
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 actions 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 or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE SGM

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



A letter from the Board is set out on pages 6 to 15 of this Circular. A letter from the Independent Board Committee is set out on pages 16 and 17 of this Circular. A letter from ICAL containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 35 of this Circular.

A notice convening the SGM to be held at Meeting Rooms S224-S225 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 29 June 2011, at 11:00 a.m. is set out on pages 44 and 45 of this Circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it 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 the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

10 June 2011

* For identification purposes only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	6
Letter from the Independent Board Committee	16
Letter from ICAL	18
Appendix – General information	36
Notice of the SGM.....	44

DEFINITIONS

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

“Announcement”	the announcement dated 19 May 2011 issued by the Company regarding the entering into of the New Master Services Agreement and the Continuing Connected Transactions which may arise upon completion of the Group B Disposal
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Circular”	this circular, including the appendix hereto
“Company” or “NWS”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Existing Master Services Agreement or (as the case may be) the New Master Services Agreement
“Directors”	the director(s) of the Company
“Disposal”	collectively, the Group A Disposal and the Group B Disposal
“Effective Date”	1 July 2011, being the date on which the New Master Services Agreement shall become effective
“Existing Master Services Agreement”	the existing master services agreement entered into between the Company and Mr. Doo on 27 July 2010 in relation to the provision of certain operational services to streamline and regulate the Continuing Connected Transactions between members of the Group and members of the Services Group arising after completion of the Group A Disposal
“Group” or “NWS Group”	the Company and its subsidiaries from time to time
“Group A”	has the meaning ascribed to it under the 2010 Circular
“Group A Disposal”	has the meaning ascribed to it under the 2010 Circular, which was completed on 27 July 2010 as disclosed in the 2010 Announcement

DEFINITIONS

“Group B Disposal”	has the meaning ascribed to it under the 2010 Circular, which is expected to be completed by the end of June 2011
“Group A Members”	has the meaning ascribed to it under the 2010 Circular
“Group B Members”	has the meaning ascribed to it under the 2010 Circular
“Group A SP Agreement”	has the meaning ascribed to it under the 2010 Circular
“Group B SP Agreement”	has the meaning ascribed to it under the 2010 Circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“ICAL” or “Independent Financial Adviser”	Investec Capital Asia Limited (formerly known as Access Capital Limited), a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Continuing Connected Transactions (including the Annual Caps)
“Independent Board Committee”	an independent committee of the Board (which comprises Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, being all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	the Shareholders, other than Mr. Doo and his associates, who do not have any material interest in the Continuing Connected Transactions
“Joint Announcement”	the announcement dated 11 June 2010 jointly issued by the Company and NWD in relation to the Disposal
“Latest Practicable Date”	1 June 2011, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular

DEFINITIONS

“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
“Mr. Doo”	Mr. Doo Wai Hoi, William, a non-executive Director and a director of a subsidiary of the Company. Mr. Doo is the father of Mr. William Junior Guilherme Doo (an executive Director), the brother-in-law of Dr. Cheng Kar Shun, Henry (an executive Director) and the uncle of Mr. Cheng Chi Ming, Brian (an executive Director)
“New Master Services Agreement”	the new master services agreement entered into between the Company and Mr. Doo on 19 May 2011 in relation to the provision of Operational Services (which will supersede the Existing Master Services Agreement upon its becoming effective) to streamline and regulate the Continuing Connected Transactions between members of the Group and members of the Services Group arising after completion of the Group B Disposal
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange. As at the Latest Practicable Date, NWD held approximately 59.79% of the issued share capital of the Company
“NWD Group”	NWD and its subsidiaries from time to time
“NWD Independent Shareholders”	the shareholders of NWD, other than Mr. Doo and his associates, who do not have any material interest in the transactions contemplated under the NWD Master Services Agreement
“NWD Master Services Agreement”	the new master services agreement dated 19 May 2011 entered into between NWD and Mr. Doo in relation to the provision of operational and rental services referred to therein to streamline and regulate the continuing connected transactions between members of the NWD Group and members of the Services Group arising after completion of the Group B Disposal

DEFINITIONS

“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 Services Group and a member of the Group pursuant to the New Master Services Agreement, and “Operational Agreement” means any of them
“Operational Services”	contracting services, cleaning and landscaping services, facility management services, property management services, security and guarding services and such other types of services as the parties may agree upon from time to time in writing to be provided by members of the Group or the Services Group to members of the Services Group or the Group, the initial scope of the Operational Services is set out in the section headed “Letter from the Board” of this Circular
“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting to be convened and held by the Company for the purpose of considering and, if thought fit, approving the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiaries”	any entity which falls within the definition of “subsidiary” ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“2010 Announcement”	the announcement of the Company dated 27 July 2010 in respect of, among others, the completion of the Group A Disposal contemplated under the Group A SP Agreement on 27 July 2010 and the entering into of the Existing Master Services Agreement
“2010 Circular”	the circular of the Company dated 2 July 2010 in respect of the discloseable and connected transactions concerning the Disposal
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States
“%”	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. 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
Dr. 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

10 June 2011

*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

References are made to:

- (i) the Joint Announcement and the 2010 Circular in relation to, among others, the Disposal;
- (ii) the 2010 Announcement in relation to, among others, the entering into of the Existing Master Services Agreement; and
- (iii) the Announcement.

* For identification purposes only

LETTER FROM THE BOARD

As previously disclosed in the above announcements and circular of the Company:

- (a) under the Existing Master Services Agreement, it is agreed between the Company and Mr. Doo that members of the Group or the Services Group (to the extent practicable) shall engage relevant members of the Services Group or the Group (as the case may be) to provide certain operational services to members of the Group or the Services Group (as the case may be) during the term of the Existing Master Services Agreement;
- (b) Mr. Doo is a non-executive Director and hence a connected person of the Company under the Listing Rules. Following completion of the Group A Disposal, Group A Members have become associates of Mr. Doo. The entering into of the Existing Master Services Agreement and the provision of certain operational services contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules; and
- (c) in anticipation of the completion of the Group B Disposal, which is expected to take place by the end of June 2011, the Directors envisage that there would be a surge in the volume of continuing connected transactions between members of the Group and members of the Services Group as the Services Group will be enlarged to include the Group B members (which will also become associates of Mr. Doo) and the scope of services that could be provided to or by the Services Group will be widened. In light of the above, the Company entered into the New Master Services Agreement with Mr. Doo on 19 May 2011 in relation to the provision of Operational Services between members of the Group and members of the Services Group which is to take effect on the Effective Date. Moreover, new estimated maximum aggregate annual values (the “Annual Caps”) in respect of the Continuing Connected Transactions contemplated under the New Master Services Agreement for each of the three financial years ending 30 June 2014 will correspondingly be set.

The entering into of the New Master Services Agreement is subject to completion of the Group B Disposal, the fulfillment of the conditions as summarized in this Circular below and compliance with the applicable requirements of Chapter 14A of the Listing Rules (including the Independent Shareholders’ approval requirement) relating to the Continuing Connected Transactions which would arise after completion of the Group B Disposal.

The purpose of this circular is to (i) provide you with information relating to the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder; (ii) set out the letter of advice from ICAL to the Independent Board Committee and the Independent Shareholders and the recommendation and opinion of the Independent Board Committee after having considered the advice of ICAL relating to the Continuing Connected Transactions (including the Annual Caps); and (iii) give you notice of the SGM to consider and, if thought fit, approve the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

LETTER FROM THE BOARD

2. CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW MASTER SERVICES AGREEMENT

Parties: (1) the Company
(2) Mr. Doo

Duration: The New Master Services Agreement shall be for an initial term of three years commencing from the Effective Date.

Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules and/or any other relevant laws and regulations at the relevant time, the New 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 Services Group and vice versa.

Pricing basis: As a general principle, the prices and terms with respect to the Operational Services to be provided by member(s) of the Services Group to member(s) of the Group (or vice versa) 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 to the Group than prices and terms available to or from independent third parties to the Group.

Conditions: The New Master Services Agreement is subject to (i) the approval of the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) by the Independent Shareholders at the SGM; and (ii) the approval of the NWD Master Services Agreement and the continuing connected transactions contemplated thereunder (including the annual caps set for such transactions) by the NWD Independent Shareholders at an extraordinary general meeting to be held by NWD having been obtained.

Provision of the Operational Services

Under the New Master Services Agreement, it is agreed between the Company and Mr. Doo that members of the Group or the Services Group may, and to the extent practicable in each case, engage relevant members of the Services Group or the Group (as the case may be) to provide the Operational Services to relevant members of the Group or the Services Group (as the case may be) during the term of the New Master Services Agreement.

LETTER FROM THE BOARD

The Operational Services to be provided under the New Master Services Agreement shall include the following services, and such other types of services as the Company and Mr. Doo may agree upon from time to time in writing:

- (a) Contracting Services – provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy 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, computer aided drafting services and related services.
- (b) Cleaning and Landscaping Services – general cleaning, vessel and vehicle cleaning, office and facility cleaning, recycling and environmental services, landscaping and plant maintenance, the supply of plants, laundry services and related services.
- (c) Facility Management Services – provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, food processing, trading and supply, merchandise sourcing, procurement and supply and related services.
- (d) Property Management Services – property management, property sales, vessel and vehicle sales and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management and related services.
- (e) Security and Guarding Services – provision of security guards, security systems installation and maintenance services, armoured transport services, supply of security products and related services.

The abovementioned engagement is subject to the following qualifications:

- (a) the engagement only applies to services required for businesses, projects and premises for which the relevant members of the Group or the Services Group (as the case may be) have the right to select providers of the relevant Operational Services;
- (b) the engagement is not contrary to the terms of contracts governing the relevant businesses, projects or premises or any applicable laws, regulations or administrative directives promulgated by competent authorities to which the businesses, projects and/or premises of the relevant members of the Group or the Services Group (as the case may be) may relate; and
- (c) in the event that the provider(s) of certain particular Operational Services is/are to be selected through auction or tender, the engagement shall only become effective as and when the relevant member(s) of the Services Group or the Group (as the case may be) has/have successfully bid for such auction or tender.

LETTER FROM THE BOARD

Operational Agreements

Pursuant to the New Master Services Agreement, member(s) of the Services Group and member(s) of the Group shall, from time to time during the term of the New Master Services Agreement, enter into separate Operational Agreement(s) in respect of the provision of the Operational Services provided that such separate agreement(s) shall always be subject to the terms of the New Master Services Agreement. In this connection, the Company and Mr. Doo have agreed that:

- (a) as a general principle, the prices and terms of the Operational Agreements with respect to the Operational Services to be provided by member(s) of the Services Group to member(s) of the Group (or vice versa) 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 to the Group than prices and terms available to or from independent third parties to the Group;
- (b) subject to the general principle in (a) above, the prices and terms at which the security and guarding 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 Services Group. The cost element includes all direct costs incurred, such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis; and
- (c) the duration of each Operational Agreement shall be in compliance with the applicable laws and regulations in force from time to time and shall be negotiated on arm's length basis.

Notwithstanding the terms of the New Master Services Agreement, any operational agreement(s) (the "Subsisting Operational Agreement(s)") entered into between member(s) of the Services Group and member(s) of the Group before the completion of the Group B Disposal and which is/are still subsisting on, but not yet completed as at the Effective Date, shall for the purpose of maintaining operational continuity to assure the fulfilment of any existing contractual obligations or any contracted commitments under such Subsisting Operational Agreement(s), continue in full force and effect until its termination in accordance with the terms of the relevant Subsisting Operational Agreement(s).

Upon the New Master Services Agreement becoming effective, it is agreed by the Company and Mr. Doo that the Existing Master Services Agreement will be terminated and have no further effect.

LETTER FROM THE BOARD

3. HISTORICAL AGGREGATE TRANSACTION VALUES

Assuming completion of the Group B Disposal, the aggregate transaction values in respect of the transactions between members of the Group and members of the Services Group for the financial years ended 30 June 2009 and 2010 and the six months ended 31 December 2010 were as follows:

Categories	Aggregate transaction values		
	Financial	Financial	Six months
	year ended	year ended	ended
	30/06/2009	30/06/2010	31/12/2010
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Provision of Operational Services by members of the Group to members of the Services Group	27.6	16.8	5.3
Provision of Operational Services by members of the Services Group to members of the Group	660.0	314.2	191.4
Total	<u>687.6</u>	<u>331.0</u>	<u>196.7</u>

4. MAXIMUM AGGREGATE ANNUAL VALUES

The Company expects that the Annual Caps in respect of the transactions between members of the Group and members of the Services Group will be as follows:

Categories	Annual Cap for each of		
	the financial years ending 30 June		
	2012	2013	2014
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Provision of Operational Services by members of the Group to members of the Services Group	15.7	17.3	18.6
Provision of Operational Services by members of the Services Group to members of the Group	282.4	737.1	876.3
Total	<u>298.1</u>	<u>754.4</u>	<u>894.9</u>

Note: The above Annual Caps do not cover the anticipated transaction values under the Subsisting Operational Agreements entered into by members of the Group and the Group B Members for each of the three financial years ending 30 June 2014. Particulars of the Subsisting Operational Agreements will be disclosed by way of an announcement upon completion of the Group B Disposal pursuant to Rule 14A.41 of the Listing Rules.

LETTER FROM THE BOARD

Each of the Annual Caps has been determined by reference to:

- (a) the historical annual or annualized amounts in respect of that category of the Operational Services provided by the relevant members of the Group to the relevant members of the Services Group or vice versa during the past three financial years; and
- (b) the projected annual or annualized amounts in respect of that category of Operational Services to be provided by the relevant members of the Group to the relevant members of the Services Group or vice versa in the next three financial years.

The abovementioned projected figures are determined basing on the relevant historical figures, taking into account the business growth of the Services Group and the 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, 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 Services Group and/or the Group.

Shareholders and potential investors should note that the Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the New Master Services Agreement.

5. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE NEW MASTER SERVICES AGREEMENT

The transactions contemplated under the New 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 Services Group. The abovementioned Operational Agreements will be agreed on arm's length basis, on normal commercial terms and comparable with terms available to or from independent third parties.

The New Master Services Agreement is intended to streamline the continuing connected transactions between members of the Group and the Services Group. It provides a single basis on which the Company will comply with the reporting, announcement and independent shareholders' approval requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or renewal of the Operational Agreements in respect of the provision of the Operational Services.

The Directors (including the independent non-executive Directors) are of the views that the entering into of the New Master Services Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) also consider that the terms of the New Master Services Agreement and the Annual Caps are on normal commercial terms and fair and reasonable as far as the Company and the Shareholders are concerned.

LETTER FROM THE BOARD

Mr. Doo, who was considered as having material interest in the New Master Services Agreement, had abstained from voting on the Board resolutions approving the New Master Services Agreement and the transactions contemplated thereunder. Moreover, Dr. Cheng Kar Shun, Henry (an executive Director and the brother-in-law of Mr. Doo), Mr. Cheng Chi Ming, Brian (an executive Director and the nephew of Mr. Doo) and Mr. William Junior Guilherme Doo (an executive Director and the son of Mr. Doo) had also abstained from voting on the relevant Board resolutions.

6. INFORMATION REGARDING MR. DOO, THE SERVICES GROUP AND THE GROUP

Mr. Doo

Mr. Doo is a non-executive Director and a controlling shareholder of the Services Group. He is the father of Mr. William Junior Guilherme Doo, the brother-in-law of Dr. Cheng Kar Shun, Henry and the uncle of Mr. Cheng Chi Ming, Brian.

The Services Group

The Services Group is principally engaged in the provision of services including (a) laundry and landscaping; (b) security and guarding; (c) trading of building materials; (d) insurance brokerage; and (e) property management as at the Latest Practicable Date. Following completion of the Group B SP Agreement, the businesses of the enlarged Services Group will be further expanded to the provision of such services including cleaning and electrical and mechanical engineering.

The Group

The Group is principally engaged in: (i) the investment in and/or operation of facilities, construction, transport and strategic investments; 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.

7. IMPLICATIONS OF THE LISTING RULES

Mr. Doo is a non-executive Director and hence a connected person of the Company under the Listing Rules. Each of the members of the Services Group (including the Group B Members following completion of the Group B Disposal) is an associate of Mr. Doo and hence a connected person of the Company. Accordingly, the New Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

Given that the highest of the relevant Percentage Ratios in respect of the Annual Caps of the Continuing Connected Transactions contemplated under the New Master Services Agreement will on an annual basis, be more than 5%, the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder will be subject to the reporting, announcement, independent shareholders' approval and the annual review requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The Company will comply with the continuing obligations under Rules 14A.37 to 14A.41 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time and will re-comply with the applicable Listing Rules in the event that any of the Annual Caps is exceeded or when the New Master Services Agreement is renewed or when there is a material change to the terms of the New Master Services Agreement pursuant to Rule 14A.36 of the Listing Rules.

8. RECOMMENDATION

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, being all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders in respect of the Continuing Connected Transactions (including the Annual Caps).

ICAL 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 (including the Annual Caps).

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 and 17 of this Circular which contains its recommendation to the Independent Shareholders on the Continuing Connected Transactions (including the Annual Caps); and (ii) the letter from ICAL set out on pages 18 to 35 of this Circular which contains their advice to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the principal factors and reasons considered by them in formulating their advice.

The Independent Board Committee, having taken into account the advice of ICAL, considers that the Continuing Connected Transactions contemplated under the New Master Services Agreement (including the Annual Caps) to be fair and reasonable in so far as the Company and the Independent Shareholders are concerned. The Independent Board Committee also considers that the Continuing Connected Transactions are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the SGM relating to the Continuing Connected Transactions.

9. SGM

The Company will convene the SGM at 11:00 a.m. on Wednesday, 29 June 2011 at Meeting Rooms S224-S225 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong to consider and, if thought fit, the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps). A notice of the SGM is set out on pages 44 and 45 of this Circular.

LETTER FROM THE BOARD

In accordance with the Listing Rules, any connected person with a material interest in the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder and any Shareholder(s) with a material interest in the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder and its associate(s) must abstain from voting on the resolution in respect of the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder at the SGM.

Mr. Doo and his associates will abstain from voting on the resolution to approve the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) at the SGM.

The voting at the SGM will be taken by poll.

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

A form of proxy for use in connection with the SGM is also enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share 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 SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

10. ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
NWS Holdings Limited
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.



10 June 2011

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the Circular of which this letter forms part.

Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the Continuing Connected Transactions and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Continuing Connected Transactions (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned.

ICAL has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Continuing Connected Transactions (including the Annual Caps).

We wish to draw your attention to the letter from the Board set out on pages 6 to 15 of the Circular which contains, among others, information on the Continuing Connected Transactions as well as the letter from ICAL set out on pages 18 to 35 of the Circular which contains its advice in respect of the terms of the Continuing Connected Transactions (including the Annual Caps).

** For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of ICAL, we consider that the entering into of the New Master Services Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. We also consider the terms of the New Master Services Agreement and the Annual Caps are on normal commercial terms and fair and reasonable as far as the Company and the Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the Continuing Connected Transactions contemplated under the New Master Services Agreement (including the Annual Caps).

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

LETTER FROM ICAL

The following is the text of the letter of advice from ICAL to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.



Investec Capital Asia Ltd
Room 3609-3613, 36/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong
香港中環金融街8號國際金融中心二期36樓3609-3613室
Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

10 June 2010

*To the Independent Board Committee and
the Independent Shareholders of NWS Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the continuing connected transactions pursuant to the New Master Services Agreement and the respective new estimated maximum aggregate annual values in respect of the Operational Services contemplated thereunder for each of the three financial years ending 30 June 2014, details of which are set out in the “Letter from the Board” contained in the circular dated 10 June 2011 (the “Circular”) of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise specifies.

NWS announced on 19 May 2011 that in anticipation of the completion of the Group B Disposal, which is expected to take place by the end of June 2011, the Services Group will be enlarged to include the Group B members (which will also become associates of Mr. Doo, a non-executive Director and hence a connected person of NWS under the Listing Rules). As a result, the Directors envisage that the continuing connected transactions arising from activities between members of the NWS Group and members of the Services Group will increase significantly.

In light of the above and subject to compliance with the applicable Listing Rules, NWS entered into the New Master Services Agreement with Mr. Doo on 19 May 2011 in relation to the provision of Operational Services between members of the NWS Group and the Services Group, which is to take effect on the Effective Date.

LETTER FROM ICAL

Notwithstanding the terms of the New Master Services Agreement, any operational agreement(s) (the “Subsisting Operational Agreement(s)”) entered into between member(s) of the Services Group and member(s) of the NWS Group before the completion of the Group B Disposal and which is/are still subsisting on, but not yet completed as at the Effective Date, shall continue in full force and effect until its termination in accordance with the terms of the relevant Subsisting Operational Agreement(s).

Given that the highest of the relevant Percentage Ratios in respect of the Annual Caps of the Continuing Connected Transactions contemplated under the New Master Services Agreement will, on an annual basis, be more than 5%, the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder will subject to the reporting, announcement, independent shareholders’ approval and the annual review requirements under Chapter 14A of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of (i) six executive Directors, namely Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung, Mr. William Junior Guilherme Doo and Mr. Cheng Chi Ming, Brian; (ii) four non-executive Directors, namely Mr. Doo Wai Hoi, William, Mr. Wilfried Ernst Kaffenberger (alternate director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun Wah, David), Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (iii) three independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, has been established to advise the Independent Shareholders as to whether the terms of the New Master Services Agreement and the transactions contemplated thereunder were entered into on normal commercial terms and in the interests of NWS and the Shareholders as a whole and whether the terms of the New Master Services Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the New Master Services Agreement and the transactions contemplated thereunder for the Independent Board Committee’s consideration when making its recommendation to the Independent Shareholders.

LETTER FROM ICAL

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations provided to us by NWS and/or its management staff (the “Management”) and/or the executive Directors. We have assumed that all such statements, information, opinions and representations provided or made or given by NWS and/or the Management and/or the executive Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of this letter. We have assumed that all the opinions and representations made or provided by the executive Directors and/or the Management to us have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from NWS and/or the Management and/or the executive Directors that no material facts have been omitted from the information provided.

We consider that we have reviewed sufficient currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by NWS and/or the Management and/or the executive Directors or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of NWS, the Service Group or any of their respective members.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Principal activities and background of the NWS Group

The NWS Group is principally engaged in (i) the investment in and/or operation of facilities, construction, transport and strategic investments; 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. The financial results of the NWS Group for the six months ended 31 December 2010 (the “Interim Period”), as extracted from the interim report of NWS for the six months period ended 31 December 2010 (the “Interim Report”), and each of the two years ended 30 June 2010, as extracted from the annual report of NWS for the financial year ended 30 June 2010 (the “2010 Annual Report”) are summarized in Table A below:

LETTER FROM ICAL

Table A: Summary financial information of the NWS Group

	For the six months ended 31 December 2010	For the financial year ended 30 June	
	(HK\$' m) <i>(Unaudited)</i>	2010 <i>(HK\$' m)</i> <i>(Audited)</i>	2009 <i>(HK\$' m)</i> <i>(Audited)</i>
Revenue	4,734.0	12,089.0	17,250.9
Cost of sales	<u>(3,902.3)</u>	<u>(10,111.7)</u>	<u>(15,407.3)</u>
Gross profit	831.7	1,977.3	1,843.6
Share of results of			
Associated companies	198.1	485.0	(63.5)
Jointly controlled entities	1,175.1	2,122.0	1,780.6
Profit for the period/year	2,407.2	4,082.0	2,580.7
Attributable to			
Shareholders of NWS	2,391.2	4,011.7	2,528.8
Non-controlling interests	16.0	70.3	51.9
	As at 31 December 2010	As at 30 June	
	(HK\$' m) <i>(Unaudited)</i>	2010 <i>(HK\$' m)</i> <i>(Audited)</i>	2009 <i>(HK\$' m)</i> <i>(Audited)</i>
Non-current assets	29,533.8	26,934.6	24,106.9
Current assets	10,694.3	10,746.3	20,171.7
Net current assets	1,942.7	3,329.2	5,938.7
Net assets	29,236.1	26,452.1	24,259.4

Six months ended 31 December 2010

As set out in the Interim Report, profit attributable to the Shareholders was approximately HK\$2,391.2 million for the Interim Period, representing an increase of approximately HK\$85.8 million, being approximately 3.7% over that of the corresponding period in the prior year. Despite a decrease in gross profit, a reduction in general and administrative expenses of approximately HK\$367.3 million was recorded, which were the main factors behind the movement in the profit attributable to Shareholders.

Year ended 30 June 2010

As set out in the 2010 Annual Report, profit attributable to Shareholders was approximately HK\$4,011.7 million for the year ended 30 June 2010, representing an increase of approximately HK\$1,482.9 million or approximately 58.6% increase over that of the corresponding period in the prior year.

The aforesaid increase was largely attributable to, (i) an one-off net gain arising from the disposal of controlling interest in subsidiaries of approximately HK\$731.2 million, compared to approximately HK\$39.4 million for the year ended 30 June 2009; and (ii) the increase in contribution from its associated companies and jointly controlled entities compared to the corresponding prior year, the aforesaid increase totalled to approximately HK\$889.9 million.

LETTER FROM ICAL

Analysis on the Services division of the NWS Group (the “Services Division”)

As set out in the Interim Report, the NWS Group’s business is classified into two major divisions, namely the Infrastructure division and the Services Division. The Services Division is sub-divided into three segments, namely, (i) Facilities Management; (ii) Construction & Transport; and (iii) Strategic Investments. The Continuing Connected Transactions are primarily related to the businesses carried out by the Services Division, in particular, the Facilities Management and Construction & Transport segments.

Facilities Management and Construction & Transport segments contributed approximately 58.2% and 39.0% of the NWS Group’s total revenue respectively for the Interim Period as set out in the Interim Report.

Table B: Financial information on the Services Division

	Six months ended 31 December		Financial year ended 30 June	
	2010	2009	2010	2009
	<i>(HK\$’ m)</i>	<i>(HK\$’ m)</i>	<i>(HK\$’ m)</i>	<i>(HK\$’ m)</i>
Revenue:				
— Facilities Management	2,753.3	2,984.1	6,163.9	5,404.1
— Construction & Transport <i>(Note)</i>	1,848.3	2,665.6	5,196.0	10,904.0
	4,601.6	5,649.7	11,359.9	16,308.1
Attributable operation profit (“AOP”):				
— Facilities Management	404.3	400.4	825.1	612.1
— Construction & Transport <i>(Note)</i>	149.8	258.4	410.1	285.7
	554.1	658.8	1,235.2	897.8
Total Group AOP	2,213.9	1,727.1	2,843.0	2,537.1

Note: As set out in the Interim Report, following the divestment of mechanical and engineering business, the Contracting & Transport segment has been renamed as “Construction & Transport”

As set out in Table B above, the Facilities Management and the Construction & Transport segments within the Services Division has remained profitable throughout the interim periods/ financial years under review. The AOP to revenue ratio was approximately 12.0% for the Interim Period (compared to approximately 11.7% for the six months period ended 31 December 2009), and approximately 10.9% for the year ended 30 June 2010 (compared to approximately 5.5% for the year ended 30 June 2009), respectively.

LETTER FROM ICAL

2. Information regarding Mr. Doo and the Services Group

As stated in the “Letter from the Board”, Mr. Doo is a non-executive Director and a controlling shareholder of the Services Group. He is the father of Mr. William Junior Guilherme Doo, the brother-in-law of Dr. Cheng Kar Shun, Henry and the uncle of Mr. Cheng Chi Ming, Brian.

The Services Group is principally engaged in the provision of services including (i) laundry and landscaping; (ii) security and guarding; (iii) trading of building materials; (iv) insurance brokerage; and (v) property management as at the Latest Practicable Date.

The enlarged Services Group following completion of the Group B SP Agreement will additionally engage in the provision of services including (i) cleaning; and (ii) electrical and mechanical engineering. We understand from the Management that member of the Services Group have specialized in the provision of their respective services for over a decade.

3. New Master Services Agreement

3.1 *Basis and reasons for the New Master Services Agreement*

Business strategy of the NWS Group

As set out in the Interim Report, the Disposal is in line with the NWS Group’s continuing corporate strategy to consolidate its non-core businesses in order to enhance Shareholders’ value.

Completion of the Group B Disposal

As set out in the “Letter from the Board”, the completion of the Group B Disposal is expected to take place by the end of June 2011, the Services Group will be enlarged to include the Group B members (which will also become associates of Mr. Doo, a non-executive Director and hence a connected person of NWS under the Listing Rules).

As a result, the Directors envisage that the continuing connected transactions arising from activities between members of the NWS Group and the Services Group will be enlarged significantly.

In light of the above and subject to compliance with the applicable Listing Rules, NWS and Mr. Doo entered into the New Master Services Agreement on 19 May 2011, which is to take effect on the Effective Date.

The New Master Agreement is conditional upon (i) the approval of the New Master Services Agreement and the Continuing Connected Transactions (including the Annual Caps) by the Independent Shareholders at the SGM; and (ii) the approval of the NWD Master Services Agreement and the continuing connected transactions contemplated thereunder (including the annual caps set for such transactions) by the NWD Independent Shareholders at an extraordinary general meeting to be held by NWD having been obtained.

LETTER FROM ICAL

Labour intensive businesses

The Annual Caps mainly relate to the Operational Services to be provided by members of the Services Group to members of the NWS Group, which comprise largely of the following services, namely (i) contracting services; (ii) cleaning and landscaping services; (iii) property management services; and (iv) security and guarding services, such being labour intensive businesses which requires the upkeeping of a large highly trained and qualified workforce under a stringent regulatory environment.

We understand from the Management that the provision of the aforesaid Operational Services is not considered to be part of the NWS Group's core business and entering into the New Master Services Agreement allows the NWS Group to have the flexibility, but not the obligation, to appoint the Services Group members to provide Operational Services to members of the NWS Group which will enable the NWS Group to allocate its resources and focus on other key business of the NWS Group.

Qualifications and experience in the provision of the Operational Services

We understand from the Management that the Services Group members have provided Operational Services for over a decade. During this period, the Services Group members have established a reputation in their respective industries and accumulated valuable industrial expertise. Their clientele include listed companies and multinationals across various industries.

Given the qualifications and experience, the Management is of the view that the Services Group members are capable and suitable to be considered for the continuation of provision of Operational Services to members of the NWS Group.

Given the track record of the Services Group members on the provision of the Operational Services for over a decade, we concur with the Management's view that they possess the requisite skill and experience to continue its provision of Operational Services to members of the NWS Group under the New Master Services Agreement, the terms of which will subject to (i) the qualifications as set out under paragraph headed "Provision of the Operational Services" in the "Letter from the Board"; and (ii) the terms and pricing policies as set out under paragraph headed the "Operational Agreements" in the "Letter from the Board".

Provision of the Operational Services by members of the NWS Group to members of the Services Group

On the other hand, we understand from the Management that the NWS Group's members have been and will continue to provide Operational Services, such as construction services, facility management services and property management services to the Services Group members.

LETTER FROM ICAL

The Management is of the view that the provision of the abovementioned Operational Services is a furtherance of the Services Division's businesses, and continuance of normal businesses relationship with members of the Services Group, as well as to facilitate a smooth transition of ownership in relation to the Disposal by the provision of some of the Operational Services, whilst the New Master Services Agreement allows members of the NWS Group the flexibility but not the obligation to provide such services.

As set out in the "Letter from the Board", the Annual Caps have been determined by reference to historical and projected annual or annualized amounts in respect of that category of Operational Services, details of which are set out under paragraph headed "3.5 Rationale for determining the Annual Caps" below.

3.2 Principal terms of the New Master Services Agreement

Pursuant to the New Master Services Agreement, members of the NWS Group or the Services Group may and to the extent practicable in each case engage relevant members of the Services Group or the NWS Group (as the case may be) to provide the Operational Services to relevant members of the NWS Group or the Services Group (as the case may be) during the term of the New Master Services Agreement.

As set out in the "Letter from the Board", the pricing basis will be, as a general principal, the prices and terms with respect to the Operational Services provided by member(s) of the NWS Group to member(s) of the Service Group (or vice versa) 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 to the NWS Group than prices and terms available to or from independent third parties to the NWS Group (the "Independent Third Parties").

Engagement in relation to the Operational Services under the New Master Services Agreement is also subject to the following qualifications:

- (a) the engagement only applies to services required for businesses, projects and premises for which the relevant members of the NWS Group or the Services Group (as the case may be) have the right to select providers of the relevant Operational Services;
- (b) the engagement is not contrary to the terms of contracts governing the relevant businesses, projects or premises or any applicable laws, regulations or administrative directives promulgated by competent authorities to which the businesses, projects and/or premises of the relevant members of the NWS Group or the Services Group (as the case may be) may relate; and
- (c) in the event that the provider(s) of certain particular Operational Services is/are to be selected through auction or tender, the engagement shall only become effective as and when the relevant member(s) of the Services Group or the NWS Group (as the case may be) has/have successfully bid for such auction or tender.

LETTER FROM ICAL

3.3 *Provision of the Operational Services by members of the Services Group to members of the NWS Group (the “Incoming Services”)*

We understand from the Management that, the Incoming Services to be provided under the New Master Services Agreement shall include the following services, (i) contracting services; (ii) cleaning and landscaping services; (iii) property management services; and (iv) security and guarding services.

Incoming Services sub-categories	Description of services
Contracting Services	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, computer aided drafting services and related services
Cleaning and Landscaping Services	general cleaning, vessel and vehicle cleaning, office and facility cleaning, recycling and environmental services, landscaping and plant maintenance, the supply of plants, laundry services and related services
Property Management Services	property management, letting agency services, pre-marketing consultancy services, technical services and related services
Security and Guarding Services	provision of security guards, security systems installation and maintenance services, armoured transport services, supply of security products and related services

LETTER FROM ICAL

Based on information provided by the Management, the Annual Caps for the Incoming Services are substantially related to contracting services. In connection with the contracting services, relevant member of the NWS Group may be engaged as the main contractor, management contractors or project managers, we understand from the Management that there are typically two types of business arrangements for contracting services provided by member(s) of the Services Group.

The first of the two business arrangements is where a member of the Services Group has been designated by the ultimate employer as a nominated sub-contractor, payment(s) to such member of the Services Group will be ascertained by independent professional quantity surveyor (the “Independent Surveyor”) appointed by the ultimate employer.

The second of the two business arrangements is where member of the Services Group is appointed as a domestic sub-contractor by a member of the NWS Group, payment(s) to such member of the Services Group will be ascertained by an in-house qualified professional quantity surveyor (the “Qualified Surveyor”).

In connection with the above, we have reviewed a sample of reports issued by the Independent Surveyor and the Qualified Surveyor. We also reviewed a set of internal work procedures of the relevant member of the NWS Group governing their sub-contracting procedures (the “Sub-contracting Procedures”), setting out guidelines for the overall flow of the sub-contracting process, recruitment and assessment of sub-contractors, appointment of major sub-contractors, sub-contracting electrical and mechanical related works and nominated sub-contractors, measurement works, payments, contra charges, final accounts, termination and performance assessment of sub-contractors.

In addition to the above, the Management advised that the relevant member of the NWS Group has a list of pre-authorized sub-contractors which is subject to periodic review and update by its management to ensure quality standards of its sub-contractors.

We also noted from the Management that in addition to the aforesaid procedures in selecting providers for contracting services, (i) NWS will seek approval from the independent non-executive Directors before awarding any contract to member(s) of the Services Group with contract sum exceeding HK\$100 million; (ii) documentation and relevant reports of any new contracts awarded to member(s) of the Services Group will be reviewed by members of the internal audit of the NWS Group for compliance of the relevant internal procedures and guidelines; and (iii) the continuing connected transactions contemplated under the aforesaid contracts will be subject to the annual review by the external auditors of NWS in accordance with the requirements of the Listing Rules.

In connection with cleaning and landscaping services, property management services and security and guarding services, we reviewed a sample of contracts which the NWS Group had entered into with the Services Group and reviewed terms available from Independent Third Parties for services of similar types and nature in each of the above sub-categories of Incoming Services.

LETTER FROM ICAL

Based on our review of the aforesaid documents, we consider that the samples reviewed were at prices and terms in line with those available from Independent Third Parties.

3.4 *Provision of the Operational Services by members of the NWS Group to member of the Services Group (the “Outgoing Services”)*

We understand from the Management that, the Outgoing Services under the New Master Services Agreement mainly involves the following services, (i) construction services; (ii) facility management services; and (iii) property management services.

Outgoing Services sub-categories	Description of services
Construction Services	provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management services and related services
Facility Management Services	provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, food processing, trading and supply, merchandise sourcing, procurement and supply and related services
Property Management Services	provision of car parking management and related services

In connection with contracting services, we noted from the Management that the relevant member of the NWS Group providing such outgoing services has internal work procedures for tendering in place governing the tender procedures involved by the relevant member of the NWS Group (the “Tender Procedures”), setting out guidelines for the overall flow of the tendering process, pre-tendering stage, tendering stage and post-tendering stage.

We understand from the Management that an assessment on cost estimation of each of the tendered project, with the Services Group members and Independent Third Parties, is carried out by the tender/business development department of the relevant member of the NWS Group and the tender price is based on the aforesaid cost estimation.

LETTER FROM ICAL

We reviewed a sample of assessments on cost estimation for tenders with the Services Group members and Independent Third Parties and noted that prevailing market rates of the tendered project is assessed in each case. Based on the samples we have reviewed, we consider that the outgoing construction services reviewed by us had been conducted at prices and terms in line with those available from Independent Third Parties.

As advised by the Management, (i) historical sales derived from the outgoing facility management services and property management services are predominantly charged on a cost plus basis and had been conducted on normal commercial terms; (ii) such Outgoing Services are expected to be immaterial to the NWS Group in terms of size of transactions; (iii) the basis of terms and pricing are and will be consistent with those available to Independent Third Parties; and (iv) some of the aforesaid Outgoing Services is considered by the Management as part of the after sales services for a transitional period to the Disposal group members.

Having considered the abovementioned factors, we concur with the Management that the aforesaid Outgoing Services are conducted on normal commercial terms.

3.5 Rationale for determining the Annual Caps

Historical transaction values

As set out in the “Letter from the Board”, the aggregate transaction values in respect of the transactions between members of the NWS Group and members of the Services Group for the financial years ended 30 June 2009 and 2010 and the six months ended 31 December 2010 were as follows:

Table C: Historical transaction values

Categories	Aggregate transaction values		
	Financial year ended 30 June	Six months ended 31 December	
	2009 (HK\$' m)	2010 (HK\$' m)	2010 (HK\$' m)
Provision of Operational Services by members of the Services Group to members of the NWS Group (the Incoming Services)	660.0	314.2	191.4
Provision of Operational Services by members of the NWS Group to members of the Services Group (the Outgoing Services)	27.6	16.8	5.3
Total	687.6	331.0	196.7

LETTER FROM ICAL

Historical transaction values for Incoming Services

As set out in Table C above, the aggregate transaction value for the Incoming Services reduced by HK\$345.8 million, from HK\$660.0 million for the year ended 30 June 2009 to HK\$314.2 million for the year ended 30 June 2010, representing a decrease of approximately 52.4%.

We understand from the Management that the aforesaid decrease is mainly attributable to the stages completion of several sizeable projects in Hong Kong, Macau and the PRC with respect to the contracting services provided to members of the NWS Group.

We noted that the historical transaction values for contracting services may be distorted by a reduction in the number and size of projects undertaken in a given financial year, while the other Incoming Services, save for the contracting services, are considered to be more consistent year-on-year.

For reasons stated above, (i) with respect to the portion of Annual Caps derived from contracting services, we are of the view that it would be reasonable to evaluate it against the higher of the annualized and historical transaction value for the current financial year and the preceding two financial years; and (ii) with respect to the portion of the Annual Caps derived from other Incoming Services, save for contracting services, we are of the view that it would be reasonable to evaluate it against the annualized transaction value for the current financial year.

Historical transaction values for Outgoing Services

As set out in Table C above, the aggregate transaction value for the Outgoing Services reduced by approximately HK\$10.8 million, from approximately HK\$27.6 million for the year ended 30 June 2009 to approximately HK\$16.8 million for the year ended 30 June 2010, representing a decline of approximately 39.1%.

Given the ad hoc nature of the Outgoing Services, in particular contracting services, it is difficult to predict with certainty as and when contracts are awarded to members of the NWS Group. Hence, we are of the view that when assessing the Annual Caps, it would be reasonable to evaluate (i) the portion of Annual Caps derived from contracting services against the higher of the annualized and historical transaction value for the current financial year and preceding two financial years; and (ii) the portion of the Annual Caps derived from other Outgoing Services, save for contracting services, against the annualised transaction value for the current financial year for such other Outgoing Services.

LETTER FROM ICAL

The following sets out the proposed Annual Caps in respect of transactions between members of the NWS Group and members of the Services Group for each of the three financial years ending 30 June 2014:

Table D: Annual Caps for each of the three financial years ending 30 June 2014

Categories	Financial year ended 30 June		
	2012 (HK\$' m)	2013 (HK\$' m)	2014 (HK\$' m)
Provision of Operational Services by members of the Services Group to members of the NWS Group <i>(Note)</i>	282.4	737.1	876.3
Provision of Operational Services by members of the NWS Group to members of the Services Group <i>(Note)</i>	15.7	17.3	18.6
Total	298.1	754.4	894.9

Note: The above Annual Caps do not cover the anticipated transaction values under the Subsisting Operational Agreements entered into by members of the NWS Group and the Group B Members for each of the three financial years ending 30 June 2014. Particulars of the Subsisting Operational Agreements will be disclosed by way of an announcement upon completion of the Group B Disposal pursuant to Rule 14A.41 of the Listing Rules.

As stated in the “Letter from the Board”, each of the Annual Caps has been determined by reference to (i) the historical annual or annualized amounts in respect of that category of the Operational Service provided by the relevant members of the NWS Group to the relevant members of the Services Group or vice versa during the current and past two financial years; and (ii) the projected annual or annualized amounts in respect of that category of Operational Service to be provided by the relevant members of the NWS Group to the relevant members of the Services Group or vice versa in the next three financial years.

In assessing the fairness and reasonableness of the Annual Caps, we have reviewed and discussed the information provided by the Management, including a schedule which sets out the historical contract values on a project-by-project basis by categories of services for the three years ending 30 June 2011 and the breakdown of the Annual Caps by categories of services for the three years ending 30 June 2014.

LETTER FROM ICAL

Annual Caps for Incoming Services

With reference to “Table C: Historical transaction values”, the highest annualised/historical transaction value for the current financial year and preceding two financial years was approximately HK\$660.0 million (the “Base Historical Transaction Value”).

Table E: Analysis on Annual Caps

Categories	Aggregate transaction values				Annual Caps		
	Financial year ended 30 June		Six months ended 31 Dec	Base Historical Transaction Value	Financial year ending 30 June		
	2009	2010	2010		2012	2013	2014
	(HK\$' m)	(HK\$' m)	(HK\$' m)	(HK\$' m)	(HK\$' m)	(HK\$' m)	(HK\$' m)
Incoming Services (including remaining transaction values with respect to the Subsisting Operational Agreements)	660.0	314.2	191.4	660.0	677.7	769.9	876.3
Annual growth					2.7%	13.6%	13.8%
Less: remaining transaction values with respect to the Subsisting Operational Agreements					(395.3)	(32.8)	—
Annual Caps (<i>Note</i>)					282.4	737.1	876.3

Note: Excluding remaining transaction values with respect to the Subsisting Operational Agreements

We have discussed the basis and assumptions made in respect of the relevant Annual Caps for the three years ending 30 June 2014 with the Management and noted that given the ad hoc nature of the contracting services, it is difficult to predict with certainty as and when contracts will be awarded to members of the Services Group. Hence, the Management is of the view that it is appropriate to determine the Annual Caps with reference to the highest annualised/historical transaction value for the current financial year and preceding two financial years.

LETTER FROM ICAL

Furthermore, we noted that the Management has also taken into consideration the following when determining the Annual Caps, such include (i) NWS expects a higher volume and value of Operational Services required due to economic and business growth; (ii) the enactment of the minimum wage bill, the expected raise in material costs due to high prevailing price of crude oil and inflation would all drive up the cost of providing Operational Services; and (iii) a buffer.

On this basis, we consider that it is reasonable for the Directors to make reference to the aforesaid factors as the basis to determine the proposed Annual Cap of HK\$282.4 million for Incoming Services for the year ending 30 June 2012. We noted from the Management that the remaining transaction values with respect to the Subsisting Operational Agreements have not been included in the above annual cap.

For illustration purposes only, based on information provided by the Management, if the remaining transaction values with respect to the Subsisting Operational Agreements were included in the above Annual Cap, the size of the annual cap for the year ending 30 June 2012 for Incoming Services would increase to approximately HK\$677.7 million, representing an insignificant increase of approximately 2.7% to the Base Historical Transaction Value.

For illustration purposes only, as set out in Table E above, based on information provided by the Management, if the remaining transaction values with respect to Subsisting Operational Agreements were included in the above Annual Caps prior to the confirmation from the Stock Exchange on the applicability of Rule 14A.41 of the Listing Rules (the "SEHK confirmation"), the relevant amount for the year ending 30 June 2013 and 2014 would be approximately HK\$769.9 million and HK\$876.3 million, respectively. The Annual Caps prior to the SEHK confirmation would represent a moderate year-on-year growth of approximately 13.6% and 13.8%, respectively.

For the purpose of evaluating the reasonableness of the respective Annual Caps for the two years ending 30 June 2014, having taken into account (i) the historical transaction value of the Incoming Services provided by the Management; (ii) the project based nature of contracting services and the comparatively more recurring nature of other Incoming Services; and (iii) the year-on-year increase based on the Annual Caps prior to the SEHK confirmation, we consider that the basis for the Annual Caps prior to SEHK confirmation to be reasonable.

As such, as the Annual Caps is permitted to exclude the remaining transaction values with respect to the Subsisting Operational Agreements as confirmed by the Stock Exchange, we consider that the basis for the Annual Caps to be fair and reasonable.

LETTER FROM ICAL

Annual Caps for Outgoing Services

Table F: Annual Caps for Outgoing Services

Categories	Financial year ending 30 June		
	2012 (HK\$' m)	2013 (HK\$' m)	2014 (HK\$' m)
Annual Caps	15.7	17.3	18.6
Annual growth	N/A	10.2%	7.5%

We have discussed the basis and assumptions made in respect of the relevant Annual Caps for the three years ending 30 June 2014 with the Management and noted that given the ad hoc nature of the contracting services, it is difficult to predict with certainty as and when contracts will be awarded to members of the NWS Group.

As such, the Management is of the view that it is appropriate to determine the annual caps for the outgoing contracting services with reference to the highest annualized/historical transaction value for the current financial year and preceding two financial years. Based on information provided by the Management, the highest annualized/historical transaction value for the construction services for the current financial year and preceding two financial years was approximately HK\$11.3 million.

Furthermore, we noted that the Management has also taken into consideration the following when determining the Annual Caps, such include (i) the outlook of the Services Group; and (ii) cost increments.

On this basis, we consider that it is reasonable for the Directors to make reference to the aforesaid factors as the basis to determine the proposed Annual Cap of HK\$15.7 million for Outgoing Services for the year ending 30 June 2012.

The Annual Caps for the years ending 30 June 2013 and 2014 for the Outgoing Services is HK\$17.3 million and HK\$18.6 million, respectively. Such represents a year-on-year overall moderate increase of approximately 10.2% and 7.5%, respectively.

Taking into account (i) the historical transaction value of the Outgoing Services provided by the Management; (ii) the project based nature of contracting services and the comparatively more recurring nature of other Incoming Services; and (iii) the year-on-year increase of the Annual Caps for the two years ending 30 June 2014, we consider that the basis for the Annual Caps to be fair and reasonable.

LETTER FROM ICAL

Shareholders should be aware that the actual utilization and sufficiency of the Annual Caps would depend on a host of factors, including but not limited to, the relevant contracts to be awarded to and by the Services Group may or may not be granted to the Services Group or the NWS Group, the progress of the scheduled projects and the scope of work. In this regard, we understand from the Management that NWS will actively monitor the progress and utilization of the Annual Caps to ensure compliance with the Listing Rules from time to time.

V. RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the background of and the reasons for the Continuing Connected Transactions;
- (ii) the engagement of the Services Group members for the provision of the Operational Services is a furtherance and continuance of the Services Division's businesses which have contributed notably at the AOP level as set out under paragraph headed "Analysis on the Services Division of the Group";
- (iii) the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the NWS Group and on normal commercial terms that are no less favourable than those prices and terms available to or from independent third parties to the NWS Group; and
- (iv) the value of, and the basis for determining, the Annual Caps are reasonable, details of which are set out in the section headed "3.5 Rationale for determining the Annual Caps".

Based on the above consideration, we are of the opinion that the New Master Services Agreement is in the ordinary and usual course of business of the NWS Group and on normal commercial terms and in the interests of NWS and the Shareholders as a whole, and the terms of which including the Annual Caps of the underlying transactions are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders to vote in favour of the ordinary resolution to approve the New Master Services Agreement and the Annual Caps of the underlying transactions contemplated under the New Master Services Agreement at the SGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Executive Director

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests of Directors in the shares and underlying shares (within the meaning of Part XV of the SFO) 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			
	Personal interests	Family interests	Corporate interests	Total
The Company				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	13,768,798	–	12,000,000 ⁽¹⁾	25,768,798
Mr. Doo Wai Hoi, William	3,009,849	–	13,695,000 ⁽¹⁾	16,704,849
Mr. Tsang Yam Pui	180,000	–	–	180,000
Mr. Lam Wai Hon, Patrick	1,486,786	–	7,608 ⁽¹⁾	1,494,394
Mr. Cheung Chin Cheung	1,470,579	–	–	1,470,579
Mr. William Junior Guilherme Doo	–	–	104,780 ⁽¹⁾	104,780
Mr. Wilfried Ernst Kaffenberger	723,372	–	–	723,372
Mr. Kwong Che Keung, Gordon	961,100	–	–	961,100
Dr. Cheng Wai Chee, Christopher	1,301,029	–	–	1,301,029
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⁾	1,000,000
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

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
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 ⁽¹⁾	100,081,800
Mr. Doo Wai Hoi, William	13,125,000	–	52,258,400 ⁽¹⁾	65,383,400
Mr. Lam Wai Hon, Patrick	270,000	–	–	270,000
Mr. William Junior Guilherme Doo	–	75,000	270,000 ⁽¹⁾	345,000
Mr. Cheng Chi Ming, Brian	106,400	–	–	106,400
Dr. Cheng Wai Chee, Christopher	83,600	–	–	83,600
Wai Kee Holdings Limited (“Wai Kee”)				
(Ordinary shares of HK\$0.10 each)				
Mr. Lam Wai Hon, Patrick	300,000	–	–	300,000
Mega Choice Holdings Limited (In liquidation)				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	–	–	420,585,070 ⁽¹⁾	420,585,070
Elite Master Holdings Limited				
(Ordinary shares of US\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	1 ⁽²⁾	1
NWS Engineering Group Limited				
(Ordinary shares of HK\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	50,000,000 ⁽²⁾	50,000,000
Waihong Cleaning Limited				
(Ordinary shares of HK\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	1 ⁽²⁾	1

Notes:

- (1) 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) These shares are deemed interest held by a company, which is 90% owned by Mr. Doo Wai Hoi, William, under the contract to acquire such interests and is subject to completion of all conditions contained therein.

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\$10.672 per share)			
Dr. Cheng Kar Shun, Henry	21 August 2007	(1)	4,553,871
Mr. Doo Wai Hoi, William	21 August 2007	(1)	3,035,914
Mr. Tsang Yam Pui	21 August 2007	(1)	2,276,933
Mr. Lam Wai Hon, Patrick	21 August 2007	(1)	2,276,933
Mr. Cheung Chin Cheung	21 August 2007	(1)	2,276,933
Mr. William Junior Guilherme Doo	21 August 2007	(1)	2,276,933
Mr. Wilfried Ernst Kaffenberger	21 August 2007	(1)	455,383
Mr. To Hin Tsun, Gerald	21 August 2007	(1)	455,383
Mr. Dominic Lai	21 August 2007	(1)	455,383
Mr. Kwong Che Keung, Gordon	21 August 2007	(1)	910,771
Dr. Cheng Wai Chee, Christopher	21 August 2007	(1)	910,771
The Honourable Shek Lai Him, Abraham	21 August 2007	(1)	910,771
Associated Corporations			
NWD			
(Exercise price of HK\$17.652 per share)			
Dr. Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	36,714,392
NWCL			
(Exercise price of HK\$1.340 per share)			
Dr. Cheng Kar Shun, Henry	29 December 2008	(2)	1,791,045
Mr. Doo Wai Hoi, William	29 December 2008	(2)	727,612
Dr. Cheng Wai Chee, Christopher	29 December 2008	(2)	252,221
(Exercise price of HK\$3.154 per share)			
Dr. Cheng Kar Shun, Henry	18 January 2011	(3)	2,000,000
Mr. Doo Wai Hoi, William	18 January 2011	(3)	800,000
Dr. Cheng Wai Chee, Christopher	18 January 2011	(3)	300,000
NWDS			
(Exercise price of HK\$8.660 per share)			
Dr. Cheng Kar Shun, Henry	27 November 2007	(4)	1,000,000
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 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012 respectively to 29 January 2013.
- (3) Divided into 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015 respectively to 18 February 2016.
- (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 forwarded from the previous anniversary year.

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

3. SUBSTANTIAL SHAREHOLDERS

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

Name	Number of shares			Approximate percentage to the issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	2,115,300,747 ⁽¹⁾	2,115,300,747	62.44%
Centennial Success Limited	–	2,115,300,747 ⁽²⁾	2,115,300,747	62.44%
Chow Tai Fook Enterprises Limited	89,747,839	2,025,552,908 ⁽³⁾	2,115,300,747	62.44%
NWD	1,340,426,579	685,126,329 ⁽⁴⁾	2,025,552,908	59.79%
Mombasa Limited	608,580,373	–	608,580,373	17.96%

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 Chow Tai Fook Enterprises Limited (“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 2,979,975 shares held by Financial Concepts Investment Limited, 26,322,510 shares held by Hing Loong Limited, 26,322,510 shares held by Fine Reputation Incorporated and 20,920,961 shares held by New World Hotels Corporation Limited, all of them are subsidiaries of NWD.
- (5) All the interests stated above represent long positions.

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.

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 businesses 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
Mr. Doo Wai Hoi, William	KLPS Group Limited group of companies	Provision of property management services	Substantial shareholder
Mr. Lam Wai Hon, Patrick	Wai Kee	Construction, investment in toll road and infrastructure businesses and sale of general merchandised goods	Director
	Road King Infrastructure Limited	Development, operation and management of toll roads	Director
Mr. Wilfried Ernst Kaffenberger	AEI	Investment in power plants	Director

5. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) save for Mr. Doo's interest in the Group A SP Agreement, the Group B SP Agreement and the Existing Master Services Agreement as disclosed in this Circular, 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) save for Mr. Doo's interest in the Group A SP Agreement and the Group B SP Agreement as disclosed in this Circular, none of the Directors had any direct or indirect interest in any asset which, since 30 June 2010 (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 2010, the date to which the latest published audited financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

ICAL is a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

ICAL 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, ICAL did not have any shareholding, directly or indirectly, 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, ICAL did not have any interest, direct or indirect, in any assets which since 30 June 2010, 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 29 June 2011 and at the SGM:

- (a) the New Master Services Agreement;
- (b) the "Letter from the Independent Board Committee", the text of which is set out on pages 16 and 17 of this Circular;
- (c) the "Letter from ICAL", the text of which is set out on pages 18 to 35 of this Circular;
- (d) the consent letter of ICAL referred to in the section headed "Qualification and Consent of Expert" in this appendix; and
- (e) this Circular.

NOTICE OF THE 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 Rooms S224-S225 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 29 June 2011 at 11:00 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

“**THAT**

- (a) subject to completion of the Group B Disposal and the approval by the NWD Independent Shareholders of the NWD Master Services Agreement having been obtained, the entering into of the New Master Services Agreement (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and the Continuing Connected Transactions contemplated thereunder are hereby approved, ratified and/or confirmed and the Annual Caps set out in the circular to shareholders of the Company dated 10 June 2011 (the “Circular”) be and are hereby approved (terms as defined in the Circular having the same meanings when used in this resolution); and
- (b) the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to take all steps necessary on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, the implementing and/or to giving effect to the New Master Services Agreement and the Continuing Connected Transactions.”

By Order of the Board
Chow Tak Wing
Company Secretary

Hong Kong, 10 June 2011

NOTICE OF THE 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 (as the case may be).
3. A form of proxy for use at the meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders are present at the meeting personally or by proxy, then one of the registered holders so present whose name stands first on the Company's register of members in respect of such share will alone be entitled to vote in respect thereof.
5. Voting on the above resolution will be taken by poll.
6. As at the date of this notice: (a) the executive Directors are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung, Mr. William Junior Guilherme Doo and Mr. Cheng Chi Ming, Brian; (b) the non-executive Directors are Mr. Doo Wai Hoi, William, Mr. Wilfried Ernst Kaffenberger (alternate Director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun Wah, David), Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (c) the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham.