THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **NWS Holdings Limited**, you should at once hand this Circular to the purchaser or the 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.

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)

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF ADDITIONAL INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF HANGZHOU RING ROAD

Financial Advisers

Deutsche Bank HSBC J.P.Morgan Standard Chartered

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

CIMB

A letter from the Board is set out on pages 8 to 19 of this Circular. A letter from the Independent Board Committee is set out on page 20 of this Circular. A letter from CIMB containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 32 of this Circular.

6 December 2011

* *For identification purposes only*

CONTENTS

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

"75% Widefaith Sale and Purchase Agreement"	the sale and purchase agreement in relation to the Fourth Stage Acquisition entered into among Kaiming, Moscan, Mr. Yuk and Ms. Wu on 17 November 2011;
"Acquisitions"	the First Stage Acquisition, the Second Stage Acquisition, the Third Stage Acquisition and the Fourth Stage Acquisition;
"associate"	has the meaning ascribed thereto in the Listing Rules;
"Benchmark Price"	with respect to CFC, US$10,500,000 (equivalent to approximately HK$81.90 million) for every 1% of the issued shares in CFC; with respect to Widefaith, US$10,500,000 (equivalent to approximately HK$81.90 million) multiplied by Widefaith's shareholding percentage in CFC for every 1% of the issued shares in Widefaith;
"Board"	the board of directors of the Company;
"Business Day"	means any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business;
"Business Valuation Report"	a report by American Appraisal China Limited on the valuation of the fair market value of the 100% equity interest in the business enterprise of CFC which is set out in Appendix I to the Circular;
"CFC"	Chinese Future Corporation, a company incorporated in the Cayman Islands with limited liability;
"CFC Sale and Purchase Agreement"	the sale and purchase agreement dated 13 June 2011 entered into among Widefaith, Moscan and Mr. Yuk in relation to the First Stage Acquisition;
"CFL"	Chinese Future Limited, a company incorporated in Hong Kong with limited liability;
"CIMB"	CIMB Securities (HK) Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Fourth Stage Acquisition;

"Circular"	this circular, including the appendices 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) and beneficially owned as to approximately 59.77% by NWD and certain of its subsidiaries as at the Latest Practicable Date;
"Completion"	completion of the sale and purchase of 75% of the total issued shares in Widefaith pursuant to the 75% Widefaith Sale and Purchase Agreement;
"Completion Date"	the date which is the sixth Business Day (or such other Business Day agreed by the parties) after the date on which the last of the Conditions is satisfied or waived in accordance with the 75% Widefaith Sale and Purchase Agreement and in any event, not later than the Long-stop Date;
"Completion Purchase Price Payment"	the amount being the Purchase Price minus (i) the Pre-signing Purchase Price Payment, (ii) the Signing Purchase Price Payment, and (iii) the Pre-completion Purchase Price Payment;
"Conditions"	the conditions precedent to Completion as provided in the 75% Widefaith Sale and Purchase Agreement and each of the Conditions, a "Condition";
"Daily Increment"	the daily increment of US$2,266.00 (equivalent to approximately HK$17,674.80) for every 1% of the total issued shares in CFC on the basis of 365 days per year multiplied by Widefaith's shareholding percentage in CFC, commencing from 1 July 2011;
"Directors"	the directors of the Company;
"First Stage Acquisition"	acquisition by Moscan of approximately 22.68% of the total issued shares in CFC pursuant to the CFC Sale and Purchase Agreement, representing approximately 21.55% effective interest in the Project Company;

"Fourth Stage Acquisition"	acquisition by Moscan of 75% of the total issued shares in Widefaith pursuant to the 75% Widefaith Sale and Purchase Agreement, i.e. the acquisition of the Option Shares pursuant to the Put Option in the Widefaith Sale and Purchase Agreement exercised by Kaiming and an additional 10% of the total issued shares in Widefaith, representing approximately 36.34% effective interest in the Project Company;
"Group" or "NWS Group"	the Company and its subsidiaries;
"Hangzhou Ring Road"	the Hangzhou Ring Road consisting of six parts, namely, the West Line, the North Line, the East Line, the shared section of Hang Jin Qu Expressway, the shared section of Hangzhou Shi Da Highway and the South Line, excluding certain shared sections;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HK$ Prime Rate"	the Hong Kong dollar prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	the independent Board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the Fourth Stage Acquisition;
"Independent Shareholders"	Shareholders other than those Shareholders who have a material interest in the Fourth Stage Acquisition;
"Kaiming"	Kaiming Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
"Latest Practicable Date"	29 November 2011, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long-stop Date"	means 31 January 2012 or such later date as may be agreed in writing between Moscan and Kaiming;

"Material Pre-completion Default"	a breach(es) or default(s) of any obligation(s) or of any warranty(ies) of Kaiming, Mr. Yuk and/or Ms. Wu under the 75% Widefaith Sale and Purchase Agreement which is/are, or is reasonably likely, to have a negative monetary impact equal to or exceeding US$20,000,000 (equivalent to approximately HK$156.00 million) in aggregate upon the business, operations, assets, liabilities (including contingent liabilities), financial condition or prospects of the Widefaith Group (other than arising from matters disclosed) in the reasonable opinion of Moscan;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules;
"Moscan"	Moscan Developments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company and an indirect subsidiary of NWD;
"Mr. Yuk"	Mr. Yuk Kwok Cheung, Charles, who holds 100% of the total issued shares in Kaiming;
"Ms. Wu"	Ms. Wu Laam, Anne, the former shareholder of Kaiming;
"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 (stock code: 17) and the holding company of the Company;
"NWD Group"	NWD and its subsidiaries;
"NWD Independent Shareholders"	NWD Shareholders other than those NWD Shareholders who have a material interest in the Fourth Stage Acquisition;
"NWD Shareholders"	the shareholders of NWD;
"NWSI"	NWS Infrastructure Management Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company and an indirect subsidiary of NWD;
"Option Shares"	65% of the total issued shares in Widefaith;

"PRC Party"	a PRC company which holds 5% of the total equity interest in the Project Company as at the Latest Practicable Date;
"PRC"	the People's Republic of China and for the purposes of this Circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Pre-completion Default"	a breach(es) or default(s) of any obligation(s) or of any warranty(ies) of Kaiming, Mr. Yuk and/or Ms. Wu under the 75% Widefaith Sale and Purchase Agreement which is/are, or is reasonably likely, to have a negative monetary impact not exceeding US$20,000,000 (equivalent to approximately HK$156.00 million) in aggregate upon the business, operations, assets, liabilities (including contingent liabilities), financial condition or prospects of the Widefaith Group (other than in respect of the matters disclosed) in the reasonable opinion of Moscan;
"Pre-completion Purchase Price Payment"	US$138,000,000 (equivalent to approximately HK$1,076.40 million) payable by Moscan to Kaiming in accordance with the 75% Widefaith Sale and Purchase Agreement;
"Pre-signing Purchase Price Payment"	US$63,610,526 (equivalent to approximately HK$496.16 million) paid by Moscan to Kaiming as advanced part payment of the Purchase Price pursuant to the Widefaith Sale and Purchase Agreement;
"Project Company"	杭州國益路橋經營管理有限公司 (Hangzhou Guoyi Expressway and Bridge Management Co. Ltd.), a company established in the PRC which operates Hangzhou Ring Road;
"Purchase Price"	US$401,625,000 (equivalent to approximately HK$3,132.68 million) (calculated on the basis of the Benchmark Price) plus the Daily Increment calculated on the basis of, and up to the respective dates of payment of the Signing Purchase Price Payment, the Pre-completion Purchase Price Payment and the Completion Purchase Price Payment, and the Daily Increment in relation to the Pre-signing Purchase Price Payment calculated up to the date of the 75% Widefaith Sale and Purchase Agreement;
"Put Option"	the put option over the Option Shares granted by Moscan to Kaiming upon completion of the Widefaith Sale and Purchase Agreement;

"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of the PRC;
"Second Stage Acquisition"	acquisition by Moscan of 25% of the total issued shares in Widefaith pursuant to the Widefaith Sale and Purchase Agreement, representing approximately 12.11% effective interest in the Project Company;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholders"	the shareholders of the Company;
"Signing Purchase Price Payment"	US$80,000,000 (equivalent to approximately HK$624.00 million) payable by Moscan to Kaiming immediately after the signing and delivery of the 75% Widefaith Sale and Purchase Agreement;
"subsidiary"	has the meaning ascribed thereto in the Listing Rules;
"substantial shareholder"	has the meaning ascribed thereto in the Listing Rules;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"TCI"	The Children's Investment Master Fund, an independent third party which held approximately 26.32% of the total issued shares in CFC prior to the completion of the Third Stage Acquisition;
"TCI Sale and Purchase Agreement"	the sale and purchase agreement dated 9 September 2011 entered into among TCI, Moscan and NWSI in relation to the Third Stage Acquisition;
"Third Stage Acquisition"	acquisition by Moscan of approximately 26.32% of the total issued shares in CFC pursuant to the TCI Sale and Purchase Agreement, representing approximately 25.00% effective interest in the Project Company;
"US$"	U.S. dollars, the lawful currency of the United States of America;
"Widefaith"	Widefaith Group Limited, a company incorporated in the British Virgin Islands with limited liability;
"Widefaith Group"	Widefaith, CFC, CFL and the Project Company;

"Widefaith Sale and Purchase Agreement"	the sale and purchase agreement dated 27 July 2011 entered into among Kaiming, Moscan, Mr. Yuk and Ms. Wu in relation to the Second Stage Acquisition; and
"%"	per cent.

For the purpose of this Circular and for illustration purpose only, amounts denominated in US$ have been translated into HK$ using the rate of US$1.0 = HK$7.8. No representation is made that any amount in HK$ or US$ could have been or could be converted at the above rate or at any other rates at all.

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:
28th Floor
New World Tower
18 Queen's Road Central
Hong Kong

6 December 2011

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

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF ADDITIONAL INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF HANGZHOU RING ROAD

INTRODUCTION

Reference is made to the announcement of the Company dated 14 June 2011, and the joint announcements of NWD and the Company dated 27 July 2011, 9 September 2011, 31 October 2011 and 17 November 2011.

* *For identification purposes only*

On 13 June 2011, Widefaith, Moscan and Mr. Yuk entered into the CFC Sale and Purchase Agreement regarding the First Stage Acquisition, being the acquisition by Moscan, a wholly-owned subsidiary of the Company, of approximately 22.68% of the total issued shares in CFC from Widefaith at the consideration of US$226,854,100 (equivalent to approximately HK$1,769.46 million). The CFC Sale and Purchase Agreement was completed on 5 July 2011. On 27 July 2011, Moscan entered into the Widefaith Sale and Purchase Agreement regarding, among other things, the Second Stage Acquisition, being the acquisition by Moscan of 25% of the total issued shares in Widefaith from Kaiming at the consideration of US$145,205,000 (equivalent to approximately HK$1,132.60 million). The Widefaith Sale and Purchase Agreement was completed on 29 July 2011. On 9 September 2011, Moscan entered into the TCI Sale and Purchase Agreement regarding the Third Stage Acquisition, being the acquisition by Moscan of approximately 26.32% of the total issued shares in CFC from TCI at the consideration of US$280,000,000 (equivalent to approximately HK$2,184.00 million) together with interest at a rate of 8% per annum on such purchase price for the period from and including 1 July 2011 up to and including 31 August 2011. The TCI Sale and Purchase Agreement was completed on 16 September 2011.

On 31 October 2011, Moscan received a written notice delivered by Kaiming in relation to the exercise of the Put Option to sell 65% of the total issued shares in Widefaith and the offer to sell an additional 10% of the total issued shares in Widefaith by Kaiming, totalling in aggregate 75% of the total issued shares in Widefaith held by Kaiming, and Moscan indicated its conditional acceptance on that day.

Subsequently, on 17 November 2011, Moscan entered into the 75% Widefaith Sale and Purchase Agreement with Kaiming, Mr. Yuk and Ms. Wu in relation to the Fourth Stage Acquisition, being the acquisition of the Option Shares pursuant to the exercise of the Put Option by Kaiming granted under the Widefaith Sale and Purchase Agreement and an additional 10% of the total issued shares in Widefaith at the aggregate consideration of US$401,625,000 (equivalent to approximately HK$3,132.68 million) plus the Daily Increment calculated on the basis of, and up to the respective dates of payment of, the Signing Purchase Price Payment, the Pre-completion Purchase Price Payment and the Completion Purchase Price Payment, and the Daily Increment in relation to the Pre-signing Purchase Price Payment calculated up to the date of the 75% Widefaith Sale and Purchase Agreement.

Upon completion of the Fourth Stage Acquisition, Moscan will directly own 100% of the total issued shares in Widefaith, and will directly and indirectly own 100% of the total issued shares in CFC, which together represent 95% effective interest in the Project Company. The remaining 5% interest in the Project Company is owned by the PRC Party.

The purpose of this Circular is to give you further details regarding further information on the Fourth Stage Acquisition and the advice from CIMB to the Independent Board Committee and the Independent Shareholders.

MAJOR TERMS OF THE 75% WIDEFAITH SALE AND PURCHASE AGREEMENT

Date

17 November 2011

Parties

1.	Seller:	Kaiming
2.	Buyer:	Moscan
3.	Guarantors of Kaiming:	Mr. Yuk and Ms. Wu

Subject of the Fourth Stage Acquisition

Pursuant to the 75% Widefaith Sale and Purchase Agreement, Moscan agreed to acquire and Kaiming agreed to sell 75% of the total issued shares in Widefaith. Upon Completion, Widefaith will become a wholly-owned subsidiary of the Company.

Consideration for the Fourth Stage Acquisition

The aggregate consideration is US$401,625,000 (equivalent to approximately HK$3,132.68 million) plus the Daily Increment calculated on the basis of, and up to the respective dates of payment of, the Signing Purchase Price Payment, the Pre-completion Purchase Price Payment and the Completion Purchase Price Payment, and the Daily Increment in relation to the Pre-signing Purchase Price Payment calculated up to the date of the 75% Widefaith Sale and Purchase Agreement. Prior to the date of the 75% Widefaith Sale and Purchase Agreement, the Pre-signing Purchase Price Payment was made by Moscan to Kaiming as advanced part payment of the Purchase Price pursuant to the Widefaith Sale and Purchase Agreement. The remaining outstanding Purchase Price has been paid or shall be payable by Moscan in cash as follows:

1. the Signing Purchase Price Payment upon signing of the 75% Widefaith Sale and Purchase Agreement;

2. the Pre-completion Purchase Price Payment on the third Business Day after the Condition (g) as listed below is satisfied and certified true copies of the documents referred to in Condition (g) have been provided to Moscan; and

3. the Completion Purchase Price Payment on the Completion Date.

The aggregate amount of the Daily Increment, which forms part of the Completion Purchase Price Payment, is payable upon Completion. The consideration was determined after arm's length negotiations between the parties having regard to the assets and liabilities of the Widefaith Group and the strategic importance of Hangzhou Ring Road to the Group.

Please refer to the section headed "Reasons for, and Benefits of, the Acquisitions" below for further information. The consideration is payable by Moscan in cash to Kaiming and will be funded by internal cash resources and bank financing available to the Company.

In connection with the obligations of Kaiming under the 75% Widefaith Sale and Purchase Agreement, (i) Kaiming has executed a share charge in relation to 75% of the total issued shares in Widefaith in favour of Moscan; and (ii) Mr. Yuk and Ms. Wu have executed a personal guarantee and a deed of indemnity in favour of Moscan.

NWSI has provided a guarantee in favour of Kaiming in respect of Moscan's obligation to pay the Purchase Price under the 75% Widefaith Sale and Purchase Agreement.

Conditions Precedent to Completion of the Fourth Stage Acquisition

Completion is conditional upon the fulfilment (or, if applicable, waiver by Moscan) of, among other things, the following Conditions:

(a) the warranties in the 75% Widefaith Sale and Purchase Agreement remaining true and accurate in all material respects at all times until Completion and not misleading in any material respect as at Completion;

(b) all consents, approvals, permits, authorizations or clearances (as the case may be) that are necessary pursuant to applicable laws (including but not limited to the Listing Rules) for the execution, implementation and completion of the 75% Widefaith Sale and Purchase Agreement having been obtained, and all such consents, approvals, permits, authorizations and clearances not having been revoked or withdrawn;

(c) NWD and the Company, being the holding companies of Moscan, having obtained all necessary internal approvals and complied with their disclosure obligations under the Listing Rules;

(d) the Company having obtained the Independent Shareholders' approval in relation to the execution of the 75% Widefaith Sale and Purchase Agreement and the consummation of the transactions contemplated thereunder;

(e) NWD having obtained the NWD Independent Shareholders' approval in relation to the execution of the 75% Widefaith Sale and Purchase Agreement and the consummation of the transactions contemplated thereunder;

(f) no material adverse change has taken place; and

(g) resolution of the board of directors of the Project Company having been duly passed to adopt the new articles of association of the Project Company, the new joint venture contract of the Project Company having been entered into by CFL and the PRC Party; the approval of the new articles of association and the new joint venture contract of the Project Company having been duly obtained from the Department of Commerce of Zhejiang Province or Hangzhou Municipal Foreign

Trade and Economic Cooperation Bureau (as applicable) which remains valid and subsisting; and the new articles of association and the new joint venture contract of the Project Company having been duly filed with the relevant Administration for Industry & Commerce and come into effect.

Completion of the 75% Widefaith Sale and Purchase Agreement

Completion will be subject to the satisfaction (or waiver, as the case may be) of the abovementioned Conditions. It is expected that Completion will take place on the sixth Business Day after the date on which the last of the Conditions is satisfied or waived. At any time on or before the Long-stop Date, Moscan may waive a Condition (other than Conditions set out in paragraphs (c), (d) and (e) above) by notice to Kaiming.

Termination of the 75% Widefaith Sale and Purchase Agreement

If the aforesaid Conditions have not been satisfied (or waived by Moscan, if applicable) pursuant to the 75% Widefaith Sale and Purchase Agreement by the Long-stop Date, the 75% Widefaith Sale and Purchase Agreement shall automatically terminate with immediate effect.

Kaiming shall, within five Business Days from the date of termination, refund to Moscan (i) the Pre-signing Purchase Price Payment; (ii) the Signing Purchase Price Payment; and (iii) if already paid to Kaiming, the Pre-completion Purchase Price Payment, in each case together with interest accruing on a daily basis from the respective dates the aforesaid payments are made until the date on which such amounts are refunded to Moscan at the HK$ Prime Rate plus 1% per annum (collectively the "**Refund Payments**").

If (i) there occurs a Pre-completion Default at any time before Completion which Moscan reasonably considers is not capable of remedy or rectification by way of payment or monetary compensation of a sum not exceeding US$20,000,000 (equivalent to approximately HK$156.00 million); or (ii) there occurs a Material Pre-completion Default at any time before Completion, Moscan may by notice in writing to Kaiming elect to terminate the 75% Widefaith Sale and Purchase Agreement. Kaiming shall within five Business Days from the date of such termination, pay Moscan an amount equivalent to 10% of the Purchase Price as liquidated damages, together with the Refund Payments.

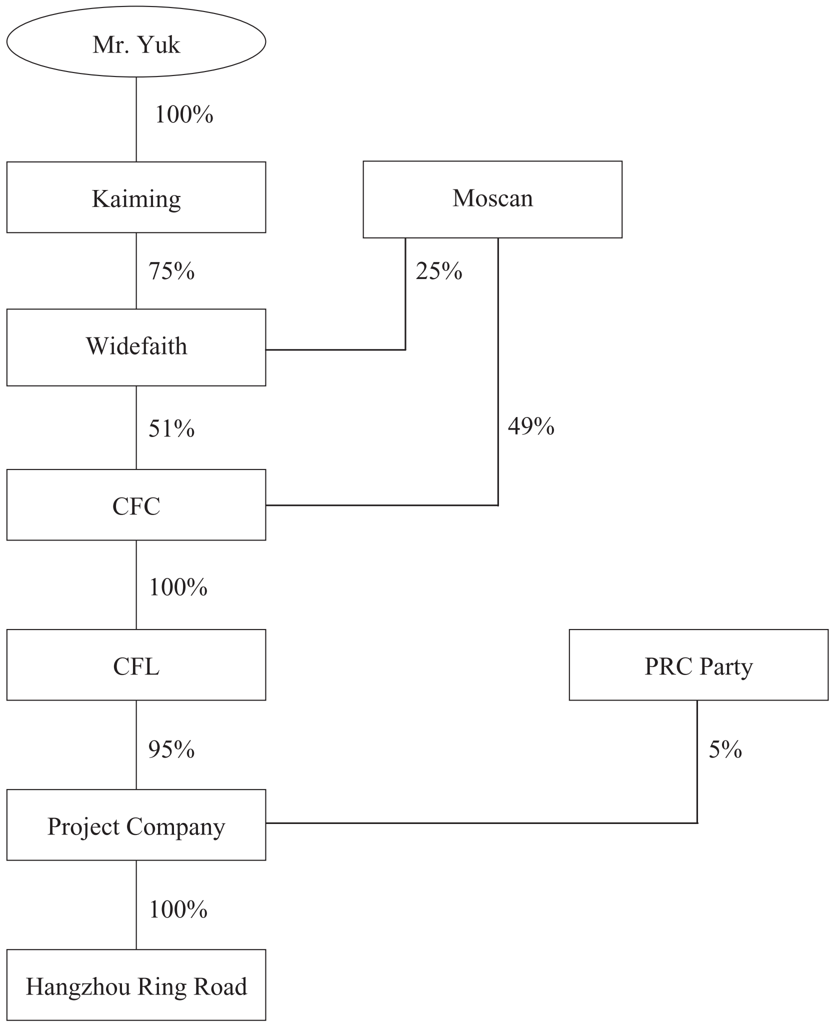
In addition, within six months of the termination, at the election of Moscan, Kaiming shall purchase from Moscan the 25% of the total issued shares in Widefaith acquired by Moscan under the Widefaith Sale and Purchase Agreement and/or all the shares in CFC acquired by Moscan from Widefaith and/or from TCI, for an aggregate amount which equals to the respective purchase prices paid by Moscan to Kaiming, Widefaith and/or TCI (as the case may be) plus interest accruing on a daily basis at the HK$ Prime Rate plus 1% per annum from the respective dates Moscan acquired such shares from Kaiming, Widefaith and/or TCI (as the case may be) until the date such shares are transferred to Kaiming. In the event Moscan exercises its aforesaid right to sell all the Widefaith shares and/or all the CFC shares acquired by it pursuant to the First Stage Acquisition, the Second Stage Acquisition and the Third Stage Acquisition, both NWD and the Company will comply with the applicable requirements under the Listing Rules at the relevant time.

Kaiming Call Option

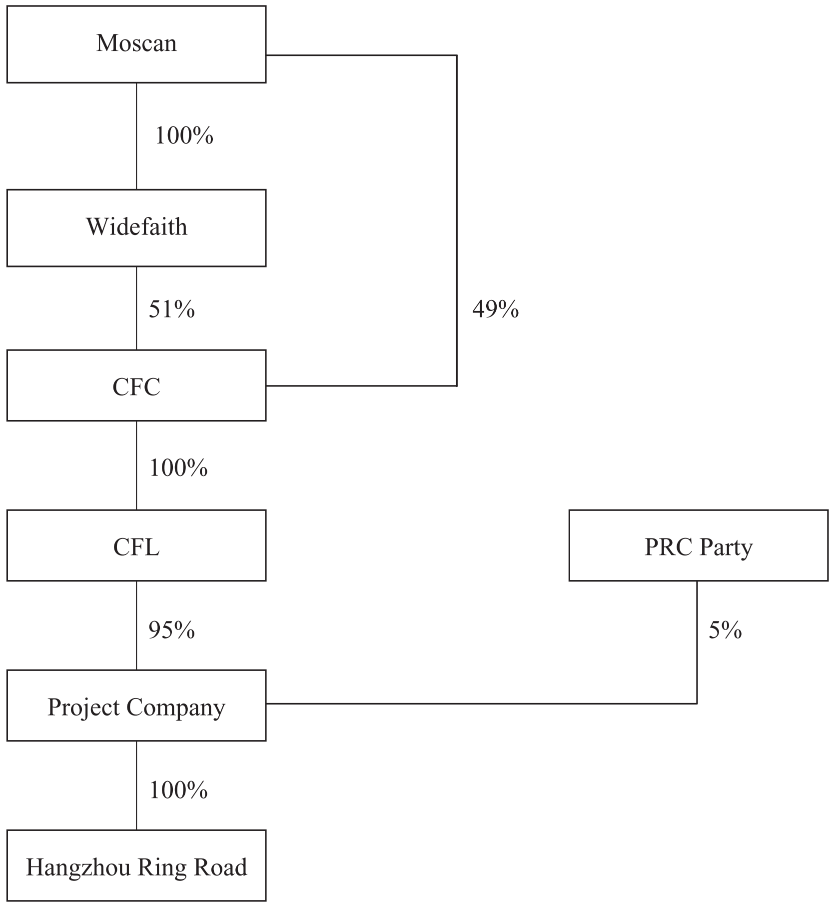
If, however, the termination of the 75% Widefaith Sale and Purchase Agreement arises solely from the Conditions (c), (d) and/or (e) as stated above not being satisfied by the Long-stop Date, within six months of the termination of the 75% Widefaith Sale and Purchase Agreement, Kaiming shall have the right to require Moscan to sell the 25% of the total issued shares in Widefaith acquired under the Widefaith Sale and Purchase Agreement to Kaiming for an amount which equals to the purchase price based on the Benchmark Price paid by Moscan at the time of such acquisition, plus interest accruing on a daily basis from 29 July 2011 until the date the 25% of the total issued shares in Widefaith are transferred to Kaiming at the HK$ Prime Rate plus 1% per annum (the "**Kaiming Call Option**").

In the event of the termination of the 75% Widefaith Sale and Purchase Agreement and should the Kaiming Call Option be exercised, Moscan will be obliged to sell the 25% of the total issued shares in Widefaith. Completion of the transfer of such 25% of the total issued shares in Widefaith shall be subject to compliance by NWD and the Company with the applicable requirements under the Listing Rules. In the event of the completion of the disposal contemplated under the Kaiming Call Option, CFC will cease to be a subsidiary of the Company and NWD.

The following chart sets out the shareholding structure of the Project Company immediately prior to the signing of the 75% Widefaith Sale and Purchase Agreement:



The following chart sets out the shareholding structure of the Project Company upon completion of the Fourth Stage Acquisition under the 75% Widefaith Sale and Purchase Agreement:



Upon Completion, Moscan will directly own 100% of the total issued shares in Widefaith and will directly and indirectly own 100% of the total issued shares in CFC, which together represent 95% effective interest in the Project Company.

INFORMATION ON WIDEFAITH GROUP

Information on Widefaith

Widefaith currently owns 51% of the total issued shares in CFC which in turn owns 95% indirect interest in the Project Company.

According to the audited consolidated financial statements of Widefaith, the audited net asset value of Widefaith as of 31 December 2010 amounted to US$314.55 million (equivalent to approximately HK$2,453.49 million), and the audited net profit before and after taxation and extraordinary items of Widefaith for the financial years ended 31 December 2009 and 2010 are as follows:

	For the financial year ended 31 December			
	2009		**2010**	
	US$ (million)	*Equivalent to HK$ (million)*	*US$ (million)*	*Equivalent to HK$ (million)*
Net profit before taxation and extraordinary items	68.54	534.61	82.04	639.91
Net profit after taxation and extraordinary items	51.91	404.90	62.01	483.68

According to the Business Valuation Report set out in Appendix I to this Circular, the appraised fair market value of the 100% equity interest in the business enterprise of CFC was in the range from US$1,045.00 million (equivalent to approximately HK$8,151.00 million) to US$1,136.00 million (equivalent to approximately HK$8,860.80 million) as of 30 September 2011, being the valuation date.

Information on the Project Company

The Project Company is principally engaged in the operation of Hangzhou Ring Road.

FINANCIAL EFFECTS OF THE FOURTH STAGE ACQUISITION

Upon Completion, Widefaith, an investment holding company with no material assets and liabilities other than the investment in CFC, will become a subsidiary of both the Company and NWD, whilst CFC will continue to be a subsidiary of both the Company and NWD. Accordingly, the financial results of Widefaith and CFC will be consolidated into the financial statements of the Company and NWD.

REASONS FOR, AND BENEFITS OF, THE ACQUISITIONS

Hangzhou Ring Road is an expressway which is situated in Hangzhou City of Zhejiang Province, the PRC. The expressway has a length of 103.4 kilometers with dual 2-3 lanes. It is connected to several major national expressways and links Hangzhou City and the neighbouring provinces and cities such as Shanghai, Nanjing, Ningbo and Suzhou.

In view of the economic development of the Yangtze River Delta region, the Board believes that the demand for road transport in the Yangtze River Delta region, including Zhejiang Province, in the PRC will continue to grow healthily. Hangzhou Ring Road forms a loop around Hangzhou City and serves intra-city traffic and cross-province traffic and is well-positioned to benefit from the economic development of the aforesaid region. Moreover, it is the strategy of the Group to continue to explore new investment opportunities for the purpose of strengthening its infrastructure business. The Board is of the view that by completing the Acquisitions, the infrastructure portfolio of the Group will be further expanded which will in turn enhance the Group's sustainable growth in the toll road sector of the PRC.

The Board considers that the 75% Widefaith Sale and Purchase Agreement has been entered into on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In respect of the Company, certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Fourth Stage Acquisition are more than 5%, and when aggregated with the First Stage Acquisition, the Second Stage Acquisition and the Third Stage Acquisition, are more than 5% but less than 25%. The Fourth Stage Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and publication requirements as set out in Rules 14.34 to 14.37 under Chapter 14 of the Listing Rules.

CFC is an indirect non-wholly owned subsidiary of the Company. Kaiming is an associate of Widefaith which in turn, is a substantial shareholder of CFC. Hence, Kaiming is a connected person of the Company under Chapter 14A of the Listing Rules. The Fourth Stage Acquisition contemplated under the 75% Widefaith Sale and Purchase Agreement therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios for the Fourth Stage Acquisition exceed 5%, the Fourth Stage Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rules 14A.45 to 14A.54 of the Listing Rules.

The Company is a subsidiary of NWD, which holds (together with certain of its subsidiaries) 2,025,552,908 shares in the Company, representing approximately 59.77% of the total issued shares in the Company as at 17 November 2011. The Company obtained a written shareholder's approval dated 17 November 2011 from NWD in relation to the approval of the Fourth Stage Acquisition. The Stock Exchange has granted the Company a waiver from strict compliance with the requirement for holding a general meeting to seek independent shareholders' approval in respect of the Fourth Stage Acquisition pursuant to Rule 14A.43 of the Listing Rules on the basis that no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Fourth Stage Acquisition and the Company has obtained the written shareholder's approval from NWD in respect of the Fourth Stage Acquisition.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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 the Independent Shareholders on the terms of the 75% Widefaith Sale and Purchase Agreement and to give an opinion to the Independent Shareholders in respect of the Fourth Stage Acquisition. A letter from the Independent Board Committee is set out on page 20 of this Circular.

CIMB has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 75% Widefaith Sale and Purchase Agreement. A letter from CIMB is set out on pages 21 to 32 of this Circular.

GENERAL INFORMATION

Information on 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.

Information on Kaiming

Kaiming is an investment holding company holding 75% of the total issued shares in Widefaith.

BOARD APPROVAL

None of the Directors has a material interest in the Fourth Stage Acquisition and accordingly, none of them abstained from voting on the relevant Board resolutions approving the 75% Widefaith Sale and Purchase Agreement and the transactions contemplated thereunder.

OPINION

The Independent Board Committee, having taken into account the advice of CIMB, considers that the terms of the 75% Widefaith Sale and Purchase Agreement are on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the terms of the 75% Widefaith Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

The Directors consider that the 75% Widefaith Sale and Purchase Agreement is on normal commercial terms after arm's length negotiation and the terms of the 75% Widefaith Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FURTHER INFORMATION

The Business Valuation Report on the fair market value of the 100% equity interest in the business enterprise of CFC from the independent valuer, American Appraisal China Limited, is set out in Appendix I to this Circular.

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the independent financial adviser, CIMB; (iii) the letter from the reporting accountant in relation to the discounted future estimated cash flows dated 6 December 2011 set out in Appendix II; (iv) the letter from the Board in relation to the Business Valuation Report dated 6 December 2011 set out in Appendix III; and (v) the general information set out in Appendix IV to this Circular.

Yours faithfully,
For and on behalf of
the board of directors of
NWS Holdings Limited
Dr. Cheng Kar Shun, Henry
Chairman

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)

6 December 2011

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF ADDITIONAL INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF HANGZHOU RING ROAD

We refer to the circular of the Company dated 6 December 2011 (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.

Since the Fourth Stage Acquisition constitutes a discloseable transaction and a connected transaction for the Company under the Listing Rules, the Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the terms of the 75% Widefaith Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned. CIMB has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Fourth Stage Acquisition.

We wish to draw your attention to (i) the letter from the Board as set out on pages 8 to 19 of the Circular; (ii) the letter from CIMB as set out on pages 21 to 32 of the Circular; and (iii) the additional information as set out in the appendices to the Circular.

Having taken into account the terms and conditions of the 75% Widefaith Sale and Purchase Agreement and the advice from CIMB, we consider that the terms of the 75% Widefaith Sale and Purchase Agreement are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

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

* *For identification purposes only*

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

CIMB

CIMB Securities (HK) Limited

Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

6 December 2011

To the independent board committee and
the independent shareholders of NWS Holdings Limited

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF ADDITIONAL INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF HANGZHOU RING ROAD

INTRODUCTION

We refer to our engagement as the independent financial adviser to the independent board committee of NWS (the "**NWS Independent Board Committee**") and the independent shareholders of NWS (the "**NWS Independent Shareholders**") in respect of the 75% Widefaith Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are contained in a circular dated 6 December 2011 (the "**Circular**") of NWS to the shareholders of NWS (the "**NWS Shareholders**"), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

By July 2011, Moscan (a wholly-owned subsidiary of NWS) completed (i) the CFC Sale and Purchase Agreement in relation to the First Stage Acquisition, being the acquisition by Moscan from Widefaith of an effective interest of approximately 21.55% in the Project Company; and (ii) the Widefaith Sale and Purchase Agreement in relation to the Second Stage Acquisition, being the acquisition by Moscan from Kaiming of an additional effective interest of approximately 12.11% in the Project Company. In September 2011, Moscan further acquired an effective interest of approximately 25.00% in the Project Company by entering into the TCI Sale and Purchase Agreement with TCI in relation to the Third Stage Acquisition. After completion of the First Stage Acquisition, the Second Stage Acquisition and the Third Stage Acquisition, Moscan held an effective interest of approximately 58.66% in the Project Company. As a majority of the members of the board of directors of CFC has been nominated by Moscan, CFC has become an indirect subsidiary of Moscan and NWS since the completion of the Third Stage Acquisition.

On 17 November 2011, Moscan entered into the 75% Widefaith Sale and Purchase Agreement with, among others, Kaiming in relation to the Fourth Stage Acquisition, being the acquisition of the Option Shares (representing 65% of the total issued shares in

Widefaith) pursuant to the exercise of the Put Option by Kaiming granted under the Widefaith Sale and Purchase Agreement and an additional 10% of the total issued shares in Widefaith, together representing an aggregate effective interest of approximately 36.34% in the Project Company, at a consideration of US$401,625,000 (equivalent to approximately HK$3,132.68 million) plus the Daily Increment calculated on the basis of, and up to the respective dates of the payment of, the Signing Purchase Price Payment, the Pre-completion Purchase Price Payment and the Completion Purchase Price Payment, and the Daily Increment in relation to the Pre-signing Purchase Price Payment calculated up to the date of the 75% Widefaith Sale and Purchase Agreement. Upon Completion, Moscan will indirectly hold 95% of the equity interest in the Project Company.

As stated in the Letter from the Board contained in the Circular, CFC is an indirect non-wholly owned subsidiary of NWS. Kaiming is an associate of Widefaith which in turn, is a substantial shareholder of CFC. Hence, Kaiming is a connected person of NWS under Chapter 14A of the Listing Rules. The Fourth Stage Acquisition contemplated under the 75% Widefaith Sale and Purchase Agreement therefore constitutes a connected transaction for NWS under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Fourth Stage Acquisition exceed 5%, the Fourth Stage Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rules 14A.45 to 14A.54 under the Listing Rules. The Fourth Stage Acquisition, and when aggregated with the First Stage Acquisition, the Second Stage Acquisition and the Third Stage Acquisition, also constitutes a discloseable transaction for NWS and is subject to the notification and publication requirements as set out in Rules 14.34 to 14.37 of the Listing Rules.

So far as the board of directors of NWS (the "**NWS Board**") is aware, no NWS Shareholder is required to abstain from voting on the Fourth Stage Acquisition. NWS has obtained a written shareholder's approval dated 17 November 2011 from NWD in relation to the approval of the Fourth Stage Acquisition. NWD is the holding company of NWS and was holding (together with certain of its subsidiaries) approximately 59.77% of the total issued share capital of NWS as at 17 November 2011. The Stock Exchange has granted NWS a waiver from strict compliance with the requirement for holding a general meeting to seek independent shareholders' approval in respect of the Fourth Stage Acquisition pursuant to Rule 14A.43 of the Listing Rules on the basis that no NWS Shareholder would be required to abstain from voting if NWS were to convene a general meeting for the approval of the Fourth Stage Acquisition and NWS has obtained the written shareholder's approval from NWD in respect of the Fourth Stage Acquisition.

The NWS 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 of NWS, has been formed to advise the NWS Independent Shareholders on the terms of the 75% Widefaith Sale and Purchase Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained in or referred to the Circular as well as the representations made or provided by the directors (the "**NWS Directors**") and management of NWS. The NWS Directors have declared in a responsibility statement set out in Appendix IV to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the representations made by the NWS Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the NWS Directors and management of NWS. We have also been advised by the NWS Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of NWS, Widefaith or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 75% Widefaith Sale and Purchase Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

A. Background of, reasons for and benefits of the Fourth Stage Acquisition

1. Principal business 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.

As stated in the Letter from the Board contained in the Circular, in view of the economic development of the Yangtze River Delta region, the NWS Directors believe that the demand for road transport in the Yangtze River Delta region, including Zhejiang Province, in the PRC will continue to grow healthily. Hangzhou Ring Road forms a loop around Hangzhou City and serves intra-city traffic and cross-province traffic and is well positioned to benefit from the economic development of the aforesaid region. Moreover, it is the strategy of the NWS Group to continue to explore new investment opportunities for the purpose of strengthening its infrastructure business. The NWS Directors are of the view that by completing the Acquisitions, the infrastructure portfolio of the NWS Group will be further expanded which will in turn enhance the NWS Group's sustainable growth in the toll road sector of the PRC.

According to the annual report of NWS for the year ended 30 June 2011 (the "**NWS Annual Report 2011**"), it operated and invested in 20 roads and related projects in strategic locations in Hong Kong and Mainland China, namely Guangdong Province, Guangxi Province, Shanxi Province and Tianjin Municipality, covering approximately 618 kilometers in length. We note that the roads segment has become more important to the NWS Group's attributable operating profit in recent years. Attributable operating profit of roads segment rose to approximately HK$1,134.90 million (which accounted for approximately 28% of the total attributable operating profit of the NWS Group) for the year ended 30 June 2011, representing a significant increase of approximately 118% as compared to the previous year. As disclosed in the NWS Annual Report 2011 and the joint announcement of NWD and NWS dated 9 September 2011, the NWS Group strives to strengthen its core business and take advantage of the Chinese government's policy of reinforcement of expressway network in the 12th Five-Year Plan.

2. Information in relation to CFC

Widefaith, an investment holding company, currently owns 51% of the total issued shares in CFC and has no material assets and liabilities other than the investment in CFC.

CFC, a company established in 2005, is the holding company of CFL. CFC issued long-term notes, bearing interest at 12% per annum and maturing in 2015 to finance part of the purchase price of the concession rights of Hangzhou Ring Road. CFL manages transportation-related infrastructure assets and owns 95% equity interest in the Project Company which is principally engaged in the operation of Hangzhou Ring Road. The remaining 5% interest in the Project Company is owned by the PRC Party.

Hangzhou Ring Road commenced operation in 2003. The Project Company acquired the operation right of Hangzhou Ring Road in 2005 and has the right to collect tolls from vehicles using Hangzhou Ring Road for a period of 25 years from 1 January 2005 until 31 December 2029.

According to the audited consolidated financial statements of CFC, CFC generated continuous and increasing profits as well as stable and positive cash flows for the years ended 31 December 2009 and 2010. The revenue of CFC mainly represented toll income from the operation of Hangzhou Ring Road. The major financial indicators of CFC are summarized below:

	2009		**2010**	
	US$ (million)	*Equivalent to HK$ (million)*	*US$ (million)*	*Equivalent to HK$ (million)*
Turnover	194.15	1,514.37	225.66	1,760.15
Net profit before taxation	68.54	534.61	82.14	640.69
Net profit after taxation	51.91	404.90	62.11	484.46
Net cash generated from operating activities	170.26	1,328.03	140.33	1,094.57
Net asset value	293.48	2,289.14	367.12	2,863.54

3. *Information and forecast of Hangzhou Ring Road*

Hangzhou Ring Road is an expressway situated in Hangzhou City of Zhejiang Province, the PRC. The expressway has a length of 103.4 kilometers with dual 2-3 lanes.

Hangzhou City, which is situated in one of the fastest growing and wealthiest regions in the PRC, has recorded continuous growth in gross domestic products ("**GDP**") from 2005 to 2010 which are comparable to the GDP of some of the largest cities in the PRC such as Guangzhou, Shanghai and Beijing. According to the information from the Hangzhou Statistics Bureau (杭州統計局), the GDP of Hangzhou City amounted to approximately RMB594.6 billion in 2010, representing a compound annual growth rate of approximately 15.1% over the years from 2005 to 2010 and an increase of approximately 16.9% as compared to 2009.

Hangzhou Ring Road is connected to several major national expressways and links up Hangzhou City with the neighbouring cities including Shanghai, Nanjing, Ningbo and Suzhou, all of which reported double-digit GDP growth rates of approximately 14.1%, 13.1%, 12.4% and 13.2%, respectively, in 2010 as compared to 2009.

In light of the GDP growth in Hangzhou City and the robust economic growth of the neighbouring cities connecting to Hangzhou Ring Road, the NWS Directors are of the view that the demand for Hangzhou Ring Road is expected to continue to increase.

The traffic study of Hangzhou Ring Road (the "**Traffic Report**") projecting the future traffic flow and revenue stream of Hangzhou Ring Road from 2011 to 2029 has been prepared by Architectural Design Research Institute of South China University of Technology（華南理工大學建築設計研究院）(the "**Traffic Consultant**"), an independent professional traffic consultant. Set out below are the traffic volume and the toll revenue of Hangzhou Ring Road extracted from the Traffic Report for the years ended 31 December 2009 and 2010:

	Average daily traffic volume at exit gate *(number of vehicles)*	**Yearly growth rate on traffic volume** *(%)*	**Toll revenue** *(RMB million)*	**Yearly growth rate on toll revenue** *(%)*
For the year ended 31 December:				
2009	83,687	12.18	1,316.91	1.49
2010	95,041	13.57	1,505.91	14.35

Based on the Traffic Report, the projected traffic flow and revenue trend (under base case) of Hangzhou Ring Road are set out as follows:

	Average daily traffic volume at exit gate *(number of vehicles)*	**Yearly growth rate on traffic volume** *(%)*	**Forecast toll revenue** *(RMB million)*	**Yearly growth rate on toll revenue** *(%)*
2011	105,229	10.72	1,688.59	12.13
2012	120,218	14.24	1,811.36	7.27
2020	186,031	4.50	2,420.52	3.04
2025	209,229	1.65	2,622.67 *(Note)*	1.04

Note: The forecast revenue from 2025 onwards is projected to remain static.

The revenue projection from the Traffic Report was applied, among other things, by American Appraisal China Limited (the "**Valuer**"), an independent valuer, to derive the fair market value of the 100% equity interest in the business enterprise of CFC, which is owned as to 51% by Widefaith, as at 30 September 2011 (the "**CFC Valuation**"). The business valuation report for the CFC Valuation (the "**Business Valuation Report**") is set out in Appendix I to the Circular. Based on the Business Valuation Report and our understanding from the management of NWS, barring unforeseen circumstances, Hangzhou Ring Road is expected to generate stable long term revenue and cash inflow to the NWS Group. Details of the Traffic Report are set out in the following section headed "Consideration" in this letter.

Our view

In view of (i) the fact that the Fourth Stage Acquisition is in line with the business strategy of the NWS Group; (ii) the fact that the Fourth Stage Acquisition represents an acquisition of the remaining interest in Widefaith and helps NWS to consolidate control of the Project Company; (iii) the continuous growth in GDP of Hangzhou City and the robust economic growth of the neighbouring cities connecting to Hangzhou Ring Road; and (iv) the profitable track record of CFC which owns 95% indirect interest in the Project Company, we are of the view that the Fourth Stage Acquisition is in the interest of NWS and the NWS Shareholders as a whole.

B. Major terms of the 75% Widefaith Sale and Purchase Agreement

(1) Consideration

As stated in the Letter from the Board contained in the Circular, the consideration was determined after arm's length negotiation between the parties after taking into account various relevant factors including (i) the assets and liabilities of the Widefaith Group; and (ii) the strategic importance of Hangzhou Ring Road to the NWS Group.

The aggregate consideration comprises a base consideration of US$401,625,000 (equivalent to approximately HK$3,132.68 million) (the "**Base Consideration**") plus the Daily Increment calculated on the basis of, and up to the respective dates of the payment of, the Signing Purchase Price Payment, the Pre-completion Purchase Price Payment and the Completion Purchase Price Payment, and the Daily Increment in relation to the Pre-signing Purchase Price Payment calculated up to the date of the 75% Widefaith Sale and Purchase Agreement (the "**Purchase Price**"). By assuming the Completion Date to be the Long-stop Date, the management of NWS has estimated that the maximum amount of Daily Increment payable by Moscan will be approximately US$16.31 million (equivalent to approximately HK$127.22 million). Hence, the maximum consideration for the Fourth Stage Acquisition (the "**Maximum Purchase Price**") will be approximately US$417.94 million (equivalent to approximately HK$3,259.93 million).

Given that Widefaith owns 51% equity interest of CFC as its sole asset, the Business Valuation Report for the valuation of the 100% equity interest in the business enterprise of CFC as at 30 September 2011 has been prepared by the Valuer. Based on the Business Valuation Report, the fair value of the 100% equity interest in the business enterprise of CFC as at 30 September 2011 was between US$1,045.00 million and US$1,136.00 million (equivalent to approximately HK$8,151.00 million and HK$8,860.80 million). Set out below is a comparison between the Base Consideration and the 75% Widefaith Valuation (as defined below):

	CFC Valuation	**75% Widefaith Valuation** *(Note)*	**Premium/ (discount) of the Base Consideration to the 75% Widefaith Valuation**
	(US$ million)	*(US$ million)*	*(%)*
Low-end	1,045.00	399.71	0.48
High-end	1,136.00	434.52	(7.57)
Average	1,090.50	417.12	(3.71)

Note: "**75% Widefaith Valuation**" is derived at by multiplying the CFC Valuation by (i) 51% (being the interest in CFC held by Widefaith); and (ii) further by 75% (being the interest in Widefaith held by Kaiming and which is to be acquired by Moscan pursuant to the Fourth Stage Acquisition).

Business Valuation Report

We understand that the Valuer has considered three different valuation approaches, including market approach, cost approach and income approach. In determining the CFC Valuation, the Valuer considered that the market approach is inappropriate for valuing CFC as it has not identified market transactions which are comparable considering that each toll road may be unique and may have different considerations on transaction price. Moreover, cost approach is also inappropriate since it does not capture future earning potential of the business. As disclosed in the Business Valuation Report, the Valuer has adopted the discounted cash flow method ("**DCF**") under income approach to discount future net cash flow to the present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment. We concur with the Valuer that DCF is suitable in valuing CFC due to the recurrent nature of the toll revenue to be derived from Hangzhou Ring Road and we understand from the Valuer that DCF is the most commonly used valuation method in valuing expressway projects.

When using DCF to estimate the present value of CFC, a discount rate has to be determined in discounting future cash flows. We note that the Valuer has adopted a discount rate of 11.00% (the "**Discount Rate**") in the DCF model to arrive at the CFC Valuation. The Discount Rate is based on the estimated weighted average cost of capital ("**WACC**"), which is equivalent to the unlevered cost of equity according to the adjusted present value method. The unlevered cost of equity for the CFC Valuation was developed through the application of the capital asset pricing model, which is the most commonly adopted method of estimating the required rate of return for equity. We note that the Valuer has taken into consideration, among others, (i) risk free rate; (ii) market premium; and (iii) unlevered beta of the selected comparable companies which are Hong Kong listed companies engaging in the same business of the Project Company, that is operation of toll roads with high proximity in terms of geographical locations, in arriving at the Discount Rate. Having taken into account these factors, the Valuer considers the Discount Rate used to arrive at the CFC Valuation to be fair and reasonable. We have reviewed the analysis prepared by the Valuer in determining the Discount Rate and discussed with the Valuer on the reasonableness of the parameters used in the calculation of the Discount Rate. We understand that the parameters of the Discount Rate (including the risk free rate, unlevered beta, equity risk premium and small-company premium) are determined with reference to the publicly available data adjusted by company specific risk and based on the professional judgement and internal research of the Valuer. Therefore, we have no reason to doubt the fairness and reasonableness of using such rate.

Traffic Report

We note that in determining the CFC Valuation, the Valuer has taken into consideration and relied to a considerable extent on the Traffic Report. The Traffic Report includes the projection for traffic flow growth and the annual revenue of Hangzhou Ring Road to be generated from 2011 to 2029, which are based on various factors, including the expected annual GDP growth rate of Hangzhou City, Shaoxing City, Jiaxing City and Huzhou City, vehicle types, existing and future toll rate.

The Valuer arrives at the CFC Valuation using the base case of the traffic flow and revenue stream of Hangzhou Ring Road forecasted by the Traffic Consultant (the "**Base Case**"), which represents the average of estimation results between the correction coefficient method and the logistic regression method. The Traffic Consultant considers that using the Base Case would reduce the risk of reliance on a particular method. We have discussed with the Valuer on the reasonableness of using the Base Case in arriving at the CFC Valuation. In particular, the Valuer considers that the two methods are commonly used methods in projecting future revenue for expressway projects. Based on the discussion with the Valuer who considers that using the Base Case is reasonable, we concur with the Valuer that using the Base Case is a fair and reasonable basis in arriving at the CFC Valuation.

Our view

Given the fact that (i) the Base Consideration represents a discount of approximately 3.71% to the average of 75% Widefaith Valuation; (ii) the Maximum Purchase Price falls within the range of the 75% Widefaith Valuation; (iii) the Benchmark Price for every 1% effective equity interest in CFC of US$10.50 million (equivalent to HK$81.90 million) for the Fourth Stage Acquisition is the same as that for the First Stage Acquisition and the Second Stage Acquisition on an aggregate basis paid to Widefaith and Kaiming which were then independent third parties to NWS; and (iv) the Benchmark Price for every 1% effective equity interest in CFC for the Fourth Stage Acquisition is slightly lower than that for the Third Stage Acquisition paid to TCI, which is an institutional investor managing long-term investments in companies globally and an independent third party to NWS, we consider that the Purchase Price under the Fourth Stage Acquisition to be fair and reasonable so far as the NWS Independent Shareholders are concerned and in the interests of NWS and the NWS Shareholders as a whole.

(2) Payment terms

As set out in the Letter from the Board contained in the Circular, the payment arrangements are summarized as follows:

Prior to the date of the 75% Widefaith Sale and Purchase Agreement, the Pre-signing Purchase Price Payment of approximately US$63.61 million (equivalent to approximately HK$496.16 million) was made by Moscan to Kaiming as advanced part payment of the Purchase Price pursuant to the Widefaith Sale and Purchase Agreement. The remaining outstanding Purchase Price has been paid or shall be payable by Moscan in cash as follows:

(i) the Signing Purchase Price Payment of US$80.00 million (equivalent to HK$624.00 million) upon signing of the 75% Widefaith Sale and Purchase Agreement;

(ii) the Pre-completion Purchase Price Payment of US$138.00 million (equivalent to HK$1,076.40 million) on the third Business Day after the certain conditions set out in the 75% Widefaith Sale and Purchase Agreement are satisfied and certified true copies of the documents referred to in such conditions have been provided to Moscan; and

(iii) the Completion Purchase Price Payment on the Completion Date.

The aggregate amount of the Daily Increment, which forms part of the Completion Purchase Price Payment, is payable upon Completion.

Our view

Given that (i) Moscan already has control over the Project Company since the completion of the Third Stage Acquisition; (ii) as advised by the management of NWS, the required due diligence on the Project Company has been substantially completed upon the signing date of the 75% Widefaith Sale and Purchase Agreement and the major outstanding condition, if not yet fulfilled, when the Pre-completion Purchase Price Payment is to be made would be the requirement of obtaining independent shareholders' approval of NWD; and (iii) Kaiming has executed a share charge in relation to 75% of the total issued shares in Widefaith in favour of Moscan for securing the refund obligation in the event that the Fourth Stage Acquisition is terminated, we consider the payment terms are justifiable.

POSSIBLE FINANCIAL EFFECTS OF THE FOURTH STAGE ACQUISITION

1. Earnings

Upon Completion, Widefaith, the investment holding company with no material assets and liabilities other than the investment in CFC, will become an indirect wholly-owned subsidiary of NWS. CFC will continue to be an indirect subsidiary of NWS and, accordingly, the financial results of CFC will continue to be consolidated but the minority interest of the Widefaith Group will decrease accordingly. Based on the historical financial performance of CFC as elaborated in section A above, it is expected that the Fourth Stage Acquisition will contribute to both the revenue and earnings of the NWS Group.

2. Net asset value

Given that the Purchase Price will be entirely satisfied by cash and bank borrowings, it is expected that there will be no material change in the net asset value of the NWS Group immediately upon Completion.

3. Financial position and gearing

It is the present intention of the NWS Board to finance the Fourth Stage Acquisition with the NWS Group's cash and bank borrowings. The NWS Board will determine and split the payment of the Purchase Price between the cash and bank borrowings by reference to its available credit facilities and working capital resources at the time of payment.

The NWS Board is of the view that NWS will be able to satisfy the Purchase Price and there will not be any material adverse impact on its financial position as a result of the Fourth Stage Acquisition, after taking into account its current available financial resources and the available banking facilities.

RECOMMENDATION

Having taken into account the principal factors and reasons referred in the above, we are of the opinion that the entering into of the 75% Widefaith Sale and Purchase Agreement is in the ordinary and usual course of business of NWS and in the interests of NWS and the NWS Shareholders as a whole and the terms thereof are of normal commercial terms and fair and reasonable so far as NWS and the NWS Independent Shareholders are concerned.

As set out in the "Introduction" section above, NWS has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement for holding a general meeting to seek independent shareholders' approval in respect of the Fourth Stage Acquisition pursuant to Rule 14A.43 of the Listing Rules. Accordingly, NWS has obtained a written shareholder's approval from NWD in relation to the approval of the Fourth Stage Acquisition in lieu of holding a general meeting and no general meeting will be convened to consider and approve the Fourth Stage Acquisition. Nevertheless, should such a general meeting be held, we would advise the NWS Independent Board Committee to recommend, and we ourselves recommend, the NWS Independent Shareholders to vote in favour of the resolution(s) to approve the 75% Widefaith Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
CIMB Securities (HK) Limited

Alex Lau	**Heidi Cheng**
Head	*Deputy Head*
Corporate Finance	*Corporate Finance*

The following is the text of a letter from independent valuer, American Appraisal China Limited, regarding the valuation of the fair market value of the 100% equity interest in the business enterprise of CFC for the purpose of inclusion in this Circular.

American Appraisal China Limited
1506 Dah Sing Financial Centre
108 Gloucester Road / Wanchai / Hong Kong
美國評值有限公司
香港灣仔告士打道108號大新金融工心1506室
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Leading / Thinking / Performing

6 December 2011

The Directors
New World Development Company Limited
30/F., New World Tower
18 Queen's Road Central
Hong Kong

The Directors
NWS Holdings Limited
28/F., New World Tower
18 Queen's Road Central
Hong Kong

Our Ref.: 11/2022

Dear Sirs,

VALUATION OF EQUITY INTEREST OF CHINESE FUTURE CORPORATION

Pursuant to the terms, conditions and purpose of an engagement agreement dated 20 October 2011 (the "**Engagement Agreement**") between NWS Holdings Limited ("**NWS**") and American Appraisal China Limited ("**American Appraisal**") and a reliance letter agreement (the "**Reliance Letter Agreement**") dated 11 November 2011 between New World Development Company Limited ("**NWD**") and American Appraisal, we have performed an analysis of fair market value (the "**CFC Valuation**") of the 100% equity interest in the business enterprise of Chinese Future Corporation ("**CFC**"). We understand that Moscan Developments Limited ("**Moscan**", a subsidiary of NWD and NWS) is contemplating the acquisition of 75% equity interest of Widefaith Group Limited ("**Widefaith**"), which holds 51% equity interest of CFC as its sole asset (the "**Fourth Stage Acquisition**"). As such, Moscan will effectively acquire 38.25% equity interest in CFC through the Fourth Stage Acquisition. The CFC Valuation is prepared as at 30 September 2011 (the "**CFC Valuation Date**") using assumptions provided by the management of NWS (the "**NWS Management**") and the management of CFC (the "**CFC Management**") (collectively, the "**Management**").

This letter identifies the business appraised, describes the scope of work, states the basis of value, specifies key inputs and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. In preparing our report, we aim to largely comply with the reporting requirements recommended by the International Valuation Standards which are issued by the International Valuation Standards Council. The depth of discussion contained in this letter is specific to the needs of NWD and NWS for the intended use as stated below. Supporting documentation concerning these matters has been retained in our work papers and by NWS.

We understand that NWD and NWS, with our consent, will disclose this letter in the circular for their independent shareholders' approval and to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange. No third party shall have the right of reliance on this letter and neither receipt nor possession of this letter by any third party shall create any express or implied third-party beneficiary rights.

Purpose of CFC Valuation

NWS intends to indirectly acquire 38.25% equity interest in CFC, which indirectly owns 95% equity interest in Hangzhou Guoyi Expressway and Bridge Management Co. Ltd. (杭州國益路橋經營管理有限公司) (the "**Project Company**"), a company established in the People's Republic of China to operate Hangzhou Ring Road as referred to in the announcement made by NWS on 14 June 2011 and the joint announcements made by NWD and NWS on 27 July 2011, 9 September 2011, 31 October 2011 and 17 November 2011. A traffic study of Hangzhou Ring Road dated 10 November 2011 (the "**Traffic Report**") was undertaken by Architectural Design Research Institute of South China University of Technology (華南理工大學建築設計研究院) (the "**Traffic Consultant**"). With approval of NWD and NWS and as stipulated by the Reliance Letter Agreement and the Engagement Agreement respectively in formulating our opinion on the CFC Valuation through determination of the fair market value of the Project Company, and calculation of the fair market value of 100% equity interest in CFC with regard to the Fourth Stage Acquisition, we relied upon the completeness and accuracy of operational, and financial information provided by the Management, including the Traffic Report.

The intended use of the CFC Valuation is to provide NWD and NWS additional reference on the basis of the purchase price for the Fourth Stage Acquisition. The purchase price in respect of the Fourth Stage Acquisition is a result of negotiations between the contracting parties to the Fourth Stage Acquisition. The responsibility for final determination of the agreed acquisition price of the Fourth Stage Acquisition does not rest on American Appraisal. The results of our analysis should not be construed to be a fairness opinion, a solvency opinion, or an investment recommendation. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the prospective financial information and underlying assumptions.

Basis of CFC Valuation

The CFC Valuation was prepared on the basis of fair market value standard under the premise of continued use. Fair market value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Our opinion of value was established under the premise of continued use, which reflects the condition where the buyer and the seller contemplate retention of the business and related assets as part of current or forecast operations.

Business enterprise is defined for this appraisal as the total invested capital, that is, equivalent to the combination of all interest-bearing debts, shareholders' loans and shareholders' equity. Alternatively, the business enterprise is equivalent to the combination of all tangible assets (buildings, machinery and equipment), long-term investment, net operating working capital and intangible assets of a continuing business. Equity interest is equivalent to business enterprise value less interest-bearing debts.

Traffic Report

The Traffic Report on the projected revenue of the Project Company was prepared by the Traffic Consultant dated 10 November 2011. It provides the projected revenue of the Project Company between 2011 and 2029. The Traffic Consultant has been involved in several national road traffic projects in different provinces in China including projects of listed companies and was hired by the NWS Management as its traffic consultant in this CFC Valuation. A discussion with the Traffic Consultant has been conducted to understand the assumptions, methodologies and conclusions of the Traffic Report. We relied on the revenue projections provided by the Traffic Consultant in forming our opinion of value.

Description of CFC

CFC, a company incorporated in the Cayman Islands with limited liability, is an investment holding company and owns 100% equity interest of Chinese Future Limited ("**CFL**"), a company incorporated in Hong Kong with limited liability. CFL directly owns 95% equity interest in the Project Company, which is engaged in operation of Hangzhou Ring Road.

Hangzhou Ring Road is an expressway which is situated in Hangzhou City of Zhejiang Province, the PRC. The expressway has a length of 103.4 kilometers and is connected to several major national expressways and links Hangzhou City and the neighbouring provinces and cities such as Shanghai, Nanjing, Ningbo and Suzhou.

On 16 September 2005, the Project Company entered into agreements to acquire the right (the "**Concession Right**") to operate the Hangzhou Ring Road and since then it has been being entitled to all the revenue and benefits derived from this road until 31 December 2029.

Financial Review of CFC

According to the audited consolidated financial statements of CFC, the net asset value of CFC as at 31 December 2010 amounted to approximately US$367 million; and the net profit after taxation and extraordinary items of CFC for the financial year ended 31 December 2010 was approximately US$62 million. Based on the unaudited consolidated management accounts of CFC, the cash balance was approximately US$121 million as of the CFC Valuation Date. Debt balance of CFC as of the CFC Valuation Date was approximately US$680 million of which, as advised by the Management, the related interest expenses of certain outstanding debts of approximately US$206 million are not tax deductible, therefore, no tax shield effect will be resulted therefrom in the cash flow calculation.

Economic Overview

A sound appraisal of a business or business interest must consider current and prospective economic conditions, in both the national economy and the industry or industries with which the Project Company is allied. The major variables reviewed in order to evaluate the overall state of the national economy include economic growth, inflation rate and exchange rate. As China is the major market for the Project Company, an overview of the economy of China is essential to develop this outlook. The following economic discussion is extracted from Economic Intelligence Unit "China: Country outlook" on 1 October 2011.

Economic Growth: The gross domestic product ("**GDP**") growth of China in 2012-2016 will slow down to an average of 8.1% per year. This will largely reflect moderating investment growth as higher input costs and rising interest rates make property and infrastructure development more costly.

Inflation: Keeping inflation under control is now the Chinese Government's main policy challenge. Average consumer price inflation is estimated at 5.4% in 2011. The Economist Intelligence Unit therefore expects consumer prices to rise by 4.1% per year on average in 2012-2016.

Exchange Rates: China is under intense pressure from its trading partners, most notably the United States, to allow the Renminbi to appreciate in a faster pace . It was believed that the Renminbi will appreciate against the US dollar by an average of 3.3% per year in 2012-2016, partly reflecting higher productivity growth in China than in the United States.

Industry Overview

The industry discussion below was extracted from "China Toll Road Sector – Solid growth with high dividend yield continues" published by Deutsche Bank (the "**Analyst**") on 24 January 2011.

The Analyst was positive on China's toll road sector given the Analyst's healthy projections for the industry in 2011-2012. The Analyst forecasted solid traffic growth, mainly driven by rising automobile ownership and healthy economic growth. Road investment should peak in 2010/2011, indicating that the impact from new traffic diversion on existing expressways should abate. In addition, the Analyst believed the impact from high-speed railways and "green lane policy" should be limited. Despite an inflationary environment, the Analyst expected stable margins for the expressway sector as most expressways have completed major road expansion/acquisitions and their cost inputs have low exposure to inflation that could be fully offset by improved internal controls and solid traffic growth. In addition, the Analyst expected a tariff cut is unlikely to occur in the next three years. The sector should enjoy steady organic traffic growth (10% per annum from 2010 to 2012) in eastern and southern coastal China, comprising 7% from rising automobile ownership growth and 3% from freight traffic driven by China's economic development.

Scope of Works and Key Assumptions

Our investigation included discussions with the Management and the Traffic Consultant with regard to the history, operations and prospects of CFC, on-site inspection, an overview of certain financial data, an analysis of the industry and competitive environment, an analysis of comparable companies, and a review of transactions, operating statistics and other relevant documents, whenever available.

We also made reference to or reviewed the following major documents and data:

- audited financial statements of CFC, CFL and the Project Company for the financial years ended 31 December 2006, 2007, 2008, 2009 and 2010;
- unaudited financial information of CFC, CFL and the Project Company for the 9-month period ended 30 September 2011;
- copies of the asset purchase agreements all dated 16 September 2005;
- a copy of the Traffic Report;
- loan agreements entered into by CFC, CFL and the Project Company, the facilities of which were outstanding as of the CFC Valuation Date;
- financial projection and the breakdown of major operating expenses prepared by the Management;
- breakdown of historical revenue, cost of revenue and operating expenses of CFC, CFL and the Project Company; and
- other documents that we considered relevant.

We assumed that the data we obtained in the course of the CFC Valuation, along with the opinions and representations provided to us by the Management are true and accurate and accepted them without independent verification except as expressly described herein. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading. In arriving at our opinion of value, we have considered the following principal factors:

- the stage of development of Hangzhou Ring Road;
- the historical costs, current financial condition and prospective financial projections of the Project Company;
- the Traffic Report provided by the Traffic Consultant;
- the economic outlook for China and specific competitive environments affecting the toll road industry;
- the legal and regulatory issues of the toll road industry in general and other specific legal opinions relevant to the Project Company;
- the risks of the Project Company; and
- the experience of the Management.

Due to the changing environments in which the Project Company is operating, a number of assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in the CFC Valuation are:

- no major changes are expected in the political, legal and economic conditions in China;
- industry trend and market conditions for toll road industry in China will continue to develop according to prevailing market expectations;
- there will be no major changes in the current taxation law and/or taxation rates applicable to the Project Company, CFL and CFC;
- the operation of the Project Company will not be constrained by the availability of finance;
- future exchange rates and interest rates movement will not differ materially from prevailing market expectations; and
- the Project Company will retain competent management, key personnel and technical staff to support its ongoing operations.

Valuation Methodology and Assumptions

In the appraisal of the equity, or the net assets, of a business, regardless of their diversity, location, or technological complexity, there are three basic approaches to value. The descriptive titles typically attached to these approaches are cost, income, and market. In normal circumstances, the appraiser is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Cost approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

To develop our opinion of value, the three generally accepted approaches to value are considered: cost, market and income. We have not identified any market transactions which are comparable because each toll road may be unique and may have different considerations on transaction price which depends on many factors such as location, toll rate, traffic volume, stage of operation and status of the toll road assets. While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern, as it does not capture future earning potential of the business. Thus both market approach and cost approach were not utilized in the CFC Valuation. Therefore, we relied upon the income approach, known as the discounted cash flow method, in forming our opinion of value.

Income Approach

Under the discounted cash flow method, it explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits such as periodic income, cost savings, or sale proceeds. Indication of value is developed by discounting future net cash flow to the present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment.

As the Project Company was set up for such toll road project, its capital structure will change due to debt repayment or additional borrowing. The Adjusted Present Value (the "**APV**") method was used in order to exclude the distortion resulting from the change in capital structure over the concession period. In the CFC Valuation, the APV method values an enterprise or project by discounting projected free cash flows at a rate of return assuming all-equity financing as fundamental value (the "**Fundamental Value**"). The Fundamental Value then adds the present value of tax shield effect and less total outstanding debt, to arrive at equity interest.

The major projection assumptions were listed as below:–

Revenue

Revenue is mainly driven by imposing toll charges on vehicles using the road for transportation purposes. Vehicles are charged according to their type, weight and the distance of road the vehicles have taken for transport. Standard toll charge of each vehicle type is assumed unchanged over the period of the Concession Right. Thus, the revenue growth would be driven by the increase in traffic and/or change in traffic mix by vehicle type.

Historical traffic data, economic researches, transport indexes, etc., were considered by the Traffic Consultant in their projection. According to the Traffic Report, "Logistic Regression Method" and "Correction Coefficient Method" were used for revenue estimation by the Traffic Consultant. "Logistic Regression Method" considered mainly the trend of historical revenue data and then adjusted by several factors, including projected economic growth, change of population, change in cargo flow, etc., in order to form a natural logarithm regression model to project the future revenue.

The revenue projection using "Correction Coefficient Method" considered both the impact arising from the GDP growth on overall traffic flow increment and change in the traffic mix of vehicles with different toll rates.

Year	GDP Growth	Elasticity Factor	Traffic Growth
2010	9.00%	0.89	8.01%
2011	10.00%	1.16	11.56%
2012	10.00%	1.14	11.37%
2013	7.50%	1.01	7.60%
2014	7.50%	1.01	7.59%
2015	7.50%	0.96	7.19%
2020	5.00%	0.90	4.50%
2025	2.50%	0.66	1.65%
2029	2.50%	0.34	0.85%

Source: Traffic Report

Traffic Mix by Types of Vehicles

Year	Unclassified	Type 1	Type 2	Type 3	Type 4	Type 5	Type 6	Type 7	Total
2010	0.76%	85.33%	5.28%	2.22%	0.33%	5.55%	0.03%	0.50%	100%
2011	0.70%	85.54%	4.88%	2.06%	0.25%	5.85%	0.04%	0.68%	100%
2012	0.66%	86.14%	4.80%	2.01%	0.24%	5.62%	0.03%	0.50%	100%
2013	0.63%	87.29%	4.44%	1.82%	0.23%	5.08%	0.03%	0.48%	100%
2014	0.55%	87.59%	4.41%	1.70%	0.20%	5.06%	0.03%	0.46%	100%
2015	0.54%	88.09%	4.08%	1.60%	0.20%	5.04%	0.03%	0.42%	100%
2020	0.43%	90.75%	3.27%	1.20%	0.18%	3.81%	0.02%	0.34%	100%
2025	0.35%	92.56%	2.63%	0.92%	0.15%	3.10%	0.02%	0.27%	100%
2029	0.29%	93.47%	2.22%	0.74%	0.14%	2.90%	0.01%	0.23%	100%

Source: Traffic Report

Note: The types of vehicles are classified based on passenger capacity and/or weight of the vehicles. Generally speaking, Type 1 refers to the type of vehicles with the smallest passenger capacity and/or the lightest in weight while Type 7 refers to the type of vehicles of the largest passenger capacity and/or the heaviest in weight. Unclassified vehicles include government vehicles, which are generally exempted from paying toll fee.

Generally speaking, except for 2011, "Correction Coefficient Method" generated the high-end of the future revenue projection while "Logistic Regression Method" generated the low-end of future revenue projection.

The final conclusion (the "**Base Case**") drawn by the Traffic Consultant was the average of the estimation results between "Correction Coefficient Method" and "Logistic Regression Method". The following table shows annual revenue projection generated from toll charge for the future years:

Year	**Base Case**	**Logistic Regression Method**	**Correction Coefficient Method**
	(RMB Million)	*(RMB Million)*	*(RMB Million)*
2010 (Actual)	1,506	Not applicable	Not applicable
2011	1,689	1,698	1,679
2012	1,811	1,750	1,873
2013	1,900	1,795	2,006
2014	1,993	1,834	2,153
2015	2,085	1,870	2,301
2020	2,421	2,006	2,835
2025	2,623	2,103	3,143
2029	2,623	2,103	3,143

In forming our opinion of value, only the Base Case revenue was adopted in the CFC Valuation as these figures were the final conclusions of the Traffic Report.

Cost of Revenue and Operating Expenses

Having discussed with the Management, two scenarios of projected cost of revenue and operating expenses, namely, Cost Assumption Set 1 and Cost Assumption Set 2, were adopted.

Cost of revenue refers to road maintenance fee, system maintenance fee, safety facilities expenses and environmental expenses.

Operating expenses include employees' salary, insurance, depreciation and amortization expenses, business entertainment expenditures, vehicle usage fees, overheads, etc. Non-cash expenses including depreciation and amortization expenses were added back from net income when the free cash flow was derived. Overhead expenses of CFC and CFL were assumed to be insignificant to the CFC Valuation based on historical financial statements and confirmation with the Management.

Under the Cost Assumption Set 1, the projection of cost of revenue was mainly constructed with reference to revenue growth of the Project Company. Based on information gathered from our valuation due diligence including discussion with the Management, the total cost of revenue was estimated to be approximately RMB135 million in 2011 and eventually to RMB379 million in 2029.

Operating expenses under the Cost Assumption Set 1 were assumed to grow mainly with reference to the revenue growth of the Project Company. As a result, the total operating expenses were estimated to be approximately RMB382 million in 2011 and eventually to RMB458 million in 2029.

Under the Cost Assumption Set 2, the projection of cost of revenue was constructed based on inflation. Enquiring with the CFC Management, the Project Company's costs of revenue are mainly maintenance fees and special project fees which are foreseen to be approximately RMB57 million in 2011. Inflation was assumed as escalation factor for the cost projection in this case, and the costs would increase with 5% per annum in our CFC Valuation. As a result, the total cost of revenue will be approximately RMB57 million in 2011 and eventually to RMB137 million in 2029.

The projection of operating expenses under the Cost Assumption Set 2 was constructed based on inflation of 5% per annum. As a result, the total operating expenses were estimated to be approximately RMB395 million in 2011 and eventually to RMB472 million in 2029.

Interest Expenses

The Project Company was expected to gradually repay the outstanding loan amounted to approximately RMB3,027 million by installment and was expected to have no debt from 2021 onwards. Per the Management, interest expenses of the Project Company would be tax deductible. The impact of the tax shield effect on interest expenses of the Project Company on the future cash flow is further discussed in subsequent section.

On the other hand, interest expenses of CFC and CFL would be non-tax deductible and hence has no impact on the future cash flow.

Income Tax

According to the tax circular, Guofa [2007] No.39 (國發[2007]39號), issued by the State Council of the People's Republic of China in 2007, the Project Company will be charged with 24% profit tax rate in 2011 and 25% from 2012 onward. Such required tax rates will be applied in our cash flow calculation.

Although CFL is subject to Hong Kong profits tax rate of 16.5%, the sole income of CFL is dividend income which is not taxable in Hong Kong. However, such dividend income is subject to 5% withholding tax charged by the Chinese government in relation to distribution of dividend outside Mainland China. Please refer to the section "Additional CFC Valuation Considerations" below for detail.

CFC is not subject to any profits tax as it is a company incorporated in the Cayman Islands.

Capital Expenditures

Capital expenditures ("**CAPEX**") include purchase or improvement of highway constructions and equipment.

It was suggested by the Management to assume no future CAPEX would be required for the Project Company as all routine maintenance and major overhaul are expensed in cost of revenue when spent. Thus, the depreciation and amortization expense would be solely from the originally capitalized fixed assets and the Concession Right.

Working Capital

Working capital is estimated at 0% of gross revenue since historical data of the Project Company showed no significant working capital requirement over the years.

Discount Rate

The rate at which the annual net cash flows of the Project Company discounted to present value is based on the estimated weighted average cost of capital ("**WACC**"), which is equivalent to the unlevered cost of equity according to the APV method as described above.

The unlevered cost of equity for the CFC Valuation was developed through the application of the Capital Asset Pricing Model ("**CAPM**"), which is the most commonly adopted method of estimating the required rate of return for equity. CAPM states that the cost of equity is the risk-free rate plus a linear function of a measure of systematic risk ("**Beta**") times equity market premium in general. In estimating the Beta, we have observed the share price movement relative to overall equity market index of two listed comparable companies in the toll road industry with high proximity with the Project Company in terms of geographical location as set out below. Comparable companies are generally regarded to be subject to the same systematic risks as the Project Company.

Comparable Companies	**Bloomberg Code**
Jiangsu Expressway Company Limited	177 HK
Zhejiang Expressway Co., Ltd.	576 HK

The computation of the estimated cost of equity is shown as follows:

$K_e = R_f + \beta(ERP) + SCP + CSR$

Where

K_e	=	Required rate of return for equity			
R_f	=	Risk-free rate of return	=	4.10%	The R_f is based on the yield on Chinese government's long-term bond (maturity in 2041) as of the CFC Valuation Date.

β	=	Unlevered Beta	=	0.72	Unlevered Beta is a measure of the relationship between industry risk and the aggregate market in all-equity scenario. It is based on the unlevered Betas of the selected comparable companies. Industry risk shall have already included the uncertainties inherently applicable to the industry, for example, the review on toll rate standards for all the toll roads in China as indicated recently by the Chinese Government.
ERP	=	Equity risk premium	=	6.15%	The ERP is the expected return of the market (R_m) in excess of the risk-free rate (R_f), or, is based on US equity risk premium (extracted from Morningstar Inc. SBBI Yearbook 2011) plus the market systematic risk in China.
SCP	=	Small-company premium	=	1.98%	The SCP is necessary due to the small size of company not captured by the CAPM. The SCP was selected based on companies in the low-cap decile (extracted from Morningstar Inc. SBBI Yearbook 2011)
CSR	=	Company specific risk	=	0.4%	CAPM only capture systematic risks, which cannot be diversified through holding a portfolio of investments. In valuing a particular business, company-specific risk premium should be considered. Taking into consideration the reliance on revenue within a limited area, a risk premium of 0.4% was added based on our internal assessment.

As such, our analysis concludes that a discount rate of 11% is considered appropriate for valuing the Project Company.

Additional CFC Valuation Considerations

Adjustment of Tax Shield on Interest Expenses Attributable to the Loan Outstanding

Under the APV method, as the discount rate used was at all-equity financing level, an adjustment was made by addition of the present value of tax shield arising from the interest expenses on the outstanding loan balances of the Project Company during the projection period. The discount rate used for calculation of the present value of the tax shield was the after-tax cost of debt of 4.76%, which was based on the latest borrowing cost of the Project Company at 6.35% and the standard tax rate of 25%.

Dividend Withholding Tax Adjustment

In the CFC Valuation, an adjustment equal to the present value of 5% on the projected net income in each year during the concession period was deducted from the present value of projected free cash flow to reflect the withholding tax for the dividend to be distributed from the Project Company to CFL. WACC was applied for discounting such withholding tax adjustment to present value.

Excess Cash

In the CFC Valuation, excess cash amounted to approximately RMB720 million, which was derived by the cash balance as of the CFC Valuation Date less the estimated operating expenses for one month, was added in forming our conclusion of value.

In addition, there was a portion of dividend amounting approximately RMB102 million (equivalent to approximately US$16 million) which was related to the profit for the year ended 31 December 2010. Such dividend was payable to Kaiming Holdings Limited, the seller of the Fourth Stage Acquisition, by the Project Company as of the CFC Valuation Date. Accordingly, for valuation purpose, such dividend amount has been deducted from the equity interest of CFC in order to arrive at the fair market value.

*Discount for Lack of Marketability (“**DLOM**”)*

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

In the CFC Valuation, option-pricing method was used as the primary method to estimate the DLOM. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. Generally speaking, the farther the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM.

In addition, the average of difference in historical median price-to-earning ratio between listed companies and private companies based on empirical study as appeared on the Mergerstat Yearbook 2011 was considered as a reasonableness check in the determination of the DLOM.

Based on our analyses above, the DLOM of 12% was applied in the CFC Valuation.

Sensitivity Analyses

As part of the CFC Valuation, sensitivity analyses of value were performed. We tested sensitivity of the CFC's value by changing the following parameters:

- discount rates;
- revenue growth; and
- costs

Table 1 below shows sensitivity analysis on the fair market value of CFC was made by varying the discount rate with revenue assumptions under the Base Case, 10% above the revenue of Base Case in each of projection period ("**Base Case +10%**") and 10% below the revenue of Base Case in each of projection period ("**Base Case -10%**"), respectively.

Table 1 (In US$ Million)

Revenue Growth Assumptions	**Discount Rates** 10.0%	10.5%	11.0%	11.5%	12.0%
Base Case + 10%	1,308	1,253	1,201	1,151	1,104
Base Case	1,143	1,093	1,045	1,000	958
Base Case – 10%	978	933	890	850	812

(Assume Cost Assumption Set 1 was used)

Table 2 below shows sensitivity analysis on the fair market value of CFC was made by varying the discount rate under the cost assumptions.

Table 2 (In US$ Million)

Cost Assumptions	**Discount Rates** 10.0%	10.5%	11.0%	11.5%	12.0%
Cost Assumption Set 1	1,143	1,093	1,045	1,000	958
Cost Assumption Set 2	1,242	1,188	1,136	1,089	1,043

(Assume Base Case Revenue Assumption was used)

Conclusion of Value

Based upon the investigation and analysis outlined above, it is our opinion that the fair market value of 100% equity interest in the business enterprise of CFC as of the CFC Valuation Date is reasonably stated in the range from UNITED STATES DOLLARS ONE THOUSAND AND FORTY FIVE MILLION (US$1,045,000,000) to UNITED STATES DOLLARS ONE THOUSAND ONE HUNDRED AND THIRTY SIX MILLION (US$1,136,000,000).

This conclusion of value is based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We do not provide assurance on the achievability of any financial results estimated by the Management because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of Management.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in NWD, NWS, CFC, CFL and/or the Project Company or the value reported.

Respectfully submitted,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED
Ricky Lee
Senior Vice President and Director

Note: Mr. Ricky Lee has been involved in business valuation for the purpose of joint venture, merger and acquisition and public listing over 15 years and is a fellow member of the Association of Chartered Certified Accountants, accredited senior appraiser of the American Society of Appraisers and charterholder of the Chartered Financial Analyst.

This valuation was prepared under the supervision of Mr. Lee as project-in-charge with significant professional assistance from Mr. William Leung and Ms. Daria Lau.

The following is the text of a letter from PricewaterhouseCoopers, the reporting accountant of the Company, for the purpose of inclusion in this Circular.

pwc 羅兵咸永道

The Directors
NWS Holdings Limited
28/F., New World Tower
18 Queen's Road Central
Hong Kong

6 December 2011

Dear Sirs,

LETTER FROM THE REPORTING ACCOUNTANT ON THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF CHINESE FUTURE CORPORATION

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "**CFC Valuation**") dated 6 December 2011 prepared by American Appraisal China Limited in respect of the appraisal of the fair value of the 100% equity interests in the business enterprise of the Chinese Future Corporation ("**CFC**") is based. The CFC Valuation is set out in Appendix I to the circular of NWS Holdings Limited ("**NWS**") dated 6 December 2011 (the "**Circular**") in connection with the acquisition of 75% of the total issued shares of Widefaith Group Limited, which holds 51% equity interest of CFC, by Moscan Developments Limited, an indirect wholly-owned subsidiary of NWS. The CFC Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of NWS are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 37 to 46 of the Circular. This responsibility includes carrying

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out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the CFC Valuation and applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.

Reporting Accountant's Responsibility

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the CFC Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the CFC.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 37 to 46 of the Circular. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under Rule 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of NWS as set out on pages 37 to 46 of the Circular.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

As the Business Valuation Report set out in Appendix I of this Circular is based on discounted cash flow method, it is deemed to be a profit forecast under the Listing Rules. The following is the text of a letter from the Board on such valuation for the purpose of inclusion in this Circular.

新創建NWS

6 December 2011

The Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

NWS HOLDINGS LIMITED – DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the Business Valuation Report dated 6 December 2011 and prepared by American Appraisal China Limited (the "**Valuer**") in relation to the valuation of the fair market value of the 100% equity interest in the business enterprise of Chinese Future Corporation, a company incorporated in the Cayman Islands with limited liability, as at 30 September 2011 (the "**Valuation**"). The Valuation, which is prepared based on the discounted cash flow method, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have discussed with the Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the letter from our reporting accountant, PricewaterhouseCoopers, regarding whether the Valuation was properly compiled so far as the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the Valuation prepared by the Valuer has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the board of directors of
NWS Holdings Limited
Dr. Cheng Kar Shun, Henry
Chairman

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 in 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 a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

2.1 Interests in shares

	Number of shares				Approximate percentage to the relevant issued share capital
	Personal interests	Family interests	Corporate interests *(Note)*	Total	
The Company					
(Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar Shun, Henry	13,768,798	–	12,000,000	25,768,798	0.76%
Mr. Doo Wai Hoi, William	3,009,849	–	8,830,782	11,840,631	0.35%
Mr. Tsang Yam Pui	180,000	–	–	180,000	0.01%
Mr. Lam Wai Hon, Patrick	1,486,786	–	7,608	1,494,394	0.04%
Mr. Cheung Chin Cheung	1,470,579	–	–	1,470,579	0.04%
Mr. William Junior Guilherme Doo	–	–	104,780	104,780	0.00%
Mr. Wilfried Ernst Kaffenberger	723,372	–	–	723,372	0.02%
Mr. Kwong Che Keung, Gordon	961,100	–	–	961,100	0.03%
Dr. Cheng Wai Chee, Christopher	1,301,029	–	–	1,301,029	0.04%

	Number of shares				Approximate percentage to the relevant issued share capital
	Personal interests	Family interests	Corporate interests *(Note)*	Total	
Associated corporations					
NWD					
(Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar Shun, Henry	–	450,000	–	450,000	0.01%
Mr. Doo Wai Hoi, William	–	–	1,500,000	1,500,000	0.04%
Mr. Cheung Chin Cheung	93,300	–	–	93,300	0.00%
Mr. William Junior Guilherme Doo	–	30,000	–	30,000	0.00%
Mr. Kwong Che Keung, Gordon	30,000	–	–	30,000	0.00%
New World China Land Limited ("NWCL")					
(Ordinary shares of HK$0.10 each)					
Dr. Cheng Kar Shun, Henry	18,750,000	2,925,000	78,406,800	100,081,800	1.74%
Mr. Doo Wai Hoi, William	13,125,000	–	52,258,400	65,383,400	1.13%
Mr. Lam Wai Hon, Patrick	140,000	–	–	140,000	0.00%
Mr. William Junior Guilherme Doo	–	75,000	270,000	345,000	0.01%
Mr. Cheng Chi Ming, Brian	106,400	–	–	106,400	0.00%
Dr. Cheng Wai Chee, Christopher	83,600	–	–	83,600	0.00%
Newton Resources Ltd					
(Ordinary shares of HK$0.10 each)					
Mr. Cheung Chin Cheung	7,154	–	–	7,154	0.00%
Mr. Kwong Che Keung, Gordon	11,307	–	–	11,307	0.00%
Wai Kee Holdings Limited					
(Ordinary shares of HK$0.10 each)					
Mr. Lam Wai Hon, Patrick	300,000	–	–	300,000	0.04%
Mega Choice Holdings Limited (In liquidation)					
(Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar Shun, Henry	–	–	420,585,070	420,585,070	34.61%

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

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

Under the share option scheme of the Company and the respective share option schemes of NWD, NWCL and New World Department Store China Limited ("**NWDS**"), 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 and NWDS:

	Date of grant	Exercisable period *(Note)*	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$16.004 per share)			
Dr. Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	40,495,324

	Date of grant	Exercisable period *(Note)*	Number of share options outstanding
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

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 under Section 336 of the SFO:

Name	Number of shares: Beneficial interests	Number of shares: Corporate interests	Number of shares: Total	Approximate percentage to the issued share capital of the Company
Cheng Yu Tung Family (Holdings) Limited ("**CYTFH**")	–	2,115,300,747[(1)]	2,115,300,747	62.42%
Cheng Yu Tung Family (Holdings II) Limited ("**CYTFH-II**")	–	2,115,300,747[(2)]	2,115,300,747	62.42%
Chow Tai Fook Capital Limited ("**CTFC**")	–	2,115,300,747[(3)]	2,115,300,747	62.42%
Chow Tai Fook (Holding) Limited ("**CTFH**")	–	2,115,300,747[(4)]	2,115,300,747	62.42%
Chow Tai Fook Enterprises Limited ("**CTF**")	89,747,839	2,025,552,908[(5)]	2,115,300,747	62.42%
NWD	1,341,107,030	684,445,878[(6)]	2,025,552,908	59.77%
Mombasa Limited	608,580,373	–	608,580,373	17.96%

Notes:

(1) CYTFH holds approximately 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC. Dr. Cheng Kar Shun, Henry is also a director of CYTFH.

(2) CYTFH-II holds approximately 40.23% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC. Dr. Cheng Kar Shun, Henry is also a director of CYTFH-II.

(3) CTFC holds approximately 74.07% direct interest in CTFH and is accordingly deemed to have an interest in the shares deemed to be interested by CTFH. Dr. Cheng Kar Shun, Henry is also a director of CTFC.

(4) CTFH holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF. Dr. Cheng Kar Shun, Henry is also a director of CTFH.

(5) CTF, 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. Dr. Cheng Kar Shun, Henry is also a director of CTF.

(6) 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, 20,240,510 shares held by New World Hotels Corporation Limited, all of them are subsidiary companies of NWD. Dr. Cheng Kar Shun, Henry is also a director of NWD.

(7) All the interests stated above are 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 group of companies	Investment in transport services business	Director
	HKR International Limited group of companies	Construction and property management	Director
Mr. Lam Wai Hon, Patrick	Wai Kee Holdings Limited	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 as disclosed in the circular of the Company dated 10 June 2011 in respect of the master services agreement entered into between Mr. Doo Wai Hoi, William ("**Mr. Doo**", a non-executive Director) and the Company for the provision of certain operational services by members of the Group to members of the Services Group (as defined in the circular dated 10 June 2011, being 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 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) and vice versa, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this Circular which is significant in relation to the businesses of the Group;

(b) none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation; and

(c) none of the Directors had any direct or indirect interest in any asset which, since 30 June 2011 (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

As at the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of the Group since 30 June 2011, the date to which the latest published audited financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

(a) Qualification of experts

The following are the qualification of the experts who have given their opinions which are contained in this Circular:

Name	Qualification
American Appraisal China Limited	Independent Valuer
CIMB Securities (HK) Limited	A corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants

(b) Consent of experts

As at the Latest Practicable Date, American Appraisal China Limited, CIMB and PricewaterhouseCoopers have given and have not withdrawn their written consent to the issue of this Circular with the inclusion therein of their respective letters and references to their names in the form and context in which they appear.

(c) Interests of expert

As at the Latest Practicable Date, American Appraisal China Limited, CIMB and PricewaterhouseCoopers were not directly or indirectly interested in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did they have any direct or indirect interest in any assets which had been, since 30 June 2011 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. MISCELLANEOUS

The English text of this Circular prevails over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business in Hong Kong of the Company at 28th Floor, New World Tower, 18 Queen's Road Central, Hong Kong, on any weekday, except Saturdays, Sundays and public holidays, from the date of this Circular up to and including 28 December 2011:

(a) the 75% Widefaith Sale and Purchase Agreement;

(b) the CFC Sale and Purchase Agreement;

(c) the Widefaith Sale and Purchase Agreement;

(d) the TCI Sale and Purchase Agreement;

(e) the letter from the Independent Board Committee, the text of which is set out on page 20 of this Circular;

(f) the letter from CIMB, the text of which is set out on pages 21 to 32 of this Circular;

(g) the Business Valuation Report from American Appraisal China Limited, the text of which is set out in Appendix I to this Circular;

(h) the letter from PricewaterhouseCoopers in relation to the discounted future estimated cash flows, the text of which is set out in Appendix II to this Circular;

(i) the letter from the Board in relation to the Business Valuation Report, the text of which is set out in Appendix III to this Circular;

(j) the written consent from each of the experts referred to in the section headed "Qualification and Consent of Expert" in this appendix; and

(k) this Circular.