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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS:  
MANAGEMENT BUYOUT – DISPOSAL OF THE DISPOSAL GROUP**

**AND**

**NOTICE OF SGM**

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



**Access Capital Limited**

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A letter from the Board is set out on pages 6 to 22 of this Circular. A letter from the Independent Board Committee is set out on page 23 of this Circular. A letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders of the Company is set out on pages 24 to 44 of this Circular.

A notice convening the SGM to be held at Meeting Room S423-S424 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 20 July 2010, at 10:30 a.m. is set out on pages 55 and 56 of this Circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of NWS Holdings Limited in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for 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.

2 July 2010

\* For identification purposes only

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## DEFINITIONS

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

“Access Capital”	Access Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in respect of the Disposal
“Adjusted Consideration Settlement Date”	the seventh business day after completion of the audit of the completion accounts of Group A (in respect of the Group A SP Agreement) or Group B (in respect of the Group B SP Agreement) by the auditor
“Adjusted NAV”	in respect of each of Group A and Group B, its unaudited consolidated net asset value as at 31 March 2010 (HK\$240.5 million and HK\$328.0 million in respect of Group A and Group B respectively) after deducting therefrom the dividends declared prior to the date of the relevant SP Agreement
“Announcement”	the announcement dated 11 June 2010 jointly issued by NWD and the Company in relation to the Disposal
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank Guarantee(s)”	the guarantee(s) and performance bond(s) or documents of similar nature provided by member(s) of the Group for securing the granting of any banking or other facilities to member(s) of the relevant Disposal Group
“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) and beneficially owned as to approximately 58.9% by the NWD Group as at the Latest Practicable Date
“Completion”	completion of the relevant SP Agreement

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## DEFINITIONS

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“Completion Accounts Date”	the last day of the calendar month immediately preceding the date of the SGM if the date of the SGM is otherwise than on the last day of a calendar month (or such other date as are mutually agreed by the Vendor and the Purchaser)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	collectively, the Group A Disposal and the Group B Disposal
“Disposal Companies”	all or any of the Group A Companies and the Group B Companies
“Disposal Group”	all or any of Group A and Group B and “members of the Disposal Group” shall be construed accordingly
“Group” or “NWS Group”	the Company and its subsidiaries from time to time
“Group A”	the Group A Companies and the Group A Members collectively and “members of Group A” shall be construed accordingly
“Group B”	the Group B Companies and the Group B Members collectively (and “members of Group B” shall be construed accordingly), the engineering business of NWSE(PRC) and the contracts of property management in Hong Kong of the Group
“Group A Companies”	(1) NWS Facility Services Limited; (2) Building Material Supplies Limited; (3) Clever Basis Limited; (4) New World Risk Management (L) Limited; and (5) NWS International Insurance Limited collectively
“Group B Companies”	(1) NWS Engineering Group Limited; (2) Elite Master Holdings Limited; and (3) Waihong Cleaning Limited collectively
“Group A Disposal”	the proposed disposal of the Group A Sale Shares under the Group A SP Agreement and the performance of the transactions contemplated thereunder
“Group B Disposal”	the proposed disposal of the Group B Sale Shares, the engineering business of NWSE(PRC) and the contracts of property management in Hong Kong of the Group under the Group B SP Agreement and the performance of the transactions contemplated thereunder

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## DEFINITIONS

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“Group A Members”	the companies which are to be held, whether directly or indirectly, by the Group A Companies upon Completion of the Group A SP Agreement after completion of the reorganisation by the Company
“Group B Members”	the companies which are to be held, whether directly or indirectly, by the Group B Companies upon Completion of the Group B SP Agreement after completion of the reorganisation by the Company
“Group A Sale Shares”	the entire issued share capital of each of the Group A Companies to be sold under the Group A Disposal which carry with them all dividends or distribution which may be paid, declared or made in respect of them on or after the Completion Accounts Date
“Group B Sale Shares”	the entire issued share capital of each of the Group B Companies to be sold under the Group B Disposal which carry with them all dividends or distribution which may be paid, declared or made in respect of them on or after the Completion Accounts Date
“Group A SP Agreement”	the conditional sale and purchase agreement dated 11 June 2010 entered into by the Vendor as vendor, the Purchaser as purchaser, Mr. Doo and Mr. Wong as warrantors in relation to the Group A Disposal
“Group B SP Agreement”	the conditional sale and purchase agreement dated 11 June 2010 entered into by the Vendor as vendor, the Purchaser as purchaser, Mr. Doo and Mr. Wong as warrantors in relation to the Group B Disposal
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, which comprises Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, established to advise the Independent Shareholders of the Company with regard to the Group A Disposal and the Group B Disposal
“Independent Shareholder(s)”	in respect of each of NWD and the Company, its shareholder(s), other than the Purchaser, Mr. Doo, Mr. Wong and their respective associates, who do not have any material interest in the Disposal

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## DEFINITIONS

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“Latest Practicable Date”	25 June 2010, being the latest practicable date prior to the printing of the Circular for ascertaining certain information contained in the Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	12:00 noon on 30 September 2010 in respect of the Group A SP Agreement and 12:00 noon on 31 July 2011 in respect of the Group B SP Agreement (or such later date as the parties to the relevant SP Agreement may agree in writing)
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Doo”	Mr. Doo Wai Hoi, William, a non-executive Director and the director of certain subsidiaries of NWD and the Company. He is also the beneficial owner of several corporate substantial shareholders of certain subsidiaries of NWD. Mr. Doo is the son-in-law of Dato’ Dr. Cheng Yu Tung (an executive NWD Director), the brother-in-law of Dr. Cheng Kar Shun, Henry (an executive NWD Director and an executive Director) and Mr. Cheng Kar Shing, Peter (a non-executive NWD Director), the uncle of Mr. Cheng Chi Kong, Adrian (an executive NWD Director), Mr. Cheng Chi Ming, Brian (an executive Director) and Mr. Cheng Chi Heng (an executive NWD Director) and the father of Mr. William Junior Guilherme Doo (an executive Director)
“Mr. Wong”	Mr. Wong Kwok Kin, Andrew, an executive Director
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17) and the holding company of the Company
“NWD Directors(s)”	the director(s) of NWD
“NWD EGM”	the extraordinary general meeting of NWD to be held for the purpose of considering and, if thought fit, approving, among other matters, the Disposal
“NWD Group”	NWD and its subsidiaries (including the Group) from time to time

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## DEFINITIONS

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“NWSE(PRC)”	新創機電工程有限公司 (NWS Engineering Ltd.), a company established in the PRC and a subsidiary of the Company
“PRC”	the People’s Republic of China (for the purpose of this Circular, excluding Hong Kong, Macau and Taiwan)
“Purchaser”	Fung Seng Enterprises Limited, a company incorporated in Hong Kong which is beneficially owned as to 90% and 10% by Mr. Doo and Mr. Wong respectively
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Charge”	a share charge creating a first fixed charge over the entire issued share capital of the Purchaser to be executed by the shareholder of the Purchaser in favour of the Vendor to secure the obligations and liabilities of the Purchaser under the Group A SP Agreement and the Group B SP Agreement
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving, among other matters, the Disposal
“SP Agreement(s)”	all or any of the Group A SP Agreement and the Group B SP Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	NWS Service Management Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

**Executive Directors:**

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

Mr. Tsang Yam Pui

Mr. Wong Kwok Kin, Andrew

Mr. Lam Wai Hon, Patrick

Mr. Cheung Chin Cheung

Mr. William Junior Guilherme Doo

Mr. Cheng Chi Ming, Brian

**Non-executive Directors:**

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

Mr. Wilfried Ernst Kaffenberger

(Alternate director to Mr. Wilfried Ernst Kaffenberger:

Mr. Yeung Kun Wah, David)

Mr. To Hin Tsun, Gerald

Mr. Dominic Lai

**Independent non-executive Directors:**

Mr. Kwong Che Keung, Gordon

Mr. Cheng Wai Chee, Christopher

The Honourable Shek Lai Him, Abraham

**Registered office:**

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

28/F., New World Tower

18 Queen's Road Central

Hong Kong

2 July 2010

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

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS:  
MANAGEMENT BUYOUT – DISPOSAL OF THE DISPOSAL GROUP**

On 11 June 2010, NWD and the Company jointly announced that the Vendor, the Purchaser, Mr. Doo and Mr. Wong have entered into the Group A SP Agreement and the Group B SP Agreement in respect of the Group A Disposal and the Group B Disposal respectively.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The Disposal is a management buyout as the Disposal Group will be disposed of to the Purchaser which is partially owned by Mr. Wong who is the existing management of the companies in the Disposal Group. Mr. Wong will tender his resignation as an executive Director after the Completion of the Group A SP Agreement.

As at the Latest Practicable Date, the NWD Group hold approximately 58.9% interest of the Company. The Vendor is a subsidiary of each of NWD and the Company. Mr. Doo and Mr. Wong (both of them are directors of the Company and connected persons of each of NWD and the Company under the Listing Rules), hold 90% and 10% indirect interest of the Purchaser respectively. Accordingly, the Purchaser is an associate of Mr. Doo and hence a connected person of each of NWD and the Company under the Listing Rules.

By virtue of the relationships as disclosed above and given that some of the applicable percentage ratios are more than 5% but less than 25% in respect of the Company, the Disposal constitutes (i) a discloseable transaction for the Company under Chapter 14 of the Listing Rules; and (ii) a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this Circular is to give you further details regarding, among others, further information on the Disposal, the advice of the Independent Board Committee to the Independent Shareholders of the Company and the advice from Access Capital to the Independent Board Committee and the Independent Shareholders of the Company and to give you notice of the SGM.

### **THE GROUP A DISPOSAL**

#### **Date of the Group A SP Agreement**

11 June 2010

#### **Parties**

Vendor: the Vendor (a subsidiary of each of NWD and the Company)

Purchaser: the Purchaser (a limited liability company beneficially owned as to 90% and 10% by Mr. Doo and Mr. Wong respectively)

Warrantors: Mr. Doo and Mr. Wong

#### **Assets to be disposed of under the Group A SP Agreement**

As part of the corporate strategy of the Group to consolidate and dispose of certain of its non-core businesses including (a) laundry and landscaping; (b) security and guarding; (c) trading of building materials; (d) senior residents' home; and (e) insurance brokerage, the Group A Sale Shares, representing the entire issued share capital of each of the Group A Companies, will be sold to the Purchaser under the Group A SP Agreement.

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## LETTER FROM THE BOARD

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### **Consideration for the Group A Disposal**

The consideration for the Group A Disposal is HK\$445.9 million, which is to be paid by the Purchaser to the Vendor in the following manner:

- (1) HK\$44.59 million, being 10% of the consideration for the Group A Disposal, was paid on the date of signing of the Group A SP Agreement; and
- (2) the remaining balance of the consideration for the Group A Disposal is to be paid on the date of Completion of the Group A SP Agreement.

The consideration for the Group A Disposal was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the Adjusted NAV of Group A of approximately HK\$235.5 million.

### **Adjustment to consideration for the Group A Disposal**

The consideration for the Group A Disposal is to be reduced by an amount equal to the amount of the audited consolidated net asset value of Group A (including any undistributed profits) as at the Completion Accounts Date which is less than the Adjusted NAV of Group A and on the Adjusted Consideration Settlement Date, the Vendor shall refund to the Purchaser such amount to be deducted.

The consideration for the Group A Disposal is to be increased by an amount equal to the amount of the audited consolidated net asset value of Group A (including any undistributed profits) as at the Completion Accounts Date which is in excess of the Adjusted NAV of Group A and on the Adjusted Consideration Settlement Date, the Purchaser shall pay to the Vendor such amount in excess.

### **Conditions precedent to Completion of the Group A SP Agreement**

Completion of the Group A SP Agreement is conditional upon:

- (1) NWD and the Company having obtained the approval of their respective Independent Shareholders to the Group A SP Agreement and the transaction contemplated thereunder at the NWD EGM and the SGM respectively;
- (2) completion of reorganisation by the Company such that Group A shall comprise the Group A Companies and the Group A Members only; and
- (3) (if necessary) each of NWD and the Company having obtained all necessary approvals, consents or waivers (as appropriate) as are required under the Listing Rules or other applicable regulations from the Stock Exchange or any other regulators in respect of the entering into and performance of the Group A SP Agreement.

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## LETTER FROM THE BOARD

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If the above conditions precedent cannot be fulfilled by the Long Stop Date, all rights and obligations of the parties under the Group A SP Agreement shall cease and terminate and the Vendor shall refund all deposit paid under the Group A SP Agreement to the Purchaser without interest forthwith.

### **Completion of the Group A SP Agreement**

Completion of the Group A SP Agreement shall take place on the fifth business day next following the day of fulfillment of all of the above conditions precedent (or such later date as the parties to the Group A SP Agreement may agree).

Upon Completion of the Group A SP Agreement, NWD and the Company will cease to have any equity interest in all the Group A Companies and the Group A Members and all of them will cease to be subsidiaries (if they are so prior to Completion of the Group A SP Agreement) of NWD and the Company.

It is contemplated that Mr. Wong will tender his resignation as an executive Director after the Completion of the Group A SP Agreement.

### **Undertakings by Mr. Doo, Mr. Wong and the Purchaser**

Each of Mr. Doo and Mr. Wong has in the Group A SP Agreement undertaken with the Vendor that he shall not, and shall use his best endeavours to procure that none of his associates, companies controlled by him, any nominee or trustee holding in trust for him and the holding company (whether immediate or intermediate) of the Purchaser shall sell, transfer, assign or otherwise dispose of (including without limitation, (i) the offer, allotment, issue or repurchase, grant of any option, right or warrant to subscribe for, either directly or indirectly, conditionally or unconditionally, any of its share capital or any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities, whether such arrangement is to be settled by delivery of share capital or such other securities, in cash or otherwise, or (iii) enter into any transaction, arrangement or understanding having the same economic effect as any transaction as aforesaid described, or (iv) enter into agreement for any of the same) any of his or its interest (whether direct or indirect) in the Purchaser within a period of four years from the date of Completion of the Group A SP Agreement provided that none of the restrictions shall apply to (1) the sale, transfer or otherwise disposal of his interest (whether direct or indirect) in the Purchaser to his own family members or between Mr. Doo and Mr. Wong; and (2) the issue and/or transfer of shares in the Purchaser by the Purchaser, Mr. Doo and/or Mr. Wong to the senior management of members of Group A and Group B in aggregate number of not exceeding 10% of the total number of issued shares of the Purchaser as at the date of Completion of the Group A SP Agreement within that four-year period.

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## LETTER FROM THE BOARD

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The Purchaser has in the Group A SP Agreement undertaken with the Vendor, among other matters, the following:

- (1) unless otherwise agreed by the Vendor in writing, the Purchaser shall not, and shall use its best endeavours to procure that none of its associates, companies controlled by it, any nominee or trustee holding in trust for it and the holding company (whether immediate or intermediate) of any Major Subsidiary (as defined below) shall encumber, sell, transfer, assign or otherwise dispose of (including without limitation, (i) the offer, allotment, issue or repurchase, grant of any option, right or warrant to subscribe for, either directly or indirectly, conditionally or unconditionally, any of its share capital or any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities, whether such arrangement is to be settled by delivery of share capital or such other securities, in cash or otherwise, or (iii) enter into any transaction, arrangement or understanding having the same economic effect as any transaction as aforesaid described, or (iv) enter into agreement for any of the same), other than for the purpose of intra-group transfer among members of Group A, any interests (whether direct or indirect) in any Major Subsidiary (i.e. a subsidiary where the value of its total assets, profits or revenue represents 10% or more under any of the percentage ratios as defined under Rule 14.07 of the Listing Rules) of Group A and Group B within four years from the date of Completion of the Group A SP Agreement; and
- (2) use its reasonable endeavours and within a period of one year from the date of Completion of the Group A SP Agreement, not to dismiss any employee of Group A save (a) in circumstances where the Purchaser or the respective members of Group A is entitled to summarily dismiss that person pursuant to the terms of the relevant employment contract with that person or under the applicable laws by which such employment is governed; (b) upon expiry (including expiry without any right of renewal) or termination (including early termination) of the service contract for which the relevant employee is working; or (c) when the services to be provided under the service contract for which the relevant employee is working is scaled down or incapable of being performed or no longer required by the employer of the service contract.

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## LETTER FROM THE BOARD

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### THE GROUP B DISPOSAL

#### Date of the Group B SP Agreement

11 June 2010

#### Parties

- Vendor: the Vendor (a subsidiary of each of NWD and the Company)
- Purchaser: the Purchaser (a limited liability company beneficially owned as to 90% and 10% by Mr. Doo and Mr. Wong respectively)
- Warrantors: Mr. Doo and Mr. Wong

#### Assets to be disposed of under the Group B SP Agreement

As part of the corporate strategy of the Group to consolidate and dispose of certain of its non-core businesses including (a) property management in Hong Kong; (b) cleaning; and (c) electrical and mechanical engineering, the Group B Sale Shares, representing the entire issued share capital of each of the Group B Companies, the engineering business of NWSE(PRC) and the contracts of property management in Hong Kong together with the entire economic risk and benefit for the operation of such property management contracts will be sold to the Purchaser subject to and upon the terms and conditions contained in the Group B SP Agreement.

#### Consideration for the Group B Disposal

The consideration for the Group B Disposal is HK\$442.6 million, which is to be paid by the Purchaser to the Vendor in the following manner:

- (1) HK\$44.26 million, being 10% of the consideration for the Group B Disposal, was paid on the date of signing of the Group B SP Agreement;
- (2) HK\$309.82 million, being 70% of the consideration (the “**Further Deposit**”) for the Group B Disposal shall be paid within five business days after obtaining of Independent Shareholders’ approval of both NWD and the Company to the Group B SP Agreement and the transaction contemplated thereunder; and
- (3) the remaining balance of the consideration for Group B Disposal is to be paid on the date of Completion of the Group B SP Agreement.

The consideration for the Group B Disposal was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to the Adjusted NAV of Group B of approximately HK\$298.0 million.

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## LETTER FROM THE BOARD

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### **Adjustment to consideration for the Group B Disposal**

The consideration for the Group B Disposal is to be reduced by an amount equal to the amount of the audited net asset value of Group B (including any undistributed profits) as at the Completion Accounts Date which is less than the Adjusted NAV of Group B and on the Adjusted Consideration Settlement Date, the Vendor shall refund to the Purchaser such amount to be deducted.

The consideration for the Group B Disposal is to be increased by an amount equal to the amount of the audited net asset value of Group B (including any undistributed profits) as at the Completion Accounts Date which is in excess of the Adjusted NAV of Group B and on the Adjusted Consideration Settlement Date, the Purchaser shall pay to the Vendor such amount in excess.

### **Conditions precedent to Completion of the Group B SP Agreement**

Completion of the Group B SP Agreement by the Vendor is conditional upon:

- (1) NWD and the Company having obtained the approval of their respective Independent Shareholders to the Group B SP Agreement and the transaction contemplated thereunder at the NWD EGM and the SGM respectively;
- (2) completion of the Group A SP Agreement;
- (3) completion of reorganisation by the Company such that Group B shall comprise the Group B Companies and the Group B Members only and the reorganisation of NWSE(PRC) as further described in the sub-paragraph headed "The Reorganisation" below in full compliance of the applicable laws, rules and regulations;
- (4) the Vendor obtaining the full and unconditional release and discharge of the performance guarantees given by a member of the Group in favour of third parties guaranteeing the performance and discharge of obligations and liabilities of certain members of Group B; and
- (5) (if necessary) each of NWD and the Company having obtained all necessary approvals, consents or waivers (as appropriate) as are required under the Listing Rules or other applicable regulations from the Stock Exchange or any other regulators in respect of the entering into and performance of the Group B SP Agreement.

The conditions precedent set out in (4) immediately above can only be waived by the Vendor at any time on or before the Long Stop Date. If the above conditions precedent cannot be fulfilled (or as the case may be, not waived by the Vendor insofar as they can be waived under the terms of the Group B SP Agreement) by the Long Stop Date, all rights and obligations of the parties under the Group B SP Agreement shall cease and terminate and the Vendor shall refund all deposits paid under the Group B SP Agreement to the Purchaser without interest forthwith.

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## LETTER FROM THE BOARD

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### Arrangements following obtaining of Independent Shareholders' approval but prior to Completion of the Group B SP Agreement

On the date of payment of the Further Deposit by the Purchaser (or such later date as the parties to the Group B SP Agreement may agree) and up to the date of Completion of the Group B SP Agreement (the “**Management Period**”), the businesses of the Group B Companies and the Group B Members shall be managed and operated by the Purchaser (the “**Business Operations**”) provided that such management and operation are, in the sole and absolute view of the Vendor, conducted in a manner consistent with past practices of the Group B Companies and the Group B Members, failing which, the Vendor shall have the absolute right to effect a forthwith termination of the Business Operations by the Purchaser by written notice to this effect.

During the Management Period:

- (1) the Purchaser shall not be entitled to any charge and/or fee for the Business Operations;
- (2) unless the parties to the Group B SP Agreement agree otherwise, the business operations of the Group B Companies and the Group B Members shall be funded by their internal resources and/or if with the prior written consent of the Vendor, by the Purchaser and the Vendor shall have no funding obligation in respect of any of them. In the event that the Vendor and the Purchaser shall fail to proceed to Completion of the Group B SP Agreement, all funding provided by the Purchaser with the prior written consent of the Vendor shall be refunded to the Purchaser (or to such person as it may direct) without interest; and
- (3) the Purchaser must obtain the prior written consent of the Vendor in respect of various major matters affecting the Group B Companies and the Group B Members, including but not limited to, departure from the ordinary course of business, sale or transfer or disposal of assets, creation of any encumbrance over any part of the assets, issue of share or other securities or loan capital, dissolution or liquidation or winding up, lending of money to its directors or their respective associates, borrow or raise money from any persons (save and except borrowing which are within the aggregate limit as agreed between the Vendor and the Purchaser), entering into of any material contract (save for the renewal of existing contracts) or other material transaction or capital commitment or undertake any material contingent liability, giving of any guarantee or indemnity or security, or change the composition of the board of directors and other senior management.

The Purchaser shall indemnify the Vendor and other members of the Group (the “**Beneficiaries**” and each a “**Beneficiary**”) fully and effectually indemnified from and against, inter alia:

- (1) all actions, proceedings, arbitrations, claims or demands of whatever nature (including without limitation third party claims or demands) brought or threatened against any of them, respecting any Group B Companies and Group B Members, or respecting or in connection with or arising (either directly or indirectly) out of the breach of all or any

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## LETTER FROM THE BOARD

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of the covenants and undertakings on the part of the Purchaser to be observed, performed and complied with regard to the Business Operations as set out in the Group B SP Agreement;

- (2) all actions, claims, liabilities, damages, payments, interest, compensations, costs and expenses of whatever nature which may result or which the relevant Beneficiary or Beneficiaries may suffer, incur or sustain as a result of the Bank Guarantee being enforced against any of them during the Management Period ((1) and (2) are collectively referred to as the “**Claims**”); and
- (3) to pay to the relevant Beneficiary or Beneficiaries forthwith on demand by the Vendor all damages, losses, liabilities, claims, fines, penalties, settlement, fees, compensations, interest, costs and expenses (including without limitation all legal costs and expenses on a full indemnity basis) which are paid, borne, suffered, sustained or incurred by any of them respecting or in connection with or arising (either directly or indirectly) out of any of the Claims and all amounts properly expended by the relevant Beneficiary or Beneficiaries in, or in connection with, defending or otherwise dealing with any of the Claims or in connection with, clarifying or analysing any or all of the obligations of the relevant Beneficiary or Beneficiaries in respect of the Claims.

### *Security from the Purchaser*

It is a term of the Group B SP Agreement that the shareholder(s) of the Purchaser shall upon Completion of the Group A SP Agreement execute the Share Charge in favour of the Vendor as security for, among other obligations and liabilities of the Purchaser under or pursuant to the SP Agreements, the indemnity mentioned immediately above in respect of the Claims and performance and discharge by the Purchaser of its payment obligations thereunder.

### **Completion of the Group B SP Agreement**

Completion of the Group B SP Agreement shall take place on the fifth business day next following the day of fulfillment of all of the above conditions precedent (or as the case may be, waiver by the Vendor in respect of such of the conditions precedent that can be waived under the terms of the Group B SP Agreement) (or such later date as the parties to the Group B SP Agreement may agree).

Upon Completion of the Group B SP Agreement, NWD and the Company will cease to have any equity interest in all the Group B Companies and the Group B Members and all of them will cease to be subsidiaries (if they are so prior to Completion of the Group B SP Agreement) of NWD and the Company.

### **Undertakings by Mr. Doo, Mr. Wong and the Purchaser**

Each of Mr. Doo and Mr. Wong has in the Group B SP Agreement undertaken with the Vendor that he shall not, and shall use his best endeavours to procure that none of his associates, companies controlled by him, any nominee or trustee holding in trust for him and the holding company (whether immediate or intermediate) of the Purchaser shall sell, transfer, assign or otherwise dispose of (including without limitation, (i) the offer, allotment, issue or repurchase,

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## LETTER FROM THE BOARD

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grant of any option, right or warrant to subscribe for, either directly or indirectly, conditionally or unconditionally, any of its share capital or any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities, whether such arrangement is to be settled by delivery of share capital or such other securities, in cash or otherwise, or (iii) enter into any transaction, arrangement or understanding having the same economic effect as any transaction as aforesaid described, or (iv) enter into agreement for any of the same) any of his or its interest (whether direct or indirect) in the Purchaser within a period of four years from the date of Completion of the Group A SP Agreement provided that none of the restrictions shall apply to (1) the sale, transfer or otherwise disposal of his interest (whether direct or indirect) in the Purchaser to his own family members or between Mr. Doo and Mr. Wong; and (2) the issue and/or transfer of shares in the Purchaser by the Purchaser, Mr. Doo and/or Mr. Wong to the senior management of members of Group A and Group B in aggregate number of not exceeding 10% of the total number of issued shares of the Purchaser as at the date of completion of the Group A SP Agreement within that four-year period.

The Purchaser has in the Group B SP Agreement undertaken with the Vendor, among other matters, the following:

- (1) unless otherwise agreed by the Vendor in writing, the Purchaser shall not, and shall use its best endeavours to procure that none of its associates, companies controlled by it, any nominee or trustee holding in trust for it and the holding company (whether immediate or intermediate) of any Major Subsidiary (as defined below) shall encumber, sell, transfer, assign or otherwise dispose of (including without limitation, (i) the offer, allotment, issue or repurchase, grant of any option, right or warrant to subscribe for, either directly or indirectly, conditionally or unconditionally, any of its share capital or any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities, whether such arrangement is to be settled by delivery of share capital or such other securities, in cash or otherwise, or (iii) enter into any transaction, arrangement or understanding having the same economic effect as any transaction as aforesaid described, or (iv) enter into agreement for any of the same), other than for the purpose of intra-group transfer among the Group B Companies and the Group B Members, any interests (whether direct or indirect) in any Major Subsidiary (i.e. a subsidiary where the value of its total assets, profits or revenue represents 10% or more under any of the percentage ratios as defined under Rule 14.07 of the Listing Rules) of Group A and Group B within four years from the date of Completion of the Group A SP Agreement;
- (2) use its reasonable endeavours and within a period of one year from the date of Completion of the Group A SP Agreement, not to dismiss any employee of the Group B Companies and the Group B Members save (a) in circumstances where the Purchaser or the relevant Group B Company or the relevant Group B Member is entitled to summarily dismiss that person pursuant to the terms of the relevant employment contract with that person or under the applicable laws by which such employment is governed; (b) upon expiry (including expiry without any right of

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## LETTER FROM THE BOARD

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renewal) or termination (including early termination) of the service contract for which the relevant employee is working; or (c) when the services to be provided under the service contract for which the relevant employee is working is scaled down or incapable of being performed or no longer required by the employer of the service contract; and

- (3) use its best endeavours to procure the return of the original parent company guarantee provided by a member of the Group in favour of a third party employer as security for the performance by Tridant Engineering Company Limited (a Group B Member) of its obligations and liabilities under a service contract with that employer within one year after the date of Completion of the Group B SP Agreement. The services contracted to be provided by Tridant Engineering Company Limited had been completed as at the Latest Practicable Date.

### **The Reorganisation**

As part of the reorganisation of the Group in preparation for the Group B Disposal and one of the conditions precedent to Completion of the Group B SP Agreement by the Vendor, all assets and liabilities of the engineering business of NWSE(PRC) (except all the PRC A shares, bank balance of approximately RMB503.9 million as at 31 March 2010 and certain related liabilities held by NWSE(PRC) and all income or liabilities derive from such PRC A shares, bank balance and certain related liabilities) shall be transferred to a member of Group B with effect from Completion of the Group B SP Agreement and Group B shall through appropriate arrangement as the Vendor in its absolute discretion thinks fit be entitled to the economic benefits derived from the operation of the engineering business of NWSE(PRC) as from the Completion Accounts Date (subject to Completion of the Group B SP Agreement).

### **TRANSITIONAL ARRANGEMENTS FOR ENSURING A SMOOTH HANDOVER AND TRANSITION OF BUSINESSES FOLLOWING COMPLETION**

The businesses of the Disposal Group cover a wide spectrum of services including (a) property management in Hong Kong; (b) laundry, landscaping and cleaning; (c) security and guarding; (d) trading of building materials; (e) electrical and mechanical engineering; (f) senior residents' home; and (g) insurance brokerage. Anticipating the time that is required for a smooth handover and transition of such a broad spectrum of businesses of the Disposal Group and the need for ensuring much-needed stability of both the Disposal Group on the one hand and the Group on the other hand during the transitional period immediately following Completion, the arrangements as particularised below will be implemented following Completion pursuant to the terms of the SP Agreements:

#### **Consultancy services to be provided by the Vendor**

The Vendor will provide advisory, consultancy, secretarial and technical support services (the “**Consultancy Services**”) to members of the Disposal Group for a term of one year commencing from the date of Completion of the Group A SP Agreement subject to the right of either party to terminate the Consultancy Services by giving to the other one month's prior written notice to that effect at a fixed monthly fee of HK\$100,000 payable to the Vendor for Consultancy Services of up to 40 working hours per month payable on the first business day of each month. All

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## LETTER FROM THE BOARD

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out-of-pocket expenses reasonably incurred by the Vendor in providing the Consultancy Services and working hours beyond the 40 working hours per month will be charged on an “as incurred” basis.

The Purchaser is to indemnify the Vendor from and against all actions, proceedings, arbitrations, claims and demands brought or threatened against the Vendor respecting or in connection with or arising (either directly or indirectly) out of anything done by the Vendor on the Purchaser’s behalf and/or at the Purchaser’s request in the provision of the Consultancy Services and the Purchaser shall pay to the Vendor forthwith on demand by the Vendor all damages, losses, liabilities, claims, fines, penalties, settlement, fees, compensations, interest, cost and expenses (including without limitation all legal costs and expenses on a full indemnity basis) which are paid, borne, suffered, sustained or incurred by the Vendor respecting or in connection with or arising (either directly or indirectly) out of the aforesaid actions, proceedings, arbitrations, claims and demands.

### **Bank Guarantees**

In order to allow time for the Purchaser in obtaining fresh banking or other credit facilities for the operation of the Disposal Group following Completion of each of the Group A SP Agreement and the Group B SP Agreement, it is a term of each of the Group A SP Agreement and the Group B SP Agreement that the Bank Guarantees provided by member(s) of the Group that are subsisting as at the respective dates of Completion of the Group A SP Agreement and the Group B SP Agreement are to remain in place for a period of six months from the said respective dates of Completion (or such longer period as may be agreed by the Vendor at its sole discretion) unless any of the Bank Guarantees shall have expired earlier according to their terms.

The Purchaser is to pay the Vendor a monthly maintenance fee of 1/12% on the aggregate amount of banking facilities granted to the Disposal Group and guaranteed by the Bank Guarantee as at the last day of a calendar month immediately preceding the date of payment of monthly fee of the next calendar month from and on the first business day of the fourth month after the respective dates of Completion of the Group A SP Agreement and the Group B SP Agreement.

The Purchaser is to counter-indemnify the Vendor (or such person as it may direct) from and against any actions, claims, liabilities, damages, costs and expenses of whatever nature which may result or which member(s) of the Group who is/are the guarantor(s) of the Bank Guarantees may suffer, incur or sustain (either directly or indirectly) as a result of any of the Bank Guarantees being enforced against any of them after Completion.

### *Security from the Purchaser*

It is a term of each of the Group A SP Agreement and the Group B SP Agreement that the shareholder(s) of the Purchaser shall upon Completion of the Group A SP Agreement execute the Share Charge in favour of the Vendor as security for, among other obligations and liabilities of the Purchaser under the SP Agreements, all actions, claims, liabilities, damages, costs and expenses of whatever nature which may result or which member(s) of the Group who is/are the guarantor(s) of the Bank Guarantees may suffer, incur or sustain (either directly or indirectly) as a result of any of the Bank Guarantees being enforced against any of them after Completion.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE DISPOSAL GROUP

The Disposal Companies comprise (1) Group A Companies: NWS Facility Services Limited, Building Material Supplies Limited, Clever Basis Limited, New World Risk Management (L) Limited and NWS International Insurance Limited; and (2) Group B Companies: NWS Engineering Group Limited, Elite Master Holdings Limited and Waihong Cleaning Limited.

The Disposal Group is the services operating arms of the Company and is principally engaged in the provision of services including (a) property management in Hong Kong; (b) laundry, landscaping and cleaning; (c) security and guarding; (d) trading of building materials; (e) electrical and mechanical engineering; (f) senior residents' home; and (g) insurance brokerage.

The unaudited consolidated net profits (both before and after taxation and extraordinary items) of the Disposal Group are as follows:

#### Group A:

	<b>For the financial year ended 30 June 2009 (unaudited) HK\$'000</b>	<b>For the financial year ended 30 June 2008 (unaudited) HK\$'000</b>
Net profit before taxation	73,474	54,563
Net profit after taxation	63,303	44,472

#### Group B:

	<b>For the financial year ended 30 June 2009 (unaudited) HK\$'000</b>	<b>For the financial year ended 30 June 2008 (unaudited) HK\$'000</b>
Net profit before taxation	157,972	103,613
Net profit after taxation	141,189	93,752

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECTS OF THE DISPOSAL

Subject to audit, the expected financial effects of the Disposal are, for illustration purpose only, set out below:

In respect of Group A Disposal: the expected unaudited gain to be derived from Group A Disposal would amount to approximately HK\$0.2 billion, representing the difference between the amount of the consideration for the Group A Disposal (assuming no adjustment of the consideration pursuant to the terms of the Group A SP Agreement) and the Adjusted NAV of Group A of approximately HK\$235.5 million less any transaction costs directly attributable to Group A Disposal including professional and other related expenses and relevant taxes.

In respect of Group B Disposal: the expected unaudited gain to be derived from Group B Disposal would amount to approximately HK\$0.1 billion, representing the difference between the amount of the consideration for the Group B Disposal (assuming no adjustment of the consideration pursuant to the terms of the Group B SP Agreement) and the Adjusted NAV of Group B of approximately HK\$298.0 million less any transaction costs directly attributable to Group B Disposal including professional and other related expenses and relevant taxes.

### REASONS FOR AND THE BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Disposal is a restructuring implemented by the Group with a view to streamlining its businesses through the disposal of its non-core businesses engaging in the provision of services of (a) property management in Hong Kong; (b) laundry, landscaping and cleaning; (c) security and guarding; (d) trading of building materials; (e) electrical and mechanical engineering; (f) senior residents' home; and (g) insurance brokerage.

The Disposal is in line with the Group's continuing corporate strategy to consolidate its non-core businesses in order to enhance shareholders' value and to refocus its efforts and resources on stable growth areas such as infrastructure business. The net cash status following the disposal by the Group of approximately 52.86% shareholding interest in Taifook Securities Group Limited and of its interest in Pollution and Protection group enables the Group to maximize growth potential for greater shareholder returns. The Disposal is in furtherance of this strategy and objective. Better risk control of the Group is also achieved through the disposal of the non-core businesses of the Group.

The Disposal enables the Company to enhance shareholders' value and capitalise returns from some of its non-core assets and facilitating re-deploying more resources to expand the existing core businesses of the Group, namely infrastructure business.

Having considered the Disposal would allow the Group to dispose of certain non-core businesses therefore allowing it to focus its resources and apply the proceeds from the Disposal on its core businesses, the Directors (including the independent non-executive Directors) consider the terms of each SP Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The sale proceeds of the Disposal of HK\$888.5 million will allow the Group to deploy capital to invest in large-scale infrastructure projects and as general working capital of the Group.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, NWD Group holds approximately 58.9% interest of the Company and the Vendor is a subsidiary of each of NWD and the Company. Mr. Doo and Mr. Wong, both of them are Directors of the Company and connected persons of each of NWD and the Company under the Listing Rules, hold 90% and 10% indirect interest of the Purchaser respectively. Accordingly, the Purchaser is an associate of Mr. Doo and hence a connected person of each of NWD and the Company under the Listing Rules.

Given that some of the applicable percentage ratios are more than 5% but less than 25% in respect of NWD and the Company, the Disposal constitutes (i) a discloseable transaction for each of NWD and the Company under Chapter 14 of the Listing Rules; and (ii) a connected transaction for each of NWD and the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, being all the independent non-executive Directors) has been formed to make recommendation to the Independent Shareholders of the Company in respect of the Disposal.

Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company in respect of the Disposal.

Immediately following Completion of each of the Group A SP Agreement and the Group B SP Agreement, there will be continuing or recurring transactions between certain members of Group A and Group B on the one hand and certain members of the Group on the other hand. These transactions will constitute continuing connected transactions of the Company. The Company will comply with the requirements of the relevant Listing Rules in respect of these continuing connected transactions, where applicable. Further announcement will be made by the Company as and when appropriate in accordance with the requirements of the Listing Rules.

### GENERAL INFORMATION

#### Information on the Purchaser

The Purchaser is beneficially owned as to 90% and 10% by Mr. Doo and Mr. Wong respectively. The principal activity of the Purchaser is investment holding. Mr. Wong is the existing management of the companies in the Disposal Group.

#### Information on the Group

The Group is principally engaged in (1) the investment in and/or operation of facilities, contracting, transport and financial services; and (2) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

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## LETTER FROM THE BOARD

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### SGM

The Company will convene the SGM at 10:30 a.m. on Tuesday, 20 July 2010 at Meeting Room S423-S424 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong to consider the Disposal. A notice of the SGM is set out on pages 55 and 56 of this Circular.

The Purchaser, Mr. Doo, Mr. Wong and their respective associates will abstain from voting on the resolution to approve the Disposal at the SGM.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the SGM will direct that the proposed resolution set out in the notice convening the SGM be voted by poll.

After the conclusion of the SGM, the results of the poll will be released on the HKExnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.nws.com.hk](http://www.nws.com.hk).

A form of proxy for use in connection with the SGM is also enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

### RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, has been established to advise the Independent Shareholders of the Company as to the fairness and reasonableness of the terms of the Disposal. Your attention is drawn to the advice of the Independent Board Committee set out in its letter set out on page 23 of this Circular. Your attention is also drawn to the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders of the Company in respect of the terms of the Disposal set out on pages 24 to 44 of this Circular.

The Independent Board Committee, having taken into account the advice of Access Capital, considers that the terms of the Disposal is on normal commercial terms and in the best interest of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the terms of the Disposal are fair and reasonable so far as the Independent Shareholders of the Company are concerned and recommend the Independent Shareholders of the Company to vote in favour of the ordinary resolution approving the Disposal at the SGM.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

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

Yours faithfully,  
**Dr. Cheng Kar Shun, Henry**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



2 July 2010

*To the Independent Shareholders of the Company*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS: MANAGEMENT BUYOUT – DISPOSAL OF THE DISPOSAL GROUP**

We refer to the Circular of which this letter forms part. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

Since the Disposal constitutes a discloseable transaction and a connected transaction for the Company under the Listing Rules, the Independent Board Committee has been formed to advise the Independent Shareholders of the Company as to whether, in our opinion, the terms of the Disposal are fair and reasonable so far as the Independent Shareholders of the Company are concerned. Access Capital has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Disposal.

We wish to draw your attention to (i) the Letter from the Board as set out on pages 6 to 22 of the Circular; (ii) the Letter from Access Capital as set out on pages 24 to 44 of the Circular and; (iii) the additional information as set out in the appendix to the Circular.

Having taken into account the terms and conditions of the Disposal and the advice from Access Capital, we consider that the terms and conditions of the Disposal are on normal commercial terms, fair and reasonable so far as the Independent Shareholders of the Company are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders of the Company to vote in favour of the ordinary resolution in respect of the Disposal to be proposed at the SGM.

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

\* For identification purposes only

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## LETTER FROM ACCESS CAPITAL

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



Suite 606, 6th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

2 July 2010

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

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS: MANAGEMENT BUYOUT – DISPOSAL OF THE DISPOSAL GROUP**

#### **I. INTRODUCTION**

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of NWS in connection with the Disposal pursuant to the SP Agreements as set out in the circular of NWS dated 2 July 2010 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise specifies.

On 11 June 2010, the NWD Board and the Board jointly announced that the Vendor, the Purchaser, Mr. Doo and Mr. Wong have entered into the Group A SP Agreement and the Group B SP Agreement on 11 June 2010 in respect of (i) the Group A Disposal at a consideration of HK\$445.9 million; and (ii) the Group B Disposal at a consideration of HK\$442.6 million. The Disposal is a management buyout as the Disposal Group will be disposed to the Purchaser which is partially owned by Mr. Wong who is the existing management of the Disposal Companies. Mr. Wong will tender his resignation as an executive Director after the Completion of the Group A SP Agreement.

Mr. Doo and Mr. Wong, both being Directors and connected persons of NWS under the Listing Rules, hold 90% and 10% indirect interest of the Purchaser respectively. Thus, the Purchaser is an associate of Mr. Doo and hence a connected person of NWS under the Listing Rules.

Since some of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes (i) a discloseable transaction for NWS under Chapter 14 of the Listing Rules; and (ii) a connected

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## LETTER FROM ACCESS CAPITAL

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transaction of NWS subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Purchaser, Mr. Doo, Mr. Wong and their respective associates will abstain from voting on the resolution(s) to approve the Disposal at the SGM.

### II. THE INDEPENDENT BOARD COMMITTEE

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

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, has been established to advise the Independent Shareholders of NWS as to whether (i) the terms of the SP Agreements and the transactions contemplated thereunder were on normal commercial terms and are fair and reasonable so far as the Independent Shareholders of NWS are concerned; and (ii) the Disposal is 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 of NWS in these respects and to give our opinion in relation to the Disposal for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders of NWS.

### III. BASIS AND ASSUMPTIONS OF THE ADVICE

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

We consider that we have reviewed sufficient currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by NWS and/or its management staff and/or the Directors or to believe that material information has been withheld or omitted from the information provided to

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## LETTER FROM ACCESS CAPITAL

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us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of NWS, the Disposal Group or any of their respective subsidiaries.

### IV PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### 1. Principal activities and background of the NWS Group

The NWS Group is principally engaged in (i) the investment in and/or operation of facilities, contracting, transport and financial services; and (ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities. The financial results of the NWS Group for the six months ended 31 December 2009, as extracted from the interim report of NWS for the six months ended 31 December 2009 (the “NWS 2009-10 Interim Report”), and each of the two years ended 30 June 2008 and 2009, as extracted from the annual report of NWS for the financial year ended 30 June 2009 are summarised in Table A set out below:

**Table A: Summary financial information of the NWS Group**

	<b>For the six months ended 31 December 2009</b>	<b>For the year ended 30 June</b>	
	<i>HK\$ million (Unaudited)</i>	<i>2009 HK\$ million (Audited)</i>	<i>2008 HK\$ million (Audited)</i>
Revenue	6,249.5	17,250.9	18,889.5
Cost of sales	<u>(5,113.2)</u>	<u>(15,407.3)</u>	<u>(16,519.4)</u>
Gross profit	1,136.3	1,843.6	2,370.1
Share of results of			
Associated companies	303.3	(63.5)	315.8
Jointly controlled entities	1,116.6	1,780.6	2,920.3
Profit for the period/year	2,362.8	2,580.7	4,052.8
Attributable to			
NWS Shareholders	2,305.4	2,528.8	3,836.9
Non-controlling interests	57.4	51.9	215.9

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**LETTER FROM ACCESS CAPITAL**

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	<b>As at 31 December 2009</b>	<b>As at 30 June 2009                      2008</b>	
	<i>HK\$ million (Unaudited)</i>	<i>HK\$ million (Audited)</i>	<i>HK\$ million (Audited)</i>
Non-current assets	25,390.9	24,106.9	25,173.1
Current assets	13,774.5	20,171.7	17,420.8
Net current assets	4,800.6	5,938.7	3,067.4
Net assets (excluding non-controlling interests)	24,603.0	23,175.2	21,246.7

***Six months ended 31 December 2009***

As set out in the NWS 2009-10 Interim Report, profit attributable to the Shareholders of approximately HK\$2,305.4 million for the six months ended 31 December 2009, represented an increase of approximately HK\$1,492.1 million, being approximately 183.5%, over that of the corresponding period in last year. The aforesaid increase in profit was largely attributable to (i) a HK\$728.7 million gain from the disposal of controlling interest in Taifook Securities Group Limited (“Taifook”), a company listed on the main board of the Stock Exchange (stock code: 665); and (ii) the increase of approximately HK\$498.0 million in the share of results of jointly controlled entities, largely from the sale of residential properties of Harbour Place in Hung Hom jointly developed by NWS and another property developer. Cash and bank balances as at 31 December 2009 was approximately HK\$7,919.5 million as compared to approximately HK\$5,205.1 million as at 30 June 2009.

***Year ended 30 June 2009***

As shown in the above table, the NWS Group recorded profit attributable to Shareholders of approximately HK\$2,528.8 million for the year ended 30 June 2009 (“FY 2009”), representing a decrease of approximately HK\$1,308.1 million or 34.1% from that of the year ended 30 June 2008. The aforesaid decrease was largely due to the decline in share of profit from Harbour Place, being approximately HK\$338.0 million and HK\$1,632.6 million for the year ended 30 June 2009 and 30 June 2008, respectively.

Despite operating in a challenging macro economy after the financial tsunami which impacted the world economies since the end of 2008, the NWS Group had been profit making in a number of business segments for FY 2009. We understand from the management of NWS that, from a strategic perspective, the NWS Group would be in a better position to capitalise on future business opportunities if it can refocus its existing resources and management efforts on its core business segments, including the PRC infrastructure market, construction sector, transportation sector and the management of the Hong Kong Convention and Exhibition Centre (“HKCEC”) and duty free business.

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### 2. Principal activities and background of the Disposal Group

The Disposal Companies comprise (i) Group A Companies: NWS Facility Services Limited, Building Material Supplies Limited, Clever Basis Limited, New World Risk Management (L) Limited and NWS International Insurance Limited; and (ii) Group B Companies: NWS Engineering Group Limited, Elite Master Holdings Limited and Waihong Cleaning Limited. Principal activities of the Group A Companies and Group B Companies are set out in Table B below:

**Table B: Summary information of the Disposal Group**

<b>Group A Companies</b>	<b>Principal activities</b>
NWS Facility Services Limited	Provision of property management, security and guarding services, laundry and landscaping services
Building Material Supplies Limited	Trading of building materials and the provision of maintenance and fitting services
Clever Basis Limited	Provision of elderly care services
New World Risk Management (L) Limited	Provision of insurance broking, underwriting, management and administrative services to insurers
NWS International Insurance Limited	Provision of insurance brokerage services
<b>Group B Companies</b>	<b>Principal activities</b>
NWS Engineering Group Limited	Provision of mechanical and electrical engineering services, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance systems
Elite Master Holdings Limited	Provision of property management services
Waihong Cleaning Limited	Provision of cleaning services

We have reviewed the management accounts of the Disposal Group and noted that the aggregate Adjusted NAV of Group A and Group B was approximately HK\$533.5 million (excluding non-controlling interests).

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The Disposal Group employed in the region of approximately 13,000 employees as at 31 December 2009, which represented over 30% of the total work force employed by the NWS Group, of over 40,000, as at 31 December 2009.

Based on the information provided by NWS, for FY 2009, the aggregate unaudited revenue and unaudited net profit of Group A and Group B was approximately HK\$3,752.7 million and HK\$204.5 million respectively. If excluding non-recurring income and expenses, the aggregate adjusted net profit (the “Adjusted Net Profit”) would be approximately HK\$178.6 million.

### 3. Dependence of the Disposal Group’s business on NWD

Based on the information provided by the management of NWS, the breakdown of revenue of the Disposal Group generated from (i) contracts from NWD and its related parties, and (ii) independent third parties to the NWS Group for FY 2009 are as follows:

**Table C: Revenue analysis of the Disposal Group**

	Approximately	
	HK\$ million	%
Revenue generated from		
– contracts from NWD and its related parties	1,157.7	30.8
– contracts from independent third parties	<u>2,595.0</u>	<u>69.2</u>
Total revenue generated by the Disposal Group	<u><u>3,752.7</u></u>	<u><u>100.0</u></u>

As set out above, approximately 30.8% of the total revenue of the Disposal Group for FY 2009 was attributable to contracts in connection with NWD and its related parties, which are considered to be significant.

### 4. Reasons for and the benefits of the Disposal

As set out in the “Letter from the Board” of the Circular, it is NWS Group’s continuing corporate strategy to consolidate its non-core businesses in order to enhance shareholders’ value and to refocus its efforts and resources on stable growth areas such as infrastructure business. The Disposal is a restructuring implemented by the NWS Group with a view to streamlining its businesses through the disposal of its non-core businesses engaging in the provision of services of (i) property management in Hong Kong; (ii) laundry, landscaping and cleaning; (iii) security and guarding; (iv) trading of building materials; (v) electrical and mechanical engineering; (vi) senior residents’ home; and (vii) insurance brokerage. The Disposal is a management buyout as the Disposal Group will be disposed to the Purchaser which is partially owned by Mr. Wong who is the existing management of the Disposal Companies and he will tender his resignation as an executive Director after Completion of the Group A SP Agreement.

The executive Directors have considered other alternatives to divest the Disposal Group, including but not limited to, a sale to other NWD Group companies, seek independent third party (as defined under the Listing Rules) buyers in the market, run a sale auction for the Disposal

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Group, sell the Disposal Group on a piecemeal basis and a possible spin-off, the details of which are set out in the sub-paragraph headed “*f. Alternative options to divest the interest of NWS in the Disposal Group*” below.

In order to form our opinion on the Disposal, we have taken the followings into consideration:

**a. Segmental analysis of the business of NWS Group**

The NWS 2009-10 Interim Report set out the information of NWS Group’s two major divisions of businesses, namely the infrastructure division and the services division and was appended as below:

**Table D: Attributable operating profit (“AOP”) of the infrastructure division and the services division**

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Infrastructure division		
– Roads	233.5	382.6
– Energy	216.9	42.8
– Water	120.8	93.1
– Ports and logistics	151.7	171.9
	722.9	690.4
Services division		
– Facilities management	400.4	314.7
– Contracting and transport	258.4	198.7
– Financial services	120.5	37.4
	779.3	550.8
<b>Total AOP</b>	<b>1,502.2</b>	<b>1,241.2</b>

*Note:* a full reconciliation of the AOP to the consolidated income statement for the six months period ended 31 December 2008 and 2009 was set out in the NWS 2009-10 Interim Report

For the infrastructure division, NWS is one of the major infrastructure investors in the PRC. It has established a strong foundation with 62 projects in the four segments of roads, energy, water as well as ports & logistics. For the services division, NWS offers an all-inclusive range of top quality services in Hong Kong, the PRC and Macau, leveraging its expertise to capture the business opportunities across the regions. As noted from Table D

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above, AOP mix of the infrastructure division and the services division for the six months ended 31 December 2009 was approximately 48.1% and 51.9% respectively. AOP of both divisions increased during the period under review.

With regards to the prospects of the infrastructure sector in the PRC, we noted that the PRC's twelfth "Five-year plan" (中國第十二個「五年計劃」) detailing, among other things, economic development initiatives in the PRC for the forthcoming five years, from 2011 to 2015, is due to be released later this year.

According to a PRC Government official, the total estimated investments in PRC infrastructure, including investments in railways, toll roads and airports, would be approximately RMB7,000.0 billion across the PRC under the twelfth "Five-year plan", subject to the finalisation of the "Five-year plan".

As for the services division, the AOP of the "Facilities management" segment increased to approximately HK\$400.4 million for the six months ended 31 December 2009, representing an increase of approximately 27.2% from the corresponding period in last year. The increase was largely attributed to facilities management for the HKCEC and duty free business, which is considered to be one of the core business segments of the NWS Group after the Disposal.

The AOP of the "Contracting and transport" segment increased to approximately HK\$258.4 million for the six months ended 31 December 2009, representing an increase of approximately 30.0% from the corresponding period in last year. As for the "Financial services" segment, which mainly comprised of the results of Taifook and Tricor Holdings Limited, the AOP is likely to decrease subsequent to the completion in December 2009 of the disposal of approximately 52.86% shareholding interest in Taifook in which NWS Group only maintained the holding of approximately 8.99% shareholding interest.

However, according to information provided by NWS, the total contribution by the Disposal Group to the AOP of NWS Group only represented approximately 4.8% for the six months ended 31 December 2009.

### ***b. Corporate strategy of NWS to consolidate its non-core businesses***

NWS Group began to consolidate and dispose of its non-core businesses in early 2009, which is evidenced by, among other things, (i) the disposal of two subsidiaries, namely Pollution & Protection Consultant Limited ("PPC") and Pollution & Protection Services Limited ("PPS"), the principal activities of which are the provision of cleaning and other relevant services, and (ii) the disposal of its controlling interest in Taifook, the principal activities of the Taifook group comprise, among other things, the provision of financing services, brokerage and trading services and corporate advisory services.

As set out in the announcement of NWS dated 10 March 2009, ProPlus Limited ("ProPlus"), an indirect wholly-owned subsidiary of NWS, entered into an agreement on 10 March 2009 with a purchaser, pursuant to which ProPlus agreed to sell to the purchaser its interests in PPC and PPS for a consideration of HK\$34.5 million, which represented a historical price-to-earnings ratio ("P/E ratio") of approximately 4.5 times. The Directors are

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of the view that this disposal would, (i) provide an opportunity for NWS Group to scale down its cleaning business in Hong Kong, enabling it to improve its operational efficiency, (ii) further improve NWS Group's risk control by reducing its scope of cleaning business, and (iii) allow NWS Group to reallocate its resources and focus on other key businesses in its service division.

As set out in the announcement of NWS dated 20 November 2009 (the "2009 Announcement"), NWS entered into a sale and purchase agreement with Hai Tong (HK) Financial Holdings Limited ("Hai Tong (HK)") on 19 November 2009, pursuant to which Hai Tong (HK) conditionally agreed to purchase and NWS conditionally agreed to procure the sale of approximately 52.86% of the entire issued share capital of Taifook, for a cash consideration of approximately HK\$1,822.4 million. This transaction was completed on 21 December 2009.

As set out in the 2009 Announcement, the disposal of NWS Group's controlling interest in Taifook is part of NWS's continuing corporate strategy to downsize its non-core service-related businesses in order to enhance shareholders' value and to refocus its efforts and resources on other stable growth areas such as infrastructure. It was also noted that the funds raised from the aforesaid disposal will strengthen NWS Group's financial position and will further enhance its cash position.

We concurred with the management of NWS that the Disposal is in furtherance of this strategy and objective and will achieve a better risk control of the NWS Group as the disposal of non-core businesses of the NWS Group will allow the NWS Group to refocus its efforts and resources on its core businesses such as infrastructure business.

### *c. Nature of businesses of the Disposal Group and their operating environment*

The major business segment of the services division is "Facilities management" which comprises various service businesses including the management of HKCEC, duty free business and facility services such as property management, cleaning and laundry, security and guarding related services. Facilities services are considered to be more labour intensive and highly competitive businesses. Given a readily available work force, the barrier of entry is considered to be relatively low in the absence of, among other things, the need to invest in sophisticated technologies or machineries on a large scale, highly trained and qualified workforce, stringent regulatory environment or a monopolised market. Further, as service contracts are typically on a relatively short term basis, such would constantly provide opportunities for new entrants to compete. The aforesaid factors fostered a highly competitive environment and exerted ongoing downward pressure on profit margins. Further, due to its labour intensive nature, extensive management resources are required in the "facilities services" business segments.

The competitive environment of the "facilities services" sector is further evidenced by, among other things, the followings:

- (i) A large number of enterprises were engaged in the "facilities services" sector. According to a publication by the Provisional Minimum Wage Commission ("PMWC") on statistics by sectors, we noted that in 2008 there were

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approximately 460 enterprises operating within the real estate maintenance management sector (which includes building management, building maintenance services, real estate maintenance services), approximately 540 enterprises operating within the cleaning services sector (which includes establishments mainly engaged in the interior and exterior cleaning of buildings and provision of industrial cleaning services and street sweeping) and approximately 190 enterprises operating within the security services sector (which includes investigation activities and services to building and landscape care activities).

- (ii) Statistics supported that there is a readily available work force in the market for the “facilities services” sector. As per statistics of the second quarter of 2009 set out in a publication by the PMWC, the real estate maintenance management sector, the cleaning services sector and the security services sector, all of which was preliminarily identified as low paying sectors by the PMWC, employed approximately 99,400, 34,100 and 65,500 workers, respectively.

### *d. Uncertainties over the prospects of the Disposal Group*

The revenue of the Disposal Group has largely been stable with no significant growth for period between 2007 and 2009; and declined for the nine months ended 31 March 2010 as compared to the last corresponding period, according to the information provided by NWS.

According to our discussion with the management of NWS, we noted that the property management business of the Disposal Group is under pressure to or at risk of reduction in its managing remuneration fee upon renewal of property management contracts with certain sizeable housing estates. The Disposal Group has several major cleaning contracts which will expire in year 2011 and 2012. These contracts may or may not be renewed, which leads to uncertainties of the operating results of the Disposal Group in the property management business sector.

We also noted that NWS Engineering Group Limited, being one of the largest sub-groups in terms of revenue and net profit contribution to the Disposal Group in FY 2009, derived a significant portion of its revenue and net profit from projects in Macau, which were mainly related to the leisure and gaming industry, in particular hotels. According to data published by the Statistics and Census Service Department of Macau, both the approved and newly commenced construction projects (excluding residential properties) in Macau, in terms of gross floor area, declined from 2007 to 2009. If such trend were to continue, the revenue of NWS Engineering Group Limited may be adversely impacted.

In addition, as set out in the paragraph headed “3. Dependence of the Disposal Group’s business on NWD” above, the Disposal Group’s revenue relies heavily on NWD. Approximately 30.8% of the total revenue of the Disposal Group for FY 2009 was attributable to contracts in connection with NWD and its related parties. Given a significant number of contracts between the Disposal Group and NWD and/or its related parties are of a short term nature, i.e. terms of three years or less, there is no assurance that the Disposal Group will be engaged by NWD and/or its related parties after the completion of these contracts. The future prospect of the Disposal Group is subject to uncertainties.

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*e. Potential implications from the possible enactment of the new minimum wage bill*

On 27 February 2009, the Hong Kong Government announced the appointments for and the composition of the PMWC. The PMWC is mainly tasked to advise the Chief Executive of Hong Kong on the initial statutory minimum wage rate to be adopted. Since the establishment of the PMWC, a number of meetings were held on such issue. As at the Latest Practicable Date, the initial statutory minimum wage rate is still at the stage of public consultation.

According to the “Quarterly report of wage and payroll statistics” published by the Census and Statistics Department of Hong Kong in relation to the quarter ended 31 December 2009, the range of the average hourly rate of frontline workers involved in the provision of cleaning or security or property management services was approximately HK\$22.4 to HK\$35.6.

We understand that upon the enactment of the minimum wage bill, relevant companies may be subject to a one-off increase in their long service provision since long service payments to employees are calculated based on, among other things, their monthly wages. Several principal subsidiaries of the Disposal Group, in particular those with the principal activities of provision of services such as cleaning, property management, security and guarding are likely to be affected by the enactment of the new minimum wage bill. In these sectors, wages and salaries accounted for a significant portion of their respective operating costs. Future profitability of the Disposal Group may be adversely affected. However, given the level of which the statutory minimum wage should be set at is still subject to ongoing public debate, it is difficult to quantify the extent of the impact to the overall financial performance of the Disposal Group.

*f. Alternative options to divest the interest of NWS in the Disposal Group*

The executive Directors have considered other alternatives to divest the Disposal Group, including but not limited to, a sale to other NWD Group companies, seek independent third party (as defined under the Listing Rules) buyers in the market, run a sale auction for the Disposal Group, sell the Disposal Group on a piecemeal basis and through a possible spin-off.

*(i) Sale to other NWD Group companies*

We understand from the executive NWD Directors that as the principal businesses of the Disposal Group are considered to be non-core business of the NWD Group and that NWD has no intention to acquire the Disposal Group from NWS.

*(ii) Seek independent third party buyer in the market*

We also noted from the executive Directors that negotiations had been held with an independent third party buyer on the possible disposal of Group A and Group B. However, the consideration proposed by this buyer was notably lower than the aggregate consideration for the Disposal.

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*(iii) A possible sale auction for the Disposal Group*

Having considered the size of the Disposal Group, which had an aggregate Adjusted NAV of approximately HK\$533.5 million (excluding non-controlling interests) as at 31 March 2010, there will only be limited number of potential purchasers and operators in the market, some of which are ongoing competitors of NWS Group. Accordingly, it is undesirable to solicit interest from these parties and run a sale auction for the Disposal Group. The executive Directors are concerned that in the event these parties decided not to proceed with the transaction, for reasons outside the control of NWS, after gaining access to certain sensitive commercial information during the due diligence exercise, such may expose the businesses of the Disposal Group to undue commercial risks and may undermine its competitiveness.

*(iv) Sell the Disposal Group on a piecemeal basis*

The executive Directors have also considered the alternative of selling the Disposal Group on a piecemeal basis, which may or may not enable NWS to achieve a higher consideration on the Disposal Group. Such approach would demand vast management resources including, identifying and assessing potential interested parties, negotiation of terms and intensive due diligence work. The duration of such exercise would also be significantly longer than the Disposal, notwithstanding that certain Disposal Companies under the “facilities services” business, such as those engaging in the provision of elderly care services and provision of landscaping services, are relatively small in size in terms of revenue and AOP.

*(v) Possible spin-off of the Disposal Group*

The option of a possible spin-off of the Disposal Group was also considered by the executive Directors. Given such exercise may (i) consume substantial management resources, time and effort, (ii) demand a substantially longer duration for preparation and regulatory approval, (iii) incur additional costs to NWS, (iv) subject to the risk of market fluctuation upon the time of the listing of the Disposal Group which could in turn affect the final offer price to the public (in the event that a share placement or offering), (v) have limited appeal to potential investors, given the revenue of the Disposal Group has largely been stable with no significant growth for period between 2007 and 2009 and declined for the nine months ended 31 March 2010 as compared to the last corresponding period, and (vi) not fully achieve the objective of divesting the businesses of the Disposal Group which is considered to be non-core to NWS, this option was therefore considered not appropriate by the executive Directors.

*(vi) Benefits of a management buyout*

The executive Directors have also considered that a sale to other independent third parties. However, under normal commercial practice, this would require a much wider scope of vendor’s representations and warranties, particularly in areas with operational risk in association with the significant number of employees, construction risks relating to engineering and mechanical businesses and other proactive covenants and undertakings such as profit guarantee. By selling the Disposal Group by way of a

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management buyout in this transaction, the Vendor is substantially relieved from such representations and warranties as the Purchaser is beneficially owned by the existing management of the Disposed Companies, who is well versed in the operations and financial position of the Disposed Companies. We consider that the absence of such vendor representations and warranties in the Disposal is in the interests of NWS and the Shareholders as a whole.

Taken into account of the alternative options considered by NWS as set out above, the limitation in the marketability of the Disposal Group and the absence of extensive representations and warranties by the Vendor, we agree with the management of NWS that the Disposal, being a management buyout, provides a unique opportunity to NWS to achieve its objective of divestment of the Disposal Group and is in the interests of NWS and its Shareholders as a whole.

***g. Corporate social responsibility***

The principle of NWS Group to uphold its corporate social responsibilities has been and will remain as one of NWS Group's core business values, as demonstrated by NWS Group's past record and efforts. NWS Group will continue its ongoing commitment to maintain its positive corporate image and reputation in the public domain, which it has built-up over the years.

Given the Disposal Group employed some 13,000 employees, NWS Group is mindful of the risk of massive redundancies which may be required by any new owner of the Disposal Group or as a result of a group reorganisation, especially existing operators and competitors in the market, which would result in adverse publicity to NWS Group's reputation. Pursuant to the Group A SP Agreement and Group B SP Agreement, the Purchaser has undertaken to use its reasonable endeavours and within a period of one year from the date of Completion of the Group A SP Agreement, not to dismiss any employee of members of the Disposal Group save for certain circumstances as set out in the "Letter from the Board" of the Circular.

Furthermore, the existing Disposal arrangement, being a management buyout, would provide a degree of familiarity and confidence to the existing employees of the Disposal Group, given the beneficial owner of the Purchaser is known by these employees.

***h. Possible enhancement of Shareholders' value***

Based on our review of research reports issued by certain investment banks, we noted that NWS was perceived to be operating in businesses which are not particularly relevant to its core operations, such as property management, cleaning and guarding, financial services. Each of these operations is relatively small in terms of contribution to the overall profitability to NWS Group and considered that most of them are not industry leaders. Further, given the diversity of the operations, the lack of operating details and growth prospects, the visibility of the earnings prospects for these operations is considered to be low. Such may significantly dampen the enthusiasm of industry orientated investors towards NWS and adversely affect the projected overall growth momentum of NWS.

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In addition, we also noted from the aforesaid research reports that by divesting NWS's non-core business and focus its efforts on its core business segments should be viewed positively by the market. In turn, the more infrastructure-focused, NWS may attract more attention from industry orientated institutional and public investors and could therefore enhance the Shareholders' value.

*i. Our view*

In summary, we have considered, including but not limited to, the following principal factors in relation to the Disposal:

- (i) it is NWS's corporate strategy to consolidate its non-core businesses. The Disposal would allow NWS a better risk control on its core businesses and to capitalise returns from some of its non-core assets;
- (ii) the future prospects of its infrastructure division which is the core business of the NWS Group;
- (iii) the alternative options considered by NWS to divest the interest of NWS in the Disposal Group;
- (iv) divestment through a group reorganisation exercise or discontinuation of significant business segments are likely to require significant management resources as well as involving sizeable redundancies;
- (v) in view of the limitation in the marketability of the Disposal Group, the Disposal represents a unique opportunity;
- (vi) the Purchaser has undertaken to use its reasonable endeavours and within a period of one year from the date of Completion of the Group A SP Agreement, not to dismiss any employee of members of the Disposal Group save for certain circumstances. The Disposal will be a relatively steady transition for the staff of the Disposal Group given their familiarity with Mr. Doo and Mr. Wong;
- (vii) a sale to the Purchaser, being owned by Mr. Wong and Mr. Doo, could be negotiated more effectively and more expeditiously than with any other third parties, who would require a wider scope of vendor's warranties or protective covenants and undertakings;
- (viii) the consideration is at a premium to the Adjusted NAV as at 31 March 2010;
- (ix) the Disposal will give rise to a gain of approximately HK\$0.3 billion upon Completion and the net cash inflow from the Disposal will strengthen the development of NWS Group's core businesses (please refer to the paragraph headed "6. Possible financial effects of the Disposal"); and

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- (x) the Disposal, if executed, would be further evidence to the market of NWS's ongoing effort to divest from its non-core business segments, such may send out positive signals to the market.

Given the above, we concur with the Board that the Disposal is in the interests of NWS and the Shareholders as a whole.

### 5. Principal terms of the Disposal

The Vendor, the Purchaser, Mr. Doo and Mr. Wong have entered into the Group A SP Agreement and the Group B SP Agreement on 11 June 2010 in respect of (i) the Group A Disposal at a consideration of HK\$445.9 million; and (ii) the Group B Disposal at a consideration of HK\$442.6 million (in an aggregate of HK\$888.5 million, the "Consideration"). The Purchaser is owned as to 90% by Mr. Doo and 10% by Mr. Wong.

Principal terms of the Disposal are set out below:

#### 5.1 *Assets to be disposed of*

- (i) Group A Sale Shares, under the Group A SP Agreement; and
- (ii) Group B Sale Shares, the engineering business of NWSE(PRC) and the contracts of property management in Hong Kong together with the entire economic risk and benefit for the operation of such property management contracts, under the Group B SP Agreement. NWSE(PRC), a company established in the PRC a subsidiary of each of NWD and NWS, engages in the provision of mechanical and electrical engineering works for property projects in the PRC.

Information on Group A Companies and Group B Companies are set out in Table B "Summary information of the Disposal Group" above.

#### 5.2 *Consideration*

##### *a. Consideration for Group A Disposal*

The consideration for the Group A Disposal is HK\$445.9 million, which is to be paid by the Purchaser to the Vendor in the following manner:

- HK\$44.59 million, being 10% of the consideration for the Group A Disposal, was paid by the Purchaser on the date of the signing of the Group A SP Agreement;
- the remaining balance of the consideration for the Group A Disposal is to be paid on the date of Completion of the Group A SP Agreement.

The consideration for the Group A Disposal was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the Adjusted NAV of Group A of approximately HK\$235.5 million.

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*b. Consideration for Group B Disposal*

The consideration for the Group B Disposal is HK\$442.6 million, which is to be paid by the Purchaser to the Vendor in the following manner:

- HK\$44.26 million, being 10% of the consideration was paid on the date of the signing of the Group B SP Agreements;
- HK\$309.82 million, being 70% of the consideration (the “Further Deposit”) shall be paid within five business days after obtaining of Independent Shareholders’ approval of both NWD and NWS to the Group B SP Agreement and the transaction contemplated thereunder; and
- the remaining balance of the consideration for Group B Disposal is to be paid on the date of Completion of the Group B SP Agreement.

The consideration for Group B Disposal was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to the Adjusted NAV of Group B of approximately HK\$298.0 million.

*c. Adjustment to consideration for the Group A Disposal and Group B Disposal*

The consideration for the Group A Disposal and the Group B Disposal is to be reduced / increased by an amount equal to the amount of the audited consolidated net asset value of Group A and Group B (including any undistributed profits) respectively as at the Completion Accounts Date which is less than / in excess of the Adjusted NAV of Group A and Group B respectively. The Vendor shall refund to the Purchaser such amount in shortfall or the Purchaser shall pay to the Vendor such amount in excess.

*d. Evaluation of the Consideration*

For the purposes of evaluating the fairness and reasonableness of the Consideration, we have reviewed, among other things, (i) the Adjusted NAV of Group A and Group B and the financial results of Group A and Group B for the nine months ended 31 March 2010, (ii) audited financial statements of the principal subsidiaries of the Disposal Group for the financial period from FY 2006 to FY 2009, and (iii) the P/E ratios of historical transactions similar in nature to the Disposal, of listed companies in Hong Kong.

*e. Comparable historical transactions of listed companies*

The Consideration represents a P/E ratio of approximately 5.0 times of the Disposal Group’s Adjusted Net Profit, being FY 2009 net profit of the Disposal Group after deducting non-recurring income and expenses, based on the information provided by management of NWS.

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As part of our evaluation, we have reviewed certain historical transactions of NWS Group and of unlisted services companies under listed groups in Hong Kong, which operate in and derive a significant portion of their revenue from similar lines of businesses to the principal subsidiaries of the Disposal Group (the “Reviewed Listed Companies”), from 1 January 2008 to the date of the SP Agreements. A summary of our review setting out the details of these transactions, which are similar in nature to the Disposal, are set out in Table E below:

**Table E: Comparable historical transactions**

Name of listed Company	Date of announcement	Nature of transaction	P/E ratio (approximately times)
NWS	10 March 2009	Disposal of subsidiaries, principal activities of which is the provision of cleaning services	4.5 <sup>(Note)</sup>
Synergis Holdings Limited (stock code: 2340)	3 October 2008	Disposal of 50% of a joint venture company, principal activities of which is the provision of property management services	5.0
Yau Lee Holdings Limited (stock code: 406)	27 March 2008	Acquisition of 100% issued share capital of Ryoden Engineering Company Limited	3.7
<i>Average</i>			<b>4.4</b>
<i>The Disposal</i>		<i>Historical P/E ratio – FY 2009</i>	
			<b>5.0</b>

*Note:* Being the consideration of HK\$34.5 million divided by the aggregate audited net profit after tax of approximately HK\$7.7 million. The relevant information was extracted from the announcement of NWS dated 10 March 2009.

The P/E ratio of comparable historical transactions of the NWS Group and Reviewed Listed Companies, being consideration of the transaction divided by the historical earnings of the subject company, ranged from approximately 3.7 times to 5.0 times, the average of which were approximately 4.4 times. We noted that the historical P/E ratio for the Disposal, based on FY 2009 financial information, is within such range and above the average as set out in Table E above.

Given (i) a significant proportion of the Disposal Group’s revenue was derived from contracts with NWD Group and its related parties, as set out in Table C “Revenue analysis of the Disposal Group” above; (ii) the inherent uncertainties with regard to the long term profitability of the Disposal Group as a majority of its contracts are on a relatively short term basis; and (iii) the possible negative impact of the enactment of the minimum wage bill on the prospects of the Disposal Group, we believe that potential purchasers may be unlikely to pay for the Disposal Group at or higher than the market average P/E ratio.

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*f. P/E ratios of listed companies*

We are of the view that it would be inappropriate to compare the P/E ratio of the Disposal with those of the companies listed in Hong Kong, of which shares may be trading at a certain premium over private companies due to, among other factors, a readily available market for the shares to trade in, as well as the companies' intrinsic brand value and reputation.

*g. Our view*

Given (i) the above analysis; (ii) the Consideration will be settled fully in cash; and (iii) the mechanism for adjustment of consideration for the Disposal to reflect the movement in net asset value between the date of the Adjusted NAV and the Completion Accounts Date, we are of the view that the Consideration are fair and reasonable.

### ***5.3 Arrangements following obtaining of the Independent Shareholders' approval but prior to Completion of the Group B SP Agreement***

On the date of payment of the Further Deposit by the Purchaser (or such later date as the parties to the Group B SP Agreement may agree) and up to the date of Completion of the Group B SP Agreement (the "Management Period"), the businesses of Group B Companies and the Group B Members shall be managed and operated by the Purchaser (the "Business Operations") provided that such management and operation are, in the sole and absolute view of the Vendor, conducted in a manner consistent with past practices of the Group B Companies and the Group B Members, failing which, the Vendor shall have the absolute right to effect a forthwith termination of the Business Operations by the Purchaser by written notice to this effect. Details of the arrangements during the Management Period are set out in the "Letter from the Board" of the Circular.

Having taken into consideration that (i) an aggregate of 90% of the Consideration, which consists of the full amount of the consideration of the Group A Disposal and 80% of the consideration of the Group B Disposal, will be paid to NWS on commencement of the Management Period; and (ii) the indemnities to NWS provided by the Purchaser during the Management Period, we are of the view that the transfer of the management of Group B to the Purchaser in the Management Period, which allows NWS to refocus its resources to its core businesses before Completion of the Group B Disposal, is in the interests of NWS and the Shareholders as a whole.

### ***5.4 Transitional arrangements for ensuring a smooth handover and transition of businesses following completion***

*a. Consultancy services to be provided by the Vendor*

Pursuant to the Group A SP Agreement, the Vendor will provide advisory, consultancy, secretarial and technical support services (the "Consultancy Services") to members of the Disposal Group for a term of one year commencing from the date of Completion of the Group A SP Agreement at a fixed monthly fee of HK\$100,000 payable to the Vendor for Consultancy Services of up to forty (40) working hours per

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month payable on the first business day of each month. All out-of-pocket expenses reasonably incurred by the Vendor in providing the Consultancy Services and working hours beyond the forty (40) working hours per month will be charged on an “as incurred” basis.

*b. Bank Guarantees*

In order to allow time for the Purchaser in obtaining fresh banking or other credit facilities for the operations of the Disposal Group following Completion of each of the SP Agreements, it is a term of each of the SP Agreements that the Bank Guarantees provided by member(s) of the NWS Group that are subsisting as at the respective dates of Completion of the SP Agreements are to remain in place for a period of 6 months from the said respective dates of Completion (or such longer period as may be agreed by the Vendor at its sole discretion) unless any of the Bank Guarantees shall have expired earlier according to their terms. For the provision of the Bank Guarantees, the Purchaser is to pay the Vendor a monthly maintenance fee of 1/12% on the aggregate amount of banking facilities granted to the Disposal Group and guaranteed by the Bank Guarantee as at the last day of a calendar month immediately preceding the date of payment of monthly fee of the next calendar month from and on the first business day of the 4th month after the respective dates of the Completion of the Group A SP Agreement and the Group B SP Agreement.

In view of (i) the Purchaser is to indemnify the Vendor from and against any claims and liabilities which the Vendor may incur out of anything done by the Vendor in respect of the Consultancy Services or as a result of any of the Bank Guarantees being enforced against the Vendor after the Completion; (ii) the fees in relation to the Consultancy Services and Bank Guarantees are to cover the expenses that may be incurred by NWS; (iii) the Consultancy Services and Bank Guarantees are to facilitate the smooth operations of the Disposal Group during the transitional period following Completion, we are of the view that the aforesaid fees in relation to the Consultancy Services and Bank Guarantees are in the interests of NWS and the Shareholders as a whole.

### **5.5 Other terms of the SP Agreements**

*a. Security from the Purchaser*

It is a term of the Group B SP Agreement that the shareholder of the Purchaser shall upon Completion of the Group A SP Agreement execute the Share Charge in favour of the Vendor as security for, among other, the obligations and liabilities of the Purchaser under or pursuant to the SP Agreements.

*b. Undertakings by Mr. Doo, Mr. Wong and the Purchaser*

Each of Mr. Doo and Mr. Wong has undertaken with the Vendor that, among other things, he shall not dispose his interest in the Purchaser, within a period of four years from the date of Completion of the Group A SP Agreement provided that none of the restrictions set out in the “Letter from Board” of the Circular shall apply.

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Details of the above terms are set out in the “Letter from the Board” in the Circular. We have reviewed these terms and consider that these terms are no less favourable to NWS than terms available from independent third parties.

### **5.6 Completion**

The SP Agreements shall take place on the fifth business day next following the day of fulfilment of all of the conditions precedent set out in the respective SP Agreement, or such later date as the parties to the SP Agreements may agree.

We noted that the Long Stop Date in respect of (i) the Group A SP Agreement is on 30 September 2010 and (ii) the Group B SP Agreement is on 31 July 2011 (or such later date the parties to the relevant SP Agreement may agree in writing). We understand from the management of NWS that the relatively lengthy Long Stop Date in respect of the Group B Disposal is largely due to, being one of the conditions precedent to the Group B Disposal, the need for the Vendor to obtain the full and unconditional release and discharge of the performance guarantees given by a member of the NWS Group in favour of third parties guaranteeing the performance and discharge of obligations and liabilities of certain members of Group B.

Given that (i) an aggregate of 90% of the Consideration, which consists of the full amount of the consideration of the Group A Disposal and 80% of the consideration of the Group B Disposal, will be paid to NWS within five business days after obtaining of Independent Shareholders’ approval of both NWD and NWS to the Group B SP Agreement, which is expected to be in July 2010; and (ii) the indemnities and the Share Charge to be provided by the Purchaser and the shareholder of the Purchaser, respectively, we are of the view that the lengthy Long Stop Date of the Group B SP Agreement (i.e. 31 July 2011) is in the interests of NWS and the Shareholders as a whole.

Immediately following Completion of each of the Group A SP Agreement and the Group B SP Agreement, there will be continuing or recurring transactions for existing and/or new contracts between certain members of Group A and Group B on the one hand and certain members of the NWS Group on the other hand. These transactions will constitute continuing connected transactions of NWS.

We understand from the Board that NWS will comply with the requirements of the relevant Listing Rules, including but not limited to, ensuring that (i) these continuing connected transactions to be entered into are in the ordinary and usual course of business of NWS, and on normal commercial terms or terms no less favourable to or from independent third parties, (ii) these terms are fair and reasonable and in the interests of NWS and the Shareholders as a whole, and (iii) the relevant disclosure requirements and/or independent shareholders’ approval in respect of these continuing connected transactions are complied with, where applicable. Further announcement will be made by NWS as and when appropriate in accordance with the requirements of the Listing Rules.

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### 6. Possible financial effects as a result of the Disposal

#### *a. Profits and net assets*

Upon Completion, members of the Disposal Group will cease to be subsidiaries of NWS and their financial results will no longer be consolidated into the NWS Group's financial results.

The estimated unaudited gain to be derived from the Group A Disposal and the Group B Disposal would amount to approximately HK\$0.2 billion and HK\$0.1 billion respectively.

Subject to audit, the estimated unaudited gain from the Group A Disposal (net of related expenses and taxes) mainly represents the difference between the amount of the consideration for the Group A Disposal (assuming no adjustment of the consideration pursuant to the terms of the Group A SP Agreement) and the Adjusted NAV of Group A of approximately HK\$235.5 million. The expected unaudited gain from the Group B Disposal (net of related expenses and taxes) represents the difference between the amount of the consideration for the Group B Disposal (assuming no adjustment of the consideration pursuant to the terms of the Group B SP Agreement) and the Adjusted NAV of Group B of approximately HK\$298.0 million.

The consolidated net assets value of NWS would be increased upon completion. As at 31 December 2009, NWS had consolidated net assets of approximately HK\$24,875.8 million.

#### *b. Working capital*

Based on the NWS 2009-10 Interim Report, NWS had an unaudited consolidated cash and bank balances of approximately HK\$7,919.5 million and has no gearing, being as net debt divided by total equity. Upon Completion, the cash position of NWS Group is expected to be further enhanced.

### VI. RECOMMENDATION

Having considered the principal factors and reasons as set out above, in particular, the Disposal is the stated corporate strategy of NWS to consolidate its non-core businesses to enhance shareholders' value, we are of the opinion that the Disposal is in the interests of NWS and the Shareholders as a whole and the terms of the SP Agreements are on normal commercial terms and fair and reasonable so far as the Independent Shareholders of NWS are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders of NWS to vote in favour of the ordinary resolution in respect of the Disposal to be proposed at the SGM.

Yours faithfully  
For and on behalf of  
**Access Capital Limited**

**Alexander Tai**  
*Principal Director*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests of Directors in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### 2.1 Interests in shares

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
<b>The Company</b>				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	9,179,199	–	8,000,000 <sup>(1)</sup>	17,179,199
Mr. Doo Wai Hoi, William	2,006,566	–	9,130,000 <sup>(1)</sup>	11,136,566
Mr. Tsang Yam Pui	120,000	–	–	120,000
Mr. Wong Kwok Kin, Andrew	1,400,000	–	–	1,400,000
Mr. Lam Wai Hon, Patrick	991,191	–	5,072 <sup>(1)</sup>	996,263
Mr. Cheung Chin Cheung	980,386	–	–	980,386
Mr. William Junior Guilherme Doo	–	–	66,369 <sup>(1)</sup>	66,369
Mr. Wilfried Ernst Kaffenberger	482,248	–	–	482,248
Mr. Kwong Che Keung, Gordon	608,757	–	–	608,757
Mr. Cheng Wai Chee, Christopher	824,068	–	–	824,068
<b>Associated Corporations</b>				
<b>NWD</b>				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	–	300,000	–	300,000
Mr. Doo Wai Hoi, William	–	–	1,000,000 <sup>(1)</sup>	1,000,000
Mr. Wong Kwok Kin, Andrew	100,000	–	–	100,000
Mr. Cheung Chin Cheung	62,200	–	–	62,200
Mr. William Junior Guilherme Doo	–	20,000	–	20,000
Mr. Kwong Che Keung, Gordon	30,000	–	–	30,000

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
<b>New World China Land Limited</b>				
<b>(“NWCL”)</b>				
(Ordinary shares of HK\$0.10 each)				
Dr. Cheng Kar Shun, Henry	18,750,000	2,925,000	78,406,800 <sup>(1)</sup>	100,081,800
Mr. Doo Wai Hoi, William	13,125,000	–	52,258,400 <sup>(1)</sup>	65,383,400
Mr. Lam Wai Hon, Patrick	270,000	–	–	270,000
Mr. William Junior Guilherme Doo	–	75,000	1,245,000 <sup>(1)</sup>	1,320,000
Mr. Cheng Chi Ming, Brian	106,400	–	–	106,400
Mr. Cheng Wai Chee, Christopher	83,600	–	–	83,600
<b>Wai Kee Holdings Limited</b>				
<b>(“Wai Kee”)</b>				
(Ordinary shares of HK\$0.10 each)				
Mr. Lam Wai Hon, Patrick	300,000	–	–	300,000
<b>Mega Choice Holdings Limited</b>				
<b>(In liquidation)</b>				
(Ordinary shares of HK\$1.00 each)				
Dr. Cheng Kar Shun, Henry	–	–	420,585,070 <sup>(1)</sup>	420,585,070
<b>Building Material Supplies Limited</b>				
(Ordinary shares of HK\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	1 <sup>(2)</sup>	1
<b>Clever Basis Limited</b>				
(Ordinary shares of US\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	1 <sup>(2)</sup>	1
<b>Elite Master Holdings Limited</b>				
(Ordinary shares of US\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	1 <sup>(2)</sup>	1
<b>New World Risk Management (L) Limited</b>				
(Ordinary shares of US\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	120,000 <sup>(2)</sup>	120,000

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
<b>NWS Facility Services Limited</b>				
(Ordinary shares of US\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	1 <sup>(2)</sup>	1
<b>NWS International Insurance Limited</b>				
(Ordinary shares of US\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	500,000 <sup>(2)</sup>	500,000
<b>NWS Engineering Group Limited</b>				
(Ordinary shares of HK\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	50,000,000 <sup>(2)</sup>	50,000,000
<b>Waihong Cleaning Limited</b>				
(Ordinary shares of HK\$1.00 each)				
Mr. Doo Wai Hoi, William	–	–	1 <sup>(2)</sup>	1

*Notes:*

- (1) These shares are beneficially owned by a company/companies in which the relevant Director is deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its/their general meeting.
- (2) These shares are deemed interest held by a company, which is 90% owned by Mr. Doo Wai Hoi, William, under the contracts to acquire such interests and is subject to completion of all conditions contained therein.

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

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

	Date of grant	Exercisable period (Notes)	Number of share options outstanding
<b>The Company</b>			
(Exercise price of HK\$16.055 per share)			
Dr. Cheng Kar Shun, Henry	21 August 2007	(1)	3,026,828
Mr. Doo Wai Hoi, William	21 August 2007	(1)	2,017,885
Mr. Tsang Yam Pui	21 August 2007	(1)	1,513,413
Mr. Wong Kwok Kin, Andrew	21 August 2007	(1)	1,513,413
Mr. Lam Wai Hon, Patrick	21 August 2007	(1)	1,513,413
Mr. Cheung Chin Cheung	21 August 2007	(1)	1,513,413
Mr. William Junior Guilherme Doo	21 August 2007	(1)	1,513,413
Mr. Wilfried Ernst Kaffenberger	21 August 2007	(1)	302,681
Mr. To Hin Tsun, Gerald	21 August 2007	(1)	302,681
Mr. Dominic Lai	21 August 2007	(1)	302,681
Mr. Kwong Che Keung, Gordon	21 August 2007	(1)	605,364
Mr. Cheng Wai Chee, Christopher	21 August 2007	(1)	605,364
The Honourable Shek Lai Him, Abraham	21 August 2007	(1)	605,364
<b>Associated Corporations</b>			
<b>NWD</b>			
(Exercise price of HK\$17.654 per share)			
Dr. Cheng Kar Shun, Henry	19 March 2007	19 March 2007 to 18 March 2012	36,710,652
<b>NWCL</b>			
(Exercise price of HK\$6.228 per share)			
Dr. Cheng Kar Shun, Henry	7 January 2008	(2)	2,238,806
Mr. Doo Wai Hoi, William	7 January 2008	(2)	895,522
Mr. Cheng Wai Chee, Christopher	7 January 2008	(2)	335,821
(Exercise price of HK\$1.340 per share)			
Dr. Cheng Kar Shun, Henry	29 December 2008	(3)	1,791,045
Mr. Doo Wai Hoi, William	29 December 2008	(3)	727,612
Mr. Cheng Wai Chee, Christopher	29 December 2008	(3)	252,221

	Date of grant	Exercisable period (Notes)	Number of share options outstanding
<b>NWDS</b>			
(Exercise price of HK\$8.660 per share)			
Dr. Cheng Kar Shun, Henry	27 November 2007	(4)	1,000,000
<b>Wai Kee</b>			
(Exercise price of HK\$3.390 per share)			
Mr. Lam Wai Hon, Patrick	9 July 2007	9 July 2008 to 8 July 2011	330,000

*Notes:*

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

### 2.3 Interests in qualifying shares

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

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

## 3. SUBSTANTIAL SHAREHOLDERS

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

Name	Number of shares			Approximate percentage to the issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	1,343,149,030 <sup>(1)</sup>	1,343,149,030	61.64%
Centennial Success Limited	–	1,343,149,030 <sup>(2)</sup>	1,343,149,030	61.64%
Chow Tai Fook Enterprises Limited	59,831,893	1,283,317,137 <sup>(3)</sup>	1,343,149,030	61.64%
NWD	848,587,014	434,730,123 <sup>(4)</sup>	1,283,317,137	58.90%
Mombasa Limited	385,471,947	–	385,471,947	17.69%

*Notes:*

- (1) Cheng Yu Tung Family (Holdings) Limited holds 51% direct interest in Centennial Success Limited (“CSL”) and is accordingly deemed to have an interest in the shares deemed to be interested by CSL.
- (2) CSL holds 100% direct interest in Chow Tai Fook Enterprises Limited (“CTF Enterprises”) and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises.
- (3) CTF Enterprises, together with its subsidiaries, hold more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by NWD.
- (4) NWD holds 100% indirect interest in Mombasa Limited and is accordingly deemed to have an interest in the shares held by Mombasa Limited in the Company. NWD is also deemed to be interested in 1,986,513 shares held by Financial Concepts Investment Limited, 16,672,555 shares held by Hing Loong Limited, 16,672,555 shares held by Fine Reputation Incorporated and 13,926,553 shares held by New World Hotels Corporation Limited, all of them are subsidiaries of NWD.
- (5) All the interests stated above represent long positions.

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company and save as otherwise disclosed in this circular, the persons (other than a Director or chief executive of the Company or a member of the Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company were as follows:

<b>Name of shareholder</b>	<b>Name of subsidiary of the Company</b>	<b>Approximate percentage of interest held</b>
Asian East Worldwide Limited	Guangzhou Northring Freeway Company Limited	24.30%
Bioforte (Hong Kong) Environmental Engineering And Technology Company Limited	BioEnviroLink Technologies Limited	30.00%
Changzhi City Changda Highway Development Company	Shanxi Xinda Highways Ltd.	40.00%
Changzhi City Changda Highway Development Company	Shanxi Xinhuang Highways Ltd.	40.00%
Cheung Sau Lin	Success Concept Investments Limited	15.00%
Guangxi Wuzhou Heng Tong Development Ltd.	Wuzhou Xinwu Highways Limited	40.00%
Guangxi Yulin City Heng Tong Ltd.	Guangxi Yulin Xinye Highways Co., Ltd.	40.00%
Guangxi Yulin Yu Shieh Ltd.	Guangxi Yulin Xinyu Highways Co., Ltd.	40.00%
Guangzhou Yongtong Freeway Company Ltd.	Guangzhou Northring Freeway Company Limited	10.41%
Gujiao Highway-Bridge Development & Construction Company	Taiyuan Xinyuan Highways Limited	40.00%
Intex Shanghai Company Limited	Hong Kong – Shanghai Venue Management (Zhengzhou) Limited	30.00%
Leader Civil Engineering Corporation Limited	Hip Hing – Leader JV Limited	33.33%
Taiyuan Tongtai Industry & Commerce General Company	Taiyuan Xintai Highways Limited	40.00%
Terminal Link	NWS Ports Limited	36.40%
Tianjin Expressway Group Co., Ltd.	Tianjin Xindi Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinlong Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinlu Expressway Co., Ltd.	33.38%

Name of shareholder	Name of subsidiary of the Company	Approximate percentage of interest held
Tianjin Expressway Group Co., Ltd.	Tianjin Xinming Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinqing Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinquan Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinsen Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinshi Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinsi Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xintong Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xintuo Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinxiang Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinyan Expressway Co., Ltd.	33.38%
Tianjin Expressway Group Co., Ltd.	Tianjin Xinzhan Expressway Co., Ltd.	33.38%
Wiseful Engineering Group Limited	Kentfull Engineering Company Limited	40.00%
北京市萬勝全物業管理中心	Beijing Kiu Lok Property Management Services Co., Ltd.	40.00%
佛山市高明區恒達交通投資管理有限公司	Foshan Gaoming Xinming Bridge Company Limited	49.00%
武漢武建鼎安安裝工程有限公司	Trihan Engineering (Wuhan) Company Limited	49.00%
珠海國際經濟技術合作公司	珠海市景福工程有限公司 (In members' voluntary winding-up)	20.00%
廣州市機電安裝公司	Triguang Engineering (Guang Zhou) Company Limited (In members' voluntary winding-up)	49.00%
廣東省番禺交通建設投資有限公司	廣州市東新高速公路有限公司	49.00%

Save as disclosed above, as at the Latest Practicable Date and so far as is known to any Director or chief executive of the Company, no other person had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and no other persons (other than a director or chief executive of the Company or a member of the Group) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company or had any options in respect of any such share capital of any subsidiary of the Company.

#### 4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar Shun, Henry	CTF Enterprises group of companies	Investment in transport services business	Director
	HKR International Limited group of companies	Construction and property management	Director
Mr. Lam Wai Hon Patrick	Wai Kee	Construction, investment in toll roads and infrastructure businesses and sale of merchandised goods	Director
	Road King Infrastructure Limited	Development, operation and management of toll roads	Director
	Certain subsidiaries of East Asia Secretaries (BVI) Limited	Provision of corporate advisory services, nominee and custodian services	Director of East Asia Secretaries (BVI) Limited and certain of its subsidiaries
Mr. Wilfried Ernst Kaffenberger	AEI	Investment in power plants	Director

#### 5. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

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

- (c) none of the Directors had any direct or indirect interest in any asset which, since 30 June 2009 (the date to which the latest published audited financial statements of the Group were made up), had been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group.

## **6. MATERIAL ADVERSE CHANGE**

The Board is not aware of any material adverse change in the financial or trading position of the Group since 30 June 2009, the date to which the latest published audited financial statements of the Group were made up.

## **7. QUALIFICATION AND CONSENT OF EXPERT**

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

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

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

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

## **8. MISCELLANEOUS**

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

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the office of the Company in Hong Kong at 28/F., New World Tower, 18 Queen's Road Central, Hong Kong during normal business hours from the date of this Circular up to and including 30 July 2010 and at the SGM:

- (a) the "Letter from the Independent Board Committee" as set out in this Circular;
- (b) the "Letter from Access Capital" as set out in this Circular;
- (c) the SP Agreements; and
- (d) this Circular.

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## NOTICE OF SGM

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of NWS Holdings Limited (the “Company”) will be held at Meeting Room S423-S424 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 20 July 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution as an ordinary resolution:

#### ORDINARY RESOLUTION

**“THAT**

- (a) the Disposal (as defined in the circular of the Company dated 2 July 2010 (the “**Circular**”)) despatched to the shareholders of the Company of which this notice forming part pursuant to the terms and conditions of the SP Agreements (as defined in the Circular) together with all the transactions contemplated thereby be and are hereby confirmed, ratified and approved;
- (b) the directors of the Company (the “**Directors**”) be and are hereby authorised, for and on behalf of the Company, to take all steps necessary, desirable or expedient in their opinion to implement and/or give effect to the Disposal and all transactions contemplated thereunder in accordance with the terms and conditions of the SP Agreements and all other matters incidental thereto or in connection therewith; and
- (c) the Directors be and are hereby authorised, for and on behalf of the Company, to execute all such other documents, instruments and agreements and to do all such acts or things deemed by them to be incidental to, ancillary to or in connection with the matters contemplated under the SP Agreements and to make such variation, amendment and waiver of any matters relating thereto or in connection therewith which in the opinion of the Directors is not of a material nature and is in the interests of the Company.”

By Order of the Board  
**Chow Tak Wing**  
*Company Secretary*

Hong Kong, 2 July 2010

\* *For identification purposes only*

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## NOTICE OF SGM

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*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the appointed time for holding of the meeting or at any adjournment thereof (as the case may be).
3. A form of proxy for use at the meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders are present at the meeting personally or by proxy, then one of the registered holders so present whose name stands first on the Company's register of members in respect of such share will alone be entitled to vote in respect thereof.
5. Voting on the above resolution will be taken by poll.
6. As at the date of this notice: (a) the executive Directors are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Wong Kwok Kin, Andrew, Mr. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung, Mr. William Junior Guilherme Doo and Mr. Cheng Chi Ming, Brian; (b) the non-executive Directors are Mr. Doo Wai Hoi, William, Mr. Wilfried Ernst Kaffenberger (alternate Director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun Wah, David), Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (c) the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham.