
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 dealer or registered institution in securities, 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 together with the accompanying form of proxy to the purchaser or transferee, the bank, licensed securities dealer or registered institution in securities 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 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

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



Optima Capital Limited

A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular. A letter from Optima Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 30 of this circular.

A notice convening the SGM to be held at Meeting Room S426-S427 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 8 June 2010 at 11:30 a.m. is set out on pages 42 and 43 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of NWS Holdings Limited in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

24 May 2010

* 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:

“Annual Cap”	the maximum aggregate annual value in respect of each category of the Operational Services with the CTF Enterprises Group
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“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 the “Letter from the Board”
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability which, as at the Latest Practicable Date, 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 circular, 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
“Directors”	the directors of the Company
“Engagement Undertaking”	the deed of non-competition and engagement undertaking dated 29 January 2003 and entered into between NWD and the Company

DEFINITIONS

“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 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 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(ies)”	person(s) or company(ies) 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
“Latest Practicable Date”	17 May 2010, 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
“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

DEFINITIONS

“NWD Group”	NWD and its subsidiaries and for the purposes of this circular, 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, a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the CTF Master Services Agreement, the Continuing Connected Transactions as contemplated thereunder and the proposed new Annual Caps for the Continuing Connected Transactions
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“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 Latest Practicable Date, 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre(s)
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive directors:

Dr. Cheng Kar Shun, Henry (*Chairman*)

Mr. Tsang Yam Pui

Mr. Wong Kwok Kin, Andrew

Mr. Lam Wai Hon, Patrick

Mr. Cheung Chin Cheung

Mr. William Junior Guilherme Doo

Mr. Cheng Chi Ming, Brian

Non-executive directors:

Mr. Doo Wai Hoi, William (*Deputy Chairman*)

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:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

**Principal place of business
in Hong Kong:**

28/F., New World Tower

18 Queen's Road Central

Hong Kong

24 May 2010

*To the Shareholders and, for information purposes only,
the holders of the outstanding share options of the Company*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement of the Company dated 7 May 2010 relating to the CTF Master Services Agreement and the Continuing Connected Transactions contemplated thereunder.

* *For identification purposes only*

LETTER FROM THE BOARD

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 businesses, 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, 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 at the Latest Practicable Date, 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.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the CTF Master Services Agreement, the Continuing Connected Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of Optima Capital.

Optima Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (a) the terms of the CTF Master Services Agreement and the Continuing Connected Transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (b) the Continuing Connected Transactions are transactions conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (c) the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

The purposes of this circular are:

- (i) to provide the Shareholders with details of the Continuing Connected Transactions;
- (ii) to set out the advice of Optima Capital 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, among other things, the Continuing Connected Transactions.

2. CONTINUING CONNECTED TRANSACTIONS UNDER THE CTF MASTER SERVICES AGREEMENT

Date: 7 May 2010

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

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

(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;

LETTER FROM THE BOARD

- (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 (including the settlement 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 (including the settlement 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.

LETTER FROM THE BOARD

3. HISTORIC AGGREGATE TRANSACTION VALUES AND ANNUAL CAPS

The Annual Caps 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:

Categories	Aggregate transaction values		
	Financial year ended 30 June 2008 (HK\$ million)	Financial year ended 30 June 2009 (HK\$ million)	6 months ended 31 Dec 2009 (HK\$ million)
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
Total	<u>2,343.6</u>	<u>2,718.1</u>	<u>1,192.6</u>

Categories	Annual Caps for each of the financial year 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 (<i>Note 1</i>)	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 (<i>Note 2</i>)	315.3	351.0	381.6
General and Rental Services by members of the CTF Enterprises Group to members of the Group (<i>Note 3</i>)	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>

LETTER FROM THE BOARD

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 spaces” 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 Latest Practicable Date are within the respective Annual Caps sought 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.

LETTER FROM THE BOARD

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 year ending 30 June		
	2011 <i>(HK\$ million)</i>	2012 <i>(HK\$ million)</i>	2013 <i>(HK\$ million)</i>
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 also 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.

LETTER FROM THE BOARD

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 above is exceeded.

6. REQUIREMENTS OF THE LISTING RULES

As at the Latest Practicable Date, NWD holds approximately 57.9% of the total issued share capital of the Company and is a substantial shareholder of the Company. As at the Latest Practicable Date, CTF Enterprises holds approximately 39.9% of the total issued share capital of NWD and is a controlling shareholder of NWD. Hence CTF Enterprises is considered as 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.

Although the relevant percentage ratios of certain categories of services contemplated under the CTF Master Services Agreement do not exceed 2.5% on an annual basis, it is intended that the CTF Master Services Agreement (including all the transactions contemplated thereunder), together with the Annual Caps, will be put forward to the Independent Shareholders for approval. At the SGM, CTF Enterprises and its associates shall abstain from voting on the resolution in connection with the CTF Master Services Agreement and the Annual Caps. The vote taken at the SGM to seek approval of the CTF Master Services Agreement and the Annual Caps will be taken by poll.

In the event that any of the Annual Caps is exceeded or the CTF 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.

7. INFORMATION REGARDING CTF ENTERPRISES AND THE GROUP

CTF Enterprises

The principal activity of CTF Enterprises is investment holding.

The Group

The Group is principally engaged in: (i) the investment in and/or operation of facilities, contracting, transport and financial services; and (ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

LETTER FROM THE BOARD

8. SGM

Set out on pages 42 and 43 of this circular is a notice convening the SGM to be held at Meeting Room S426-S427 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong, on Tuesday, 8 June 2010 at 11:30 a.m. Ordinary resolution will be proposed at the SGM to approve the Continuing Connected Transactions and the Annual Caps.

A form of proxy for use in connection with the SGM is enclosed. Whether or not you are able to attend the meeting 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 registrar of the Company in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you desire.

9. RIGHT TO DEMAND A POLL

Pursuant to bye-law 66 of the Bye-laws of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by any of the Directors who individually or collectively (with the chairman of the relevant general meeting of the Company) hold proxies in respect of shares holding five (5) per cent. or more of the total voting rights at a particular meeting of members, and if on a show of hands such meeting votes in the opposite manner to that instructed in those proxies; or
- (c) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (e) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

LETTER FROM THE BOARD

Notwithstanding the above, in accordance with Rule 13.39(4) of the Listing Rules which became effective on 1 January 2009, the chairman of the SGM will direct that the proposed resolution set out in the notice convening the meeting be voted by poll.

After the conclusion of the SGM, the results of the poll will be published on the HKExnews website at www.hkexnews.hk and the Company's website at www.nws.com.hk.

10. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 17 of this circular which contains its recommendation to the Independent Shareholders in relation to the Continuing Connected Transactions and the Annual Caps. Your attention is also drawn to the letter of advice from Optima Capital set out on pages 18 to 30 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 Annual Caps and the principal factors and reasons taken into account in arriving at its recommendation.

11. 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:



24 May 2010

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to its Shareholders and dated 24 May 2010 (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 otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether the terms of the CTF Master Services Agreement, the Continuing Connected Transactions and the Annual Caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of Optima Capital.

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.

Having taken into account the principal factors and reasons considered by, and the opinion of Optima Capital, the Independent Board Committee considers that the terms of the CTF Master Services Agreement, the Continuing Connected Transactions and the Annual Caps thereunder 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 resolution to be proposed at the SGM relating to the Continuing Connected Transactions and the Annual Caps.

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

* *For identification purposes only*

LETTER FROM OPTIMA CAPITAL

The following is the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of inclusion in this circular.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

24 May 2010

*To: The Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

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 terms of the CTF Master Services Agreement, the Continuing Connected Transactions as contemplated thereunder and the proposed new annual caps for the Continuing Connected Transactions (the “**New Annual Caps**”) that will be engaged between the CTF Enterprises Group and the Group for an initial term of three years ending 30 June 2013, details of which are set out in the letter from the Board (the “**Letter**”) contained in the circular of the Company dated 24 May 2010 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless defined otherwise in this letter.

On 7 May 2010, CTF Enterprises entered into the CTF Master Services Agreement with the Company for an initial term of three years ending 30 June 2013 in relation to the provision of Operational Services by members of the Group to members of the CTF Enterprises Group (including the NWD Group and the NWST Group) and vice versa. NWD is the holding company of the Company which holds approximately 57.9% of the issued share capital of the Company, while CTF Enterprises is a controlling shareholder of NWD holding approximately 39.9% of the issued share capital of NWD. CTF Enterprises is considered as a connected person of the Company and hence, the CTF Master Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

In compliance with the requirements of the Listing Rules, the Continuing Connected Transactions (together with the New Annual Caps) are subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. As stated in the Letter, CTF Enterprises and its associates shall abstain from voting in favour of the relevant resolution to be proposed at the SGM to approve the CTF Master Services Agreement and the New Annual Caps.

LETTER FROM OPTIMA CAPITAL

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, has been formed to advise the Independent Shareholders in respect of the terms of the CTF Master Services Agreement, the Continuing Connected Transactions contemplated thereunder and the New Annual Caps. In our capacity as the independent financial adviser of the Independent Board Committee and the Independent Shareholders, we are engaged to provide an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (a) the terms of the CTF Master Services Agreement and the Continuing Connected Transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (b) the Continuing Connected Transactions are transactions conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (c) the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the SGM. We have also sought and received confirmation from the management of the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group and the CTF Enterprises Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the CTF Master Services Agreement and the New Annual Caps, we have taken into account the principal factors and reasons set out below:

1. Background and reasons for the Continuing Connected Transactions

The Group is principally engaged in (i) the investment in and/or operation of facilities, contracting, transport and financial services; and (ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

CTF Enterprises is a private investment company holding controlling interest of the CTF Enterprises Group. For the purpose of the CTF Master Services Agreement, the CTF Enterprises Group includes, amongst others, NWST (which is indirectly held as to 50% by the Company and 50% by CTF Enterprises) and its subsidiaries and NWD (which is also listed on the Main Board of the Stock Exchange) and its subsidiaries but excludes the Group. During each of the two financial years ended 30 June 2008 and 2009 and for the six months ended 31 December 2009, among the members of the CTF Enterprises Group, a majority of the Operational Services provided by the Group were provided to the NWD Group and a majority of the Operational Services received by the Group were provided by the NWD Group. The NWD Group is principally engaged in investments in the areas of

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property, infrastructure, services, department store operation, hotel operation and telecommunications and technology. The NWST Group is principally engaged in the operation of transportation and related business in Hong Kong, Macau and the PRC.

As advised by the management of the Company, the Operational Services provided by the Group to CTF Enterprises Group include the Contracting Services and the General and Rental Services whereas Operational Services provided by the CTF Enterprises Group to the Group include the General and Rental Services. In respect of the Contracting Services, the Group provides construction services and electrical and mechanical engineering services to the CTF Enterprises Group. The General and Rental Services provided by the Group to the CTF Enterprises Group includes mainly the facility management services, property management services, security and guarding services, cleaning and landscaping services, car park rental services and financial services. On the other hand, the CTF Enterprises Group provides to the Group various rental services together with limited general services including facility management services such as telecommunications services.

In 2003, the Group underwent a reorganisation of its corporate structure. Pursuant to this, NWD and the Company had entered into the Engagement Undertaking whereby NWD had undertaken, among other things, it will not and will procure its subsidiaries will not, directly or indirectly, participate in, hold any right or interest in any business in the nature of the Operational Services anywhere within Asia and 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. Details of the Engagement Undertaking and details of the continuing connected transactions pursuant to the Engagement Undertaking were set out in the circulars of the Company dated 18 November 2002 and 21 February 2003 respectively.

On 18 May 2007, the Company and NWST (a connected person of the Company by virtue of it being an associate of CTF Enterprises) 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 to, rent and license certain spare spaces to relevant members of the Group as and when required by the latter. Since the size of the continuing connected transactions contemplated under the NWST Master Services Agreement did not exceed the relevant Shareholders' approval threshold stipulated under Rule 14A.34 of the Listing Rules at any relevant time, such transactions did not require Independent Shareholders' approval. Details of the NWST Master Services Agreement were set out in the announcement of the Company dated 18 May 2007.

On 24 January 2008, the Company and CTF Enterprises entered into (i) the 2008 Master Operational Services Agreement whereby (a) the Company agreed to procure members of the Group engage (to the extent practicable) relevant members of the CTF Enterprises Group (excluded members of the NWST Group) to provide the Operational Services (except the Financial Services) to relevant members of the Group for an initial term of three years commencing from 24 January 2008 to 23 January 2011 (both days inclusive); and (b) reciprocally, CTF Enterprises also agreed to procure members of the CTF Enterprises Group (which included members of the NWD Group but excluding members of the NWST Group) to engage (to the extent practicable) relevant members of the Group to

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provide the Operational Services (except the Financial Services) to relevant members of the CTF Enterprises Group (excluding members of the NWST Group) for an initial term of three years commencing from 24 January 2008 to 23 January 2011 (both days inclusive); and (ii) 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 engage (to the extent practicable) relevant members of the Group to provide the Financial Services to relevant members of the CTF Enterprises Group (excluding members of the NWST Group) for an initial term of three years commencing from 24 January 2008 to 23 January 2011 (both days inclusive). The continuing connected transactions contemplated under the 2008 Master Operational Services Agreement and the 2008 Master Financial Services Agreement and the maximum transaction amount of the continuing connected transactions contemplated thereunder for each of the financial years ended/ending 30 June 2008, 2009 and 2010 were approved by the Independent Shareholders of the Company at the special general meeting held on 10 March 2008. Details of the 2008 Master Operational Services Agreement and the 2008 Master Financial Services Agreement were set out in the circular of the Company dated 14 February 2008.

Pursuant to the 2008 Master Operational Services Agreement, the 2008 Master Financial Services Agreement and the NWST Master Services Agreement, members of the Group have regularly entered into continuing connected transactions with members of the CTF Enterprises Group for the transactions contemplated under the said agreements in its ordinary course of business. In order to streamline such continuing connected transactions and with a view to consolidating 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. Pursuant to the CTF Master Services Agreement, (a) the Company agreed to procure members of the Group, to engage (to the extent practicable) relevant members of the CTF Enterprises Group to provide the Operational Services to relevant members of the Group; and (b) reciprocally, CTF Enterprises also agreed to procure members of the CTF Enterprises Group to engage (to the extent practicable) relevant members of the Group to provide the Operational Services to relevant members of the CTF Enterprises Group. It is stated in the Letter that 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 respectively. The 2008 Master Operational Services Agreement, the 2008 Master Financial Services Agreement and the NWST Master Services Agreement shall be terminated upon the commencement of the CTF Master Services Agreement.

Having considered that (i) the Continuing Connected Transactions will be recurring in nature and similar transactions have been taking place in the past years in the ordinary and usual course of business of the Group; (ii) the CTF Master Services Agreement will enable the Group to consolidate the transactions contemplated under the 2008 Master Operational Services Agreement, 2008 Master Financial Services Agreement and the NWST Master Services Agreement under one agreement which will have the effect of simplifying the documentation and administration procedures; and (iii) CTF Enterprises Group has been one of the major customers of certain subsidiaries of the Group for Contracting Services, which

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segment is one of the principal business activities of the Group, the continuation of the Continuing Connected Transactions under the CTF Master Services Agreement will maintain the Group's business operation and in turn, enhance the Group's income stream and earning base, we are of the view that the entering into of the CTF Master Services Agreement is in the interests of the Company and the Shareholders as a whole.

2. Terms of the CTF Master Services Agreement

2.1 Duration and nature of services

Pursuant to the CTF Master Services Agreement, (a) the Company agreed to procure members of the Group to engage (to the extent practicable) relevant members of the CTF Enterprises Group to provide the Operational Services to relevant members of the Group; and (b) reciprocally, CTF Enterprises also agreed to procure members of the CTF Enterprises Group to engage (to the extent practicable) relevant members of the Group to provide the Operational Services to relevant members of the CTF Enterprises Group, for an initial term of three years commencing from 1 July 2010 to 30 June 2013 (both days inclusive).

The Operational Services include the Contracting Services and the General and Rental Services. 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 relevant Operational Services provided that such separate agreements shall always be subject to the CTF Master Services Agreement. The term of each Operational Agreement shall be fixed individually and in any event shall not last beyond the 3-year term of the CTF Master Services Agreement. 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 in due course. The Contracting Services and the General and Rental Services will cover the following 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

(a) Contracting Services

Description of 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.

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- (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.

As referred to in the section headed “Background and reasons for the Continuing Connected Transactions” above, the Group provides the Contracting Services and the General and Rental Services to the CTF Enterprises Group and reciprocally, the CTF Enterprises Group provides the General and Rental Services to the Group. The General and Rental Services provided by the Group to the CTF Enterprises Group include mainly the facility management services, property management services, security and guarding services, cleaning and landscaping services, car park rental services and financial services whereas the General and Rental Services provided by the CTF Enterprises Group to the Group include various rental services, and limited general services including facility management services such as telecommunications services.

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2.2 Prices and terms of services

Pursuant to the CTF Master Services Agreement, the prices and terms of the Operational Agreements in respect of the security and guarding services as grouped under the General and Rental Services 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). Save for this, the prices and terms of all other Contracting Services and 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).

In connection with the Contracting Services and the General and Rental Services, we have conducted a sample review of the contracts which the Group had entered into with the CTF Enterprises Group in each of the sub-categories of the Operational Services as set out above. For services of similar types and nature which were also provided to Independent Third Parties, we have also reviewed the terms and compared them with those entered into with Independent Third Parties. Based on our review of the contracts, we consider that the prices and terms of the Operational Services reviewed by us had been conducted in the ordinary and usual course of business of the relevant members of the Group which had provided the relevant services and were on normal commercial terms, and the prices and terms of the Operational Services which were also provided to Independent Third Parties reviewed by us were conducted on terms which were no less favourable than those charged and provided to Independent Third Parties.

Based on the above, we are of the view that the proposed Operational Services will be engaged by the Group in its ordinary and usual course of business and that the basis of determining the terms of the CTF Master Services Agreement (including pricing of the Operational Services) is fair and reasonable so far as the Independent Shareholders are concerned.

3. Bases of determination of the New Annual Caps

As set out in the Letter, in determining the New Annual Caps for the three years ending 30 June 2011, 2012 and 2013, the Company has taken into account:

- (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, which in turn are determined based on the relevant historical figures, taking into

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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.

3.1 Historical transaction amounts

Set out below are the actual aggregate transaction amounts for each of the financial years ended 30 June 2008 and 2009 and for the six months ended 31 December 2009 in respect of the Operational Services with the CTF Enterprises Group and the New Annual Caps for each of the financial years ending 30 June 2011, 2012 and 2013:

	Actual aggregate transaction amount for the			New Annual Caps for each of the		
	financial	financial	6 months	financial year ending 30 June		
	year ended	year ended	ended 31			
	30 June	30 June	December	2011	2012	2013
2008	2009	2009	(HK\$ million)	(HK\$ million)	(HK\$ million)	
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
			(Note)			
Contracting Services by members of the Group to members of the CTF Enterprises Group	2,102.3	2,493.5	1,086.9	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	185.7	161.0	74.1	121.9	133.3	137.8
General and Rental Services by members of the CTF Enterprises Group to members of the Group	55.6	63.6	31.6	51.1	65.5	84.0

Note: The figure represents the actual aggregate transaction amount from 1 July 2009 to 31 December 2009 only.

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3.2 Contracting Services

The Group provides Contracting Services mostly in Hong Kong and also provides Contracting Services in the PRC, and CTF Enterprises Group has been one of the major customers of certain subsidiaries of the Group for the Contracting Services in past years. In assessing the fairness and reasonableness of the New Annual Caps in respect of the Contracting Services, we have discussed with the management of the Company for the bases and assumptions underlying the determination of the New Annual Caps. We are given to understand that the New Annual Caps for the three years ending 30 June 2011, 2012 and 2013 have been arrived at in consideration of the internal projections on (a) the expected development schedule of the Group's property projects on hand with members of the CTF Enterprises Group; and (b) the estimated contract sum and estimated development schedule of property development projects which may be potentially granted to the Group by way of tenders or negotiation with the relevant members of the CTF Enterprises Group. These potential projects include certain projects from the land bank of the NWD Group in Hong Kong and the PRC as disclosed in the annual report of NWD, where the Group considered that there is a possibility for commencement of the development of such projects in the next few years up to 30 June 2013.

We note that the New Annual Caps for the three years ending 30 June 2011, 2012 and 2013 in respect of the Contracting Services of HK\$5,708.0 million, HK\$6,869.2 million and HK\$5,132.7 million respectively are much higher than the actual aggregate transaction values of the Contracting Services for the two years ended 30 June 2008 and 2009 of approximately HK\$2,102.3 million and HK\$2,493.5 million respectively. Based on our discussion with the management of the Company, we understand that the development schedule of certain scalable property development projects in Hong Kong of members of the CTF Enterprises Group has been delayed, such that the Contracting Services actually required from the Group during the past two financial years and for the six months ended 31 December 2009 fell short of what had been originally planned. However, the Group expects that more construction works of the Group will be required by CTF Enterprises Group in the coming years given a portion of the construction work of the aforesaid scalable projects will take place during the coming two years. Recently, the Group has also secured certain major new contracts for Contracting Services in the forthcoming years from the NWD Group including the redevelopment of the New World Centre. The Hong Kong economy has recorded continuous growth and in view of the outlook of the Hong Kong property market as further described below and the fact that the NWD Group is one of the major property developers in Hong Kong, we consider that in determining the New Annual Caps for the Contracting Services, it would be reasonable for the Group to include in their projections the Contracting Services that the Group may obtain from the CTF Enterprises Group (including NWD Group) in the coming few years.

As referred to above, most of the Contracting Services of the Group were provided in Hong Kong, and the Group also provides Contracting Services in the PRC. Accordingly, we have also considered the outlook of the property market of Hong Kong and the PRC in assessing the fairness and reasonableness of the New Annual Caps for the Contracting Services.

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According to the data released by the Census and Statistics Department of the Government of Hong Kong on 14 May 2010, the Gross Domestic Product (“GDP”) of Hong Kong grew at a compound annual growth rate (“CAGR”) of approximately 4.2% from 2005 to 2009. Notwithstanding that the GDP had shrank approximately 2.8% in real terms for the whole year of 2009 as compared to 2008 following the outbreak of the global financial crisis, the GDP has rebounded, on a seasonally adjusted quarter-to-quarter comparison, since the second quarter of 2009 and recorded a growth of approximately 2.4% in real terms for the first quarter of 2010. Benefited from low borrowing costs and ample liquidity, the property market sentiment stayed upbeat in 2009 such that as compared to 2008, according to the data from the Rating and Valuation Department of the Government of Hong Kong, the number of sale and purchase agreements for domestic sales and non-domestic sales (including office, commercial buildings and flattered factories) increased by approximately 20.0% and 5.4% respectively, and the total consideration passed increased by approximately 23.9% and 17.2% respectively. In addition, the growth of the average sale price of (i) private domestic of various classes and districts ranged from 11.7% to 75.5% in March 2010 as compared to March 2009; (ii) private office of various classes and districts ranged from 6.2% to 100.9% in March 2010 as compared to March 2009; and (iii) private retail of various districts ranged from 21.1% to 50.9% in March 2010 as compared to March 2009. Riding on the continuing low interest rate, and increasing prices of Hong Kong properties, we believe that the NWD Group, which is one of the major property developers in Hong Kong, would benefit from the recovery of the Hong Kong property market, and hence the property development and construction services of the Group by way of provision of Contracting Services to the NWD Group in turn be benefited from NWD Group’s increase in property development activities.

According to the data from the National Bureau of Statistics of the PRC, the GDP of the PRC grew at a CAGR of approximately 16.3% from 2005 to 2009, and the GDP of the PRC for the first quarter of 2010 amounted to approximately RMB8,057.7 billion, or increased at a real growth rate of approximately 11.9% as compared to the same period in 2009. In respect of the property market in the PRC, according to the data from the National Bureau of Statistics of the PRC, total gross floor area of 937.1 million sq.m. was sold in the PRC in 2009, representing an approximately 42.1% increase as compared to 2008 and a CAGR of 14.0% from 2005. Prices for real estate in the PRC had also increased from 2004 to 2008. The average price per sq.m. for the property market, including both commercial and residential properties, increased from RMB2,778 per sq.m. in 2004 to RMB3,800 per sq.m. in 2008, representing a CAGR of 8.1%. Although, since late 2009, the PRC Government has implemented a series of tightening measures, particularly in the housing sector, aimed at containing the pace of price increase at a reasonable rate, it is expected that the NWD Group will keep its presence in the property development market in the PRC, and thus will continue to require relevant Contracting Services of the Group.

Taking into account the construction projects and electrical and mechanical engineering projects on hand of the Group with members of the CTF Enterprises Group, the potential projects which the Group considered that may be granted from the CTF Enterprises Group and the property market outlook in Hong Kong and PRC as described above, although the New Annual Caps proposed by the Company represent a

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substantial increase from the actual transaction values of the Contracting Services rendered for each of the two years ended 30 June 2009 and the six months ended 31 December 2009, we consider that it is reasonable for the Group to seek for the New Annual Caps amounts to cater for necessary buffer for increasing demand of the Contracting Services from the CTF Enterprises Group that may be resulted from the factors particularly described above.

3.3 General and Rental Services

As a result of the disposal of controlling interest in Taifook Securities by the Group, the provision of the financial services by Taifook Securities to the CTF Enterprises Group no longer form part of the continuing connected transactions of the Group since December 2009. As set out in the annual reports of the Company for each of the two years ended 30 June 2008 and 2009, the aggregate fees from the provision of the financial services by the Group to the connected persons amounted to only approximately HK\$5.1 million and HK\$3.9 million respectively. Therefore, the cessation of the continuing connected transactions between Taifook Securities and the CTF Enterprises Group is not expected to have a material impact on the assessment of the fairness and reasonableness of the New Annual Caps for the General and Rental Services, and thus, we have directly compared the aggregate historical transaction amounts with the New Annual Caps in respect of the General and Rental Services in the following analysis.

In assessing the fairness and reasonableness of the New Annual Caps in respect of the General and Rental Services, we have discussed with the management of the Company the bases and assumptions underlying the determination of such New Annual Caps and reviewed the internal projections. We note that the estimation of the New Annual Caps for the General and Rental Services is generally based on the historical transactions with CTF Enterprises Group, the Group's current General and Rental Services projects on hand and potential new projects which the Group estimates would be secured by the Group. We also note that the Group has assumed a general increment of approximately 30% per year for the total rental services to be provided by the CTF Enterprises Group to the Group and a general increment of approximately 5% per year for all other general services to be provided to or received by the Group for each of the years ending 30 June 2011, 2012 and 2013.

We have discussed with the management of the Company on the bases of projecting the annual increments for the General and Rental Services to be provided by members of the Group to members of the CTF Enterprises Group and vice versa. We are given to understand that such increments are primarily determined based on the (i) general recovery of the economy and property market sentiment in Hong Kong and the PRC which would in turn have a direct impact on the rental market; and (ii) the general increment due to inflation. According to the data from the Rating and Valuation Department of the Hong Kong Government, the rent for Grade A office in Central declined from the last quarter of 2008 to the second quarter of 2009 (with the average rent dropped from HK\$960 per sq.m. in the fourth quarter of 2008 to HK\$699

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per sq.m. in the second quarter of 2009) and the quarterly average rents stay at above HK\$700 per sq.m. from the third quarter of 2009 to the first quarter of 2010. In March 2010, the average rent was HK\$789 per sq.m..

On the above basis and giving consideration for (i) the potential reversionary adjustment on the existing rental services provided by the CTF Enterprises Group to the Group upon expiry of the existing lease arrangements during the term of the CTF Master Services Agreement; (ii) the potential increase in future demand for the General and Rental Services by the Group from the CTF Enterprises Group due to business expansion of the Group in future; (iii) the possible inflationary adjustment on the future transactions values of the General and Rental Services provided by the Group to CTF Enterprises Group, and vice versa; and (v) the economic growth and outlook of the Hong Kong and the PRC property market as described in the above paragraphs, we are of the view that the basis on which the projected increments used in estimating the New Annual Caps for the General and Rental Services are acceptable. However, Shareholders should note that such projected increments are estimation relating to future events which are subject to future changes of market conditions and hence may not effectuate in the future.

4 Conduct of the Continuing Connected Transactions

The conduct of the Continuing Connected Transactions is subject to a number of conditions pursuant to the Listing Rules including, among other things:

- (i) the transaction values of the respective Continuing Connected Transactions will not exceed the respective proposed annual caps;
- (ii) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the Company's annual report and accounts that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (iii) the auditor of the Company will, in accordance with Rule 14A.38 of the Listing Rules, review annually the Continuing Connected Transactions and they will confirm the same in a letter to Directors (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant financial year, during which the Continuing Connected Transactions have been conducted.

In light of the above conditions, we are of the view that appropriate measures have been put in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

LETTER FROM OPTIMA CAPITAL

CONCLUSION

In view of the recurring nature of the transactions under the Operational Services (the terms of which will be governed by the CTF Master Services Agreement) and the satisfactory business relationship and experience between the Group and the CTF Enterprises Group in providing the Operational Services, we concur with the Directors' view that the New Annual Caps could cater for the business needs and operation of the Group and provide sufficient operating flexibility to the Group. Taking into account (i) the contracting projects on hand of the Group and the potential contracting projects which may be obtained by the Group from the CTF Enterprises Group in the next few years; (ii) the economic growth and outlook of the property markets in Hong Kong and the PRC based on relevant statistics and data as described in the above paragraphs; (iii) the historical transaction amounts for Operational Services for the two years ended 30 June 2009 and the six months ended 31 December 2009; (iv) the services provided under existing contracts and rentals payable/receivable under existing rental agreements entered into between the Group and members of CTF Enterprises Group; (v) potential increase in future demand for the General and Rental Services by the Group from the CTF Enterprises Group due to business expansion in future; and (vi) the estimated increment in demand for General and Rental Services due to general rental reversionary adjustments in the immediate to medium term of the property rental market and general inflationary pressure, we consider the New Annual Caps for each of the three financial years ending 30 June 2011, 2012 and 2013 to be fair and reasonable.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider (i) the terms of the CTF Master Services Agreement and Continuing Connected Transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, (ii) the Continuing Connected Transactions are transactions conducted in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole; and (iii) the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the CTF Master Services Agreement, the Continuing Connected Transactions contemplated therein and the New Annual Caps to be proposed at the SGM.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Mei H. Leung
Chairman

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 accept 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. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests of 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 the Directors or chief executives 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

	Number of shares			Total
	Personal interests	Family interests	Corporate interests (Note)	
The Company				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	9,179,799	–	8,000,000	17,179,199
Mr. Doo Wai Hoi, William	2,006,566	–	9,130,000	11,136,566
Mr. Tsang Yam Pui	120,000	–	–	120,000
Mr. Wong Kwok Kin, Andrew	1,400,000	–	–	1,400,000
Mr. Lam Wai Hon, Patrick	991,191	–	5,072	996,263
Mr. Cheung Chin Cheung	980,386	–	–	980,386
Mr. William Junior Guilherme Doo	–	–	63,202	63,202
Mr. Wilfried Ernst Kaffenberger	482,248	–	–	482,248
Mr. Kwong Che Keung, Gordon	608,757	–	–	608,757
Mr. Cheng Wai Chee, Christopher	784,734	–	–	784,734

	Number of shares			Total
	Personal interests	Family interests	Corporate interests (Note)	
Associated Corporations				
NWD				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	–	300,000	–	300,000
Mr. Doo Wai Hoi, William	–	–	1,000,000	1,000,000
Mr. Wong Kwok Kin, Andrew	100,000	–	–	100,000
Mr. Cheung Chin Cheung	62,200	–	–	62,200
Mr. William Junior Guilherme Doo	–	20,000	–	20,000
Mr. Kwong Che Keung, Gordon	30,000	–	–	30,000
New World China Land Limited (“NWCL”)				
(Ordinary shares of HK\$0.10 each)				
Dr. Cheng Kar Shun, Henry	18,750,000	2,925,000	78,406,800	100,081,800
Mr. Doo Wai Hoi, William	13,125,000	–	52,258,400	65,383,400
Mr. Lam Wai Hon, Patrick	270,000	–	–	270,000
Mr. William Junior Guilherme Doo	–	75,000	1,245,000	1,320,000
Mr. Cheng Chi Ming, Brian	106,400	–	–	106,400
Mr. Cheng Wai Chee, Christopher	83,600	–	–	83,600
Mega Choice Holdings Limited (In liquidation)				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	–	–	420,585,070	420,585,070
Wai Kee Holdings Limited (“Wai Kee”)				
(Ordinary shares of HK\$0.10 each)				
Mr. Lam Wai Hon, Patrick	300,000	–	–	300,000

Note: These shares are beneficially owned by a company/companies in 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/their general meeting.

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

Under the share option scheme of the Company and the respective share option schemes of NWD, NWCL, New World Department Store China Limited (“NWDS”) and Wai Kee, all of them are the associated corporations of the Company within the meaning of Part XV of the SFO, options may be granted to their respective directors and employees and also to certain eligible participants of these companies as defined in their respective share option schemes to subscribe for their shares. As at the Latest Practicable Date, the following Directors had personal interests in the following share options granted to them to subscribe for shares in the Company, NWD, NWCL, NWDS and Wai Kee:

	Date of grant	Exercisable period (Notes)	Number of share options outstanding
The Company			
(Exercise price of HK\$16.157 per share)			
Dr. Cheng Kar Shun, Henry	21 August 2007	(1)	3,007,879
Mr. Doo Wai Hoi, William	21 August 2007	(1)	2,005,252
Mr. Tsang Yam Pui	21 August 2007	(1)	1,503,939
Mr. Wong Kwok Kin, Andrew	21 August 2007	(1)	1,503,939
Mr. Lam Wai Hon, Patrick	21 August 2007	(1)	1,503,939
Mr. Cheung Chin Cheung	21 August 2007	(1)	1,503,939
Mr. William Junior Guilherme Doo	21 August 2007	(1)	1,503,939
Mr. Wilfried Ernst Kaffenberger	21 August 2007	(1)	300,787
Mr. To Hin Tsun, Gerlad	21 August 2007	(1)	300,787
Mr. Dominic Lai	21 August 2007	(1)	300,787
Mr. Kwong Che Keung, Gordon	21 August 2007	(1)	601,575
Mr. Cheng Wai Chee, Christopher	21 August 2007	(1)	601,575
Mr. Shek Lai Him, Abraham	21 August 2007	(1)	601,575
NWD			
(Exercise price of HK\$17.654 per share)			
Dr. Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	36,710,652
NWCL			
(Exercise price of HK\$6.228 per share)			
Dr. Cheng Kar Shun, Henry	7 January 2008	(2)	2,238,806
Mr. Doo Wai Hoi, William	7 January 2008	(2)	895,522
Mr. Cheng Wai Chee, Christopher	7 January 2008	(2)	335,821
(Exercise price of HK\$1.340 per share)			
Dr. Cheng Kar Shun, Henry	29 December 2008	(3)	1,791,045
Mr. Doo Wai Hoi, William	29 December 2008	(3)	727,612
Mr. Cheng Wai Chee, Christopher	29 December 2008	(3)	252,221
NWDS			
(Exercise price of HK\$8.660 per share)			
Dr. Cheng Kar Shun, Henry	27 November 2007	(4)	1,000,000

	Date of grant	Exercisable period (Notes)	Number of share options outstanding
Wai Kee			
(Exercise price of HK\$3.390 per share)			
Mr. Lam Wai Hon, Patrick	9 July 2007	9 July 2008 to 8 July 2011	330,000

Notes:

- (1) 40% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) Divided into 3 tranches exercisable from 8 February 2008, 8 February 2009 and 8 February 2010 respectively to 7 February 2011.
- (3) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012 respectively to 29 January 2013.
- (4) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013 provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.

2.3 Interests in debentures

The following Directors had interests in the debentures issued by New World China Land Finance Limited (“NWCLF”), an indirect wholly owned subsidiary of NWCL. Details of the debentures of NWCLF held by them were as follows:

Name	Amount of debentures in RMB			Total
	Personal interests	Family interests	Corporate interests	
Mr. Doo Wai Hoi, William	10,000,000 ⁽¹⁾	36,000,000 ⁽²⁾	87,700,000 ⁽³⁾	133,700,000 ⁽⁶⁾
Mr. Wong Kwok Kin, Andrew	26,000,000 ⁽⁴⁾	–	–	26,000,000 ⁽⁶⁾
Mr. William Junior Guilherme Doo	–	–	5,000,000 ⁽⁵⁾	5,000,000 ⁽⁶⁾

Notes:

- (1) These debentures are convertible into 1,484,553 shares of HK\$0.1 each of NWCL, representing approximately 0.03% of NWCL’s issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (2) These debentures are beneficially held by a company owned by the spouse of Mr. Doo Wai Hoi, William and are convertible into 5,344,392 shares of HK\$0.1 each of NWCL, representing approximately 0.09% of NWCL’s issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.

- (3) These debentures are beneficially held by companies wholly owned by Mr. Doo Wai Hoi, William and are convertible into 13,019,533 shares of HK\$0.1 each of NWCL, representing approximately 0.23% of NWCL's issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (4) These debentures are convertible into 3,859,839 shares of HK\$0.1 each of NWCL, representing approximately 0.07% of NWCL's issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (5) These debentures are beneficially held by a company wholly owned by Mr. William Junior Guilherme Doo and are convertible into 742,276 shares of HK\$0.1 each of NWCL, representing approximately 0.01% of NWCL's issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (6) Put notices in respect of these debentures have been tendered by the relevant holders and these debentures will be redeemed by NWCLF in accordance with the terms of the debentures.

2.4 Interests in qualifying shares

As 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 the 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.

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 by the Company under Section 336 of the SFO:

Name	Number of shares			Approximate percentage of issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	1,282,219,536 ⁽¹⁾	1,282,219,536	60.74%
Centennial Success Limited	–	1,282,219,536 ⁽²⁾	1,282,219,536	60.74%
CTF Enterprises	59,831,893	1,222,387,643 ⁽³⁾	1,282,219,536	60.74%
NWD	808,081,666	414,305,977 ⁽⁴⁾	1,222,387,643	57.90%
Mombasa Limited	367,072,332	–	367,072,332	17.39%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited holds 51% direct interest in Centennial Success Limited (“CSL”) and is accordingly deemed to have an interest in the shares deemed to be interested by CSL.
- (2) CSL holds 100% direct interest in CTF Enterprises and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises.
- (3) CTF Enterprises, together with its subsidiaries, hold more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (4) NWD holds 100% indirect 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 deemed to be interested in 1,986,513 shares held by Financial Concepts Investment Limited, 15,876,729 shares held by Hing Loong Limited, 15,876,729 shares held by Fine Reputation Incorporated and 13,493,674 shares held by New World Hotels Corporation Limited, all of them are subsidiaries of NWD.
- (5) All the interests stated above represent long positions.

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
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 Ltd.	40.00%
Changzhi City Changda Highway Development Company	Shangxi Xinhuang Highways Ltd.	40.00%
Cheung Sau Lin	Success Concept Investments Limited	15.00%
佛山市高明區恒達交通投資管理有限公司	Foshan Gaoming Xinming Bridge Company Limited	49.00%
Guangxi Beiliu Gaote Co. Ltd.	Guangxi Beiliu Xinbei Highways Limited	40.00%
Guangxi Wuzhou Heng Tong Development Ltd.	Wuzhou Xinwu Highways Limited	40.00%
Guangxi Yulin Yu Shieh Ltd.	Guangxi Yulin Xinyu Highways Co., Ltd.	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%
Intex Shanghai Company Limited	Hong Kong – Shanghai Venue Management (Zhengzhou) Limited	30.00%
Leader Civil Engineering Corporation Limited	Hip Hing – Leader JV Limited	33.33%

Name of shareholder	Name of subsidiary of the Company	Approximate percentage of interest held
Nanjing Port Authority	Nanjing Huining Wharfs Co., Ltd.	45.00%
Taiyuan Tongtai Industry & Commerce General Company	Taiyuan Xintai Highways Limited	40.00%
Terminal Link	NWS Ports Limited	36.40%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xindi Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlong Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlu Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinming Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinqing Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinquan Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsen Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinshi Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsi Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintong Expressway Co., Ltd.	33.38%

Name of shareholder	Name of subsidiary of the Company	Approximate percentage of interest held
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintuo Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinxiang Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinyan Expressway Co., Ltd.	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinzhan Expressway Co., Ltd.	33.38%
Wiseful Engineering Group Limited	Kentfull Engineering Company Limited	40.00%
北京市萬勝全物業管理中心	Beijing Kiu Lok Property Management Services Co., Ltd.	40.00%
武漢武建鼎安安裝工程有限公司	Trihan Engineering (Wuhan) Company Limited	49.00%
珠海市萬泉河科技發展有限公司	深圳香島園藝花卉有限公司	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 (In members' voluntary winding-up)	20.00%
廣州市機電安裝公司	Triguang Engineering (Guang Zhou) Company Limited (In members' voluntary winding-up)	49.00%
廣東省番禺交通建設投資有限公司	廣州市東新高速公路有限公司	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 businesses 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	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	CTF Enterprises group of companies	Investment in transport services business	Director
	HKR International Limited group of companies	Construction and property management	Director
	Tamman Developments Limited	Investment in airport operation business	Director
Mr. Lam Wai Hon, Patrick	Wai Kee group of companies	Construction, toll road, infrastructure and sale of merchandised goods	Director
	Certain subsidiaries of East Asia Secretaries (BVI) Limited	Provision of corporate advisory services, nominee and custodian services	Director of East Asia Secretaries (BVI) Limited and certain of its subsidiaries
Mr. Wilfried Ernst Kaffenberger	AEI	Investment in power plants	Director

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 businesses 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 2009 (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 2009, the date to which the latest published audited financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

Optima Capital is a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

Optima Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, Optima Capital did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Optima Capital did not have any interest, direct or indirect, in any assets which since 30 June 2009, the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

The English text of this circular will prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company in Hong Kong at 28/F., New World Tower, 18 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 7 June 2010 and at the SGM:

- (a) the "Letter from the Independent Board Committee" as set out in this circular;
- (b) the "Letter from Optima Capital" as set out in this circular;
- (c) the CTF Master Services Agreement; and
- (d) this circular.

NOTICE OF SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of NWS Holdings Limited (the “**Company**”) will be held at Meeting Room S426-S427 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 8 June 2010 at 11:30 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT**, the CTF Master Services Agreement dated 7 May 2010 entered into between CTF Enterprises and the Company, 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, each of the Company and CTF Enterprises agrees to procure that members of the Group or the CTF Enterprises Group (each as defined in the CTF Master Services Agreement) (to the extent practicable) engage relevant members of the CTF Enterprises Group or the Group to provide certain operational services as more particularly set out in the “Letter from the Board” in the circular of the Company dated 24 May 2010 (the “**Circular**”) to relevant members of the Group or the CTF Enterprises Group, and **THAT**, the proposed annual caps in respect of the continuing connected transactions under the CTF Master Services Agreement for each of the three financial years ending 30 June 2013 as more particularly set out in the “Letter of the Board” in the Circular be and are hereby approved 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, 24 May 2010

* *For identification purposes only*

NOTICE OF SGM

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the appointed time for holding of the meeting or at any adjournment thereof.
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.