

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



新創建集團有限公司 *
NWS Holdings Limited

(incorporated in Bermuda with limited liability)

(stock code: 0659)

CONTINUING CONNECTED TRANSACTION

The Board wishes to announce that on 22 November 2006, NDL as landlord and UPML as tenant entered into the Tenancy Agreement, pursuant to which NDL will offer UPML a tenancy in respect of the Leasehold Premises for the terms as stipulated in the Tenancy Agreement.

UPML is an indirect wholly-owned subsidiary of the Company. The Leasehold Premises, the subject of the Tenancy Agreement, is owned by NDL which is an indirect wholly-owned subsidiary of NWD. As at the date of this announcement, NWD holds approximately 56% equity interest in the Company and is, therefore, a connected person of the Company within the meaning of the Listing Rules. Accordingly, NDL is also a connected person of the Company within the meaning of the Listing Rules and the entering into of the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As the relevant percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the annual cap for HK\$8.0 million under the Tenancy Agreement, in aggregate with each of the annual caps of HK\$40.0 million and HK\$46.0 million under the rental arrangement with NWD pursuant to the Master Services Agreement for the years ending 30 June 2007 and 2008 respectively, is, on an annual basis, expected to be more than 0.1% but less than 2.5% as at the date of this announcement, the continuing connected transaction as contemplated under the Tenancy Agreement is exempt from the independent shareholders' approval but subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

THE TENANCY AGREEMENT

Parties

Landlord: NDL

Tenant: UPML

Date

22 November 2006

Premises

Premises A, B, C and D at 16th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong as detailed in the Tenancy Agreement.

Lease term

- Premises A : 9 years and 5 months commencing from 1 November 2006 and expiring on 31 March 2016 (both dates inclusive)
- Premises B : 9 years and 4 months commencing from 1 December 2006 and expiring on 31 March 2016 (both dates inclusive)
- Premises C : 9 years and 3 months commencing from 1 January 2007 and expiring on 31 March 2016 (both dates inclusive)
- Premises D : 8 years commencing from 1 April 2008 and expiring on 31 March 2016 (both dates inclusive)

Rent, air-conditioning charge, management fee and payment terms

Rent, air-conditioning charge and management fee shall be payable by UPML monthly in advance on the 1st day of each and every calendar month under the following bases:

	Rent (per calendar month)	Air-conditioning charge and management fee (per calendar month)
(i) Premises A (from 1 November 2006 to 30 November 2006)	HK\$165,561	HK\$36,501.60
(ii) Premises A and B (from 1 December 2006 to 31 December 2006)	HK\$219,681	HK\$48,433.50
(iii) Premises A, B and C (from 1 January 2007 to 31 March 2008)	HK\$282,381	HK\$62,257.10
(iv) Premises A, B, C and D (from 1 April 2008 to 31 March 2010)	HK\$337,381	HK\$74,383.10
(v) Premises A, B, C and D (from 1 April 2010 to 31 March 2013)	HK\$404,858	HK\$74,383.10
(vi) Premises A, B, C and D (from 1 April 2013 to 31 March 2016)	HK\$485,829	HK\$74,383.10

The air-conditioning charge and management fee shall be subject to adjustment by the management company of the Leasehold Premises from time to time.

OPINION FROM INDEPENDENT FINANCIAL ADVISER

Rule 14A.35(1) of the Listing Rules provides, in relation to non-exempt continuing connected transactions, that, inter alia, under special circumstances where the nature of the transaction requires the agreement to be of a duration longer than three years, an independent financial adviser to the Company will be required to explain why a longer period for the agreement is required and to confirm that it is normal business practice for agreements of such type to be of such duration. The Board, accordingly, has appointed Commerzbank as the independent financial adviser to provide advice in relation to the terms of the Tenancy Agreement.

Commerzbank has reviewed various offices rental information for August and September 2006 obtained from various real estate agencies in Hong Kong, and notes that average rental in the proximity of the Leasehold Premises, with similar leasing terms was in the range of HK\$18 to HK\$22 per square foot. Commerzbank has also reviewed the Tenancy Agreement, and upon discussion with the management of UPML, it notes that the price per square foot during different rental period is as follows:

Lease period	Leasehold Premises	Price per square foot
1/11/2006 – 31/3/2010	Premises A, B, C and D being progressively taken up	HK\$11.00
1/4/2010 – 31/3/2013	Premises A, B, C and D	HK\$13.20
1/4/2013 – 31/3/2016	Premises A, B, C and D	HK\$15.84

Commerzbank has also reviewed other publicly available whole floor(s) office leases in commercial buildings in Hong Kong for the past three years, and notes the following long-term duration leases: (i) 10-year lease by Deloitte Touche Tohmatsu; (ii) 10-year lease by Industrial and Commercial Bank of China; and (iii) 10-year lease by UBS AG.

Commerzbank has concluded that given (i) the increasing trend in office premises rentals, in particular, for offices with lettable area exceeding 5,000 square feet; (ii) the opportunity for UPML to enjoy the potential stable rental payment, which during the first leasing period until the expiry on 31 March 2010, rental pursuant to the Tenancy Agreement is approximately 40% and 50% lower than the current lowest and highest rental for comparable office premises in the proximity of the Leasehold Premises respectively; and (iii) the possibility of depreciating the initial investment costs for interior decoration and fitting out works over a longer period of time, Commerzbank considered that it is normal business practice for contracts of this type (i.e. office lease with whole floor lettable area and fixed rental payment) to be of long-term duration, and the entering into of the Tenancy Agreement is in the interests of the Company and its shareholders as a whole.

THE CAP AMOUNT

Pursuant to Rule 14A.35(2) of the Listing Rules, an annual cap of HK\$8.0 million has been set in relation to the total rent, air-conditioning charge and management fee incurred under the Tenancy Agreement during the financial years ending from 30 June 2007 to 2016. Such an annual cap is set based on the maximum annual amounts of rent, air-conditioning charge and management fee as agreed under the Tenancy Agreement with an estimated increase of approximately 10% on the air-conditioning charge and management fee annually.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Board considers that the relocation of UPML's office to Chevalier Commercial Centre will reduce its operating cost. The entering into of the Tenancy Agreement will enable UPML to enjoy price certainty on rental and lower annual depreciation costs. The Board, including the independent non-executive directors of the Company, believes that the terms of the Tenancy Agreement are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

RELATIONSHIPS BETWEEN THE PARTIES AND CONNECTED TRANSACTION

UPML is an indirect wholly-owned subsidiary of the Company. The Leasehold Premises, the subject of the Tenancy Agreement, is owned by NDL which is an indirect wholly-owned subsidiary of NWD. As at the date of this announcement, NWD holds approximately 56% equity interest in the Company and is, therefore, a connected person of the Company within the meaning of the Listing Rules. Accordingly, NDL is also a connected person of the Company within the meaning of the Listing Rules and the entering into of the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As the relevant percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the annual cap of HK\$8.0 million under the Tenancy Agreement, in aggregate with each of the annual caps of HK\$40.0 million and HK\$46.0 million under the rental arrangement with NWD pursuant to the Master Services Agreement for the years ending 30 June 2007 and 2008 respectively, is more than 0.1% but less than 2.5% as at the date of this announcement, the continuing connected transaction as contemplated under the Tenancy Agreement is exempt from the independent shareholders' approval but subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

GENERAL

The principal activity of NDL is property holding.

The principal activity of UPML is property management.

The principal activities of the Group 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.

As at the date of this announcement: (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Mr. Doo Wai Hoi, William, Mr. Chan Kam Ling, Mr. Tsang Yam Pui, Mr. Wong Kwok Kin, Andrew, Mr. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung and Mr. William Junior Guilherme Doo; (b) the non-executive directors of the Company are Mr. Wilfried Ernst Kaffenberger (alternate director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun Wah, David), Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (c) the independent non-executive directors of the Company are Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham.

TERMS USED IN THE ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Board” the board of directors of the Company

“Commerzbank”	Commerzbank AG acting through its Hong Kong Branch, an authorised financial institution registered with the Hong Kong Monetary Authority and a licensed corporation under the Securities and Futures Ordinance (Cap. 571) 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 Securities and Futures Ordinance (Cap. 571), the independent financial adviser to the Company in respect of the Tenancy Agreement
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leasehold Premises”	Premises A, B, C and D at 16th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong as detailed in the Tenancy Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Services Agreement”	the master services agreement entered into between NWD and the Company on 30 May 2005
“NDL”	Newly Development Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of NWD
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. As at the date of this announcement, it holds approximately 56% equity interest in the Company
“Tenancy”	the transaction as contemplated under the Tenancy Agreement
“Tenancy Agreement”	the tenancy agreement dated 22 November 2006 entered into between NDL as landlord and UPML as tenant
“UPML”	Urban Property Management Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 22 November 2006

* *For identification purposes only*

Please also refer to the published version of this announcement in The Standard.