the Group for the six months ended 31 December 2004 may not be indicative of the audited annual results of the Group for the year ending 30 June 2005.

7. INFORMATION ON THE NWD GROUP AND THE GROUP

The NWD Group is principally engaged in property development, property investments, hotel and infrastructure investments, services and telecommunications and technology business, primarily in Hong Kong and the PRC.

The Group's principal businesses include: (i) the investment in and/or operation of facilities, contracting and transport and (ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as container terminals.

8. SGM

Set out on pages 41 and 42 of this circular is a notice convening the SGM to be held at Bauhinia Room, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong, on Thursday, 30 June 2005 at 10:30 a.m. Ordinary resolutions will be proposed at the SGM to approve the Continuing Connected Transactions.

A form of proxy for use in connection with the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrars of the Company in Hong Kong, Standard Registrars Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjourned meeting should you wish.

9. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 14 of this circular which contains its recommendation to the Independent Shareholders in relation to the Continuing Connected Transactions. Your attention is also drawn to the letter of advice from Commerzbank set out on pages 15 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the principal factors and reasons taken into account in arriving at its recommendation.

10. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
Dr. Cheng Kar Shun, Henry
Chairman



新創建集團有限公司*
NWS Holdings Limited

(incorporated in Bermuda with limited liability)

(stock code: 0659)

15 June 2005

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 15 June 2005 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether the terms of the Master Services Agreement, the annual caps thereunder and the new annual caps in respect of certain continuing connected transactions under the Conditional Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of Commerzbank.

Commerzbank has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions. Your attention is drawn to the letter of advice from Commerzbank as set out on pages 15 to 32 of the Circular.

Having taken into account the advice of Commerzbank, the Independent Board Committee considers that the terms of the Master Services Agreement, the annual caps thereunder and the new annual caps in respect of certain continuing connected transactions under the Conditional Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee therefore recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM relating to the Continuing Connected Transactions.

Yours faithfully,
Independent Board Committee
Mr. Kwong Che Keung, Gordon,
Mr. Cheng Wai Chee, Christopher and
The Honourable Shek Lai Him, Abraham

* For identification purposes only

LETTER FROM COMMERZBANK

Set out below is the text of the letter of advice from Commerzbank to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular.

德 國 商 業 銀 行

COMMERZBANK 

(Public Limited Company Incorporated in the Federal Republic of Germany)

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15 June 2005

To: Independent Board Committee and Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, the definition of which, amongst other things, is set out in the circular dated 15 June 2005 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context requires otherwise.

The Directors announced that, on 30 May 2005, NWD and the Company entered into the Master Services Agreement whereby (a) NWD agrees to, and agrees to procure that members of the NWD Group shall (to the extent practicable), engage members of the Group to provide the Operational Services and to sell food products to the NWD Group and (b) the Company agrees to, and agrees to procure that members of the Group shall (to the extent practicable), engage members of the NWD Group to rent properties and vessels to the Group.

As NWD holds approximately 54% of the total issued share capital of the Company, it is a substantial shareholder of the Company and hence, a connected person of the Company. Accordingly, the transactions contemplated under the Master Services Agreement will constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. As one or more of the percentage ratios will exceed 2.5% on an annual basis, such transactions will be subject to the reporting, announcement and independent shareholders’ approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

It is expected that the transaction values of various categories of continuing connected transactions under the Conditional Waiver would exceed their respective annual caps (as a percentage of the expected turnover of the Group for the year ending 30 June 2005). Pursuant to the terms of the Conditional Waiver, the Company will seek to obtain Independent Shareholders’ approval of the New Annual Caps for those categories of continuing connected transactions for the year ending 30 June 2005.

Our role as the independent financial adviser to the Independent Board Committee is to give our advice and recommendation to the Independent Shareholders on the Continuing Connected Transactions as to whether they are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Independent Shareholders as a whole.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have assumed that all information, opinion and representations given by the Company contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations of the Company that having made all due enquiries and careful decisions, and to the best of its knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information and statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which they are wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the terms of the Continuing Connected Transactions, to provide us with a reasonable basis for our opinion. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Group, nor have we conducted any independent in-depth investigation into the business and affairs of the Group.

A. CONTINUING CONNECTED TRANSACTIONS AND PROPOSED ANNUAL CAPS FOR THE THREE FINANCIAL YEARS ENDING 30 JUNE 2008

Principal Factors and Reasons Considered

In assessing the overall fairness and reasonableness of the Continuing Connected Transactions and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. *Background*

As noted from the Letter from the Board, in April 2003, the Company obtained the Conditional Waiver from strict compliance with the connected transactions requirements under the then Listing Rules and an annual cap as a percentage of the annual turnover of the Group was assigned to each category of the continuing connected transactions for each of the three financial years ending 30 June 2005. Such continuing connected transactions will continue following the expiry of the Conditional Waiver on 30 June 2005.

Pursuant to the Engagement Undertaking, NWD has, subject to certain qualifications, undertaken to engage the Group for the provision of the Operational Services for a period of 15 years from 29 January 2003. On 30 May 2005, NWD and the Company entered into the Master Services Agreement whereby (a) NWD agrees to, and agrees to procure that members of the NWD Group shall (to the extent practicable),

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engage members of the Group to provide the Operational Services and to sell food products to the NWD Group and (b) the Company agrees to, and agrees to procure that members of the Group shall (to the extent practicable), engage members of the NWD Group to rent properties and vessels to the Group, during the term of the Master Services Agreement.

Each type of the following Continuing Connected Transactions will be subject to, among other things, the relevant Annual Caps for each of the three financial years ending 30 June 2008. As stated in the Letter from the Board, the Company proposes to set the following Annual Caps for each of these categories of Continuing Connected Transactions under the Master Services Agreement for the Group:

Category	Annual Cap for each of the financial year ending		
	30 June 2006	30 June 2007	30 June 2008
	<i>(HK\$'million)</i>		
1. Contracting Services	3,288	4,083	4,111
2. Facility Management Services	17	18	19
3. Security and Guarding Services	33	37	40
4. Cleaning and Landscaping Services	70	78	86
5. Financial Services	9	10	11
6. Property Management Services	50	55	60
7. Other Services:			
(a) Rental of properties and vessels	35	40	46
(b) Sale of Food Products	1	2	2

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The aggregate contract amounts in respect of each category of the Operational Services and the other services for each year ended 30 June 2002, 2003 and 2004 and the six months ended 31 December 2004 are as follows:

Category	Aggregate contract amounts for each year ended 30 June 2002, 2003, 2004 and the six months ended 31 December 2004			
	30 June 2002	30 June 2003	30 June 2004	31 December 2004*
	<i>(HK\$'million)</i>			
1. Contracting Services	1,280	1,683	1,989	550
2. Facility Management Services	7	10	11	7
3. Security and Guarding Services	34	29	26	12
4. Cleaning and Landscaping Services	77	48	52	28
5. Financial Services	12	12	8	3
6. Property Management Services	25	29	29	20
7. Other services:				
(a) Rental of properties and vessels	30	31	29	13
(b) Management Services	5	5	0	0

* The aggregate contract amounts for the six months ended 31 December 2004 are based on the unaudited interim consolidated results of the Group for the six months ended 31 December 2004. The Company would like to remind the Shareholders that certain Operational Services are subject to seasonality, and accordingly, the unaudited interim results of the Group for the six months ended 31 December 2004 may not be indicative of the audited annual results of the Group for the year ending 30 June 2005.

2. Overall pricing policies and bases of the Continuing Connected Transactions

In determining whether the above Annual Caps proposed by the Company are fair and reasonable in so far as the Independent Shareholders are concerned, we have reviewed and discussed with the Directors the bases for setting the respective Annual Caps for the above Continuing Connected Transactions.

The Master Services Agreement has an initial term of three years (from 1 July 2005 to 30 June 2008). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time, the Master Services Agreement may be renewed for a further term of three years unless either party gives written notice to the other party not later than two months before the expiry of the initial term.

Pursuant to the Master Services Agreement, members of the NWD Group and members of the Group shall, from time to time during the term of the Master Services Agreement, enter into separate Operational Agreements in respect of the provision and/or acquisition of the Operational Services and the Other Services. The terms of each Operational Agreement shall be the same as the provisions of the Master Services

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Agreement except for operational details. We have discussed with the Directors and have reviewed the agreement and noted that, inter alia, the following overall pricing policies and bases of the transactions are as follows:

Category	Transaction nature	Overall pricing policies and bases of the transactions
1. Contracting Services	Building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, the supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services and electrical systems and system design and consultancy and computer aided drafting services	<p>These services are provided to the NWD Group in the ordinary course of business. The prices and terms shall be no less favourable than those charged and provided to independent third party customers of the Group.</p> <p>In pricing its services to independent third party customers, the Group takes into consideration factors which are common and normal for providers of similar services such as market conditions, competition, profit margin, direct and indirect costing, opportunity cost, project duration and all relevant risk factors including client risk.</p>
2. Facility Management Services	Provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services at the Hong Kong Convention and Exhibition Centre and other locations, food processing, trading and supply and merchandise sourcing, procurement and supply	<p>These services are provided to the NWD Group in the ordinary course of business. The prices and terms shall be no less favourable than those charged and provided to independent third party customers of the Group.</p> <p>In pricing its services to independent third party customers, the Group takes into consideration factors which are common and normal for providers of similar services such as market conditions, competition, profit margin, direct and indirect costing, opportunity cost, project duration and all relevant risk factors including client risk.</p>

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Category	Transaction nature	Overall pricing policies and bases of the transactions
3. Security and Guarding Services	Provision of security guards, security systems installation and maintenance services, armoured transport services and supply of security products	<p>These services are provided to the NWD Group in the ordinary course of business on a cost-plus basis. The prices and terms shall be no less favourable than those charged and provided to independent third party customers of the Group.</p> <p>The cost element includes all direct costs incurred, such as staff costs and public liability insurance and other indirect or common costs allocated on turnover or other equitable basis. In pricing its services to independent third party customers, the Group takes into consideration factors which are common and normal for providers of similar services such as market conditions, competition, profit margin, direct and indirect costing, opportunity cost, project duration and all relevant risk factors including client risk.</p>
4. Cleaning and Landscaping Services	General cleaning, landscaping and plant maintenance, the supply of plants and laundry services	<p>These services are provided to the NWD Group in the ordinary course of business. The prices and terms shall be no less favourable than those charged and provided to independent third party customers of the Group.</p> <p>In pricing its services to independent third party customers, the Group takes into consideration factors which are common and normal for providers of similar services such as market conditions, competition, profit margin, direct and indirect costing, opportunity cost, project duration and all relevant risk factors including client risk.</p>
5. Financial Services	Risk management, insurance management, global and regional management, alternate risk financing and reinsurance broking services	<p>These services are provided to the NWD Group in the ordinary course of business. The prices and terms shall be no less favourable than those charged and provided to independent third party customers of the Group.</p> <p>In pricing its services to independent third party customers, the Group takes into consideration factors which are common and normal for providers of similar services such as market conditions, competition, profit margin, direct and indirect costing, opportunity cost, and all relevant risk factors including client risk.</p>

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Category	Transaction nature	Overall pricing policies and bases of the transactions
6. Property Management Services	Property management, property sales, letting agency services, pre-marketing consultancy services, technical services and the provision of car parking, management and related services (including certain rebates to be paid by the Group)	<p>These services are provided to the NWD Group in the ordinary course of business. The prices and terms shall be no less favourable than those charged and provided to independent third party customers of the Group.</p> <p>The property management fee is priced on a cost-plus basis. The cost element includes all direct costs incurred, such as staff costs, electricity, water and air-conditioning charges, depreciation, cleaning, rent and rates, repair and maintenance, etc and other indirect or common costs allocated on turnover or other equitable basis.</p> <p>In pricing its services to independent third party customers, the Group takes into consideration factors which are common and normal for providers of similar services such as market conditions, competition, profit margin, direct and indirect costing, opportunity cost, project duration and all relevant risk factors including client risk.</p> <p>Car parking services are sold in the ordinary course of business at discounts of up to 20% based on bulk purchase which are equally available to independent third party customers of the Group.</p>
7. Other Services:		
(a) Rental of properties and vessels	Rental of office, commercial, storage and car-parking spaces and vessels by the Group from the NWD Group	The tenancy agreements, the tenure of which does not exceed three years, are entered into on normal commercial terms and negotiated on an arm's length basis. The rent payable under the tenancy agreements are determined with reference to market rates and on terms no less favourable than those applied by the NWD Group to other tenants who are independent third parties.
(b) Sale of Food Products	Supply of frozen food products by the Group to the NWD Group in Hong Kong and the PRC	The prices and terms at which frozen food products are to be sold shall be those applicable from time to time in the ordinary course of business at prices and terms no less favourable than those charged to and provided to independent third party customers of the Group.

Based on our discussions with the Directors in understanding the overall pricing policies and the bases of the transactions, we have conducted a sample review of the contracts which the Group had entered into with independent third parties in each of the above categories of the Continuing Connected Transactions and having considered the above, given that the Continuing Connected Transactions are in the ordinary course of business of the Group and the pricing of which are mostly at market rates or in line with the respective industry practices and on terms which are no less favourable than those to other independent third parties, we are of the view that the bases in determining the overall pricing policies and terms of the Continuing Connected Transactions are in the ordinary course of business, on normal commercial terms, and no less favourable than those to independent third parties.

3. *Basis for the Annual Caps*

We have discussed with the Directors and noted that the Annual Caps in respect of each category of the Operational Services have been determined by reference to: (a) the historical annual or annualised amounts in respect of that category of service provided by relevant members of the Group to relevant members of the NWD Group during the past three financial years and (b) the projected annual or annualised amounts in respect of that category of service to be provided by relevant members of the Group to relevant members of the NWD Group in the next three financial years.

We further noted that the Annual Caps in respect of the Other Services have been determined by reference to: (a) the historical annual or annualised amounts in respect of that category of service provided by relevant members of the NWD Group to relevant members of the Group or vice versa (as the case may be) during the past three financial years and (b) the projected annual or annualised amounts in respect of that category of service to be provided by relevant members of the NWD Group to relevant members of the Group or vice versa (as the case may be) in the next three financial years.

The above projected figures are determined based on the relevant historical figures, taking into account the estimated future demand and adjustments for non-recurring items, such as management fee income for hotel related businesses and other development projects in Hong Kong and the PRC (only until 30 June 2003), and leasing commission from the New World Centre (only for the financial year ended 30 June 2004), and on the principal assumptions that, for the duration of the projected period: (i) the businesses of the Group and the NWD Group (in particular, the service industries in which the Group operates) will experience significant growth in light of the improved economic conditions in Hong Kong and the PRC and the potential rebound in the property market in Hong Kong. Furthermore, as members of the Group have submitted tenders for a number of large construction projects, such as a property development project each at Hanoi Road and in Shanghai as well as an elderly centre in Ma On Shan, etc., it is possible that the Contracting Services will experience a significant growth if the Group is chosen as the successful bidder; (ii) there will not be any adverse change or disruption in the market conditions, operation and business environment or government policies which may materially affect the Group's and/or the NWD Group's businesses; and (iii) the service industries in which the Group and the NWD Group operate will experience significant growth particularly in light of the rebound in the property market and potential new opportunities in the PRC.

3.1 *Contracting Services*

The NWD Group is one of the prominent property development groups with significant land bank and development projects in Hong Kong and the PRC. We have discussed with the Directors and note that the NWD Group has been one of the major customers of certain subsidiaries of the Group for Contracting Services in the last 30 years.

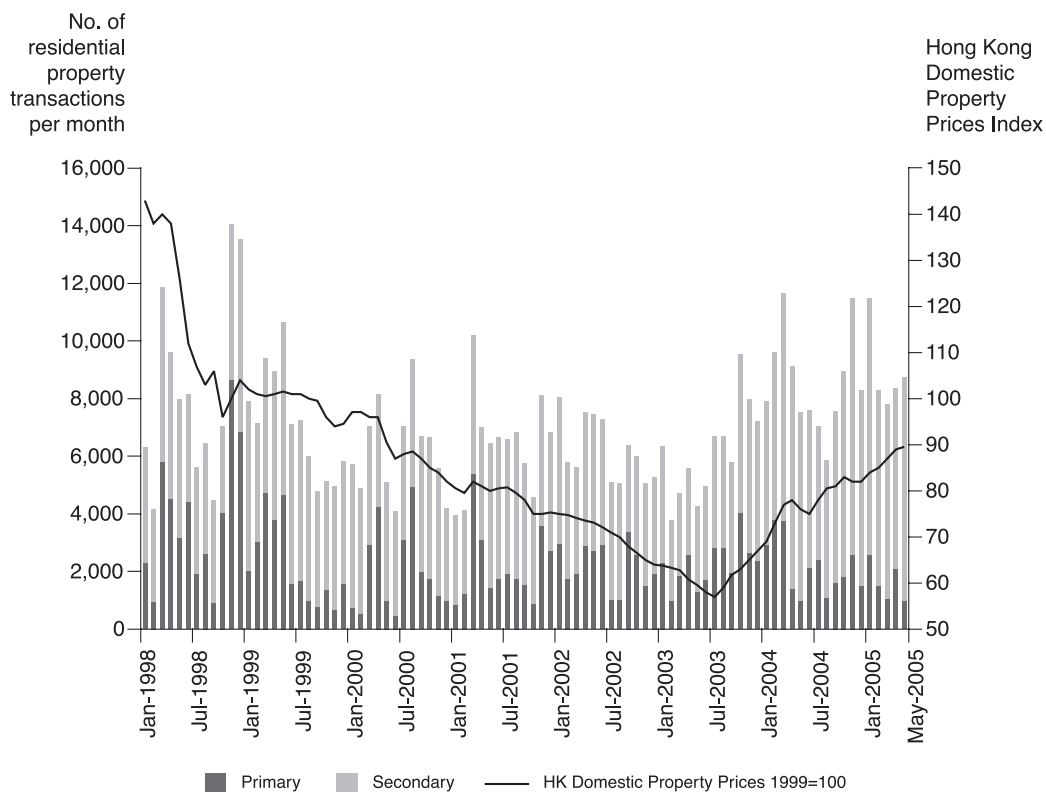
We have discussed with the Directors and note that the calculation of the Annual Caps was based on the internal projections with reference to the development schedule of the various property projects of the NWD Group in Hong Kong and the PRC in the next three years (from 1 July 2005 to 30 June 2008). The internal projections were based on (i) the projects among the land bank of the NWD Group in Hong Kong and the PRC as disclosed in the annual report of the NWD Group being identified by the Group and considered that they are likely to be developed in the next few years (the “**Projects**”); (ii) the estimated gross floor area (“**GFA**”) based on the information of the Projects provided by the NWD Group; (iii) the estimated duration and the time schedule of the Projects; (iv) the projected Contracting Services derived from the Projects; and (v) the estimated contract sums of the Contracting Services for the Projects and broken down according to the estimated time schedule of development in each of the three financial years ending 30 June 2008. The total GFA for major construction projects for Contracting Services that commenced in the period from the financial year ended 30 June 2002 to the financial year ending 30 June 2005 exceeds 5.6 million square feet. With reference to the Group’s past track record in winning the projects, the Group estimates that the total GFA in the period for the three financial years ending 30 June 2008, on which the calculation of the Annual Caps for Contracting Services is based, shall exceed 11.8 million square feet. The projections have included those Projects whose Contracting Services have been secured by the Group, but most of which are future projects as the NWD Group has not yet commenced the tendering process for Contracting Services for those Projects. The Projects are identified based on the list of projects as disclosed in the annual report of the NWD Group for the financial year ended 30 June 2004. Pursuant to the Engagement Undertaking, it was agreed that the NWD Group will not compete with the Group in, inter alia, Contracting Services, and, subject to certain qualifications, to engage or use reasonable endeavour to refer to the Group for the provision of such services for those projects. Based on the above, the projections were the aggregate estimated sum of all those Projects which the Group expects the NWD Group to develop in the next three years, which the Group will have a chance to tender for the Projects, and the projections were done for the purpose of arriving at the Annual Caps.

We have reviewed the abovesaid internal projections and the projected percentage of contract sums to be awarded to the Group is in line with the percentage of the actual contract sum awarded to the Group for the past three years. Furthermore, in arriving at our opinion as to whether the proposed Annual Caps for the Contracting Services are fair and reasonable, we have also taken into account the following.

3.1.1 Positive outlook on the property market in Hong Kong and the PRC

We have reviewed various economic research reports and market consensus indicated that the property market in Hong Kong continues to rebound and experiences a steady growth in the coming years. According to the Lands Department of Hong Kong

and the Midland Property Index, residential prices have risen by approximately 8% in the first three months of 2005. For the month of March 2005, the turnover on residential transactions rebounded by over 46% on a year-on-year basis, the highest monthly transaction since December 1998. We have also noted that the outlook of the overall property market is positive, mainly driven by (i) the emergence of real wage increases; (ii) the sustainability of employment creation; and (iii) the resurgence in confidence in the property market and the overall economy as a whole. The following figure shows the general trend of residential property prices from January 1998 to May 2005, which is a good reflection of the overall property and construction market for the same period.



Source: Midland Property, Hong Kong Lands Department

We have reviewed various industry reports and note that the demand in the real estate market in the PRC has continued to experience increasing demand, driven by increased disposable income of people in the cities. Moreover, we note that there is a market consensus of a positive outlook on the PRC's real estate market in the long-run, which will benefit from continuing economic growth, capital inflows and anticipation of the revaluation of Renminbi.

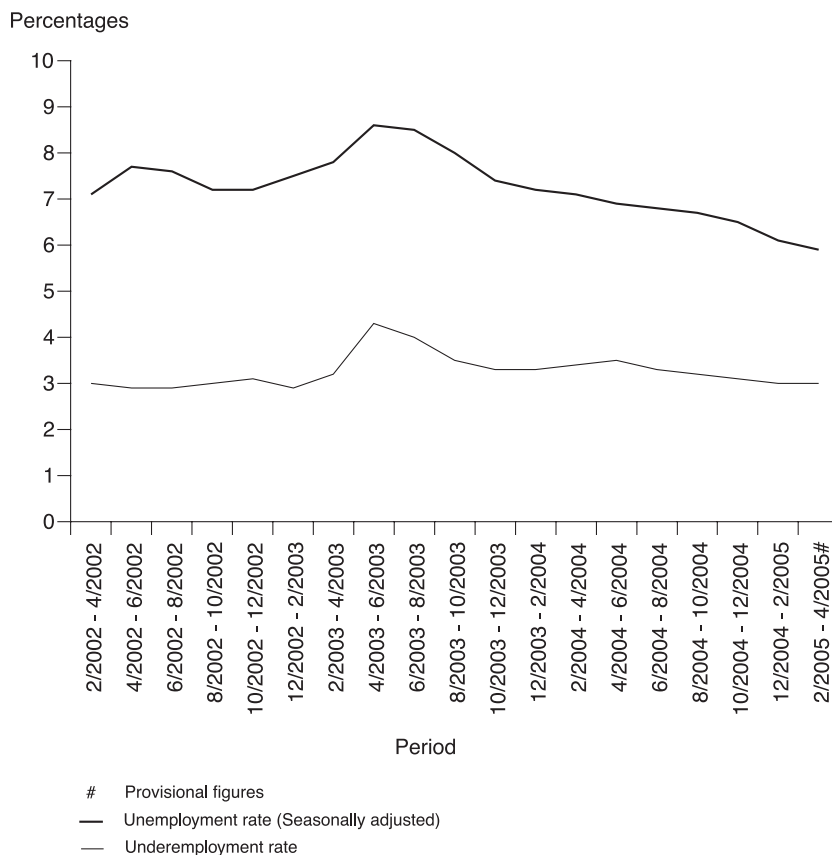
3.1.2 Economy hit its low in 2003

We also note that the aggregate contract sums for the three financial years ended 30 June 2004 were lower than the Annual Caps for the three financial years ending 30 June 2008. We have discussed with the Directors and noted that the property and construction market of Hong Kong and the PRC from 2002 to 2004 was sluggish and the work required for Contracting Services was, accordingly, relatively low. According to the

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Hong Kong Census and Statistics Department, the GDP growth in Hong Kong for the three years from 2002 to 2004 were approximately -1.7%, -2.2%, and 5.1% respectively, with deflation of approximately 3.0%, 2.6%, and 0.4% respectively showing that the economy of Hong Kong hit its low in 2003 and gradually recovered since.

Another indicator of an improved economy is the downward trend in unemployment. According to the Hong Kong Census and Statistics Department, the unemployment rate gradually decreased from the peak of approximately 8.6% in the second quarter in 2003 to the current level of approximately 5.9%, which shows that the economy is rebounding and experiencing a steady growth for the period from February 2002 to April 2005 as shown from the chart below.



Source: Hong Kong Census and Statistics Department

We have also reviewed various property research reports and note that the number of residential units completed in each of the three years from 2002 to 2004 were approximately 65,710, 45,400 and 46,300 units, as compared to the average of approximately 88,874 units completed per annum for the previous three-year period from 1999 to 2001. Based on the equity and economic research reports that we have reviewed, the market outlook for the economy of Hong Kong and the PRC in 2006 is positive and continues to experience a steady growth. The expected GDP growth of Hong Kong and the PRC is approximately 3.5% and 7.0% respectively with inflation expected to be approximately 1.7% and 2.0% respectively.

The rebound in economy has a positive impact on the property market, and then in turn leads to the NWD Group's increase in developing more projects, which will then increase its demand for Contracting Services. Pursuant to the Engagement Undertaking, the NWD Group will engage or use reasonable endeavour to refer to the Group for the provision of such services.

3.1.3 Our View

Based on the above, we are of the view that the property market in Hong Kong and the PRC has experienced a difficult and sluggish period from 2002 to 2004, partly due to the attack of severe acute respiratory syndrome, which has adversely affected the economy, as well as the property and construction market, of Hong Kong and the PRC. However, the economy, as well as the property and construction market, in Hong Kong and the PRC has rebounded from the trough since. It is also expected that the property market will continue to experience a steady growth in the coming years.

We have reviewed the projections taking into account (i) the continuous demand for Contracting Services by the NWD Group; (ii) the Group's past track record in winning Contracting Services contracts with the NWD Group; (iii) the business rapport built up by the long established relationship between the Group and the NWD Group in more than 30 years; (iv) the positive outlook of the property and construction market in Hong Kong and the PRC in the next three years; (v) the annual caps of the Contracting Services in 2005; and (vi) the actual contract amounts for Contracting Services for the three financial years ended 30 June 2004.

Having considered the above and given that (i) the positive outlook of the property and construction market in Hong Kong and the PRC in the next few years, and (ii) the business of the Group and the NWD Group will experience significant growth in light of the improved economic conditions in Hong Kong and the PRC; and (iii) the Group having a reasonable chance of winning respective contracts in the tendering process based on good track record, extensive past experience, and good relationship with the NWD Group, we are of the view that the proposed Annual Caps for Contracting Services are fair and reasonable.

3.2 *Facility Management Services*

We have discussed with the Directors and note that the calculation of the Annual Caps was based on the projected annual cap for the Facility Management Services provided to and from the NWD Group for the year ending 30 June 2005 and then applying an approximately 6% increase in each of the following year for the next three financial years.

We have reviewed the projections taking into account (i) the general overall economic growth in Hong Kong; (ii) the demand for Facility Management Services in the next few years; and (iii) the actual contract amounts for Facility Management Services for the three financial years ended 30 June 2004.

We noted that the aggregate contract amounts for the three years ended 30 June 2004 were lower than the Annual Caps for the three years ending 30 June 2008. As explained in section 3.1 above, we are of the view that the three-year period from 2002

to 2004 was one of the slowest growth periods in Hong Kong and the PRC and the economy has rebounded since. It is expected that the economy will have a steady growth in the coming years.

Having considered the above and given that the projections of approximately 6% growth per annum is in line with the general economic growth of Hong Kong, and in particular, the demand for exhibition and conventional centre and related facilities, we are of the view that the proposed Annual Caps for Facility Management Services are fair and reasonable.

3.3 *Security and Guarding Services*

Based on our discussions with the Directors, we note that the calculation of the Annual Caps was based on the projected annual cap for the Security and Guarding Services provided to the NWD Group for the year ending 30 June 2005 and then applying an approximately 10% increase in each of the following year for the next three financial years.

We have reviewed the projections taking into account (i) the general overall economic growth in Hong Kong; (ii) the growth in the demand for Security and Guarding Services; (iii) the experience and past track record of the Group in security guarding sector; and (iv) the actual contract amounts for Security and Guarding Services for the three financial years ended 30 June 2004.

Having considered the above and given that the projections of approximately 10% growth per annum is in line with (i) the general growth in Security and Guarding Services; (ii) the experience and market position of the Group in security guarding industry; and (iii) the actual contract amounts for Security and Guarding Services for the last three years, we are of the view that the proposed Annual Caps for Security and Guarding Services are fair and reasonable.

3.4 *Cleaning and Landscaping Services*

Based on our discussions with the Directors, we note that the calculation of the Annual Caps was based on the projected annual cap of the Cleaning and Landscaping Services for the year ending 30 June 2005 and then applying an approximately 10% increase in each of the following year for the next three financial years.

We have reviewed the projections taking into account (i) the general overall economic growth in Hong Kong; (ii) the growth in the demand for Cleaning and Landscaping Services; (iii) the experience and past track record of the Group in Cleaning and Landscaping Services; and (iv) the actual contract amounts for Cleaning and Landscaping Services for the three financial years ended 30 June 2004.

Having considered the above and given that the projections of approximately 10% growth per annum is in line with (i) the general growth in Cleaning and Landscaping Services; (ii) the experience and market position of the Group in the cleaning and landscaping industry; and (iii) the actual contract amounts for Cleaning and Landscaping Services in the last three years, we are of the view that the proposed Annual Caps for Cleaning and Landscaping Services are fair and reasonable.

3.5 *Financial Services*

Based on our discussions with the Directors, we note that the calculation of the Annual Caps was based on the projected annual cap of the Financial Services provided to the NWD Group for the year ending 30 June 2006 and then applying an approximately 10% increase in each of the following year for the next two financial years.

We have reviewed the projections taking into account (i) the general overall economic growth in Hong Kong and the PRC; (ii) the growth in the demand for Financial Services; (iii) the experience and past track record of the Group in Financial Services; and (iv) the actual contract amounts for Financial Services for the three financial years ended 30 June 2004.

We note that the Annual Cap for 2006 is significantly higher than the previous years. We have discussed with the Directors and understand that this is due to certain operating vehicles of the Group may commence the provision of insurance broking or other related services in the PRC in the financial year ending 30 June 2006. The Directors believe that the insurance market in the PRC is still in its high growth stage with strong growth potential for the Group.

Having considered the above and given that the projections of approximately 10% growth per annum is in line with (i) the general growth in the insurance market in the PRC; and (ii) the experience and market position of the Group in the provision of Financial Services, we are of the view that the proposed Annual Caps for Financial Services are fair and reasonable.

3.6 *Property Management Services*

We have discussed with the Directors and note that the calculation of the Annual Caps was based on the projected annual cap of the Property Management Services provided to and obtained from the NWD Group for the year ending 30 June 2005 and then applying an approximately 10% increase in each of the following year for the next three years.

We have reviewed the projections taking into account (i) the general overall economic growth in Hong Kong and the PRC; (ii) the outlook of the property market in the next three years; (iii) the growth in the demand for Property Management Services in Hong Kong and the PRC; (iv) the experience and past track record of the Group in property management in Hong Kong and the PRC; and (v) the actual contract amounts for Property Management Services for the three financial years ended 30 June 2004.

Having considered the above and given that the projections of approximately 10% growth per annum is in line with (i) the general growth of property market in Hong Kong and the PRC; and (ii) growth in the demand for Property Management Services in Hong Kong and the PRC, we are of the view that the proposed Annual Caps for Property Management Services are fair and reasonable.

3.7 *Other Services*

3.7.1 Rental of properties and vessels

Based on our discussions with the Directors, we note that the calculation of the Annual Caps was based on the projected annual cap of the rent paid by the Group to the NWD Group for the year ending 30 June 2005 and then applying an approximately 15% increase in each of the following year for the next three financial years. We understand that the projections were based on the assumption that (i) there is no change to the current floor area rented from the NWD Group under the existing tenancy agreements in the next three years; and (ii) the 15% increase reflects the expected increase in rental prices.

We have reviewed industry reports on the rental of office and commercial buildings in Hong Kong. We note that rental growth in Central, Wanchai, Causeway Bay, Hong Kong East, and Tsimshatsui all posted significant increase ranging from approximately 14% to 39% from 2004 to 2005. Market consensus indicated that the up-cycle of the rental of office is intact, given solid business momentum amid a supply squeeze. The strength of demand is reflected in the strong take-up and rising prices in all business areas. In Central, the net take-up of approximately 242,000 square feet in the first quarter of 2005 beat the 2004 average quarterly take-up of approximately 236,000 square feet, despite a 78% year-on-year increase in rent already. Overall Grade A office net take-up in the first quarter 2005 of approximately 628,000 square feet surpassed the average quarterly net take-up of approximately 436,750 square feet in 2004 by a full 44%, despite an approximately 62% increase in rents. Overall vacancy of approximately 7.4% at the end of the first quarter in 2005 is the lowest since 2002. The overall office rental market is expected to see strong growth in rents in the coming few years.

We have reviewed the projections taking into account (i) the general overall economic growth in Hong Kong; (ii) the trend of the rental market prices of office and commercial buildings in the vicinity of the properties that the Group is renting; and (iii) the actual amounts for the rental of properties of the NWD Group for the three financial years ended 30 June 2004. We have also reviewed industry reports on the general trend and outlook of the rental market of office and commercial buildings in the next few years.

Having considered the above and given that the projections of approximately 15% growth per annum is in line with upward trend of rental prices in office and commercial buildings in Hong Kong in the next few years, we are of the view that the proposed Annual Caps for rental of properties and vessels are fair and reasonable.

3.7.2 Sale of Food Product

Based on our discussions with the Directors, we note that the Group has commenced the business for provision of such services in Hong Kong since 2003. The Group expects that there will be potential business for the sale of food products to certain members of the NWD Group for the coming financial years. The calculation of the Annual Caps was based on the projected amount for the sale of frozen food products to the NWD Group for the year ending 30 June 2006 and then applying an approximately 50% increase on average for the next two financial years. Since this line of business was newly established in 2003, with the Group currently supplying frozen food products to only one of the hotels of the NWD Group which the turnover was very small (as

compared to the other businesses of the Group), the Directors are of the view that this line of business will experience a significant growth in the coming years when the Group supplies to more of the hotels of the NWD Group, and the estimated turnover will double or triple the current amount of less than HKD1 million. Therefore, the growth of this business is expected to be strong due to (i) the small base in 2005; and (ii) good potential growth in the food trading and supply market.

We have reviewed the projections taking into account (i) the general overall economic growth in Hong Kong; and (ii) market consensus on the general trend and outlook of the food and consumer market in Hong Kong in the next few years. Having considered the above, we are of the view that the proposed Annual Caps for the Sale of Food Products are fair and reasonable.

Based on the above and having considered the principal factors and reasons referred to above, we are of the view that the Continuing Connected Transactions and their Annual Caps for the three financial years ending 30 June 2008 are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

B. ANNUAL CAPS UNDER THE CONDITIONAL WAIVER

1. Background

The Company obtained the Conditional Waiver from strict compliance with the connected transactions requirements under the then Listing Rules and an annual cap as a percentage of annual turnover of the Group assigned to each category of Continuing Connected Transactions for each of the three financial years ending 30 June 2005. It is expected that the annual turnover of the Group for the year ending 30 June 2005 will decrease mainly due to the deconsolidation of NWS Transport from the accounts of the Company as a result of the share exchange which completed on 9 March 2004, and the general adverse economic conditions in Hong Kong in recent years. Consequently, the transaction values of the E & M Engineering Services, the Facility Management Services, the Property Management Services and other services (including rental of properties and the Management Services) under the Conditional Waiver are expected to exceed the annual cap (as a percentage of the expected turnover of the Group for the year ending 30 June 2005). Pursuant to the terms of the Conditional Waiver, the Company will have to comply with the reporting, announcement and independent shareholders' approval requirements with respect to those continuing connected transactions.

2. Analysis of the turnover and the proposed New Annual Caps for the financial year ending 30 June 2005

We have discussed with the Directors and understand that the decrease of the annual turnover for the financial year ending 30 June 2005 is mainly due to (i) general downtrend of business in the servicing sector due to adverse economic conditions in Hong Kong; and (ii) the deconsolidation of NWS Transport, which is the parent company of the Citybus Group, including Citybus Limited and its subsidiaries, and New World First Holdings Limited and operates public and private bus services as well as ferry services in Hong Kong, from the accounts of the Company as a result of the share exchange which completed on 9 March 2004 (the "**Share Exchange**").

LETTER FROM COMMERZBANK

As a result of acquiring the Citybus Group in 2003, there was a corporate restructuring involving the Share Exchange, which would not have been anticipated at the time of obtaining the Conditional Waiver in April 2003.

Taking into account of the possible decrease in the annual turnover of the Group for the financial year ending 30 June 2005 as explained above, which may lead to the annual caps as a percentage to the annual turnover of the Group exceeding those obtained under the Conditional Waiver, the Directors now propose the following New Annual Caps which were calculated with reference to (i) the actual value of the respective categories of the Continuing Connected Transactions for the nine months ended 31 March 2005; (ii) the projected value of the respective categories of the Continuing Connected Transactions for the three months ending 30 June 2005; and (iii) the annual cap as a percentage to the annual turnover of the Group for the financial year ending 30 June 2005 obtained under the Conditional Waiver.

The following table shows the proposed New Annual Caps for the financial year ending 30 June 2005 as compared to the annual cap as a percentage to the annual turnover of the Group obtained under the Conditional Waiver for the financial year ending 30 June 2005.

	Annual Caps as a % to the annual turnover of the Group obtained under the Conditional Waiver for the financial year ending 30 June 2005	Aggregate contract amounts for the six months ended 31 December 2004* (HK\$'million)	Proposed New Annual Caps for the financial year ending 30 June 2005 (HK\$'million)
E & M Engineering Services	2.50%	112	304
Facility Management Services	0.10%	7	16
Property Management Services	0.35%	20	45
Rental of properties and Management Services	0.30%	13	31

* The aggregate contract amounts for the six months ended 31 December 2004 are based on the unaudited interim consolidated results of the Group for the six months ended 31 December 2004. The Company would like to remind the Shareholders that certain Operational Services are subject to seasonality, and accordingly, the unaudited interim results of the Group for the six months ended 31 December 2004 may not be indicative of the audited annual results of the Group for the year ending 30 June 2005.

Given that the Company would not have anticipated the Share Exchange at the time of obtaining the Conditional Waiver nor the decrease of turnover due to general adverse economic conditions in the servicing sector in Hong Kong, the exceeding of the annual caps as a percentage to the annual turnover of the Group for the financial year ending 30 June 2005 is acceptable.

LETTER FROM COMMERZBANK

The calculation of the New Annual Caps was based on the actual contract amount for the nine months ended 31 March 2005 and the internal projections for the remaining three months for the financial year ending 30 June 2005 in the E & M Engineering Services, the Facility Management Services, and the Property Management Services and other services (including rental of properties and the Management Services). We have discussed with the Directors and reviewed the bases of the projections for the three months from 1 April 2005 to 30 June 2005. We note that for Facility Management Services, Property Management Services and other services (including rental of properties and the Management Services), the three months' projections are determined generally on a pro-rata basis with reference to the actual amounts in the preceding nine months in the same financial year. As for E & M Engineering Services, the three months' projections are based on the expected progress billings of the contracts (based on percentage of completion) that the Group was performing during that period. Taking into the account the above, we are of the view that the bases of the projections of the Continuing Connected Transactions for the three months from 1 April 2005 to 30 June 2005 are fair and reasonable.

Having considered the above, we are of the view that the proposed New Annual Caps for E & M Engineering Services, Facility Management Services, Property Management Services and other services (including rental of properties and the Management Services) of the Continuing Connected Transactions for the financial year ending 30 June 2005 are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

OVERALL RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the view that (i) the Continuing Connected Transactions and their respective Annual Caps for the three financial years ending 30 June 2008; and (ii) the proposed New Annual Caps of the Continuing Connected Transactions for the financial year ending 30 June 2005 are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Continuing Connected Transactions and their Annual Caps for the three financial years ending 30 June 2008 and the New Annual Caps for the year ending 30 June 2005.

Yours faithfully,
For and on behalf of

Commerzbank AG Hong Kong Branch

Harald Vogt
General Manager

Helen Ho
Head of Corporate Finance — M&A Advisory

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accepts full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests of the Directors in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

2.1 Interests in shares

	Shares/Equity Interest/Participating Interest Number/Amount			
	Personal	Family	Corporate (Note)	Other
The Company				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	2,000,000	587,000	8,000,000	—
Mr. Doo Wai Hoi, William	1,333,333	—	826,000	—
Mr. Chan Kam Ling	767,324	—	10,254,321	—
Mr. Wong Kwok Kin, Andrew	4,068,348	2,650,051	—	—
Mr. Lam Wai Hon, Patrick	502,466	—	—	—
Mr. Cheung Chin Cheung	758,700	—	—	—
Mr. Kwong Che Keung, Gordon	400,000	—	—	—
Mr. Cheng Wai Chee, Christopher	400,000	—	—	—
Associated Corporations				
NWD				
(Ordinary shares of HK\$1.00 each)				
Mr. Chan Kam Ling	135,335	—	—	—
Mr. Cheung Chin Cheung	60,652	—	—	—
Mr. Kwong Che Keung, Gordon	30,000	—	—	—
New World TMT Limited				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	—	1,000,000	—	—
Mr. Doo Wai Hoi, William	—	—	12,000,000	—
Mr. Chan Kam Ling	6,800	—	—	—
Mr. Cheung Chin Cheung	100,000	—	—	—

	Shares/Equity Interest/Participating Interest			
	Personal	Family	Corporate (Note)	Other
New World China Land Limited				
(Ordinary shares of HK\$0.10 each)				
Dr. Cheng Kar Shun, Henry	—	—	52,271,200	—
Mr. Doo Wai Hoi, William	1,750,000	—	45,050,000	—
Mr. Chan Kam Ling	1,000,000	—	—	—
Mr. Wong Kwok Kin, Andrew	600,000	—	—	—
Fung Seng Estate Development (Shanghai) Co., Ltd.				
(Registered capital in US\$)				
Mr. Doo Wai Hoi, William	—	—	US\$3,000,000	—
HH Holdings Corporation				
(Ordinary shares of HK\$1.00 each)				
Mr. Chan Kam Ling	15,000	—	—	—
Master Services Limited				
(Ordinary shares of US\$0.01 each)				
Mr. Chan Kam Ling	16,335	—	—	—
Mr. Wong Kwok Kin, Andrew	44,915	—	—	—
Nanjing New World Chang Jiang Equipment Co., Ltd.				
(Registered capital in RMB)				
Mr. Doo Wai Hoi, William	—	—	RMB5,357,275	—
Nanjing Xinlidao Property Development Limited				
(Registered capital in HK\$)				
Mr. Doo Wai Hoi, William	—	—	HK\$21,000,000	—
Ramada Property Ltd.				
(Ordinary shares of US\$1.00 each)				
Mr. Doo Wai Hoi, William	—	—	200	—
Shanghai Ju Yi Real Estate Development Co., Ltd.				
(Registered capital in RMB)				
Mr. Doo Wai Hoi, William	—	—	RMB105,000,000	—
Tai Fook Securities Group Limited				
(Ordinary shares of HK\$0.10 each)				
Mr. Doo Wai Hoi, William	—	—	4,346,000	—
Wai Kee Holdings Limited				
(Ordinary shares of HK\$0.10 each)				
Mr. Lam Wai Hon, Patrick	300,000	—	—	—

Note: These shares were beneficially owned by a company which the relevant Director is deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

2.2 Interests in underlying shares through equity derivatives (within the meaning of Part XV of the SFO)

Under the respective share option schemes of the Company, New World China Land Limited and New World Mobile Holdings Limited, options may be granted to their respective directors and employees and also to certain eligible participants to subscribe for shares. The following Directors have personal interests in the following share options granted to them to subscribe for shares in the Company, New World China Land Limited and New World Mobile Holdings Limited:

	Date of grant	Exercisable period (Note)	Number of share options outstanding
The Company			
(Exercise price of HK\$3.725 per share)			
Dr. Cheng Kar Shun, Henry	21 July 2003	(1)	1,000,000
Mr. Doo Wai Hoi, William	21 July 2003	(1)	666,667
Mr. Chan Kam Ling	21 July 2003	(1)	666,667
Mr. Wong Kwok Kin, Andrew	21 July 2003	(1)	466,667
Mr. Lam Wai Hon, Patrick	21 July 2003	(2)	566,667
Mr. Cheung Chin Cheung	21 July 2003	(1)	200,000
Mr. Wilfried Ernst Kaffenberger	21 July 2003	(3)	600,000
Mr. To Hin Tsun, Gerald	21 July 2003	(1)	200,000
Mr. Kwong Che Keung, Gordon	21 July 2003	(1)	200,000
Mr. Cheng Wai Chee, Christopher	21 July 2003	(1)	200,000
Mr. Dominic Lai	21 July 2003	(1)	200,000
New World China Land Limited			
(Exercise price of HK\$1.782 per share)			
Dr. Cheng Kar Shun, Henry	7 February 2001	(4)	12,500,000
Mr. Doo Wai Hoi, William	8 February 2001	(4)	7,000,000
Mr. Chan Kam Ling	9 February 2001	(4)	250,000
New World Mobile Holdings Limited			
(Exercise price of HK\$1.26 per share)			
Dr. Cheng Kar Shun, Henry	28 January 2005	28 January 2005 to 31 December 2010	780,000
Mr. Doo Wai Hoi, William	28 January 2005	28 January 2005 to 31 December 2010	300,000
Mr. To Hin Tsun, Gerald	28 January 2005	28 January 2005 to 31 December 2010	482,000
Mr. Kwong Che Keung, Gordon	28 January 2005	28 January 2005 to 31 December 2010	78,000

Notes:

- (1) Exercisable from 21 July 2005 to 20 July 2008, both dates inclusive.
- (2) Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (3) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (4) The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total share options granted together with any unexercised share options carried forward from the previous anniversary year(s).

2.3 Interests in qualifying shares

At the Latest Practicable Date, none of the Directors had any interest in the shares of the Company or any of its subsidiaries solely held in a non-beneficial capacity and for the purpose of holding the requisite qualifying shares.

Other than the interests in shares, underlying shares and debentures set out above, as at the Latest Practicable Date, none of the Directors had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of interest	Number of shares	Aggregate Interest	
			Total number of shares	Approximate percentage of interests
Chow Tai Fook Enterprises Limited	beneficial owner interest of controlled corporation ⁽¹⁾	59,831,893 969,779,643	— 1,029,611,536	— 56.97%
NWD	beneficial owner interest of controlled corporations ⁽²⁾	664,587,141 305,192,502	— 969,779,643	— 53.66%
Mombasa Limited	beneficial owner	303,221,591	303,221,591	16.78%

Notes:

- (1) Chow Tai Fook Enterprises Limited (together with its subsidiaries) has interests in more than one-third of the issued shares of NWD and Chow Tai Fook Enterprises Limited is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
- (2) NWD 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. NWD is also beneficially interested in 664,587,141 shares in the Company, and 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 NWD.

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company and save as otherwise disclosed in this circular, the persons (other than a director or chief executive of the Company or a member of the Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company were as follows:

Name of shareholder	Name of subsidiary of the Company	Approximate percentage of interest held
Architectural Precast Limited	Architectural Precast GRC Limited	35.00%
Asian East Worldwide Limited	Guangzhou Northring Freeway Company Limited	24.30%
Bioforte (Hong Kong) Environmental Engineering And Technology Company Limited	BioEnviroLink Technologies Limited	30.00%
Changzhi City Changda Highway Development Company	Shanxi Xinda Highways Limited	40.00%
Changzhi City Changda Highway Development Company	Shanxi Xinhuang Highways Limited	40.00%
Cinagro Pte Limited	Cinabel (Singapore) Pte Limited	20.00%
Foshan City Gaoming District Traffic Development Co.	Gaoming Xinming Bridge Company Limited	49.00%
Guangxi Beiliu Gaote Co. Ltd.	Guangxi Beiliu Xinbei Highways Limited	40.00%
Guangxi Cangwu County Electric Power Co. Ltd.	Guangxi Cangwu Xincang Highways Limited	30.00%
Guangxi Rongxian Road & Bridge Construction Co. Ltd.	Guangxi Rongxian Xinrong Highways Limited	30.00%
Guangxi Wuzhou Heng Tong Development Ltd.	Wuzhou Xinwu Highways Limited	40.00%
Guangxi Yulin City Heng Tong Ltd.	Guangxi Yulin Xintong Highways Limited	40.00%
Guangxi Yulin City Heng Tong Ltd.	Guangxi Yulin Xinye Highways Limited	40.00%
Guangxi Yulin Yu Shieh Ltd.	Guangxi Yulin Xinyu Highways Limited	40.00%
Guangzhou Yongtong Freeway Company Ltd.	Guangzhou Northring Freeway Company Limited	10.41%
Gujiao Highway-Bridge Development & Construction Company	Taiyuan Xinyuan Highways Limited	40.00%
Hong Kong Ticketing Alliance Limited	Hong Kong Ticketing Holdings Limited	38.32%
Huns Engineering Company Limited	Huns-Majestic Joint Venture	40.00%
Junglesoft Inc.	JungleSoft Net Limited (In creditors' voluntary liquidation)	20.00%
Miramar Hotel & Investment Company Limited	Espora Company Limited	50.00%
Nanjing Port Authority	Nanjing Huining Wharfs Co., Ltd.	45.00%
New Concepts Foundation Limited	Barbican-New Concepts Joint Venture	40.00%
Qingxin County Communications Construction Development Co.	Qingyuan Xinqing Highways Limited	21.00%
Shine Vision International Limited	Carpark Solution Enterprise Limited	35.00%
Taisei Corporation	Hip Hing-Taisei Joint Venture	40.00%
Taiyuan Tongtai Industry & Commerce General Company	Taiyuan Xintai Highways Limited	40.00%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xindi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlong Expressway Company Limited	33.38%

Name of shareholder	Name of subsidiary of the Company	Approximate percentage of interest held
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlu Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinming Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinqing Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinquan Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsen Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinshi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintong Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintuo Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinxiang Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinyan Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinzhan Expressway Company Limited	33.38%
Wiseful Engineering Group Limited	Kentfull Engineering Company Limited	40.00%
Wuhan Airport Road Industrial Development Co. Ltd.	Wuhan Airport Road Development Limited	33.33%
Xiamen COSCO International Container Freight Station & Transportation Co., Ltd.	Xiamen Xinyuan Container Terminal Co., Ltd.	30.00%
北京市萬勝全物業管理中心	Beijing Kiu Lok Property Management Services Co., Ltd.	40.00%
北京建工集團有限責任公司	Beijing Hip Hing Construction Engineering Company Limited	25.00%
北京崇建工程公司	Beijing Hip Hing Construction Engineering Company Limited	20.00%
武漢武建鼎安安裝工程有限公司	Trihan Engineering (Wuhan) Co., Ltd.	49.00%
珠海市萬泉河科技發展有限公司	深圳香島園花卉有限公司	20.00%
珠海國際經濟技術合作公司	珠海市景福工程有限公司	20.00%
深圳市高成達機械電子有限公司	襄樊高成達停車場管理有限公司	35.00%
順德市誠業建築集團公司	Shunde Xiexing Construction Engineering Company Limited	15.00%
廣州市新運行汽車運輸有限公司	廣州銳萊停車場設備有限公司	10.00%
廣州市機電安裝公司	Triguang Engineering (Guang Zhou) Company Limited	49.00%

Save as disclosed above, as at the Latest Practicable Date and so far as is known to any Director or chief executive of the Company, no other person had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and no other persons (other than a director or chief executive of the Company or a member of the Group) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company or had any options in respect of any such share capital of any subsidiary of the Company.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules as set out below:

Name	Name of entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Dr. Cheng Kar Shun, Henry	Chow Tai Fook Enterprises Limited group of companies	Investment in bus services business	Director
	HKR International Limited group of companies	Construction and property management	Director
	Shun Tak Holdings Limited group of companies	Investment in ferry services business	Director
	Tamman Developments Limited	Investment in airport operation business	Director
Mr. Chan Kam Ling	Qingyuan Qiaoyuan Power Plant Company Limited	Operation of power plant	Director
Mr. Lam Wai Hon, Patrick	Wai Kee Holdings Limited group of companies	Contracting	Director and shareholder

5. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group;
- (b) none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation; and
- (c) none of the Directors had any direct or indirect interest in any asset which, since 30 June 2004 (the date to which the latest published audited financial statements of the Group were made up), had been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Board is not aware of any material adverse change in the financial or trading position of the Group since 30 June 2004, the date to which the latest published audited financial statements of the Group were made up.

7. LITIGATION

No member of the Group is engaged in any litigation or claim of material importance and, so far as the Board is aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which is contained in this circular:

Name	Qualification
Commerzbank	A licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to carry out type 1 (dealing in securities), 4 (advising on securities), and 6 (advising on corporate finance) regulated activities as set out in Schedule 5 of the SFO

Commerzbank has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter or reference in the form and context in which it appears.

9. MISCELLANEOUS

- (a) The English text of this circular will prevail over the Chinese text.
- (b) The Qualified Accountant of the Company is Mr. Lam Wai Hon, Patrick, who is a fellow of the Institute of Chartered Accountants of England and Wales and the Hong Kong Institute of Certified Public Accountants.
- (c) The Company Secretary of the Company is Mr. Chow Tak Wing, who is a fellow of the Association of Certified Public Accountants (UK) and an associate of the Hong Kong Institute of Certified Public Accountants.
- (d) The head office and the principal place of business of the Company is at 28/F., New World Tower, 18 Queen's Road Central, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The branch share registrars of the Company in Hong Kong is Standard Registrars Limited whose address is situated at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The Master Services Agreement is available for inspection during normal business hours at the head office and the principal place of business of the Company up to and including 15 July 2005.



新創建集團有限公司*
NWS Holdings Limited

(incorporated in Bermuda with limited liability)

(stock code: 0659)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of NWS Holdings Limited (the "**Company**") will be held at Bauhinia Room, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 30 June 2005 at 10:30 a.m. for the purpose of considering, and if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **"THAT**, the master services agreement dated 30 May 2005 entered into between New World Development Company Limited ("**NWD**") and the Company (the "**Master Services Agreement**"), a copy of which has been produced to the meeting marked "**A**" and initialled by the chairman of the meeting for identification purpose, pursuant to which, (a) NWD agrees to, and agrees to procure that members of the NWD Group (as defined in the Master Services Agreement) shall (to the extent practicable), engage the Company and/or its subsidiaries (the "**Group**") to provide certain operational services and to sell frozen food products to NWD and/or relevant members of the NWD Group and (b) the Company agrees to, and agrees to procure that members of the Group shall (to the extent practicable), engage members of the NWD Group to rent properties and vessels to the Group, and **THAT**, the proposed annual caps in respect of the continuing connected transactions under the Master Services Agreement for each of the three financial years ending 30 June 2008 as set out in the "Letter from the Board" in the circular of the Company dated 15 June 2005 be and are hereby approved, ratified and confirmed, and that the directors of the Company be and are hereby authorised to do such acts and things and execute all such documents which in their opinion may be necessary, desirable or expedient to carry out or give effect to any of the foregoing with such modifications (if any) as they may consider appropriate, and to exercise the powers and rights of the Company in connection therewith."
2. **"THAT**, the proposed new annual caps in respect of the electrical and mechanical engineering services, the facility management services, the property management services and other services (including rental of properties and provision of the management services) under the conditional waiver obtained by the Company from The Stock Exchange of Hong Kong Limited on 8 April 2003 for the year ending 30 June 2005 as set out in the "Letter from the Board" in the circular of the Company dated 15 June 2005 be and are hereby approved, ratified and confirmed, and that the directors of the Company be and are hereby authorised to do such acts and things and execute all such documents which in their opinion may be necessary, desirable or expedient to carry out or give effect to any of the foregoing with such modifications (if any) as they may consider appropriate, and to exercise the powers and rights of the Company in connection therewith."

By Order of the Board
Chow Tak Wing
Company Secretary

Hong Kong, 15 June 2005

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the office of the Company's branch share registrars in Hong Kong, Standard Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting, as the case may be.
3. A form of proxy for use at the meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders are present at the meeting personally or by proxy, then one of the registered holders so present whose name stands first on the Company's register of members in respect of such share will alone be entitled to vote in respect thereof.

* *For identification purposes only*