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新創建 NWS

新創建集團有限公司*
NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 659)

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

REVISION TO THE APPROVED ANNUAL CAP

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

RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

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

CONNECTION BETWEEN THE PARTIES INVOLVED

As at the date of this announcement:

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

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

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

GENERAL

A SGM will be convened and held by the Company to consider and, if thought fit, approve (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps.

A circular containing further details relating to (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps and a notice of the SGM is expected to be despatched to the Shareholders on or about 5 May 2014.

INTRODUCTION

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

REVISION TO THE APPROVED ANNUAL CAP

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

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

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

As at the date of this announcement, the historical aggregate transaction value has not exceeded the Approved Annual Cap for the financial year ending 30 June 2014.

The Revised Annual Cap was determined by reference to:

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

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

The Directors (excluding the independent non-executive Directors whose views will be given after taking into consideration the advice from the Independent Financial Adviser) are of the views that the proposed Revised Annual Cap for the Continuing Connected Transactions under the Existing NWD Master Services Agreement for the financial year ending 30 June 2014 is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

NEW MASTER SERVICES AGREEMENTS

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

1. New CTF Enterprises Master Services Agreement

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

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

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

- Nature of transactions/
Operational Services
covered : Provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, computer aided drafting services and related services, provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing, property management, property sales and letting agency services, provision of car parking management and related services and rental of properties, spare spaces, vehicles and vessels and related services.

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

2. New NWD Master Services Agreement

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

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

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

- Nature of transactions/
Operational Services
covered : Provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, supply of construction and building equipment and materials, computer aided drafting services and related services, provision of information technology and telecommunications services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing, property management, property sales and letting agency services, provision of car parking management and related services and rental of properties, spare spaces, vehicles and vessels and related services.

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

3. New DOO Master Services Agreement

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

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

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

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

2. Cleaning and landscaping services – general cleaning, vessel and vehicle cleaning, office and facility cleaning, pest control, recycling and environmental services, landscaping and plant maintenance, the supply of plants, laundry services and related services.
3. Facility management services – provision of information technology services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, trading and supply, merchandise sourcing and related services.
4. Property management services – property management, property sales, vessel and vehicle sales and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management and related services.
5. Security and guarding services – provision of security guards, security systems installation and maintenance services, armoured transport services, supply of security products and related services.
6. Rental services – rental of properties, spare spaces, vehicles and vessels and related services.

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

Qualifications of engagement

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

- (a) the engagement only applies to services required for businesses, projects and/or premises for which the relevant member(s) of the Group or the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be), as the appointing party, has (have) the right to select providers of the relevant Operational Services;

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

Operational Agreement(s) and pricing policies

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

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

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

- (a) as regards the provision of construction services: member(s) of the Group is typically engaged as main contractor, management contractor or project manager of a development project after being selected from participating tenderers in a tender process set up by member(s) of the CTF Enterprises Group or the NWD Group (as the case may be) or through direct appointment by member(s) of the CTF Enterprises Group or the NWD Group (as the case may be):
- where the member(s) of the Group participates in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the employer's tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation; and

- where the engagement is through direct appointment by member(s) of the CTF Enterprises Group or the NWD Group (as the case may be), the consideration will be on a cost-plus basis agreed with member(s) of the CTF Enterprises Group or the NWD Group (as the case may be), which is in line with the basis for engagements by independent third parties for projects of similar nature and size;
- (b) as regards the provision of property management services: on the basis of cost plus a prevailing market rate which will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis; and
- (c) as regards the provision of rental services: by reference to a quote which is based on other market comparative quote(s) obtained from independent third party(ies) in the market for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period). The lessee may either accept the quote and proceed with the lease or reject the quote and decline to proceed further.

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

- (a) as regards the provision of contracting services: the relevant member(s) of the Group may be engaged as main contractor, management contractor or project manager for a particular project. There are two types of business arrangements for contracting services provided by members of the Services Group:
- where a member of the Services Group is nominated as contractor designated by the ultimate employer, consideration to such member of the Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer;
 - where a member of the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. Such member of the Group will obtain quotations from a list of pre-approved contractors (which is subject to periodic review and update by its management to ensure the contractors' quality standards). If the price and terms offered by a member of the Services Group are equal to or better than those offered by the independent service providers, such member of the Group may probably award the contract to such member of the Services Group; and
 - for projects which involve consideration of a substantial amount, the member(s) of the Services Group will participate in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation;

- (b) as regards the provision of property management, security and guarding services: on the basis of cost plus a prevailing market rate which will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis; and
- (c) as regards the provision of rental services: by reference to a quote which is based on other market comparative quote(s) obtained from independent third party(ies) in the market for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period). The lessee may either accept the quote and proceed with the lease or reject the quote and decline to proceed further.

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

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

HISTORICAL AGGREGATE TRANSACTION VALUES

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

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

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

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

MAXIMUM AGGREGATE ANNUAL VALUES

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

New CTF Enterprises Master Services Agreement

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

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

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

New NWD Master Services Agreement

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

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

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

New DOO Master Services Agreement

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

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

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

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

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

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

- the business growth of the Group, the CTF Enterprises Group, the NWD Group or the Services Group (as the case may be);
- the estimated future demand;
- the inflation factor;
- adjustments for non-recurring or extraordinary items; and

on the principal assumptions that, for the duration of the projected period, (i) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group; and (ii) the service industries in which the Group operates will have steady growth.

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

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

The Continuing Connected Transactions contemplated under each of the New Master Services Agreements are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, as well as the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be). The Operational Agreements to be entered into pursuant to each of the New Master Services Agreements will be agreed on arm's length basis and on normal commercial terms.

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

The Directors (excluding the independent non-executive Directors whose views will be given after taking into consideration the advice from the Independent Financial Adviser) are of the views that the terms of each of the New Master Services Agreements and the relevant proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONNECTION BETWEEN THE PARTIES INVOLVED AND REQUIREMENTS OF THE LISTING RULES

As at the date of this announcement:

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

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

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

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

A SGM will be convened and held by the Company to consider and, if thought fit, approve (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps. The voting at the SGM will be taken by poll.

At the SGM:

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

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

CTF Enterprises

The principal activity of CTF Enterprises is investment holding.

NWD Group

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

Mr. Doo

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

The Services Group

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

The Group

The Group is principally engaged in (i) the investment in and/or operation of facilities, construction, transport and strategic investments; and (ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

GENERAL

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, all of them are independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders in respect of (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps.

Crosby has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps.

A circular containing further details relating to (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps and a notice of the SGM is expected to be despatched to the Shareholders on or about 5 May 2014.

DEFINITIONS

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

“2011 SGM”	the special general meeting of the Company held on 8 August 2011 approving, among other matters, the Continuing Connected Transactions under the Existing NWD Master Services Agreement and the Approved Annual Caps
“Annual Cap(s)”	the maximum aggregate annual value in respect of each category of the Operational Services under each of the New Master Services Agreements

“Approved Annual Cap(s)”	the annual cap(s) for the financial years ended/ending 30 June 2012, 30 June 2013 and 30 June 2014 in respect of the Continuing Connected Transactions under the Existing NWD Master Services Agreement which was approved by the then Independent Shareholders at the 2011 SGM
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Existing Master Services Agreement(s) or the New Master Services Agreement(s) (as the case may be)
“Crosby” or “Independent Financial Adviser”	Crosby Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability which holds approximately 42.89% of the total issued share capital of NWD and approximately 2.61% of the total issued share capital of the Company as at the date of this announcement

“CTF Enterprises Group”	(a) CTF Enterprises; (b) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company; (c) any other company in the equity capital of which CTF Enterprises and/or such other companies referred to in (b) above taken together are or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors; and (d) the subsidiaries of such other companies referred to in (b) and (c) above, but excluding members of the NWD Group and the Group
“Director(s)”	the director(s) of the Company
“Existing CTF Enterprises Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and CTF Enterprises on 30 June 2011 as disclosed in the announcement of the Company dated 30 June 2011
“Existing DOO Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and Mr. Doo on 19 May 2011 (and, where the context requires, includes the Master Services Agreement Addendum) as disclosed in the announcement of the Company dated 19 May 2011 and the circulars of the Company dated 10 June 2011 and 21 January 2013
“Existing Master Services Agreement(s)”	the Existing CTF Enterprises Master Services Agreement, the Existing NWD Master Services Agreement and/or the Existing DOO Master Services Agreement (as the case may be)
“Existing NWD Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and NWD on 30 June 2011 as disclosed in the announcement of the Company dated 30 June 2011 and the circular of the Company dated 18 July 2011
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China

“Independent Board Committee”	an independent committee of the Board (which comprises Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham, all of them are independent non-executive Directors) established to advise the Independent Shareholders with regard to (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps
“Independent Shareholders”	the Shareholders, other than CTF Enterprises, NWD, Mr. Doo and their respective associates (as the case may be), who do not have any material interest in the matters to be considered at the SGM (namely, (i) the Revised Annual Cap in respect of the Continuing Connected Transactions for the financial year ending 30 June 2014 under the Existing NWD Master Services Agreement; and (ii) the Continuing Connected Transactions contemplated under each of the New Master Services Agreements and the relevant Annual Caps)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Services Agreement Addendum”	an addendum to the Existing DOO Master Services Agreement entered into between the Company and Mr. Doo on 4 January 2013 to further particularize the scope of the Operational Services as including rental services
“Mr. Doo”	Mr. Doo Wai Hoi, William was the Deputy Chairman of the Company and a non-executive Director within the preceding 12 months of the date of the New DOO Master Services Agreement. Mr. Doo is the father of Mr. William Junior Guilherme Doo (an executive Director), the brother-in-law of Dr. Cheng Kar Shun, Henry (the Chairman of the Company and an executive Director) and the uncle of Mr. Cheng Chi Ming, Brian (an executive Director)
“New CTF Enterprises Master Services Agreement”	the new master services agreement in relation to the Operational Services entered into between the Company and CTF Enterprises on 11 April 2014

“New DOO Master Services Agreement”	the new master services agreement in relation to the Operational Services entered into between the Company and Mr. Doo on 11 April 2014
“New Master Services Agreement(s)”	the New CTF Enterprises Master Services Agreement, the New NWD Master Services Agreement and/or the New DOO Master Services Agreement (as the case may be)
“New NWD Master Services Agreement”	the new master services agreement in relation to the Operational Services entered into between the Company and NWD on 11 April 2014
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17). It holds approximately 61.30% of the total issued share capital of the Company as at the date of this announcement
“NWD Group”	NWD, its subsidiaries, any other company in the equity capital of which NWD and/or any of its subsidiaries taken together are or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and the subsidiaries of such other companies, but excluding members of the Group
“Operational Agreement(s)”	the individual agreement(s) in respect of the provision of any of the Operational Services which may from time to time be entered into between member(s) of the Group and member(s) of the CTF Enterprises Group or the NWD Group or the Services Group (as the case may be) pursuant to the relevant New Master Services Agreement(s)
“Operational Services”	the services which are to arise or arise from the principal categories of services under each of the New Master Services Agreements or, where the context requires, under each of the Existing Master Services Agreements (as more particularly set out under the paragraph headed “New Master Services Agreements” of this announcement above)

“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“Revised Annual Cap”	the revised annual cap in respect of the Continuing Connected Transactions under the Existing NWD Master Services Agreement for the financial year ending 30 June 2014
“Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and the subsidiaries of such other companies
“SGM”	the special general meeting of the Company to be convened and held by the Company for the purpose of considering and, if thought fit, approving (a) the Revised Annual Cap; and (b) the New Master Services Agreements and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	any entity which falls within the definition of “subsidiary” ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	the Code on Takeovers and Mergers as amended from time to time and administered by the Securities and Futures Commission of Hong Kong

“HK\$” Hong Kong dollar, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 11 April 2014

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

* *For identification purposes only*