
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 a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **NWS Holdings Limited**, you should at once hand this Circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 CAP
FOR THE CONTINUING CONNECTED TRANSACTIONS
UNDER THE EXISTING NWD MASTER SERVICES AGREEMENT,
RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF SGM**

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

CROSBY

Crosby Securities Limited

A letter from the Board is set out on pages 7 to 26 of this Circular. A letter from the Independent Board Committee is set out on pages 27 and 28 of this Circular. A letter from Crosby containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 56 of this Circular.

A notice convening the SGM to be held at Meeting Room N101 (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 22 May 2014, at 10:30 a.m. is set out on pages 66 to 68 of this Circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of NWS Holdings Limited in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

5 May 2014

* For identification purposes only

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DEFINITIONS

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

“2011 SGM”	the special general meeting of the Company held on 8 August 2011 approving, among other matters, the Continuing Connected Transactions under the Existing NWD Master Services Agreement and the Approved Annual Caps
“Announcement”	the announcement dated 11 April 2014 issued by the Company regarding (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps
“Annual Cap(s)”	the maximum aggregate annual value in respect of each category of the Operational Services under each of the New Master Services Agreements
“Approved Annual Cap(s)”	the annual cap(s) for the financial years ended/ending 30 June 2012, 30 June 2013 and 30 June 2014 in respect of the Continuing Connected Transactions under the Existing NWD Master Services Agreement which was approved by the then Independent Shareholders at the 2011 SGM
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Circular”	this circular, including the appendix hereto
“Company” or “NWS”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Existing Master Services Agreement(s) or the New Master Services Agreement(s) (as the case may be)

DEFINITIONS

“Crosby” or “Independent Financial Adviser”	Crosby Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the SGM Matters
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability which holds approximately 42.89% of the total issued share capital of NWD and approximately 2.61% of the total issued share capital of the Company as at the Latest Practicable Date
“CTF Enterprises Group”	(a) CTF Enterprises; (b) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company; (c) any other company in the equity capital of which CTF Enterprises and/or such other companies referred to in (b) above taken together are or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors; and (d) the subsidiaries of such other companies referred to in (b) and (c) above, but excluding members of the NWD Group and the Group
“Director(s)”	the director(s) of the Company
“Existing CTF Enterprises Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and CTF Enterprises on 30 June 2011 as disclosed in the announcement of the Company dated 30 June 2011
“Existing DOO Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and Mr. Doo on 19 May 2011 (and, where the context requires, includes the Master Services Agreement Addendum) as disclosed in the announcement of the Company dated 19 May 2011 and the circulars of the Company dated 10 June 2011 and 21 January 2013

DEFINITIONS

“Existing Master Services Agreement(s)”	the Existing CTF Enterprises Master Services Agreement, the Existing NWD Master Services Agreement and/or the Existing DOO Master Services Agreement (as the case may be)
“Existing NWD Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and NWD on 30 June 2011 as disclosed in the announcement of the Company dated 30 June 2011 and the circular of the Company dated 18 July 2011
“Group” or “NWS Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“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 of them are independent non-executive Directors) established to advise the Independent Shareholders with regard to the SGM Matters
“Independent Shareholders”	the Shareholders, other than CTF Enterprises, NWD, Mr. Doo and their respective associates (as the case may be), who do not have any material interest in the SGM Matters to be considered at the SGM
“Latest Practicable Date”	24 April 2014, 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
“Master Services Agreement Addendum”	an addendum to the Existing DOO 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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules

DEFINITIONS

“Mr. Doo”	Mr. Doo Wai Hoi, William was the Deputy Chairman of the Company and a non-executive Director within the preceding 12 months of the date of the New DOO Master Services Agreement. Mr. Doo is the father of Mr. William Junior Guilherme Doo (an executive Director), the brother-in-law of Dr. Cheng Kar Shun, Henry (the Chairman of the Company and an executive Director) and the uncle of Mr. Cheng Chi Ming, Brian (an executive Director)
“New CTF Enterprises Master Services Agreement”	the new master services agreement in relation to the Operational Services entered into between the Company and CTF Enterprises on 11 April 2014
“New DOO Master Services Agreement”	the new master services agreement in relation to the Operational Services entered into between the Company and Mr. Doo on 11 April 2014
“New Master Services Agreement(s)”	the New CTF Enterprises Master Services Agreement, the New NWD Master Services Agreement and/or the New DOO Master Services Agreement (as the case may be)
“New NWD Master Services Agreement”	the new master services agreement in relation to the Operational Services entered into between the Company and NWD on 11 April 2014
“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). It holds approximately 61.30% of the total issued share capital of the Company as at the Latest Practicable Date
“NWD Group”	NWD, its subsidiaries, any other company in the equity capital of which NWD and/or any of its subsidiaries taken together are or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and the subsidiaries of such other companies, but excluding members of the Group

DEFINITIONS

“Operational Agreement(s)”	the individual agreement(s) in respect of the provision of any of the Operational Services which may from time to time be entered into between member(s) of the Group and member(s) of the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be) pursuant to the relevant New Master Services Agreement(s)
“Operational Services”	the services which are to arise or arise from the principal categories of services under each of the New Master Services Agreements or, where the context requires, under each of the Existing Master Services Agreements (as more particularly set out under the paragraph headed “New Master Services Agreements” of this Circular)
“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“Revised Annual Cap”	the revised annual cap in respect of the Continuing Connected Transactions under the Existing NWD Master Services Agreement for the financial year ending 30 June 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 Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and the subsidiaries of such other companies
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 SGM Matters

DEFINITIONS

“SGM Matters”	(i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant 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 Shares
“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 622 of the Laws of Hong Kong)
“Takeovers Code”	the Code on Takeovers and Mergers as amended from time to time and administered by the Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of The People’s Republic of China
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



新創建 NWS

新創建集團有限公司*

NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 659)

Executive Directors:

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

Mr. Tsang Yam Pui

Mr. Lam Wai Hon, Patrick

Mr. Cheung Chin Cheung

Mr. William Junior Guilherme Doo

Mr. Cheng Chi Ming, Brian

Non-executive Directors:

Mr. 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

Mr. Wilfried Ernst Kaffenberger

(Alternate director to Mr. Wilfried Ernst

Kaffenberger: Mr. Yeung Kun Wah, David)

Mr. Lee Yiu Kwong, Alan

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

28/F., New World Tower

18 Queen's Road Central

Hong Kong

5 May 2014

To the Shareholders

Dear Sir or Madam,

**REVISION TO THE APPROVED ANNUAL CAP
FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER
THE EXISTING NWD MASTER SERVICES AGREEMENT
AND
RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

Reference is made to the Announcement. As disclosed in the Announcement, in the ordinary course of business, members of the Group regularly enter into continuing connected

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LETTER FROM THE BOARD

transactions with members of each of the CTF Enterprises Group, the NWD Group and the Services Group. In order to streamline such continuing connected transactions, the Company entered into the Existing CTF Enterprises Master Services Agreement (as disclosed in the announcement of the Company dated 30 June 2011), the Existing NWD Master Services Agreement (as disclosed in the announcement of the Company dated 30 June 2011 and the circular of the Company dated 18 July 2011) and the Existing DOO Master Services Agreement (as varied and supplemented by the Master Services Agreement Addendum) (as disclosed in the announcement of the Company dated 19 May 2011 and the circulars of the Company dated 10 June 2011 and 21 January 2013).

REVISION TO THE APPROVED ANNUAL CAP

Following a review by the Board of the Continuing Connected Transactions under the Existing NWD Master Services Agreement, the Board envisages that there will be an expected increase in the continuing connected transactions (in terms of volume and transaction values) for the financial year ending 30 June 2014 and the Approved Annual Cap for the same period will not be sufficient. In light of the above, the Board considers it appropriate to re-set the maximum aggregate annual value for the Continuing Connected Transactions for such period to the Revised Annual Cap.

Set out below are the Approved Annual Caps for the Continuing Connected Transactions under the Existing NWD Master Services Agreement for the financial years ended/ending 30 June 2012, 30 June 2013 and 30 June 2014 as approved by the then Independent Shareholders at the 2011 SGM and the Revised Annual Cap for the financial year ending 30 June 2014:

Categories	Aggregate transaction values		
	Financial year ended 30 June 2012	Financial year ended 30 June 2013	Financial year ending 30 June 2014
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Operational Services by members of the Group to members of the NWD Group			
● <i>Approved Annual Caps</i>	4,895.1	6,767.1	6,027.0
● <i>Revised Annual Caps (if applicable)</i>	Not applicable	Not applicable	7,589.1
Operational Services by members of the NWD Group to members of the Group			
● <i>Approved Annual Caps</i>	39.4	41.4	44.3
● <i>Revised Annual Caps (if applicable)</i>	Not applicable	Not applicable	Not applicable

LETTER FROM THE BOARD

As at the Latest Practicable Date, the historical aggregate transaction value has not exceeded the Approved Annual Cap for the financial year ending 30 June 2014.

The Revised Annual Cap was 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 NWD Group during the past two and a half 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 NWD Group since the commencement of the Existing NWD 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 NWD Group.

The projected figures as set out in the table above are determined based on the relevant historical figures, taking into account the current pace of business growth of the Group (which is attributable mainly to the delay of certain projects' progress in the financial year ended 30 June 2013 and the additional new projects taken up by the Group), the estimated demand for the Operational Services required for the existing projects undertaken by the Group, the inflation factor (which may vary in nature and can be economic, labour-related, logistics or otherwise and resulting in a rise in costs) and adjustments for non-recurring or extraordinary items to cater for exceptional circumstances or other contingencies (for instance, adjustment in property insurance to reflect increased construction costs), 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 NWD Group or both.

The Directors (including the independent non-executive Directors) are of the views that the proposed Revised Annual Cap for the Continuing Connected Transactions under the Existing NWD Master Services Agreement for the financial year ending 30 June 2014 is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

NEW MASTER SERVICES AGREEMENTS

All the Existing Master Services Agreements will expire on 30 June 2014. The relevant parties to each Existing Master Services Agreement have agreed to continue with the arrangement under the relevant Existing Master Services Agreement after expiry of its term upon similar terms and/or conditions and covering broadly the same scope of services as in the relevant Existing Master Services Agreement by entering into the relevant New Master Services Agreement as disclosed below.

LETTER FROM THE BOARD

1. New CTF Enterprises Master Services Agreement

Under the New CTF Enterprises Master Services Agreement, each of the Company and CTF Enterprises agrees to, and agrees to procure that members of the Group or the CTF Enterprises Group (to the extent practicable), engage relevant members of the CTF Enterprises Group or the Group to provide the Operational Services to relevant members of the Group or the CTF Enterprises Group during the term of the New CTF Enterprises Master Services Agreement. Major terms of the New CTF Enterprises Master Services Agreement are set out below:

Date	:	11 April 2014
Parties	:	(1) CTF Enterprises (2) the Company
Duration	:	An initial term of three years commencing from 1 July 2014 to 30 June 2017 (both days inclusive).

Subject to re-compliance with the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time, the New CTF Enterprises Master Services Agreement may be renewed for a further term of three years.

Nature of transactions/ Operational Services covered	:	Provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, computer aided drafting services and related services, provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing, property management, property sales and letting agency services, provision of car parking management and related services and rental of properties, spare spaces, vehicles and vessels and related services.
Pricing	:	On normal commercial terms and at prices and on terms no less favourable than those charged and provided to independent third party customers of the Group or the CTF Enterprises Group (as the case may be).

LETTER FROM THE BOARD

2. New NWD Master Services Agreement

Under the New NWD Master Services Agreement, each of the Company and NWD agrees to, and agrees to procure that members of the Group or the NWD Group (to the extent practicable), engage relevant members of the NWD Group or the Group to provide the Operational Services to relevant members of the Group or the NWD Group during the term of the New NWD Master Services Agreement. Major terms of the New NWD Master Services Agreement are set out below:

- Date : 11 April 2014
- Parties : (1) NWD
(2) the Company
- Duration : An initial term of three years commencing from 1 July 2014 to 30 June 2017 (both days inclusive).

Subject to re-compliance with the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time, the New NWD Master Services Agreement may be renewed for a further term of three years.

- Nature of transactions/
Operational Services covered : Provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, supply of construction and building equipment and materials, computer aided drafting services and related services, provision of information technology and telecommunications services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing, property management, property sales and letting agency services, provision of car parking management and related services and rental of properties, spare spaces, vehicles and vessels and related services.
- Pricing : On normal commercial terms and at prices and on terms no less favourable than those charged and provided to independent third party customers of the Group or the NWD Group (as the case may be).

LETTER FROM THE BOARD

3. New DOO Master Services Agreement

Under the New DOO Master Services Agreement, each of the Company and Mr. Doo agrees to, and agrees to procure that members of the Group or the Services Group (to the extent practicable), engage relevant members of the Services Group or the Group to provide the Operational Services to relevant members of the Group or the Services Group during the term of the New DOO Master Services Agreement. Major terms of the New DOO Master Services Agreement are set out below:

- Date : 11 April 2014
- Parties : (1) Mr. Doo
(2) the Company
- Duration : An initial term of three years commencing from 1 July 2014 to 30 June 2017 (both days inclusive).

Subject to re-compliance with the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time, the New DOO Master Services Agreement may be renewed for a further term of three years.

- Nature of transactions/
Operational
Services
covered : 1. Contracting services – provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems and system design and consultancy, computer aided drafting services and related services.
2. Cleaning and landscaping services – general cleaning, vessel and vehicle cleaning, office and facility cleaning, pest control, recycling and environmental services, landscaping and plant maintenance, the supply of plants, laundry services and related services.

LETTER FROM THE BOARD

3. Facility management services – provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing and related services.
4. Property management services – property management, property sales, vessel and vehicle sales and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management and related services.
5. Security and guarding services – provision of security guards, security systems installation and maintenance services, armoured transport services, supply of security products and related services.
6. Rental services – rental of properties, spare spaces, vehicles and vessels and related services.

Pricing : On normal commercial terms and at prices and on terms no less favourable than those charged and provided to independent third party customers of the Group or the Services Group (as the case may be).

Qualifications of engagement

Any engagement pursuant to each New Master Services Agreement is subject to the following qualifications:

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

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Group or the NWD Group or the Services Group or the Group (as the case may be) has (have) been selected as the service provider as a result of the relevant auction or tender or other similar process.

Operational Agreement(s) and pricing policies

Pursuant to each New Master Services Agreement, member(s) of the Group and member(s) of the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be) shall, from time to time, during the term of the relevant New Master Services Agreement, enter into separate Operational Agreement(s) in respect of the provision of the Operational Services provided that such separate agreement(s) shall always be subject to the relevant New Master Services Agreement.

As a general principle, the prices and terms of the Operational Agreement(s) with respect to the Operational Services shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable than those charged and provided to the independent third party customers of the Group or the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be).

Subject to the general principle disclosed above, the pricing policy for the provision of each of the Operational Services as specified below pursuant to the New CTF Enterprises Master Services Agreement and the New NWD Master Services Agreement is briefly described as follows:

- (a) as regards the provision of construction services: member(s) of the Group is typically engaged as main contractor, management contractor or project manager of a development project after being selected from participating tenderers in a tender process set up by member(s) of the CTF Enterprises Group or the NWD Group (as the case may be) or through direct appointment by member(s) of the CTF Enterprises Group or the NWD Group (as the case may be):
 - where the member(s) of the Group participates in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the employer's tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation. In preparing for the submission of a tender, tender review meeting of the relevant member of the Group will be held to perform a thorough analysis of the project specifications, the collection of cost and other data which include quotations from sub-contractors for works packages, quotations from suppliers for materials, estimates on the allocation of machinery and equipment, management resources, labour costs, etc. In pricing a tender, the relevant member of the Group will also make references to recent job quotations, such as tender record, purchase price of materials and equipment, labour costs and sub-contractors' quotations of projects completed or in progress in the Group's data base. Related market

LETTER FROM THE BOARD

information, such as materials price and labour costs' trend will also be retrieved for reference. These measures/procedures are designed to ensure that the tender price (as well as the terms of the tender) to be offered by the Group are fair and reasonable and comparable to those offered by the Group to independent third parties, and are adhered to by the Group for all projects obtained by the Group through tender; and

- where the engagement is through direct appointment by member(s) of the CTF Enterprises Group or the NWD Group (as the case may be), the consideration will be on a cost-plus basis (which is currently not exceeding 6%, but may vary depending on the scale or, if applicable, the unique nature of the project agreed to be undertaken by the Group) agreed with member(s) of the CTF Enterprises Group or the NWD Group (as the case may be), which is in line with the basis for engagements by independent third parties for projects of similar nature and size. Likewise, the relevant member of the Group will perform a thorough analysis of the project specifications, the collection of cost and other data and the retrieval of other useful data on the Group's data base for reference and assessment purpose. These procedures are adhered to by the Group for engagement through direct appointment;
- (b) as regards the provision of property management services: on the basis of cost plus a prevailing market rate which is currently expected to be less than or equal to 10% (but may vary depending on the size or, if applicable, the unique nature of the property management project and/or extent of services required) and will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs, for example, utility charges for the shared areas like lobby, lift or exit areas, allocated on revenue or other equitable basis. The quote to be offered will be reviewed and scrutinized by the senior management of the relevant member of the Group, which will then determine the consideration and terms of the transactions under each of the property management services agreements, and will generally review such terms annually to determine whether adjustments shall be made; and
- (c) as regards the provision of rental services: by reference to a quote which is based on at least three other market comparative quote(s) obtained from independent third party(ies), such as real estate agencies in the market, for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period), which are compared against quotation(s) obtained from connected person(s) of the Group. The lessee may either accept the quote and proceed with the lease or reject the quote and decline to proceed further.

LETTER FROM THE BOARD

Subject to the general principle disclosed above, the pricing policy for the provision of each of the Operational Services as specified below pursuant to the New DOO Master Services Agreement is briefly described as follows:

- (a) as regards the provision of contracting services: the relevant member(s) of the Group may be engaged as main contractor, management contractor or project manager for a particular project. There are two types of business arrangements for contracting services provided by members of the Services Group:
- where a member of the Services Group is nominated as contractor designated by the ultimate employer (which may or may not be a member of the NWD Group or the CTF Enterprises Group), consideration to such member of the Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer;
 - where a member of the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. Such member of the Group will invite quotations from at least two independent third parties (subject to availability and some of which may have engaged in contemporaneous transactions with the Group) from a list of pre-approved contractors (which is subject to periodic review and update by its management to ensure the contractors' quality standards) for services or products in similar quantities to determine if the price and terms offered by the Services Group are fair and reasonable as compared to those offered by independent third parties. If the price and terms offered by a member of the Services Group are equal to or better than those offered by the independent service providers, such member of the Group may probably award the contract to such member of the Services Group; and
 - for projects which involve consideration of an amount over HK\$200,000, the member(s) of the Services Group will participate in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation;
- (b) as regards the provision of property management, security and guarding services: on the basis of cost plus a prevailing market rate which is currently expected to be less than or equal to 11% (but may vary depending on the size or, if applicable, the unique nature of the property management project and/or extent of services required) will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs, for example, utility charges for the shared areas like lobby, lift or exit areas, allocated on revenue or other equitable basis. Member of the Group, as service recipient, will request member of the Services Group, as service provider, to provide at least three market comparable quotations

LETTER FROM THE BOARD

for similar property management projects it offered to independent third parties for reference, and will ensure that the quotations from the Services Group to the Group are no less favourable to those market comparable quotations. The management will then determine the consideration and terms of the transactions, and will generally review such terms annually to determine whether adjustments shall be made; and

- (c) as regards the provision of rental services: by reference to a quote which is based on at least three other market comparative quote(s) obtained from independent third party(ies), such as real estate agencies in the market, for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period), which are compared against quotation(s) obtained from connected person(s) of the Group. The lessee may either accept the quote and proceed with the lease or reject the quote and decline to proceed further.

The term of each Operational Agreement shall be fixed and in any event shall not exceed three years. If the term of an Operational Agreement extends beyond 30 June 2017 (that is, the date on which the initial term of each of the New Master Services Agreements ends), the Company will re-comply with the applicable requirements under the Listing Rules at the relevant time.

In pricing its services to independent third party customers, the Group will take into consideration factors which are common or reasonable for providers of similar services such as market conditions, competition, profit margin, direct and indirect costing, opportunity cost, project duration and all relevant risk factors including client risk.

HISTORICAL AGGREGATE TRANSACTION VALUES

Historical aggregate transaction values in respect of the Continuing Connected Transactions for the financial years ended 30 June 2012 and 30 June 2013 and the six months ended 31 December 2013 are set out below:

Categories	Aggregate transaction values		
	Financial year ended 30 June 2012 (HK\$ million)	Financial year ended 30 June 2013 (HK\$ million)	Six months ended 31 December 2013 (HK\$ million)
Operational Services by members of the Group to members of the CTF Enterprises Group	36.2	21.0	28.5
Operational Services by members of the CTF Enterprises Group to members of the Group	<u>2.6</u>	<u>0.5</u>	<u>0.5</u>
Total	<u>38.8</u>	<u>21.5</u>	<u>29.0</u>

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Categories	Aggregate transaction values		
	Financial year ended 30 June 2012 <i>(HK\$ million)</i>	Financial year ended 30 June 2013 <i>(HK\$ million)</i>	Six months ended 31 December 2013 <i>(HK\$ million)</i>
Operational Services by members of the Group to members of the NWD Group	3,246.9	4,504.1	3,101.1
Operational Services by members of the NWD Group to members of the Group	36.6	35.0	20.9
Total	3,283.5	4,539.1	3,122.0

Categories	Aggregate transaction values		
	Financial year ended 30 June 2012 <i>(HK\$ million)</i>	Financial year ended 30 June 2013 <i>(HK\$ million)</i>	Six months ended 31 December 2013 <i>(HK\$ million)</i>
Operational Services by members of the Group to members of the Services Group	9.3	2.9	1.0
Operational Services by members of the Services Group to members of the Group	511.2	473.0	332.3
Total	520.5	475.9	333.3

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MAXIMUM AGGREGATE ANNUAL VALUES

The Company expects that the Annual Caps in respect of the Continuing Connected Transactions contemplated under each of the New Master Services Agreements for the financial years ending 30 June 2015, 30 June 2016 and 30 June 2017 will be as below:

New CTF Enterprises Master Services Agreement

Categories	Aggregate transaction values		
	Financial year ending 30 June 2015 (HK\$ million)	Financial year ending 30 June 2016 (HK\$ million)	Financial year ending 30 June 2017 (HK\$ million)
Operational Services by members of the Group to members of the CTF Enterprises Group	226.8	865.4	1,201.0
Operational Services by members of the CTF Enterprises Group to members of the Group <i>(Note)</i>	<u>1.2</u>	<u>1.6</u>	<u>2.0</u>
Total	<u>228.0</u>	<u>867.0</u>	<u>1,203.0</u>

Note: The Operational Services by members of the CTF Enterprises Group mainly relate to the provision of rental services to members of the Group.

A significant portion of the Annual Caps for the Operational Services provided by members of the Group to members of the CTF Enterprises Group under the New CTF Enterprises Master Services Agreement is expected to be largely attributable to the provision of construction services. The surge in the Annual Caps as compared with their relevant historical transaction values is due to a residential construction project of considerable size in Hong Kong undertaken by the CTF Enterprises Group of which the Group has been engaged as a service provider.

The Annual Caps for the Operational Services provided by members of the CTF Enterprises Group to members of the Group are broadly in line with their relevant historical transaction values and are considered by the Board to be immaterial to the Group's overall operations.

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New NWD Master Services Agreement

Categories	Aggregate transaction values		
	Financial year ending 30 June 2015 (HK\$ million)	Financial year ending 30 June 2016 (HK\$ million)	Financial year ending 30 June 2017 (HK\$ million)
Operational Services by members of the Group to members of the NWD Group	11,432.0	14,506.5	16,287.9
Operational Services by members of the NWD Group to members of the Group	<u>75.1</u>	<u>117.1</u>	<u>157.2</u>
Total	<u>11,507.1</u>	<u>14,623.6</u>	<u>16,445.1</u>

A significant portion of the Annual Caps for the Operational Services provided by members of the Group to members of the NWD Group under the New NWD Master Services Agreement is expected to be largely related to the provision of construction services arising from certain potential sizeable upcoming and/or ongoing projects which include, but not limited to, certain private sector development projects as well as various residential and commercial development projects. The surge in the Annual Caps as compared with their relevant historical transaction values is mainly due to the works relating to the New World Centre redevelopment project, of which the Group has been engaged as a service provider, a large-scale project with a gross floor area of over 3 million square feet commenced in 2012 and is currently in full swing with substantial portion of works to be conducted in the next three financial years.

The Annual Caps for the Operational Services provided by members of the NWD Group to members of the Group, which are predominantly related to rental services and construction services (e.g. the supply of building materials), are considered by the Board to be relatively insignificant to the Group's overall operations.

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New DOO Master Services Agreement

Categories	Aggregate transaction values		
	Financial year ending 30 June 2015 <i>(HK\$ million)</i>	Financial year ending 30 June 2016 <i>(HK\$ million)</i>	Financial year ending 30 June 2017 <i>(HK\$ million)</i>
Operational Services by members of the Group to members of the Services Group	5.0	5.0	5.0
Operational Services by members of the Services Group to members of the Group	<u>2,150.2</u>	<u>3,538.4</u>	<u>3,173.8</u>
Total	<u>2,155.2</u>	<u>3,543.4</u>	<u>3,178.8</u>

A significant portion of the Annual Caps for the Operational Services provided by members of the Services Group to members of the Group under the New DOO Master Services Agreement mainly relates to the provision of contracting services. The surge in the Annual Caps as compared with their relevant historical transaction values is mainly due to the increase in the transaction values of construction projects related to the NWD Group and is in line with the increase in the Annual Caps for the Operational Services provided to the NWD Group under the New NWD Master Services Agreement given that the Group may need to engage sub-contractors/package contractors for its construction business and the Services Group is one of the Group's key sub-contractors/package contractors.

The Annual Caps for the Operational Services provided by members of the Group to members of the Services Group, which are predominantly related to the provision of facility management services, are broadly in line with their relevant historical transaction values and are considered by the Board to be immaterial to the Group's overall operations.

Each of the Annual Caps of the Operational Services contemplated under each of the New Master Services Agreements has been determined by reference to:

- (a) the historical annual or annualized amounts in respect of the Operational Services provided by the relevant members of the Group to the relevant members of the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be) and vice versa during the past two and a half financial years; and

LETTER FROM THE BOARD

(b) the projected annual or annualized amounts in respect of the Operational Services to be provided by the relevant members of the Group to the relevant members of the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be) and vice versa, in the next three financial years, having taken into account:

- the business growth of the Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be) having regard to the ongoing and/or upcoming projects undertaken and/or expected to be undertaken;
- the estimated future demand for the Operational Services, which is on an upward trend, based on the outlook of the industry in which the Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be) is engaged, the ongoing and/or upcoming projects undertaken and/or expected to be undertaken and/or anticipated to be secured and the respective business or development plan of the Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be);
- the inflation factor (which may vary in nature and can be economic, labour-related, logistics or otherwise and will result in a rise in costs). The inflation rate will be assessed by the Group by reference to or after taking into account of such rate(s) available publicly, such as that reported by the Hong Kong Census and Statistics Department, which was reported at approximately 4.20% in the first quarter of 2014;
- adjustments for non-recurring or extraordinary items to cater for exceptional circumstances or other contingencies (the extent of which cannot be precisely or meaningfully quantified at this juncture as each of such items will be assessed on a case by case basis); and

on the principal assumptions that, for the duration of the projected period, (i) 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; and (ii) the service industries in which the Group operates will have steady growth.

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

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE NEW MASTER SERVICES AGREEMENTS

The Continuing Connected Transactions contemplated under each of the New Master Services Agreements are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, as well as the

LETTER FROM THE BOARD

CTF Enterprises Group or the NWD Group or the Services Group (as the case may be). The Operational Agreements to be entered into pursuant to each of the New Master Services Agreements will be agreed on arm's length basis and on normal commercial terms.

The CTF Enterprises Group, the NWD Group and the Services Group, with profound experience in their respective areas of services and solid financial standing, have demonstrated themselves as reliable services providers or customers of the Group over the years. The Directors believe that the maintenance of the strategic business relationships with the CTF Enterprises Group, the NWD Group and the Services Group will not only allow the realization of synergies and economies of scale but will also continue to bring sustainable contribution to the Group's profitability in the long run.

The Directors (including the independent non-executive Directors) are of the views that the terms of each of the New Master Services Agreements and the relevant proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

Mr. Doo was considered as having material interest in the New DOO Master Services Agreement and the Continuing Connected Transactions contemplated thereunder. Dr. Cheng Kar Shun, Henry (an executive Director and the brother-in-law of Mr. Doo) and Mr. William Junior Guilherme Doo (an executive Director and the son of Mr. Doo), both being associates of Mr. Doo under the Listing Rules, had abstained from voting on the Board resolutions in relation to the New DOO Master Services Agreement. Moreover, both Dr. Cheng Kar Shun, Henry and Mr. William Junior Guilherme Doo also abstained from voting on the Board resolutions regarding the revision to the Approved Annual Cap, the New CTF Enterprises Master Services Agreement and the New NWD Master Services Agreement.

CONNECTION BETWEEN THE PARTIES INVOLVED AND REQUIREMENTS OF THE LISTING RULES

As at the Latest Practicable Date:

- CTF Enterprises holds approximately 42.89% of the total issued share capital of NWD and approximately 2.61% of the total issued share capital of the Company. NWD holds approximately 61.30% of the total issued share capital of the Company and is a substantial shareholder of the Company. CTF Enterprises is a controlling shareholder of NWD. Accordingly, both CTF Enterprises and NWD are regarded as connected persons of the Company under the Listing Rules.
- Mr. Doo was the Deputy Chairman of the Company and a non-executive Director within the preceding 12 months of the date of the New DOO Master Services Agreement. Accordingly, Mr. Doo is regarded as 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.

LETTER FROM THE BOARD

As regards the Revised Annual Cap for the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement, since all the applicable Percentage Ratios in respect of the Revised Annual Cap are more than 5%, the Company is required to comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in relation to the Revised Annual Cap.

As regards the Continuing Connected Transactions contemplated under each of the New Master Services Agreements, since certain applicable Percentage Ratios of the maximum aggregate annual value in respect of the Continuing Connected Transactions are more than 5%, the entering into of each of the New Master Services Agreements is subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

In the event that the relevant Annual Caps in respect of the relevant New Master Services Agreement is exceeded or the relevant New Master Services Agreement is renewed or materially varied, the Company will re-comply with the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 14A.45 to 14A.48 of the Listing Rules.

OTHER INFORMATION REGARDING CTF ENTERPRISES, NWD GROUP, MR. DOO, THE SERVICES GROUP AND THE GROUP

CTF Enterprises

The principal activity of CTF Enterprises is investment holding.

NWD Group

The principal businesses of the NWD Group include property, infrastructure, hotel operation, department store operation, services, as well as telecommunications and technology.

Mr. Doo

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

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.

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, all of them are independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders in respect of the SGM Matters after taking into account the advice from Crosby.

Crosby 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 SGM Matters, and whether they are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 27 and 28 of this Circular which contains its recommendation to the Independent Shareholders on the SGM Matters; and (ii) the letter from Crosby set out on pages 29 to 56 of this Circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the SGM Matters and the principal factors and reasons considered by Crosby in formulating its advice.

The Independent Board Committee, having taken into account the advice of Crosby, considers that the SGM Matters (namely, (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps) are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the SGM relating to the SGM Matters.

SGM

The Company will convene and hold the SGM at Meeting Room N101 (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 22 May 2014 at 10:30 a.m. to consider and, if thought fit, approve the SGM Matters. A notice of the SGM is set out on pages 66 to 68 of this Circular.

The voting at the SGM will be taken by poll.

LETTER FROM THE BOARD

In accordance with the Listing Rules, any connected person or Shareholder and its associates with material interests in the SGM Matters (namely, (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps) must abstain from voting on the resolutions to approve the SGM Matters at the SGM.

At the SGM:

- NWD and its associates shall abstain from voting to approve the respective resolutions regarding (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under the New NWD Master Services Agreement and the relevant Annual Caps;
- CTF Enterprises and its associates shall abstain from voting to approve the respective resolutions regarding the Continuing Connected Transactions contemplated under the New CTF Enterprises Master Services Agreement and the relevant Annual Caps; and
- Mr. Doo and his associates shall abstain from voting to approve the respective resolutions regarding the Continuing Connected Transactions contemplated under the New DOO Master Services Agreement and the relevant Annual Caps.

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

A form of proxy for use in connection with the SGM is also enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
NWS HOLDINGS LIMITED
Dr. Cheng Kar Shun, Henry
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



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)

5 May 2014

To the Independent Shareholders

Dear Sir or Madam,

**REVISION TO THE APPROVED ANNUAL CAP
FOR THE CONTINUING CONNECTED TRANSACTIONS
UNDER THE EXISTING NWD MASTER SERVICES AGREEMENT
AND
RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 5 May 2014 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the SGM Matters (namely, (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps) and to advise the Independent Shareholders as to whether, in our opinion, the SGM Matters are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Crosby 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 SGM Matters and whether the SGM Matters are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board as set out on pages 7 to 26 of the Circular which contains, among others, information on the SGM Matters as well as the letter from Crosby as set out on pages 29 to 56 of the Circular which contains its advice in respect of the SGM Matters.

Having taken into account the advice of Crosby, we consider that the SGM Matters are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the SGM Matters.

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

LETTER FROM CROSBY

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

CROSBY

5 May 2014

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

Dear Sirs/Madams,

**REVISION TO THE APPROVED ANNUAL CAP
FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE
EXISTING NWD MASTER SERVICES AGREEMENT
AND
RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS**

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with (i) the proposed Revised Annual Cap for the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) each of the New Master Services Agreements and the relevant proposed Annual Caps for the three financial years ending 30 June 2017, details of which are set out in the “Letter from the Board” contained in the circular dated 5 May 2014 (the “**Circular**”) of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise specifies.

On 11 April 2014, NWS announced that (i) following a review by the Board of the Continuing Connected Transactions under the Existing NWD Master Services Agreement, the Board envisages that there will be an expected increase in the continuing connected transactions (in terms of volume and transaction values) for the financial year ending 30 June 2014 and the Approved Annual Cap for the same period will not be sufficient, and accordingly, the Board considers it appropriate to re-set the maximum aggregate annual value for the Continuing Connected Transactions for the aforesaid period to the Revised Annual Cap; and (ii) given that all the Existing Master Services Agreements (namely, the Existing CTF Enterprises Master Services Agreement, the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement) will expire on 30 June 2014, the relevant parties to each Existing Master Services Agreement have agreed to continue with the arrangement under the relevant Existing Master Services Agreement after expiry of its term upon similar terms and/or conditions and covering broadly the same scope of services as in the relevant Existing Master Services Agreement by entering into the relevant New Master Services Agreement.

LETTER FROM CROSBY

As set out in the “Letter from the Board”, as at the Latest Practicable Date, (i) CTF Enterprises held approximately 42.89% of the total issued share capital of NWD and approximately 2.61% of the total issued share capital of NWS; (ii) NWD held approximately 61.30% of the total issued share capital of NWS and was a substantial shareholder of NWS; and (iii) Mr. Doo was the Deputy Chairman of NWS and a non-executive Director within the preceding 12 months of the date of the New DOO Master Services Agreement. Accordingly, (i) each of CTF Enterprises, NWD and Mr. Doo is regarded as a connected person of NWS under the Listing Rules; and (ii) each of the members of the Services Group is an associate of Mr. Doo and hence a connected person of NWS.

As all the applicable Percentage Ratios in respect of the Revised Annual Cap for the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement are more than 5%, NWS is required to comply with the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in relation to the Revised Annual Cap.

In relation to the Continuing Connected Transactions contemplated under each of the New Master Services Agreements, since certain applicable Percentage Ratios of the maximum aggregate annual value in respect of the Continuing Connected Transactions are more than 5%, the entering into of each of the New Master Services Agreements is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham has been established to advise the Independent Shareholders on the fairness and reasonableness of the Revised Annual Cap, and the terms of each of the New Master Services Agreements and relevant proposed Annual Caps in relation thereto and whether the Revised Annual Cap, the terms of each of the New Master Services Agreements and the proposed Annual Caps in relation thereto are in the interests of NWS and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Revised Annual Cap, the terms of each of the New Master Services Agreements and the relevant proposed Annual Caps in relation thereto for the Independent Board Committee’s consideration when making its recommendations to the Independent Shareholders.

LETTER FROM CROSBY

II. BASIS OF OUR OPINION

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

We consider that we have reviewed sufficient information and documents to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by NWS, the Management or the executive Directors or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the businesses and affairs of the NWS Group, the CTF Enterprises Group, the NWD Group, the Services Group or any of their respective members or the prospects of the markets in which they respectively operate.

III. PRINCIPAL FACTORS CONSIDERED

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

1. Information regarding the parties to the Continuing Connected Transactions

1.1 Background information 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 set out in NWS’ annual report for the year ended 30 June 2013 (the “**2013 Annual Report**”), the businesses of the NWS Group are categorized into two divisions, namely (i) the Infrastructure division; and (ii) the Services division.

LETTER FROM CROSBY

The Services division is sub-divided into three segments, namely (i) Facilities Management; (ii) Construction & Transport; and (iii) Strategic Investments. The Continuing Connected Transactions are primarily related to the businesses carried out by the Services division, in particular, the Construction & Transport segment.

The revenue derived from the Construction & Transport segment increased from HK\$5,832.1 million for the year ended 30 June 2012 to HK\$7,473.8 million for the year ended 30 June 2013, representing an increase of approximately 28.1%. The revenue derived from the Construction & Transport segment for the six months ended 31 December 2013 was HK\$5,787.4 million, representing an increase of approximately 75.1% compared to the corresponding period for the previous year.

As set out in the interim report of NWS for the six months ended 31 December 2013, the Management remains confident of the business of the Services division in light of the improving performance of the Construction & Transport segment.

1.2 Information regarding the NWD Group

The issued shares of NWD are listed on the main board of the Stock Exchange (stock code: 17). The principal businesses of the NWD Group include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology. As at the Latest Practicable Date, the NWD Group held approximately 61.30% of the total issued share capital of NWS.

1.3 Information regarding the CTF Enterprises Group

The principal activity of CTF Enterprises is investment holding and CTF Enterprises held approximately 42.89% of the total issued share capital of NWD and approximately 2.61% of the total issued share capital of NWS as at the Latest Practicable Date. CTF Enterprises is a controlling shareholder of NWD.

1.4 Information regarding 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.

2. Hong Kong construction industry and outlook

Based on our review, transactions contemplated under the Revised Annual Cap and the Annual Caps are mainly attributable to construction and/or contracting related services.

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As advised by the Management, construction projects which members of the NWS Group may compete for and/or work on, include but not limited to residential, office and commercial, development projects in the private or public sectors based in Hong Kong.

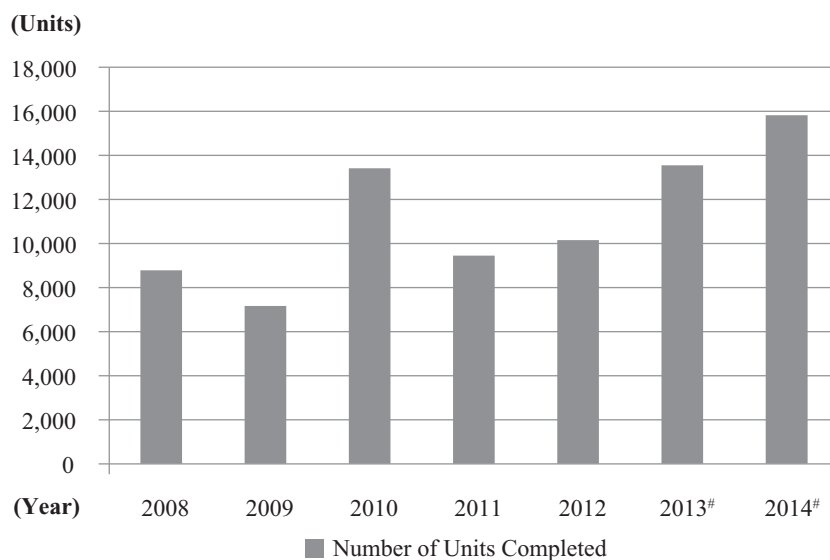
In light of the above, we set out below an overview on (i) the private sector residential properties; (ii) the public sector residential properties; and (iii) office and commercial properties, in Hong Kong.

2.1 Residential properties – private sector

The property sector has benefited from the low interest rate environment and sound economic fundamentals in Hong Kong in recent years.

Set out in Chart A below is the actual number of private residential units completed from 2008 to 2012 and the forecasted completion, according to the Rating and Valuation Department of Hong Kong, in 2013 and 2014.

Chart A: Private residential property units completed (actual/estimated) in Hong Kong



[#] the number of private residential property units to be completed in 2013 and 2014 estimated by the Rating and Valuation Department, Hong Kong

Source: Rating and Valuation Department, Hong Kong

Based on information published by the Rating and Valuation Department of Hong Kong, the lowest number of private residential units completed since 2008 were 7,160 units in 2009, and between 2010 and 2012, the number of private residential units completed were between 9,450 units and 13,410 units. The number of private residential units completed is estimated to be approximately 13,550 units in 2013 and forecasted to be approximately 15,820 units in 2014.

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In addition, we note from the 2013-14 Budget Speech and 2014-15 Budget Speech (the “**14/15 Budget Speech**”) by the Financial Secretary of Hong Kong that the Hong Kong Government (the “**Government**”) will continue to increase land supply in 2014. Under the 2013-14 Land Sale Programme, there will be 46 residential sites, of which 28 are new sites, capable of providing about 13,600 units in total. All major sources of land supply for private housing, which include the Government’s 2013-14 Land Sale Programme, lease modifications/land exchanges and other private developments, will provide land capable of buildings some 25,800 private residential flats.

According to the 14/15 Budget Speech, for the financial year ending 31 March 2015, the Government will put up for sale of 36 residential sites capable of providing approximately 14,000 private residential units, a record high since 2000-01 financial year. Together with other development projects, the total housing land supply from different sources will be capable of providing approximately 18,000 private residential units.

In relation to the long term housing strategy of Hong Kong, as per the 2014 policy address by the Chief Executive of Hong Kong (the “**2014 Policy Address**”), the Government accepts the recommendation of the Long Term Housing Strategy Steering Committee to increase housing supply. The new target is to provide a total of 470,000 units in the coming ten years, with public housing accounting for 60%.

We also understand from the Management that the NWS Group will, subject to award of tender or appointment, continue to provide, among others, construction services to members of the NWD Group and the CTF Enterprises Group in relation to their property development projects, the relevant works of which may potentially be sub-contracted to members of the Services Group or lead to the purchase of building materials from members of the Services Group.

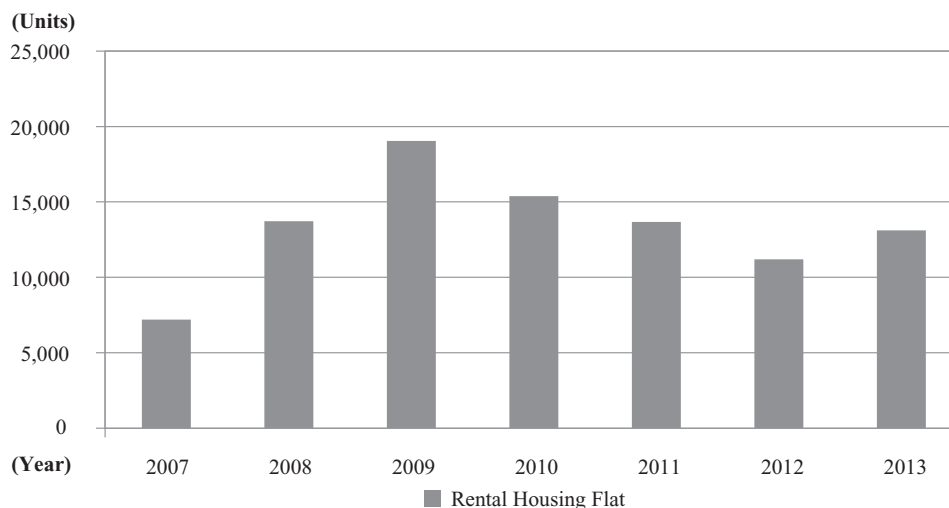
We have reviewed the latest published annual report of NWD (i.e. for the financial year ended 30 June 2013) (the “**2013 NWD Annual Report**”) for possible Hong Kong based residential property projects to be launched by NWD in the future and noted from that as at 30 June 2013, NWD has a land bank of approximately 9.3 million square feet (“**sq.ft.**”) total attributable gross floor area (“**GFA**”) for immediate development, of which approximately 60% were for residential use (i.e. approximately 5.6 million sq.ft.).

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2.2. Residential properties – public sector

Chart B below sets out the number of public residential units completed for the fiscal years from 2007 to 2013 (based on information published by the Hong Kong Housing Authority).

Chart B: Public housing units (rental housing flats) completed in Hong Kong



Source: Hong Kong Housing Authority

Based on information published by the Hong Kong Housing Authority, between the fiscal years 2007 to 2013, save for the fiscal year 2007 where the number of public housing units completed were 7,192 units, the number of public housing units completed for all other years were above 11,000 units as illustrated in Chart B above.

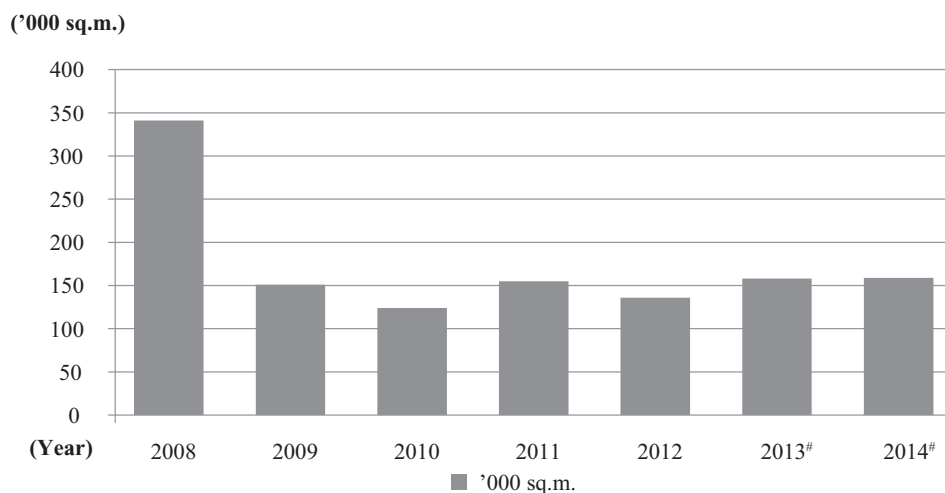
Furthermore, according to the 2014 Policy Address, in order to meet the new housing supply target, the Government aims to provide an average of about 20,000 public rental housing units and about 8,000 home ownership scheme units per year. This would mean that the supply of public housing in the coming ten years will increase by approximately 36% compared to what was pledged by the Government last year.

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2.3. Office and Commercial Properties

Set out in Chart C below is the private office floor area completed during the period from 2008 to 2012 and the estimated private office floor area to be completed in 2013 and 2014.

Chart C: Private office floor area completed in Hong Kong



[#] the private office floor area to be completed in 2013 and 2014 estimated by the Rating and Valuation Department, Hong Kong

Source: Rating and Valuation Department, Hong Kong

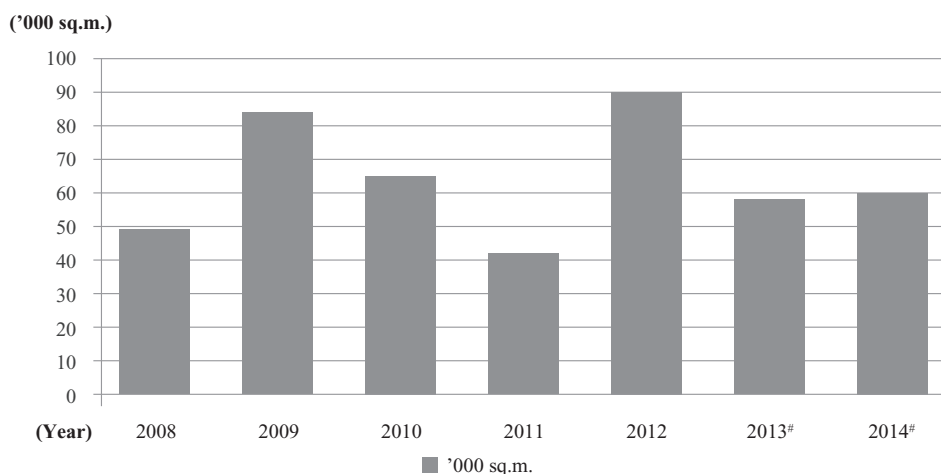
During the period between 2008 and 2012, the private office floor area completed ranged from approximately 124,000 square metre (“sq.m.”) to approximately 155,000 sq.m., save for 2008 where the private office floor area completed exceeded 300,000 sq.m.. The estimated completion of private office floor area according to the Rating and Valuation Department, Hong Kong for 2013 and 2014 are 158,000 sq.m. and 159,000 sq.m. respectively.

In terms of Grade A offices, during the period between 2009 and 2012, the floor area completed ranged from approximately 104,000 sq.m. to approximately 129,000 sq.m., with an average of approximately 118,000 sq.m.. The estimated completion of Grade A office floor area according to the Rating and Valuation Department, Hong Kong for 2013 and 2014 are 123,000 sq.m. and 132,000 sq.m., respectively.

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We set out in Chart D below the recent completions (in terms of sq.m.) in the private commercial property sector based on data published by the Rating and Valuation Department, Hong Kong.

Chart D: Private commercial floor area completed in Hong Kong



the private commercial floor area to be completed in 2013 and 2014 estimated by the Rating and Valuation Department, Hong Kong

Source: Rating and Valuation Department, Hong Kong

Between 2008 and 2012, the private commercial floor area completed ranged from approximately 42,000 sq.m. to approximately 90,000 sq.m.. The estimated private commercial floor area completion, according to the Rating and Valuation Department, Hong Kong, for 2013 and 2014 are 58,000 sq.m. and 60,000 sq.m. respectively.

Looking forward, according to the 14/15 Budget Speech, the Government is committed to increasing the supply of commercial land to provide room for further development of different economic activities in Hong Kong and intends to expedite the development of the Kowloon East core business district, which will provide an office floor area of approximately 4 million sq.m. upon completion of the development.

Further to the above, we have reviewed the 2013 NWD Annual Report and note that NWD has various office/commercial property projects to be completed/under development, which include but not limited to, the New World Centre which has a total GFA of over 3 million sq.ft..

We also understand from the Management that a significant proportion of the Annual Caps are related to contracting/construction services and that the NWS Group intends to continue to tender for construction contracts related to, among others, property development projects undertaken by the NWD Group and/or the CTF Enterprises Group, which if awarded to members of the NWS Group, may be sub-contracted to members of the Services Group in part.

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Having considered the information and analysis set out above, we are of the view that the prospect of the construction industry in Hong Kong in the next few years will remain positive and the Services division of the NWS Group, being one of the major players in the construction sector in Hong Kong, will benefit from the industry's growth.

3. Revision to the Approved Annual Cap

As set out in the "Letter from the Board", the Board envisages that the Approved Annual Cap for the financial year ending 30 June 2014 will not be sufficient due to an expected increase in the Operational Services provided by members of the NWS Group to members of the NWD Group, both in terms of volume and transaction values, and thus considers it appropriate to re-set the maximum aggregate annual value from HK\$6,027.0 million (i.e. the Approved Annual Cap) to HK\$7,589.1 million (i.e. the Revised Annual Cap) for the financial year ending 30 June 2014.

The Revised Annual Cap was determined with reference to (i) the actual value of the Operational Services provided by the relevant members of the NWS Group to the relevant members of the NWD Group for the period from 1 July 2013 to 31 December 2013; and (ii) NWS' current estimate of the possible value of the Operational Services to be provided by the relevant members of the NWS Group to the relevant members of the NWD Group from 1 January 2014 to 30 June 2014 (the "Estimate"). We have reviewed a schedule provided by the Management which sets out the Estimate on a project-by-project basis by categories of services provided by the relevant members of the NWS Group to the relevant members of the NWD Group from 1 January 2014 to 30 June 2014. From such schedule, we note that the Estimate mainly consists of construction services, which is consistent with the major type of Operational Services that has historically been provided by the relevant members of the NWS Group to the relevant members of the NWD Group, and understand from the Management that the Estimate is derived from existing construction projects after taking into consideration of (i) the estimated scope of works in respect of such projects; (ii) the estimated relevant construction price; and (iii) the expected progress of the construction works of such projects from 1 January 2014 to 30 June 2014.

Based on our review of the calculation of and our understanding of the assumptions considered by the Management in arriving at the Estimate, we concur with the Management that the Approved Annual Cap for the financial year ending 30 June 2014 will not be sufficient due to an expected increase in the Operational Services provided by members of the NWS Group to members of the NWD Group, and we are of the view that the Revised Annual Cap is reasonable and is in the interests of NWS and the Shareholders as a whole given that (i) the transactions under the Existing NWD Master Services Agreement are carried out in the ordinary course of business of the NWS Group; and (ii) it would ensure the flexibility of the NWS Group to provide services to the NWD Group for the period up to 30 June 2014 without unnecessary delay.

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4. New Master Services Agreements

4.1 Principal terms, basis and reasons for the New Master Services Agreements

For the principal terms of the New CTF Enterprises Master Services Agreement, New NWD Master Services Agreement and New DOO Master Services Agreement, including the respective nature of transactions/Operational Services covered and the pricing policies, please refer to section headed “New Master Services Agreements” in the “Letter from the Board”.

We note from the paragraph headed “Operational Agreement(s) and pricing policies” in the “Letter from the Board” that as a general principle, the prices and terms of the Operational Agreement(s) with respect of the Operational Services shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favourable than those charged and provided to the independent third party customers of the NWS Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be). Subject to the general principle disclosed above, the pricing policy for the provision of certain specified Operational Services pursuant to each of the New Master Services Agreements is set out in the same paragraph in the “Letter from the Board”.

As (i) all the Existing Master Services Agreements will expire on 30 June 2014 and that the Management expects the transactions contemplated under each of the Existing Master Services Agreements to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the NWS Group; and (ii) each the CTF Enterprises Group, the NWD Group and the Services Group have demonstrated themselves as consistent and reliable service providers/customers of the NWS Group over the years, the relevant parties to each of the Existing Master Services Agreements have agreed to continue with the current arrangement after expiry of its term upon similar terms and/or conditions and covering broadly the same scope of services by entering into the relevant New Master Services Agreement.

4.2 The nature and scope of the Continuing Connected Transactions under the New Master Services Agreements

Based on information as set out in the “Letter from the Board” in respect of the nature and scope of the Continuing Connected Transactions, we note the following:

A. New CTF Enterprises Master Services Agreement

The Operational Services under the New CTF Enterprises Master Services Agreement shall include the provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services,

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demolition, piling and foundation, building and property fitting out and decoration work, construction management, computer aided drafting services and related services, provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing, property management, property sales and letting agency services, provision of car parking management and related services and rental of properties, spare spaces, vehicles and vessels and related services.

Based on our discussion with the Management, we understand that for the two financial years ended 30 June 2013, transactions between the NWS Group and the CTF Enterprises Group were largely related to the provision of property management services by members of the NWS Group. However, the Annual Caps for the three financial years ending 30 June 2017 are expected to be largely attributable to the provision of construction services by members of the NWS Group to members of the CTF Enterprises Group as the development of a Hong Kong residential construction project by the CTF Enterprises Group is expected to be at full swing during the three financial years ending 30 June 2017 and such construction services provided by members of the NWS Group to members of the CTF Enterprises Group are expected to contribute significantly to the Annual Caps for the three financial years ending 30 June 2017.

In respect of the construction services, the Management advises that member(s) of the NWS Group is typically engaged as main contractor, management contractor or project manager of a development project after being selected from participating tenderers in a tender process set up by member(s) of the CTF Enterprises Group or through direct appointment by member(s) of the CTF Enterprises Group.

The Management advises that, where the member(s) of the NWS Group participates in a tender invitation under the aforesaid circumstances, the NWS Group's internal tender procedures (the "**Tender Procedures**") are followed. We have reviewed the Tender Procedures, which set out guidelines for the overall flow of the tendering process, pre-tendering stage, tendering stage and post tendering stage. The assessment criteria for considering whether to proceed with a tender invitation mainly includes, but not limited to, scale and nature of the project, historical relationship with the relevant member of the CTF Enterprises Group, and resource availability of the NWS Group. In preparing for the submission of a tender, tender review meeting of the relevant member of the NWS Group will be held to perform a thorough analysis of the project specifications, the collection of cost and other data which include quotations from sub-contractors for works packages, quotations from suppliers for materials, estimates on the allocation of machinery and equipment, management resources, labour costs, etc. In pricing a tender, the relevant member of the NWS Group will also make references to recent job quotations, such as tender record, purchase price of materials and equipment, labour costs and sub-contractors' quotations of

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projects completed or in progress in the NWS Group's data base. Related market information, such as materials price and labour costs' trend will also be retrieved for reference. These measures/procedures are designed to ensure the tender price (as well as the terms of the tender) to be offered by the NWS Group are fair and reasonable and comparable to those offered by the NWS Group to independent third parties. As advised by the Management, there has been no cases of the NWS Group participating in a tender invitation from the CTF Enterprises Group for the two years ended 30 June 2013 and the period from 1 July 2013 up to the Latest Practicable Date.

In connection with the engagements through direct appointment by member(s) of the CTF Enterprises Group, the Management advises that the consideration will be on a cost-plus basis agreed with member(s) of the CTF Enterprises Group, which is in line with the basis for engagements by independent third parties for projects of similar nature and size. As part of internal procedures, the relevant member of the NWS Group will perform a thorough analysis of the project specifications, the collection of cost and other data and the retrieval of other useful data on the NWS Group's data base for reference and assessment purpose. For engagements through direct appointment by member(s) of the CTF Enterprises Group, we have selected one sample transaction on a random basis and reviewed its sample documents, and note that the NWS Group has complied with the appropriate guidelines and approval policies, and its price and terms are no less favourable than those offered by the NWS Group to independent third parties. As discussed with and understood from the Management, the Group Audit and Risk Assurance Department of NWS (the "GARA") would conduct annual review on the cost-plus percentages used during the year and compare them to independent third party projects of similar nature and size. As advised by the Management, they have not noted any material non-compliance in connection with such procedures for each of the two years ended 30 June 2013 and the period from 1 July 2013 up to the Latest Practicable Date.

B. New NWD Master Services Agreement

The Operational Services under the New NWD Master Services Agreement shall include the provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, supply of construction and building equipment and materials, computer aided drafting services and related services, provision of information technology and telecommunications services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing,

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property management, property sales and letting agency services, provision of car parking management and related services and rental of properties, spare spaces, vehicles and vessels and related services.

We understand from the Management that the relevant Annual Caps are substantially related to the provision of construction services by members of the NWS Group. In respect of the construction services, the Management advises that member(s) of the NWS Group is typically engaged as the main contractor, management contractor or project manager of a development project after being selected from participating tenderers in a tender process set up by member(s) of the NWD Group or through direct appointment by member(s) of the NWD Group.

The Management advises that, where the member(s) of the NWS Group participates in a tender invitation under the aforesaid circumstances, the Tender Procedures are followed. Please refer to the sub-paragraph headed "A. New CTF Enterprises Master Services Agreement" above for details on the Tender Procedures. In relation to the NWS Group participating in a tender invitation from the NWD Group, we have selected one sample transaction on a random basis and reviewed its sample documents, and note that the NWS Group has complied with the guidelines and approval policies as set out in the Tender Procedures, and its tender price and terms are no less favourable than those offered by the NWS Group to independent third parties. As discussed with and understood from the Management, the GARA would conduct review on the Tender Procedures once every 2-3 years to ensure the appropriate procedures have been adhered to. As advised by the Management, they have not noted any material non-compliance in connection with such procedures for each of the two years ended 30 June 2013 and the period from 1 July 2013 up to the Latest Practicable Date.

In connection with the engagements through direct appointment by member(s) of the NWD Group, the Management advises that the consideration will be on a cost-plus basis agreed with the NWD Group, which is in line with the basis for engagements by independent third parties for projects of similar nature and size. Please refer to the sub-paragraph headed "A. New CTF Enterprises Master Services Agreement" above for details on the internal procedures relating to direct appointments. For engagements through direct appointment by member(s) of the NWD Group, we have selected one sample transaction on a random basis and reviewed its sample documents, and note that the NWS Group has complied with the appropriate guidelines and approval policies, and its price and terms are no less favourable than those offered by the NWS Group to independent third parties. As discussed with and understood from the Management, the GARA would conduct annual review on the cost-plus percentages used during the year and compare them to independent third party projects of similar nature and size. As advised by the Management, they have not noted any material

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non-compliance in connection with the such procedures for each of the two years ended 30 June 2013 and the period from 1 July 2013 up to the Latest Practicable Date.

C. New DOO Master Services Agreement

The Operational Services under the New DOO Master Services Agreement shall include the provision of (i) contracting services; (ii) cleaning and landscaping services; (iii) facility management services; (iv) property management services; (v) security and guarding services; and (vi) rental services, with details of each of the above categories of services set out under paragraph headed “3. New DOO Master Services Agreement” in the “Letter from the Board”.

Based on information provided by the Management, the relevant Annual Caps are substantially related to contracting services provided by members of the Services Group. In this connection, there are typically two types of arrangements.

Under the first type of arrangement, a member of the NWS Group is appointed as management contractor (the “**Management Contractor**”) or main contractor (the “**Main Contractor**”) or project manager (the “**Project Manager**”) and a member of the Services Group is designated by the ultimate employer (which may or may not be a member of the NWD Group or the CTF Enterprises Group) as a nominated sub-contractor. Services provided and/or work performed by the member of the Services Group will be monitored by the Management Contractor/Main Contractor/Project Manager. In addition, consideration to such member of the Services Group will be ascertained by independent professional quantity surveyor (the “**Independent Surveyor**”) appointed by the ultimate employer. In this connection, we have selected one sample transaction on a random basis and reviewed its sample documents, and note that such Independent Surveyor would recommend payment for the relevant sub-contracting works.

Under the second type of arrangement, a member of the NWS Group will invite quotations from at least two independent third parties (subject to availability and some of which may have engaged in contemporaneous transactions with the NWS Group) from a list of pre-approved contractors (which is subject to periodic review and update by its management to ensure the contractors’ quality standards) for services or products in similar quantities to determine if the price and terms offered by the Services Group are fair and reasonable as compared to those offered by independent third parties. If the price and terms offered by a member of the Services Group are equal to or better than those offered by the independent service providers, such member of the NWS Group may probably award the contract to such member of the Services Group. We have obtained from the Management and reviewed the aforesaid list of pre-approved contractors and note that there were over 2,800 pre-approved contractors as at the Latest

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Practicable Date. For projects which involve consideration of a substantial amount of over HK\$200,000, member(s) of the Services Group will participate in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the NWS Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including, but not limited to, relevant experience, capability and historical relationship) as set out in the bid invitation. Such sub-contracting/subletting arrangement is governed by a set of internal work procedures of such member of the NWS Group (the "**Sub-contracting/Subletting Procedures**"). The Sub-contracting/Subletting Procedures set out guidelines for the overall flow of the sub-contracting/subletting process, recruitment and assessment of sub-contractors/package contractors, appointment of major sub-contractors/package contractors (including electrical and mechanical related works), measurement works, payments, contra charges, final accounts, termination and performance assessment of sub-contractors/package contractors.

As discussed with and understood from the Management, the GARA would conduct annual review to ensure transactions with the Services Group have appropriately followed the aforesaid Sub-contracting/Subletting Procedures. As advised by the Management, they have not noted any material non-compliance in connection with the Sub-contracting/Subletting Procedures for each of the two years ended 30 June 2013 and the period from 1 July 2013 up to the Latest Practicable Date.

In relation to projects with consideration of over HK\$200,000, we have selected one sample transaction on a random basis and reviewed its sample documents, and note that the NWS Group has complied with the guidelines as set out in the Sub-contracting/Subletting Procedures, and the price and terms of such reviewed transaction between the NWS Group and the Services Group are no less favourable than those charged and/or provided to the independent third party sub-contractors/package contractors of the NWS Group.

Our view

Based on our work done, we are of the view that the transactions contemplated under the New Master Services Agreements are in the ordinary and usual course of business of the NWS Group and there are appropriate procedures in place (together with periodic reviews by the GARA) to ensure that the transactions contemplated under the New Master Services Agreements will be conducted on normal commercial terms that are no less favourable to the NWS Group than those available to or from independent third parties of the NWS Group or the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be).

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4.3 *Basis for determining the Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Master Services Agreements*

A. *Historical aggregate transaction values*

Set out below are the historical aggregate transaction values in respect of the Continuing Connected Transactions for the financial years ended 30 June 2012 and 2013 and the six months ended 31 December 2013.

(i) With the CTF Enterprises Group

Categories	Historical aggregate transaction values		
	Financial year ended		Six months
	30 June		ended
	2012	2013	31 December
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Operational Services by members of the NWS Group to members of the CTF Enterprises Group (i.e. Outgoing Services to the CTF Enterprises Group)	36.2	21.0	28.5
Operational Services by members of the CTF Enterprises Group to members of the NWS Group (i.e. Incoming Services from the CTF Enterprises Group)	<u>2.6</u>	<u>0.5</u>	<u>0.5</u>
Total	<u>38.8</u>	<u>21.5</u>	<u>29.0</u>

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(ii) With the NWD Group

Categories	Historical aggregate transaction values		
	Financial year ended		Six months
	30 June		ended
	2012	2013	31 December
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Operational Services by members of the NWS Group to members of the NWD Group (i.e. Outgoing Services to the NWD Group)	3,246.9	4,504.1	3,101.1
Operational Services by members of the NWD Group to members of the NWS Group (i.e. Incoming Services from the NWD Group)	<u>36.6</u>	<u>35.0</u>	<u>20.9</u>
Total	<u><u>3,283.5</u></u>	<u><u>4,539.1</u></u>	<u><u>3,122.0</u></u>

(iii) With the Services Group

Categories	Historical aggregate transaction values		
	Financial year ended		Six months
	30 June		ended
	2012	2013	31 December
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Operational Services by members of the NWS Group to members of the Services Group (i.e. Outgoing Services to the Services Group)	9.3	2.9	1.0
Operational Services by members of the Services Group to members of the NWS Group (i.e. Incoming Services from the Services Group)	<u>511.2</u>	<u>473.0</u>	<u>332.3</u>
Total	<u><u>520.5</u></u>	<u><u>475.9</u></u>	<u><u>333.3</u></u>

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B. Annual Caps in respect of the Continuing Connected Transactions contemplated under each of the New Master Services Agreements

As set out in the “Letter from the Board”, each of the Annual Caps of the Operational Services contemplated under each of the New Master Services Agreements has been determined with reference to:

- (i) the historical annual or annualized amounts in respect of the Operational Services provided by the relevant members of the NWS Group to the relevant members of the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be) and vice versa during the two financial years ended 30 June 2013 and the six months ended 31 December 2013; and
- (ii) the projected annual or annualized amounts in respect of the Operational Services to be provided by the relevant members of the NWS Group to the relevant members of the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be) and vice versa in the next three financial years ending 30 June 2017, having taken into account:
 - the business growth of the NWS Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be) having regard to the ongoing and/or upcoming projects undertaken and/or expected to be undertaken;
 - the estimated future demand for the Operational Services, which is on an upward trend, based on the outlook of the industry in which the NWS Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be) is engaged, the ongoing and/or upcoming projects undertaken and/or expected to be undertaken and/or anticipated to be secured and the respective business or development plan of the NWS Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be);
 - the inflation factor (which may vary in nature and can be economic, labour-related, logistics or otherwise and will result in a rise in costs). The inflation rate will be assessed by the NWS Group by reference to or after taking into account of such rate(s) available publicly, such as that reported by the Hong Kong Census and Statistics Department, which was reported at approximately 4.20% in the first quarter of 2014;
 - adjustments for non-recurring or extraordinary items to cater for exceptional circumstances or other contingencies (the extent of which cannot be precisely or meaningfully quantified at this juncture as each of such items will be assessed on a case by case basis); and

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on the principal assumptions that, for the duration of the projected period, (i) 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 NWS Group; and (ii) the service industries in which the NWS Group operates will have steady growth.

The tables below set out the Annual Caps in respect of the Continuing Connected Transactions contemplated under each of the New Master Services Agreements for the three financial years ending 30 June 2017.

(i) Annual Caps in connection with the New CTF Enterprises Master Services Agreement (the “**CTF Enterprises Annual Caps**”)

Categories	Aggregate transaction values		
	Financial year ending 30 June		
	2015	2016	2017
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Operational Services by members of the NWS Group to members of the CTF Enterprises Group (i.e. Outgoing Services to the CTF Enterprises Group)	226.8	865.4	1,201.0
Operational Services by members of the CTF Enterprises Group to members of the NWS Group (i.e. Incoming Services from the CTF Enterprises Group)	<u>1.2</u>	<u>1.6</u>	<u>2.0</u>
Total	<u><u>228.0</u></u>	<u><u>867.0</u></u>	<u><u>1,203.0</u></u>

(a) **CTF Enterprises Annual Caps – Outgoing Services to the CTF Enterprises Group**

Based on our discussion with the Management, we understand that unlike the historical Outgoing Services to the CTF Enterprises Group which were mainly attributable to property management services, a significant portion of the CTF Enterprises Annual Caps for Outgoing Services to the CTF Enterprises Group is expected to be largely attributable to the provision of construction services.

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In determining the CTF Enterprises Annual Caps for the Outgoing Services to the CTF Enterprises Group, the Management has prepared and we have reviewed a schedule which sets out, among others, the estimated contract values on a project-by-project basis by categories of services for each of the three financial years ending 30 June 2017 (the “**CTF Enterprises Annual Caps Schedule**”). We note from the CTF Enterprises Annual Caps Schedule that potential upcoming projects include, but not limited to, a private residential construction project of considerable size in Hong Kong undertaken by the CTF Enterprises Group of which the NWS Group has been engaged as a service provider.

We have discussed the information set out in the CTF Enterprises Annual Caps Schedule with the Management and note that the CTF Enterprises Annual Caps are based on, among others, (i) estimated scope of works in respect of the development projects set out in the CTF Enterprises Annual Caps Schedule; (ii) the estimated relevant construction price; and (iii) the expected progress of the construction works of the projects set out in the CTF Enterprises Annual Caps Schedule for the three financial years ending 30 June 2017.

We note that the CTF Enterprises Annual Caps for Outgoing Services to the CTF Enterprises Group represent a substantial increase from the historical transaction values of such services. As explained by the Management, the increase is mainly due to the considerable size of a residential construction project in Hong Kong undertaken by the CTF Enterprises Group.

(b) CTF Enterprises Annual Caps – Incoming Services from the CTF Enterprises Group

Based on our discussion with the Management, we understand that rental services accounted for a significant portion of the historical transaction value of the Incoming Services from the CTF Enterprises Group and are expected to continue to account for a significant portion of the CTF Enterprises Annual Caps for Incoming Services.

The CTF Enterprises Annual Caps for Incoming Services from the CTF Enterprises Group are broadly in line with the historical transaction value of the Incoming Services from the CTF Enterprises Group and such annual caps are considered to be immaterial to the NWS Group’s overall operations by the Management.

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- (ii) Annual Caps in connection with the New NWD Master Services Agreement (the “**NWD Group Annual Caps**”)

Categories	Aggregate transaction values		
	Financial year ending 30 June		
	2015	2016	2017
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Operational Services by members of the NWS Group to members of the NWD Group (i.e. Outgoing Services to the NWD Group)	11,432.0	14,506.5	16,287.9
Operational Services by members of the NWD Group to members of the NWS Group (i.e. Incoming Services from the NWD Group)	<u>75.1</u>	<u>117.1</u>	<u>157.2</u>
Total	<u><u>11,507.1</u></u>	<u><u>14,623.6</u></u>	<u><u>16,445.1</u></u>

(a) NWD Group Annual Caps – Outgoing Services to the NWD Group

Based on our discussion with the Management, we understand that construction services accounted for a significant portion of the historical transaction value of the Outgoing Services to the NWD Group.

In determining the NWD Group Annual Caps for Outgoing Services to the NWD Group, the Management has prepared a schedule which sets out the estimated contract values on a project-by-project basis by categories of services for each of the three financial years ending 30 June 2017 (the “**NWD Group Annual Caps Schedule**”).

We understand that the NWD Group Annual Caps for Outgoing Services are arrived at by the Management after taking into consideration, among others, (i) estimated scope of works in respect of the projects set out in the NWD Group Annual Caps Schedule; (ii) the estimated relevant construction price; and (iii) the expected progress of the construction works of the projects set out in the NWD Group Annual Caps Schedule for the three financial years ending 30 June 2017.

In assessing the fairness and reasonableness of the NWD Group Annual Caps for Outgoing Services to the NWD Group, we have reviewed and discussed the information provided by the Management, including the NWD Group Annual Caps Schedule. We note from the NWD Group Annual Caps Schedule that potential sizeable upcoming projects and/or ongoing projects in connection with construction

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services include, but not limited to, certain private sector development projects as well as various residential and commercial development projects in Hong Kong, such as the New World Centre¹ redevelopment project, which has been considered by NWD as an important redevelopment project of the NWD Group and a major development project in the Kowloon Peninsula².

We note that the NWD Group Annual Caps for Outgoing Services to the NWD Group represent a substantial increase from the historical transaction values of such services. Based on our review of the NWD Group Annual Caps Schedule, the increase is mainly due to the works relating to the New World Centre redevelopment project, of which the NWS Group has been engaged as a service provider, a large scale project with a GFA of over 3 million sq.ft.. We understand that the project, which commenced in 2012, is currently in full swing with substantial portion of the works to be conducted in the next three financial years.

(b) NWD Group Annual Caps – Incoming Services from the NWD Group

Based on information provided by the Management, the Incoming Services from the NWD Group are predominantly related to rental services and construction services (e.g. the supply of building materials).

We understand that in determining the NWD Group Annual Caps for Incoming Services from the NWD Group for the three financial years ending 30 June 2017, the Management has taken into consideration, among others, (i) the historical transaction values of the rental services provided to members of the NWS Group by members of the NWD Group; (ii) the estimated increment in the costs of such services; (iii) the additional services (which are within the scope of the Operational Services) required due to the continuing business expansion of the NWS Group; and (iv) the potential upcoming projects which may require the provision of construction services (e.g. the supply of building materials) from a new member of the NWD Group.

¹ As set out in the website of NWD (www.nwd.com.hk), the total GFA of New World Centre exceeds 3.0 million sq.ft. comprising retail and office space.

² Source: the annual report of NWD for the year ended 30 June 2013.

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The NWD Group Annual Caps for Incoming Services from the NWD Group are considered by the Management to be relatively insignificant to the NWS Group's overall operations.

(iii) Annual Caps in connection with the New DOO Master Services Agreement (the “**Services Group Annual Caps**”)

Categories	Aggregate transaction values		
	Financial year ending 30 June		
	2015	2016	2017
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Operational Services by members of the NWS Group to members of the Services Group (i.e. Outgoing Services to the Services Group)	5.0	5.0	5.0
Operational Services by members of the Services Group to members of the NWS Group (i.e. Incoming Services from the Services Group)	<u>2,150.2</u>	<u>3,538.4</u>	<u>3,173.8</u>
Total	<u><u>2,155.2</u></u>	<u><u>3,543.4</u></u>	<u><u>3,178.8</u></u>

(a) Services Group Annual Caps – Incoming Services from the Services Group

We understand that (i) the Services Group Annual Caps for the Incoming Services from the Services Group mainly relate to contracting services provided by the Services Group; (ii) the value of such services may fluctuate from year to year depending on a number of factors including the economic conditions, progress of projects, number and size of projects undertaken in a given financial year.

Based on our discussion with the Management, we understand that the Services Group Annual Caps for the contracting services are arrived at after taking into consideration of, among others, (i) the estimated scope of works in respect of the projects set out in the Services Group Annual Caps Schedule (as defined below); (ii) the estimated relevant contracting price; and (iii) the expected progress of the contracting works of the said projects for the three financial years ending 30 June 2017.

In assessing the fairness and reasonableness of the Services Group Annual Caps for the Incoming Services from the Services Group, we have reviewed and discussed the information set out in a schedule which includes, among others, the estimated contract values on a project-by-project basis by categories of services for each of the three financial years ending 30 June 2017 (the “**Services Group Annual**”).

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Caps Schedule”). We note from such schedule that potential sizeable upcoming projects in connection with contacting services include but not limited to, certain private sector development projects, in particular, various residential or commercial development projects.

We note that the Services Group Annual Caps for Incoming Services from the Services Group represent a significant increase from the historical transaction values of such services. Based on our review of the Services Group Annual Caps Schedule, we understand that such increase is mainly due to the increase in the transaction values relating to construction projects related to the NWD Group and is in line with the increase in the NWD Group Annual Caps for Outgoing Services to the NWD Group given that the NWS Group may need to engage sub-contractors/package contractors for its construction business and the Services Group is one of the NWS Group’s key sub-contractors/package contractors.

(b) Services Group Annual Caps – Outgoing Services to the Services Group

Based on information provided by the Management, the Outgoing Services to the Services Group are predominantly related to the provision of facility management services.

The Services Group Annual Caps for Outgoing Services to the Services Group are broadly in line with their relevant historical transaction values of the Outgoing Services to the Services Group and are considered by the Management to be immaterial to the NWS Group’s overall operations.

4.4 Our view on the Annual Caps

Based on our work done as set out above, we consider that the Annual Caps are reasonable given the following:

- (i) the Operational Services under the New Master Services Agreements are carried out in the ordinary and usual course of business of the NWS Group;
- (ii) the New Master Services Agreements would provide the NWS Group with the flexibility but not the obligation to engage in the provision of services to the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be), and vice versa, which flexibility is crucial to the NWS Group’s ordinary and usual course of business;
- (iii) the award of contracts to members of the NWS Group by members of the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be) and vice versa, is subject to successful tender and/or

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arm's length negotiation between the relevant parties at prices and on terms which are no less favourable than those charged and provided to the independent third parties of the NWS Group or the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be); and

- (iv) the increase in the Annual Caps as compared to the historical transaction values are mostly related to the construction operations and are determined after taking into consideration of (a) the property development projects being undertaken or expected to be undertaken by the CTF Enterprises Group and the NWD Group during the projected period; and (b) the progress and the scope of works of such projects.

However, Shareholders should note that the Revised Annual Cap and the Annual Caps relate to future events and do not represent a forecast of the transaction values as a result of the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual transaction values of the transactions contemplated under the Existing NWD Master Services Agreement and the New Master Services Agreements correspond with the Revised Annual Cap and the Annual Caps, respectively.

IV. REQUIREMENT BY THE LISTING RULES REGARDING THE CONTINUING CONNECTED TRANSACTIONS

We understand from the Management that NWS will actively monitor the progress and utilization of the Annual Caps to ensure compliance with the Listing Rules from time to time.

In addition, pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:
- in the ordinary and usual course of business of NWS;
 - either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to NWS than the terms available to or from (as appropriate) independent third parties; and
 - in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of NWS and the Shareholders as a whole.

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- (b) each year the auditor of NWS must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the NWS' annual report) confirming that the Continuing Connected Transactions:
- have received the approval of the Board;
 - are in accordance with the pricing policies of NWS if the transactions involve provision of goods or services by NWS;
 - have been entered into in accordance with the relevant agreement governing the Continuing Connected Transactions; and
 - have not exceeded the proposed caps.
- (c) NWS shall allow, and shall procure the relevant counterparty to the Continuing Connected Transactions to allow, NWS' auditors sufficient access to their records for the purpose of reporting on the Continuing Connected Transactions. The Board must state in the annual report whether its auditor have confirmed the matters stated in paragraph (b) above; and
- (d) NWS shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditor of NWS will not be able to confirm the matters set out in paragraphs (a) and/or (b) above respectively.

In light of the reporting requirements relating to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the proposed caps; and (ii) the ongoing review by the independent non-executive Directors and the auditor of NWS on the terms of the Continuing Connected Transactions and the proposed caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

V. RECOMMENDATION

Having considered the principal factors and reasons set out in this letter, in particular,

- (i) the Revised Annual Cap would provide the NWS Group with the flexibility to provide services to the NWD Group for the period up to 30 June 2014 without unnecessary delay and the value of, and the basis for determining, the Revised Annual Cap is fair and reasonable;
- (ii) the basis and reasons for the New Master Services Agreements;
- (iii) the provision of the Operational Services by the NWS Group to the CTF Enterprises Group, the NWD Group and the Services Group (as the case may be) and vice versa is a furtherance and continuance of the businesses of the NWS Group;

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- (iv) the Continuing Connected Transactions contemplated under the New Master Services Agreements will be conducted in the ordinary and usual course of business of the NWS Group and on normal commercial terms that are no less favourable than those available to or from independent third parties of the NWS Group or the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be); and
- (v) the value of, and the basis for determining, the Annual Caps are reasonable, details of which are set out in the section headed “4.3 Basis for determining the Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Master Services Agreements”,

we are of the opinion that each of the New CTF Enterprises Master Services Agreement (including the CTF Enterprises Annual Caps), the New NWD Master Services Agreement (including the NWD Group Annual Caps) and the New DOO Master Services Agreement (including the Services Group Annual Caps) is in the ordinary and usual course of business of the NWS Group and on normal commercial terms, and each of the New Master Services Agreements (together with the Annual Caps) and the Revised Annual Cap is in the interests of NWS and the Shareholders as a whole, and the terms are fair and reasonable so far as the Independent Shareholders are concerned, respectively.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions regarding (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps at the SGM.

Yours faithfully

For and on behalf of

Crosby Securities Limited

Alex Lau

*Managing Director
Corporate Finance*

Heidi Cheng

*Managing Director
Corporate Finance*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests of Directors in the shares, underlying shares and debentures (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			Total	Approximate percentage to the relevant issued share capital
	Personal interests	Family interests	Corporate interests ⁽¹⁾		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar Shun,					
Henry	18,349,571	–	12,000,000	30,349,571	0.817%
Mr. Tsang Yam Pui	180,000	–	–	180,000	0.005%
Mr. Lam Wai Hon,					
Patrick	1,316,207	–	7,608	1,323,815	0.036%
Mr. William Junior					
Guilherme Doo	484,813 ⁽²⁾	–	111,235 ⁽³⁾	596,048	0.016%
Mr. Kwong Che					
Keung, Gordon	1,207,077	–	–	1,207,077	0.032%
Dr. Cheng Wai Chee,					
Christopher	2,548,818 ⁽⁴⁾	–	–	2,548,818	0.069%
Mr. Wilfried Ernst					
Kaffenberger	723,372	–	–	723,372	0.019%

	Number of shares			Total	Approximate percentage to the relevant issued share capital
	Personal interests	Family interests	Corporate interests ⁽¹⁾		
Associated Corporations					
NWD					
(Ordinary shares)					
Dr. Cheng Kar Shun, Henry	–	600,000 ⁽⁵⁾	–	600,000	0.007%
Mr. Cheung Chin Cheung	124,400 ⁽⁶⁾	–	–	124,400	0.001%
Mr. William Junior Guilherme Doo	–	40,000 ⁽⁷⁾	–	40,000	0.000%
Mr. Kwong Che Keung, Gordon	40,000 ⁽⁸⁾	–	–	40,000	0.000%
New World China Land Limited (“NWCL”)					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar Shun, Henry	29,985,826	4,387,500	117,610,200	151,983,526	1.751%
Mr. William Junior Guilherme Doo	–	112,500	405,000	517,500	0.006%
Dr. Cheng Wai Chee, Christopher	387,448	–	–	387,448	0.004%
Newton Resources Ltd					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheung Chin Cheung	7,154	–	–	7,154	0.000%
Mr. Kwong Che Keung, Gordon	11,307	–	–	11,307	0.000%
Wai Kee Holdings Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Lam Wai Hon, Patrick	300,000	–	–	300,000	0.038%

Notes:

- (1) These shares are beneficially owned by a company 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) Such Shares include the deemed interest in 13,686 scrip Shares to be issued on or about 16 May 2014 under the interim dividend of the Company for the year ending 30 June 2014 (the “Interim Dividend”).
- (3) Such Shares include the deemed interest in 3,140 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend.

- (4) Such Shares include the deemed interest in 71,955 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend.
- (5) Such shares include the deemed interest in 150,000 rights shares to be issued on or about 29 April 2014 under the rights issue of NWD as disclosed in its prospectus dated 3 April 2014 (the "NWD Rights Issue").
- (6) Such shares include the deemed interest in 31,100 rights shares to be issued on or about 29 April 2014 under the NWD Rights Issue.
- (7) Such shares include the deemed interest in 10,000 rights shares to be issued on or about 29 April 2014 under the NWD Rights Issue.
- (8) Such shares include the deemed interest in 10,000 rights shares to be issued on or about 29 April 2014 under the NWD Rights Issue.

2.2 Interests in underlying shares – share options

Under the respective share option scheme of NWD and NWCL, both 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 scheme 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 NWD and NWCL:

	Date of grant	Exercisable period <i>(Notes)</i>	Number of share options outstanding
NWD			
(Exercise price of HK\$9.756 per share)			
Dr. Cheng Kar Shun, Henry	19 March 2012	(1)	10,014,956
NWCL			
(Exercise price of HK\$3.036 per share)			
Dr. Cheng Kar Shun, Henry	18 January 2011	(2)	2,077,922
Dr. Cheng Wai Chee, Christopher	18 January 2011	(2)	311,688

Notes:

- (1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- (2) 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.

2.3 Interests in debentures

As at the Latest Practicable Date, the following Directors had interests in the debentures issued by Rosy Unicorn Limited, NWCL, Fita International Limited and NWD (MTN) Limited, all of them are associated corporations of the Company within the meaning of Part XV of the SFO:

	Amount of debentures			Total	Approximate percentage to the relevant total amount of debentures in issue
	Personal interests	Family interests	Corporate interests <i>(Note)</i>		
Rosy Unicorn Limited					
Mr. William Junior Guilherme Doo	-	-	US\$4,500,000	US\$4,500,000	0.900%
NWCL					
Mr. Tsang Yam Pui	RMB3,500,000	-	-	RMB3,500,000	0.048%
Mr. Lam Wai Hon, Patrick	RMB1,000,000	-	-	RMB1,000,000	0.014%
Mr. William Junior Guilherme Doo	-	-	RMB21,500,000	RMB21,500,000	0.295%
Fita International Limited					
Mr. William Junior Guilherme Doo	-	-	US\$3,000,000	US\$3,000,000	0.400%
NWD (MTN) Limited					
Mr. William Junior Guilherme Doo	-	-	US\$2,000,000	US\$2,000,000	0.139%

Note: The debentures are held by a company/companies wholly owned by Mr. William Junior Guilherme Doo.

2.4 Interests in qualifying shares

As at the Latest Practicable Date, none of the Directors had any interest in the shares of the Company or any of its subsidiaries solely held in a non-beneficial capacity and for the purpose of holding the requisite qualifying shares.

Other than the interests in the shares, underlying shares and debentures as 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			Approximate percentage to the issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited (“CYTFH”)	–	2,390,927,106 ⁽¹⁾	2,390,927,106	64.36%
Cheng Yu Tung Family (Holdings II) Limited (“CYTFH-II”)	–	2,390,927,106 ⁽²⁾	2,390,927,106	64.36%
Chow Tai Fook Capital Limited (“CTFC”)	–	2,390,927,106 ⁽³⁾	2,390,927,106	64.36%
Chow Tai Fook (Holding) Limited (“CTFH”)	–	2,390,927,106 ⁽⁴⁾	2,390,927,106	64.36%
CTF Enterprises	97,034,424	2,293,892,682 ⁽⁵⁾	2,390,927,106	64.36%
NWD	1,544,138,947 ⁽⁶⁾	749,753,735 ⁽⁷⁾	2,293,892,682	61.74%
Mombasa Limited	685,781,658 ⁽⁸⁾	–	685,781,658	18.46%

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. Such Shares include the deemed interest in 16,477,402 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend. Dr. Cheng Kar Shun, Henry is also a director of CYTFH.
- (2) CYTFH-II holds approximately 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the Shares deemed to be interested by CTFC. Such Shares include the deemed interest in 16,477,402 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend. Dr. Cheng Kar Shun, Henry is also a director of CYTFH-II.
- (3) CTFC holds approximately 78.58% direct interest in CTFH and is accordingly deemed to have an interest in the Shares deemed to be interested by CTFH. Such Shares include the deemed interest in 16,477,402 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend. Dr. Cheng Kar Shun, Henry is also a director of CTFC.
- (4) CTFH holds 100% direct interest in CTF Enterprises and is accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF Enterprises. Such Shares include the deemed interest in 16,477,402 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend. Dr. Cheng Kar Shun, Henry is also a director of CTFH.

- (5) CTF Enterprises, together with its subsidiaries, hold more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the Shares interested by or deemed to be interested by NWD. Such Shares include the deemed interest in 16,477,402 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend. Dr. Cheng Kar Shun, Henry is also a director of CTF Enterprises.
- (6) Such Shares include the deemed interest in 14,142,030 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend. Dr. Cheng Kar Shun, Henry is also a director of NWD.
- (7) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the Shares held by Mombasa Limited. NWD is also deemed to be interested in 2,979,975 Shares held by Financial Concepts Investment Limited, 30,496,051 Shares each held by Hing Loong Limited and Fine Reputation Incorporated, all of them are subsidiaries of NWD. Such Shares include the deemed interest in 2,335,372 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend.
- (8) Such Shares include the deemed interest in 613,486 scrip Shares to be issued on or about 16 May 2014 under the Interim Dividend. Dr. Cheng Kar Shun, Henry is also a director of Mombasa Limited.
- (9) 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 BUSINESSES

As at the Latest Practicable Date, the following Directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar Shun, Henry	CTF Enterprises Group	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 roads and infrastructure businesses	Director
	Road King Infrastructure Limited	Development, operation and management of toll roads	Director
Mr. To Hin Tsun, Gerald	Mongolia Energy Corporation Limited	Investment in coal mining	Director

5. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this Circular which is significant in relation to the businesses of the Group;
- (b) none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation; and

- (c) none of the Directors had any direct or indirect interest in any asset which, since 30 June 2013 (the date to which the latest published audited financial statements of the Group were made up), had been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Board is not aware of any material adverse change in the financial or trading position of the Group since 30 June 2013, the date to which the latest published audited financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

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

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

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

As at the Latest Practicable Date, Crosby did not have any interest, direct or indirect, in any assets which since 30 June 2013, the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. MISCELLANEOUS

The English text of this Circular will prevail over the Chinese text in the event of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company in Hong Kong at 28/F., New World Tower, 18 Queen's Road Central, Hong Kong during normal business hours from the date of this Circular up to and including 22 May 2014 and at the SGM:

- (a) the Existing NWD Master Services Agreement;
- (b) the New Master Services Agreements;

- (c) the “Letter from the Independent Board Committee” as set out in this Circular;
- (d) the “Letter from Crosby” as set out in this Circular;
- (e) the consent letter of Crosby referred to in the section headed “Qualification and Consent of Expert” in this appendix; and
- (f) this Circular.



新創建 NWS

新創建集團有限公司*

NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 659)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of NWS Holdings Limited (the “**Company**”) will be held at Meeting Room N101 (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 22 May 2014 at 10:30 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing each of the following resolutions as an ordinary resolution:

ORDINARY RESOLUTIONS

1. “**THAT** the Revised Annual Cap for the financial year ending 30 June 2014 in respect of the provision of Operational Services by members of the Group to members of the NWD Group under the Existing NWD Master Services Agreement (a copy of which has been produced to the meeting marked “A” and initialled by the chairman of the meeting for identification purpose) be and is hereby approved, ratified and/or confirmed and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to take all steps necessary on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, the implementing and/or giving effect to the above matter (terms defined in the circular of the Company dated 5 May 2014 have the same meanings when used in this resolution)”.
2. “**THAT** the New CTF Enterprises Master Services Agreement dated 11 April 2014 entered into between CTF Enterprises and the Company (a copy of which has been produced to the meeting marked “B” and initialled by the chairman of the meeting for identification purpose), pursuant to which the Company and CTF Enterprises each agrees to procure that members of the Group or the CTF Enterprises Group (to the extent practicable) engage relevant members of the CTF Enterprises Group or the Group to provide certain operational services as more particularly set out in the “Letter from the Board” in the circular of the Company dated 5 May 2014 (the “**Circular**”) to relevant members of the Group or the CTF Enterprises Group, and **THAT**, the proposed annual caps in respect of the continuing connected transactions contemplated under the New CTF Enterprises Master Services Agreement for each of the three financial years ending 30 June 2017

* For identification purposes only

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as more particularly set out in the “Letter from the Board” in the Circular be and are hereby approved, ratified and/or confirmed, and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to take all steps necessary on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, the implementing and/or giving effect to the above matter (terms defined in the Circular have the same meanings when used in this resolution)”.

3. “**THAT** the New NWD Master Services Agreement dated 11 April 2014 entered into between NWD and the Company (a copy of which has been produced to the meeting marked “C” and initialled by the chairman of the meeting for identification purpose), pursuant to which the Company and NWD each agrees to procure that members of the Group or the NWD Group (to the extent practicable) engage relevant members of the NWD Group or the Group to provide certain operational services as more particularly set out in the “Letter from the Board” in the circular of the Company dated 5 May 2014 (the “**Circular**”) to relevant members of the Group or the NWD Group, and **THAT**, the proposed annual caps in respect of the continuing connected transactions contemplated under the New NWD Master Services Agreement for each of the three financial years ending 30 June 2017 as more particularly set out in the “Letter from the Board” in the Circular be and are hereby approved, ratified and/or confirmed, and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to take all steps necessary on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, the implementing and/or giving effect to the above matter (terms defined in the Circular have the same meanings when used in this resolution)”.

4. “**THAT** the New DOO Master Services Agreement dated 11 April 2014 entered into between Mr. Doo and the Company (a copy of which has been produced to the meeting marked “D” and initialled by the chairman of the meeting for identification purpose), pursuant to which the Company and Mr. Doo each agrees to procure that members of the Group or the Services Group (to the extent practicable) engage relevant members of the Services Group or the Group to provide certain operational services as more particularly set out in the “Letter from the Board” in the circular of the Company dated 5 May 2014 (the “**Circular**”) to relevant members of the Group or the Services Group, and **THAT**, the proposed annual caps in respect of the continuing connected transactions contemplated under the New DOO Master Services Agreement for each of the three financial years ending 30 June 2017 as more particularly set out in the “Letter from the Board” in the Circular be and are hereby approved, ratified and/or confirmed, and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to take all steps necessary on

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behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, the implementing and/or giving effect to the above matter (terms defined in the Circular have the same meanings when used in this resolution)".

By order of the board of
NWS HOLDINGS LIMITED
Chow Tak Wing
Company Secretary

Hong Kong, 5 May 2014

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the appointed time for holding of the Meeting or at any adjournment thereof (as the case may be).
3. A form of proxy for use at the Meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the Meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders are present at the Meeting personally or by proxy, then one of the registered holders so present whose name stands first on the Company's register of members in respect of such share will alone be entitled to vote in respect thereof.
5. Voting on the above resolutions will be taken by poll.
6. As at the date of this notice, (a) the executive directors of the Company 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 of the Company are Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (c) the independent non-executive directors of the Company are Mr. Kwong Che Keung, Gordon, 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.