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**新創建 NWS**

**新創建集團有限公司\***  
**NWS HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(stock code: 659)**

## **CONTINUING CONNECTED TRANSACTIONS**

In the ordinary course of their business, members of the Group regularly enter into continuing connected transactions with members of the CTF Enterprises Group. In order to streamline such continuing connected transactions, in particular, to consolidate the transactions contemplated under the 2008 Master Operational Services Agreement, the 2008 Master Financial Services Agreement and the NWST Master Services Agreement into one agreement, the Company and CTF Enterprises entered into the CTF Master Services Agreement on 7 May 2010 whereby each of the Company and CTF Enterprises agrees to procure that members of the Group or the CTF Enterprises Group (to the extent practicable) engage relevant members of the CTF Enterprises Group or the Group to provide the Operational Services to relevant members of the Group or the CTF Enterprises Group.

As NWD holds approximately 57.9% 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. As CTF Enterprises holds approximately 39.9% of the total issued share capital of NWD, it is a controlling shareholder of NWD and hence a connected person of the Company. Accordingly, the CTF Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

As one or more of the relevant percentage ratios of the Continuing Connected Transactions 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 in respect of the Continuing Connected Transactions and the Annual Caps. Optima Capital 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 and the Annual Caps.

A circular containing, among other things, a notice convening the SGM, further details of the Continuing Connected Transactions, a letter from the Independent Board Committee and a letter from Optima Capital will be dispatched to the Shareholders as soon as practicable.

## 1. BACKGROUND

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 24 January 2008, the Company and CTF Enterprises entered into the 2008 Master Operational Services Agreement whereby each of the Company and CTF Enterprises agreed to procure that members of the Group or the CTF Enterprises Group (which included members of the NWD Group but excluding members of the NWST Group) (to the extent practicable) engage relevant members of the CTF Enterprises Group (excluding members of the NWST Group) or the Group to provide the Operational Services (except the Financial Services) to relevant members of the Group or the CTF Enterprises Group (excluding members of the NWST Group) during the term of the 2008 Master Operational Services Agreement.

Also on 24 January 2008, the Company and CTF Enterprises entered into the 2008 Master Financial Services Agreement whereby CTF Enterprises agreed to procure that members of the CTF Enterprises Group (which included members of the NWD Group but excluding members of the NWST Group) (to the extent practicable) engage relevant members of the Group to provide the Financial Services to relevant members of the CTF Enterprises Group (excluding members of the NWST Group) during the term of the 2008 Master Financial Services Agreement.

The continuing connected transactions contemplated under the 2008 Master Operational Services Agreement and the 2008 Master Financial Services Agreement were approved by the Independent Shareholders of the Company at the special general meeting held on 10 March 2008.

On 18 May 2007, the Company and NWST entered into the NWST Master Services Agreement whereby (a) NWST agreed to procure that members of the NWST Group engage members of the Group to provide the Operational Services to the NWST Group; and (b) NWST agreed to, and undertook to procure relevant members of the NWST Group, rent and license certain spare spaces as and when required by relevant members of the Group. NWST, being an associate of CTF Enterprises, is a connected person of the Company. As the threshold stipulated under Rule 14A.34 of the Listing Rules was not exceeded at any relevant time, the continuing connected transactions contemplated under the NWST Master Services Agreement did not require Independent Shareholders' approval.

In the ordinary course of their business, members of the Group regularly enter into continuing connected transactions with members of the CTF Enterprises Group. In order to streamline such continuing connected transactions, in particular, to consolidate the transactions contemplated under the 2008 Master Operational Services Agreement, the 2008 Master Financial Services Agreement

and the NWST Master Services Agreement into one agreement, the Company and CTF Enterprises entered into the CTF Master Services Agreement on 7 May 2010 whereby each of the Company and CTF Enterprises agrees to procure that members of the Group or the CTF Enterprises Group (to the extent practicable) engage relevant members of the CTF Enterprises Group or the Group to provide the Operational Services to relevant members of the Group or the CTF Enterprises Group. Subject to the approval of the Independent Shareholders, the 2008 Master Operational Services Agreement, the 2008 Master Financial Services Agreement and the NWST Master Services Agreement shall be terminated on 1 July 2010, i.e. on commencement of the CTF Master Services Agreement.

As NWD holds approximately 57.9% 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. As CTF Enterprises holds approximately 39.9% of the total issued share capital of NWD, it is a controlling shareholder of NWD and hence a connected person of the Company. Accordingly, the CTF Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

## **2. CONTINUING CONNECTED TRANSACTIONS UNDER THE CTF MASTER SERVICES AGREEMENT**

Date: 7 May 2010

Parties: (1) CTF Enterprises  
(2) the Company

Duration: An initial term of three years commencing from 1 July 2010 to 30 June 2013 (both days inclusive). 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 CTF Master Services Agreement may be renewed for a further term of three years.

Nature of Transactions: Provision of the Operational Services by members of the Group to members of the CTF Enterprises Group and vice versa.

Pricing: On normal commercial terms and at rates no less favourable than the rates charged to Independent Third Parties which are customers of the Group or the CTF Enterprises Group (as the case may be).

### **Provision of the Operational Services**

Under the CTF Master Services Agreement, each of the Company and CTF Enterprises agrees to, and agrees to procure that members of the Group or the CTF Enterprises Group (to the extent practicable) engage relevant members of the CTF Enterprises Group or the Group to provide the Operational Services to relevant members of the Group or the CTF Enterprises Group during the term of the CTF Master Services Agreement.

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

**Operational Services categories**

**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 and 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, electrical systems and system design and consultancy and computer aided drafting services.

(b) General and Rental Services

Cleaning and landscaping services – general cleaning, vessel and vehicle cleaning, bus depot cleaning, bus terminus cleaning, office cleaning and bus shelter, stop and related facility cleaning, landscaping and plant maintenance, the supply of plants and laundry services.

Facility management services – provision of information technology and telecommunications services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, food processing, trading and supply, and merchandise sourcing, procurement and supply.

Property management services – property management, property sales, vessel and vehicle sales and 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).

Security and guarding services – provision of security guards, security systems installation and maintenance services, coinbox collection and coin counting services, armoured transport services and supply of security products.

Financial services – risk management, insurance management, global and regional management, alternate risk financing and reinsurance brokerage services.

Rental services – rental of properties, spare spaces, vehicles and vessels.

The above-mentioned engagement is subject to the following qualifications:

- (a) the engagement only applies to services required for business, projects and premises for which the relevant members of the Group or the CTF Enterprises Group (as the case may be) have the right to select providers of the relevant services;
- (b) the engagement is not contrary to the terms of contracts governing the relevant business, projects or premises or any applicable laws, regulations or administrative directives promulgated by competent authorities to which the business, projects and/or premises of the relevant members of the Group or the CTF Enterprises Group (as the case may be) relate; and
- (c) in the event that the relevant members of the Group or the CTF Enterprises Group (as the case may be) are required to select the providers of particular services through auction tenders, the engagement shall only become effective as and when the relevant members of the CTF Enterprises Group or the Group (as the case may be) have been selected by the relevant members of the Group or the CTF Enterprises Group (as the case may be) to provide the relevant services as a result of the relevant auction tenders.

### **Terms and pricing policies**

Pursuant to the CTF Master Services Agreement, members of the CTF Enterprises Group and members of the Group shall, from time to time during the term of the CTF Master Services Agreement, enter into separate Operational Agreements in respect of the provision of the Operational Services provided that such separate agreements shall always be subject to the CTF Master Services Agreement. In this connection, the Company and CTF Enterprises have agreed that:

- (a) the prices and terms of the Operational Agreements with respect to the Contracting Services and the General and Rental Services shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and terms no less favourable than those charged and provided to Independent Third Party customers of the Group or the CTF Enterprises Group (as the case may be);
- (b) the prices and terms at which the security and guarding services as grouped under the General and Rental Services to be provided shall be determined in the ordinary course of business on a cost-plus basis on terms (including prices) no less favourable than those charged to and contracted with other Independent Third Party customers of the Group. The cost element includes all direct costs incurred, such as staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis; and

- (c) 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 2013 (that is, the date on which the initial term of the CTF Master Services Agreement ends), the Company will re-comply with the applicable requirements under the Listing Rules at the relevant time.

In pricing its services to Independent Third Party customers, the Group will take into consideration factors which are common and reasonable 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.

### 3. HISTORIC AGGREGATE TRANSACTION VALUES AND ANNUAL CAPS

The aggregate transaction values and the maximum aggregate annual value (the “**Annual Cap**”) in respect of the Operational Services with the CTF Enterprises Group (including the NWST Group) for the financial years ended 30 June 2008, 2009 and the six months ended 31 December 2009 were as follows:

<b>Categories</b>	<b>Aggregate transaction values</b>		
	<b>Financial year ended 30 June 2008 (HK\$ million)</b>	<b>Financial year ended 30 June 2009 (HK\$ million)</b>	<b>6 months ended 31 Dec 2009 (HK\$ million)</b>
Contracting Services by members of the Group to members of the CTF Enterprises Group	2,102.3	2,493.5	1,086.9
General and Rental Services by members of the Group to members of the CTF Enterprises Group	185.7	161.0	74.1
General and Rental Services by members of the CTF Enterprises Group to members of the Group	55.6	63.6	31.6
<b>Total</b>	<u><u>2,343.6</u></u>	<u><u>2,718.1</u></u>	<u><u>1,192.6</u></u>

Categories	Annual Caps for each of the financial years ended/ending 30 June		
	2008 (HK\$ million)	2009 (HK\$ million)	2010 (HK\$ million)
Contracting Services by members of the Group to members of the CTF Enterprises Group (Note 1)	4,606.8	4,148.7	6,178.2
General and Rental Services by members of the Group to members of the CTF Enterprises Group (Note 2)	315.3	351.0	381.6
General and Rental Services by members of the CTF Enterprises Group to members of the Group (Note 3)	3,063.7	3,080.8	3,090.0
Total	<u>7,985.8</u>	<u>7,580.5</u>	<u>9,649.8</u>

*Notes:*

- (1) This Annual Cap includes (i) the Annual Cap for “Contracting Services” by members of the Group to members of the CTF Enterprises Group (but excluding the NWST Group) (as disclosed in the announcement of the Company dated 24 January 2008 and approved by the Independent Shareholders on 10 March 2008) and (ii) the Annual Cap for “Contracting Services” by members of the Group to members of the NWST Group (as disclosed in the announcement of the Company dated 18 May 2007).
- (2) This Annual Cap includes (i) the Annual Caps for “General Services”, “Fees from the provision of the Financial Services by the Group, including the underwriting and sub-underwriting services” and “Rental Services” by members of the Group to members of the CTF Enterprises Group (but excluding the NWST Group) (as disclosed in the announcement of the Company dated 24 January 2008 and approved by the Independent Shareholders on 10 March 2008) and (ii) the Annual Caps for “Facility Management Services”, “Security and Guarding Services”, “Cleaning and Landscaping Services”, “Financial Services” and “Property Management Services” by members of the Group to members of the NWST Group (as disclosed in the announcement of the Company dated 18 May 2007). It is noted that the Annual Cap in (i) above includes fees for the provision of certain corporate finance services which no longer form part of the continuing connected transactions between the Group and the CTF Enterprises Group as a result of the disposal of the Group’s controlling interest in Taifook Securities since December 2009.
- (3) This Annual Cap includes (i) the Annual Caps for “General Services”, “Rental Services” and “Value of the securities which may be acquired by the Group pursuant to the underwriting and sub-underwriting commitments under the underwriting and sub-underwriting services” by members of the CTF Enterprises Group to members of the Group (but excluding the NWST Group) (as disclosed in the announcement of the Company dated 24 January 2008 and approved by the Independent Shareholders on 10 March 2008) and (ii) the Annual Cap for “Rental or licensing of spare space” by members of the NWST Group to members of the Group (as disclosed in the announcement of the Company dated 18 May 2007). It is noted that the Annual Cap for “Value of the securities which may be acquired by the Group pursuant to the underwriting and sub-underwriting commitments under the underwriting and sub-underwriting services” (as disclosed in the announcement of the Company dated 24 January 2008 and approved by the Independent Shareholders on 10 March 2008) no longer forms part of the continuing connected transactions between the Group and the CTF Enterprises Group as a result of the disposal of the Group’s controlling interest in Taifook Securities since December 2009.



The Company further notes that the aggregate transaction values in respect of the Contracting Services and the General and Rental Services from 1 July 2009 to the date of this announcement are within the respective Annual Caps set for the financial year ending 30 June 2010. Therefore, the historic aggregate transaction values were within the historic Annual Caps and the Company had complied with the relevant reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### 4. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE CTF MASTER SERVICES AGREEMENT

The transactions contemplated under the CTF Master Services Agreement 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 and the CTF Enterprises Group. The above-mentioned Operational Agreements will be agreed on an arm's length basis and on normal commercial terms.

The Board (including the independent non-executive directors) is of the view that the terms of the CTF Master Services Agreement are fair and reasonable, and in the interests of the Company and its Shareholders as a whole, and that it is beneficial to the Company to enter into the CTF Master Services Agreement because the continuing connected transactions contemplated thereunder will continue to facilitate the business of the Group in general.

#### 5. MAXIMUM AGGREGATE ANNUAL VALUES

The Company expects that the Annual Cap in respect of each category of the Operational Services contemplated under the CTF Master Services Agreement will be as follows:

Operational Services categories	Annual Cap for each of the financial years ending 30 June		
	2011 (HK\$ million)	2012 (HK\$ million)	2013 (HK\$ million)
Contracting Services by members of the Group to members of the CTF Enterprises Group	5,708.0	6,869.2	5,132.7
General and Rental Services by members of the Group to members of the CTF Enterprises Group	121.9	133.3	137.8
General and Rental Services by members of the CTF Enterprises Group to members of the Group	51.1	65.5	84.0
Total	<u>5,881.0</u>	<u>7,068.0</u>	<u>5,354.5</u>



Each of the Annual Caps has been determined by reference to: (a) the historical annual or annualised amounts in respect of that category of service provided by the relevant members of the Group to the relevant members of the CTF Enterprises Group or vice versa 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 the relevant members of the Group to the relevant members of the CTF Enterprises Group or vice versa in the next three financial years.

The above-mentioned projected figures are determined based on the relevant historical figures, taking into account the business growth of the CTF Enterprises Group, the estimated future demand, the inflation factor and adjustments for non-recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period: (i) the Contracting Services will benefit from the potential recovery of the Hong Kong property market and the potential development of the land banks of the CTF Enterprises Group; and (ii) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

The decrease in the projected Annual Caps for the General and Rental Services by members of the Group to members of the CTF Enterprises Group is due to the disposal of the Group's controlling interest in Taifook Securities as announced by the Company on 23 November 2009. It is noted that certain corporate finance services (including financial advisory, placing, underwriting and sub-underwriting services) provided by the Group to the relevant members of the CTF Enterprises Group were provided through subsidiaries of Taifook Securities. Such transactions ceased to be continuing connected transactions of the Company as Taifook Securities is no longer a subsidiary of the Company since December 2009.

The Board is of the opinion that the proposed Annual Caps as stated above are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Company will make a further announcement in the event that any of the Annual Caps set out above is exceeded.

## **6. REQUIREMENTS OF THE LISTING RULES**

As at the date of this announcement, NWD holds approximately 57.9% of the total issued share capital of the Company and is a substantial shareholder of the Company; CTF Enterprises holds approximately 39.9% of the total issued share capital of NWD and is a controlling shareholder of NWD and hence a connected person of the Company.

The CTF Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

As one or more of the relevant percentage ratios of the Continuing Connected Transactions 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.



“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
“Continuing Connected Transactions”	the transactions contemplated under the CTF Master Services Agreement
“Contracting Services”	construction, engineering and related services provided by members of the Group to members of the CTF Enterprises Group as described in Section 2 of this announcement
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability which holds approximately 39.9% of the total issued share capital of NWD and approximately 2.8% of the total issued share capital of the Company
“CTF Enterprises Group”	CTF Enterprises and its subsidiaries and any other company in the equity capital of which CTF Enterprises and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, and for the purposes of this announcement, excludes the Group but includes the NWST Group
“CTF Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and CTF Enterprises on 7 May 2010
“Engagement Undertaking”	the deed of non-competition and engagement undertaking dated 29 January 2003 and entered into between NWD and the Company
“Financial Services”	financial advisory, insurance brokerage, MPF scheme management services and related services (as applicable) provided by members of the Group to members of the CTF Enterprises Group and members of the NWST Group as set out in the 2008 Master Financial Services Agreement and the NWST Master Services Agreement respectively
“General and Rental Services”	cleaning, landscaping, facility management, information technology and telecommunications, property management, security and guarding, financial, rental and related services provided by members of the Group or the CTF Enterprises Group to members of the CTF Enterprises Group or the Group as described in Section 2 of this announcement

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Board Committee”	the independent board committee comprising all 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 CTF Enterprises and its associates
“Independent Third Party”	person or company which is/are independent of any member of the Group, the directors, the chief executives, the substantial shareholders of the Company or any of its subsidiaries, and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 and its subsidiaries and for the purposes of this announcement, excludes the Group
“NWST”	NWS Transport Services Limited, a company incorporated in the British Virgin Islands with limited liability in which each of CTF Enterprises and the Company holds 50% indirect equity interest
“NWST Group”	NWST and its subsidiaries
“NWST Master Services Agreement”	the master services agreement entered into between the Company and NWST on 18 May 2007
“Operational Agreements”	the individual agreements in respect of the provision of any of the Operational Services which may from time to time be entered into between a member of the CTF Enterprises Group and a member of the Group pursuant to the CTF Master Services Agreement, and “Operational Agreement” means any of them
“Operational Services”	Contracting Services, General and Rental Services and such other types of services as the Company and CTF Enterprises may agree upon from time to time in writing

“Optima Capital”	Optima Capital Limited
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving, among other things, the Continuing Connected Transactions
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taifook Securities”	Taifook Securities Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange. As at the date of this announcement, the Company holds approximately 8.99% of its total issued share capital
“2008 Master Financial Services Agreement”	the master financial services agreement entered into between the Company and CTF Enterprises on 24 January 2008
“2008 Master Operational Services Agreement”	the master operational services agreement entered into between the Company and CTF Enterprises on 24 January 2008

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

Hong Kong, 7 May 2010

*As at the date of this announcement: (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Wong Kwok Kin, Andrew, Mr. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung, Mr. William Junior Guilherme Doo and Mr. Cheng Chi Ming, Brian; (b) the non-executive directors of the Company are Mr. Doo Wai Hoi, William, 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.*

\* *For identification purposes only*