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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)

CONNECTED TRANSACTIONS

DISPOSAL OF THE SALE SHARES AND ASSIGNMENT OF THE SHAREHOLDER'S LOANS

The Board would like to announce that on 22 February 2017 (after trading hours), the Vendor and the Purchaser entered into the Agreement in respect of the sale and purchase of the Sale Shares and the assignment of the Shareholder's Loans. Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Companies, and the Shareholder's Loans at a total cash consideration of approximately HK\$177.4 million (subject to adjustment based on the Completion Accounts). The Target Companies indirectly hold the entire interest in the Properties.

The Vendor is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, NWD together with its subsidiaries hold approximately 61.32% of the total issued share capital of the Company and the Purchaser is a direct wholly-owned subsidiary of NWD. The Purchaser is therefore a connected person of the Company and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Transactions are more than 0.1% and all the applicable percentage ratios are less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board would like to announce that on 22 February 2017 (after trading hours), the Vendor and the Purchaser entered into the Agreement in respect of the sale and purchase of the Sale Shares and the assignment of the Shareholder's Loans, the principal terms and condition of which are set out below.

THE TRANSACTIONS

Date of the Agreement

22 February 2017

Parties

- (1) Hip Hing Construction Holdings Limited (as Vendor)
- (2) Coral Business Inc. (as Purchaser)

Assets disposed

The Vendor has conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of the Target Companies (namely Ultimate Cosmo, Central Key, Assets Castle, Cyber Track, Star Icon and Crystal City), and assign the Shareholder's Loans to the Purchaser.

Upon Completion, the Target Group will cease to be subsidiaries of the Vendor and will become subsidiaries of the Purchaser, and the Target Companies will owe their respective Shareholder's Loans to the Purchaser.

Consideration

Pursuant to the Agreement, the Consideration is approximately HK\$177.4 million (subject to adjustment, the details of which are set out below), which was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account the valuation of the Target Group of approximately HK\$36.2 million as at 31 December 2016 conducted by an independent professional valuer and the balance of the Shareholder's Loans of approximately HK\$141.2 million. The Consideration will be satisfied in cash by the Purchaser on Completion.

The Vendor shall, if required by the Purchaser, within 14 business days after the date of Completion, deliver to the Purchaser the unaudited combined management accounts of the Target Group for the period from 1 July 2016 to the date of Completion (“**Completion Accounts**”). If the NTAV shown in the Completion Accounts is greater than the NTAV shown in the Accounts, the Consideration shall be increased by the amount of difference between the NTAV shown in the Completion Accounts and the NTAV shown in the Accounts (“**Excess**”). If the NTAV shown in the Completion Accounts is less than the NTAV shown in the Accounts, the Consideration shall be decreased by the amount of difference between the NTAV shown in the Completion Accounts and the NTAV shown in the Accounts (“**Shortfall**”).

An amount equal to the Excess shall be paid by the Purchaser to the Vendor without interest, or an amount equal to the Shortfall shall be refunded by the Vendor to the Purchaser without interest, within seven business days following the delivery of the Completion Accounts by the Vendor to the Purchaser.

Condition precedent

Completion shall be conditional upon the Vendor having proved, given and shown a title to the Properties in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) and the Purchaser having been satisfied with the due diligence of the title of the Properties.

Completion

Subject to the fulfilment of the condition precedent, Completion shall take place on 31 March 2017 or such other date as the Vendor and the Purchaser may agree in writing.

INFORMATION ON THE TARGET GROUP

The Target Companies are investment holding companies whose main assets are their respective investments in the Subsidiaries. The Subsidiaries, namely Affluent Master, Icon Treasure, Premier Gate, Prime Avenue, Rising Origin and Sunrise Vision own (i) the factory on the ground floor, the portion of car park loading and unloading area on the ground floor, the three staircases and landings on the north and north east side, the lifts and lift shaft areas and lift machine room on the north east side, the storerooms on the ground floor, and the underground fuel tank; (ii) the portion A of the factory, the portion B of the factory and the storerooms on the first floor; (iii) the factory 1 (including the compressor room) and the storerooms on the second floor; (iv) the factory 1 and the flat roof A with dangerous goods stores on the third floor; (v) the lorry car parking spaces nos. 18 and 19 on the ground floor; and (vi) the portion A of the external wall, respectively, of Luen Cheong Can Centre situated at No. 8 Yip Wong Road, Tuen Mun, New Territories, Hong Kong.

According to the Accounts prepared in accordance with HKFRS, the unaudited combined net assets value of the Target Group as at 31 December 2016 was approximately HK\$36.2 million. According to the unaudited combined management accounts of the Target Group prepared in accordance with HKFRS, the unaudited combined profit before and after taxation of the Target Group for the financial years ended 30 June 2016 and 30 June 2015 were as follows:

	Financial year ended 30 June	
	2016	2015
	<i>HK\$'million</i>	<i>HK\$'million</i>
Profit before taxation	9.9	23.8
Profit after taxation	10.5	22.9

REASONS FOR AND THE BENEFITS OF THE TRANSACTIONS

The Properties (except the portion A of the external wall of Luen Cheong Can Centre) are leased to an indirect wholly-owned subsidiary of NWD and an indirect wholly-owned subsidiary of the Company and are non-core investment properties of the Group. The Board considers that the Transactions represent a good opportunity to realise the Properties, being the Group's non-core assets. By unlocking the value in the Properties through the Transactions, the Group will be able to enhance its cash resources and it is intended that the net sale proceeds from the Transactions will be used as general working capital of the Group. Based on the unaudited combined net assets value of the Target Group as at 31 December 2016, the Group is expected to record a gain of approximately HK\$26 million (before the legal and professional expenses associated with the Transactions) from the Transactions.

The Directors (including the independent non-executive Directors) consider the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, NWD together with its subsidiaries hold approximately 61.32% of the total issued share capital of the Company and the Purchaser is a direct wholly-owned subsidiary of NWD. The Purchaser is therefore a connected person of the Company and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Transactions are more than 0.1% and all the applicable percentage ratios are less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules.

APPROVAL BY THE BOARD

Dr. Cheng Kar Shun, Henry, being a Director, is also a director of NWD. He was not present at the relevant Board meeting and therefore did not vote on the resolutions approving the Transactions. In addition, the associates of Dr. Cheng Kar Shun, Henry (i.e. Mr. Cheng Chi Ming, Brian and Mr. William Junior Guilherme Doo), who are also Directors, abstained from voting on the resolutions approving the Transactions at the relevant Board meeting.

Save as disclosed above, no other Director is regarded as having a material interest in the Transactions and hence no other Director was required under the Listing Rules to abstain from voting on the resolutions approving the Transactions at the Board meeting.

GENERAL INFORMATION

Information on the Group

The Group is principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, construction, transport and strategic investments.

Information on the Purchaser and the NWD Group

The Purchaser is an investment holding company incorporated in the British Virgin Islands and is a direct wholly-owned subsidiary of NWD.

The NWD Group (including the Group) is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology. NWD is the ultimate holding company of the Company and is, together with its subsidiaries, hold approximately 61.32% of the total issued share capital of the Company as at the date of this announcement.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Accounts”	the unaudited combined management accounts of the Target Group for the period from 1 July 2016 to 31 December 2016
“Affluent Master”	Affluent Master Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Ultimate Cosmo and is the owner of the factory on the ground floor, the portion of car park loading and unloading area on the ground floor, the three staircases and landings on the north and north east side, the lifts and lift shaft areas and lift machine room on the north east side, the storerooms on the ground floor, and the underground fuel tank of Luen Cheong Can Centre
“Agreement”	the agreement for the sale and purchase of the Sale Shares and the assignment of the Shareholder’s Loans entered into between the Vendor and the Purchaser on 22 February 2017
“Assets Castle”	Assets Castle Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of Directors
“Central Key”	Central Key Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 659), and held as to approximately 61.32% by NWD and its subsidiaries as at the date of this announcement
“Completion”	the completion of the Transactions under the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the initial total consideration for the Sale Shares and the Shareholder’s Loans in the sum of approximately HK\$177.4 million
“Crystal City”	Crystal City Investments Limited, a company incorporated in the British Virgin Islands with limited liability

“Cyber Track”	Cyber Track Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards as promulgated from time to time by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Icon Treasure”	Icon Treasure Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Central Key and is the owner of the portion A of the factory, the portion B of the factory and the storerooms on the first floor of Luen Cheong Can Centre
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NTAV”	the unaudited combined net tangible assets value of the Target Group (excluding the Properties and before deducting the Shareholder’s Loans) as defined in the Agreement
“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 ultimate holding company of the Company
“NWD Group”	NWD and its subsidiaries (including the Group) from time to time
“Premier Gate”	Premier Gate Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Assets Castle and is the owner of the factory 1 (including the compressor room) and the storerooms on the second floor of Luen Cheong Can Centre

“Prime Avenue”	Prime Avenue Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Cyber Track and is the owner of the factory 1 and the flat roof A with dangerous goods stores on the third floor of Luen Cheong Can Centre
“Properties”	(i) all that factory on the ground floor, all that portion of car park loading and unloading area on the ground floor, all those three staircases and landings on the north and north east side, all those lifts and lift shaft areas and lift machine room on the north east side, all those storerooms on the ground floor, and all that underground fuel tank; (ii) all that portion A of the factory, all those portion B of the factory and the storerooms on the first floor; (iii) all that factory 1 (including the compressor room) and all those storerooms on the second floor; (iv) all that factory 1 and all those flat roof A with dangerous goods stores on the third floor; (v) all those lorry car parking spaces nos. 18 and 19 on the ground floor; and (vi) all that portion A of the external wall of Luen Cheong Can Centre situated at No. 8 Yip Wong Road, Tuen Mun, New Territories, Hong Kong
“Purchaser”	Coral Business Inc., a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of NWD
“Rising Origin”	Rising Origin Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Star Icon and is the owner of the lorry car parking spaces nos. 18 and 19 on the ground floor of Luen Cheong Can Centre
“Sale Shares”	the respective one share of par value of US\$1.00 in the share capital of each of the Target Companies legally and beneficially owned by the Vendor, representing the respective entire issued share capital of the Target Companies
“Shareholder’s Loans”	the entire amount of the unsecured loans owing from the Target Companies to the Vendor immediately prior to Completion, the amount of which as at 31 December 2016 was approximately HK\$141.2 million
“Star Icon”	Star Icon Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiaries”	Affluent Master, Icon Treasure, Premier Gate, Prime Avenue, Rising Origin and Sunrise Vision
“Sunrise Vision”	Sunrise Vision Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Crystal City and is the owner of the portion A of the external wall of Luen Cheong Can Centre
“Target Companies”	Ultimate Cosmo, Central Key, Assets Castle, Cyber Track, Star Icon and Crystal City
“Target Group”	the Target Companies and the Subsidiaries
“Transactions”	the disposal of the Sale Shares and the assignment of the Shareholder’s Loans pursuant to the terms of the Agreement
“Vendor”	Hip Hing Construction Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Ultimate Cosmo”	Ultimate Cosmo Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board

Tsang Yam Pui

Chief Executive Officer and Executive Director

Hong Kong, 22 February 2017

As at the date of this announcement, (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Hui Hon Chung, Mr. Cheung Chin Cheung, Mr. Cheng Chi Ming, Brian and Mr. Mak Bing Leung, Rufin; (b) the non-executive directors of the Company are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Lam Wai Hon, Patrick and Mr. William Junior Guilherme Doo; and (c) the independent non-executive directors of the Company are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace.

* *For identification purposes only*