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新創建 NWS

新創建集團有限公司*
NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 659)

**REVISION TO THE APPROVED ANNUAL CAPS
FOR THE CONTINUING CONNECTED TRANSACTIONS**

REVISION TO THE APPROVED ANNUAL CAPS

- By the Master Services Agreement Addendum entered into between the Company and Mr. Doo on 4 January 2013, as permitted under the terms of the Master Services Agreement, the scope of the Operational Services was extended to cover the provision of rental services with effect from 4 January 2013.
- It is anticipated by the Board that the Approved Annual Caps for the two financial years ending 30 June 2013 and 2014 will not be sufficient to meet the Board's revised estimated volume of the Continuing Connected Transactions for the same periods. The Board therefore proposes to revise and increase the Approved Annual Caps for the two financial years ending 30 June 2013 and 2014 to the Revised Annual Caps and to seek approval from the Independent Shareholders of the Revised Annual Caps at the SGM.
- Mr. Doo is a connected person of the Company and a party to the Master Services Agreement. Accordingly, the Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.
- Given that the highest of the relevant Percentage Ratios in respect of the Revised Annual Caps for the two financial years ending 30 June 2013 and 2014 will, on an annual basis, be more than 5%, the Company is required to re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in relation to the Revised Annual Caps.

- A SGM will be convened and held by the Company to consider and, if thought fit, approve the Revised Annual Caps. The voting at the SGM will be taken by poll. Mr. Doo and his associates will be required to abstain from voting on the relevant resolution to be proposed at the SGM to approve the Revised Annual Caps for having a material interest in the Master Services Agreement and the transactions contemplated thereunder.
- A circular containing further information in relation to the Revised Annual Caps, a letter from the Independent Board Committee, a letter from ICAL and a notice of the SGM is expected to be despatched to the Shareholders on or about 21 January 2013.

1. BACKGROUND

Reference is made to the 2011 Circular in relation to the Continuing Connected Transactions and the Approved Annual Caps which were both approved by the Independent Shareholders at the 2011 SGM.

Pursuant to the Master Services Agreement entered into between the Company and Mr. Doo on 19 May 2011, the parties agreed to provide the Operational Services, to the extent practicable, to each other (including their respective members) for a term of three years commencing on 1 July 2011 and expiring on 30 June 2014 (both days inclusive) on and subject to its terms and conditions.

The scope of the Operational Services was subsequently extended to cover the provision of rental services with effect from 4 January 2013 as confirmed by the parties by their signing of the Master Services Agreement Addendum dated 4 January 2013.

The Board has been closely monitoring the transacted amounts of the Continuing Connected Transactions. It is anticipated by the Board that the Approved Annual Caps for the two financial years ending 30 June 2013 and 2014 will not be sufficient to meet the Board's revised estimated volume of the Continuing Connected Transactions for the same periods. The Board therefore proposes to revise and increase the Approved Annual Caps for the two financial years ending 30 June 2013 and 2014 to the Revised Annual Caps and to seek approval from the Independent Shareholders of the Revised Annual Caps at the SGM.

2. CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER SERVICES AGREEMENT

Under the Master Services Agreement, the scope of the Operational Services may include such other types of services as the Company and Mr. Doo may agree upon from time to time in writing. By the Master Services Agreement Addendum entered into between the Company and Mr. Doo on 4 January 2013, the scope of the Operational Services was extended to cover the provision of rental services with effect from 4 January 2013.

Other than the extended scope of the Operational Services, which is permitted under the terms of the Master Services Agreement, the terms of the Continuing Connected Transactions as contemplated under the Master Services Agreement have not been changed or modified in any way and reference to the principal terms of which can be made to the paragraph headed “2. Continuing Connected Transactions under the New Master Services Agreement” in the section headed “Letter from the Board” of the 2011 Circular.

3. THE APPROVED ANNUAL CAPS AND THE REVISED ANNUAL CAPS

Set out below are the Approved Annual Caps, the relevant historical transacted amounts and the Revised Annual Caps in respect of the provision of the Operational Services:

Categories	Financial years ended/ending 30 June		
	2012 (HK\$ million)	2013 (HK\$ million)	2014 (HK\$ million)
<u>Provision of Operational Services</u>			
<u>by members of the Group</u>			
<u>to members of the Services Group</u>			
• Approved Annual Caps	15.7	17.3	18.6
• historical transacted amount	9.3 (note 1)	1.3 (note 2)	Not applicable
• Revised Annual Caps	Not applicable	18.1	18.4
<u>Provision of Operational Services</u>			
<u>by members of the Services Group</u>			
<u>to members of the Group</u>			
• Approved Annual Caps	282.4	737.1	876.3
• historical transacted amount	258.7 (note 1)	147.0 (notes 2 & 3)	Not applicable
• Revised Annual Caps	Not applicable	1,249.7	1,944.0
Total (Approved Annual Caps)	<u>298.1</u>	<u>754.4</u>	<u>894.9</u>
Total (Revised Annual Caps)	<u>Not applicable</u>	<u>1,267.8</u>	<u>1,962.4</u>

Notes:

- (1) The historical transacted amount was the audited amount for the financial year ended 30 June 2012.
- (2) The historical transacted amount was the unaudited amount for the three-month period from 1 July 2012 to 30 September 2012.
- (3) The historical transacted amount has taken into account those of the rental services as part of the Operational Services.

As at the date of this announcement, the historical transacted amounts have not exceeded the Approved Annual Caps for the financial year ended 30 June 2012 and for the financial year ending 30 June 2013.

Each of the Revised Annual Caps for the two financial years ending 30 June 2013 and 2014 has been determined by reference to:

- (a) the historical annual or annualized amounts in respect of that category of the Operational Services provided by the relevant members of the Group to the relevant members of the Services Group or vice versa during the past two financial years;
- (b) the actual and estimated growth of the Operational Services provided or to be provided by the relevant members of the Group to the relevant members of the Services Group or vice versa since the commencement of the Master Services Agreement on 1 July 2011; and
- (c) the Company's current estimates of the market prices of the relevant Operational Services to be provided by the relevant members of the Group to the relevant members of the Services Group or vice versa.

The abovementioned projected figures are determined basing on the relevant historical figures, taking into account the current pace of business growth of the Group, the estimated future demand, the inflation factor and adjustments for non-recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group, the Services Group or both.

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

4. REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS AND THE CONTINUING CONNECTED TRANSACTIONS

The Board has been carefully monitoring the historical transacted amounts of the Continuing Connected Transactions. Taken into account the various bases as set out above, the Board anticipates that the aggregate value of the Continuing Connected Transactions for each of the two financial years ending 30 June 2013 and 2014 would exceed the Approved Annual Caps for the same periods. The Board therefore proposes to revise and increase the Approved Annual Caps for the two financial years ending 30 June 2013 and 2014 to the Revised Annual Caps and to seek approval from the Independent Shareholders of the Revised Annual Caps at the SGM.

The Continuing Connected Transactions are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of businesses of the Group and that of the Services Group. The Master Services Agreement is intended to streamline the Continuing Connected Transactions between members of the Group on the one hand and those of the Services Group on the other hand. The Master Services Agreement provides a single basis on which the Company will comply with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or renewal of the operational agreements in respect of the provision of the Operational Services.

The Directors (excluding members of the Independent Board Committee whose views will be given after taking into account the advice from ICAL) are of the views that the Revised Annual Caps for the two financial years ending 30 June 2013 and 2014 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Mr. Doo

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

The Services Group

The Services Group is principally engaged in the provision of services including: (i) property management; (ii) security and guarding services; (iii) cleaning and laundry; (iv) landscaping; (v) electrical and mechanical engineering; (vi) trading of building materials; and (vii) insurance consultancy as at the date of this announcement.

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.

6. LISTING RULES IMPLICATIONS

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

Given that the highest of the relevant Percentage Ratios in respect of the Revised Annual Caps for the provision of Operational Services between members of the Group on the one hand and members of the Services Group on the other hand will, on an annual basis, be more than 5%, the Company is required to re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in relation to the Revised Annual Caps.

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

7. GENERAL

A SGM will be convened and held by the Company to consider and, if thought fit, approve the Revised Annual Caps. The voting at the SGM will be taken by poll.

In accordance with the Listing Rules, any connected person or Shareholder and its associates with a material interest in the Master Services Agreement and the transactions contemplated thereunder must abstain from voting on the relevant resolution to be proposed at the SGM. Mr. Doo, being a connected person of the Company and a party to the Master Services Agreement, is interested in the subject transactions. Mr. Doo and his associates will be required to abstain from voting on the relevant resolution to be proposed at the SGM to approve the Revised Annual Caps.

The Independent Board Committee has been formed to advise and provide recommendation to the Independent Shareholders in respect of the Revised Annual Caps after taking into account the advice from ICAL.

ICAL has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Revised Annual Caps and whether the Revised Annual Caps are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

A circular containing further information in relation to the Revised Annual Caps, a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, a letter from ICAL containing its advice to the Independent Board Committee and the Independent Shareholders and a notice of the SGM is expected to be despatched to the Shareholders on or about 21 January 2013.

8. DEFINITIONS

Unless the context otherwise requires, the following expressions used in this announcement have the following meanings:

“2011 Circular”	the circular of the Company dated 10 June 2011 in relation to the Continuing Connected Transactions
“2011 SGM”	the special general meeting of the Company held on 29 June 2011 approving, among other matters, the Continuing Connected Transactions and the Approved Annual Caps
“Approved Annual Caps”	the annual caps in respect of the Continuing Connected Transactions which were approved at the 2011 SGM
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Master Services Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
”ICAL”	Investec Capital Asia Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Revised Annual Caps
“Independent Board Committee”	an independent committee of the Board (which comprises Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, all are independent non-executive Directors) established to advise the Independent Shareholders with regard to the Revised Annual Caps
“Independent Shareholders”	the Shareholders, other than Mr. Doo and his associates, who do not have any material interest in the Continuing Connected Transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai Hoi, William, a non-executive Director and a director of a subsidiary of the Company. Mr. Doo is the father of Mr. William Junior Guilherme Doo (an executive Director), the brother-in-law of Dr. Cheng Kar Shun, Henry (an executive Director) and the uncle of Mr. Cheng Chi Ming, Brian (an executive Director)
“Master Services Agreement”	the master services agreement entered into between the Company and Mr. Doo on 19 May 2011 in relation to the provision of Operational Services by members of the Group to members of the Services Group or vice versa (and, where the context requires, includes the Master Services Agreement Addendum)

“Master Services Agreement Addendum”	an addendum to the Master Services Agreement entered into between the Company and Mr. Doo on 4 January 2013 to further particularize the scope of the Operational Services as including rental services
“Operational Services”	<p>the services which are to arise from the principal categories of services under the Master Services Agreement, namely,</p> <ul style="list-style-type: none"> • contracting services, cleaning and landscaping services, facility management services, property management services, security and guarding services; • after the entering into of the Master Services Agreement Addendum, rental services in addition to the above categories of services; and • such other types of services as the parties to the Master Services Agreement may agree upon from time to time in writing, <p>to be provided by members of the Group to members of the Services Group or vice versa</p>
“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“Revised Annual Caps”	the revised annual caps in respect of the Continuing Connected Transactions for the two financial years ending 30 June 2013 and 2014
“Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary
“SGM”	the special general meeting of the Company to be convened and held by the Company for the purpose of considering and, if thought fit, approving the Revised Annual Caps

“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	any entity which falls within the definition of “subsidiary” ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“%”	per cent.

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

Hong Kong, 4 January 2013

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

* *For identification purposes only*