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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 TRANSACTION

PROPOSED ACQUISITION OF INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF ERGUANG EXPRESSWAY

AND

RESUMPTION OF TRADING

The Board is pleased to announce that on 22 July 2014, the Buyer, being a wholly owned subsidiary of the Company, was determined as the highest bidder at the Auction in its bid for the Equity Interest at the consideration of RMB2,562.80 million (equivalent to HK\$3,203.50 million).

Pursuant to the terms of the Letter of Undertaking, subsequent to the Buyer being determined as the highest bidder at the Auction, the Buyer will be obliged to enter into the Equity Purchase Agreement if GRBC decides not to exercise or fails to exercise its pre-emptive right to purchase the Equity Interest by 20 August 2014 in which case its pre-emptive right is deemed to have been waived. Upon completion of the Proposed Acquisition, the Buyer will own 51% equity interest in the Target Company which operates Erguang Expressway.

As some of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition pursuant to the Equity Purchase Agreement are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and publication requirements as set out in Rules 14.34 to 14.37 of the Listing Rules.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 10:21 a.m. on 22 July 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company from 1:00 p.m. on 22 July 2014.

As the execution of the Equity Purchase Agreement is subject to waiver by GRBC of its pre-emptive right, there is no certainty that the Buyer will enter into the Equity Purchase Agreement and hence the Proposed Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. The Company will make a further announcement regarding further development of the Proposed Acquisition as and when appropriate.

INTRODUCTION

The Board is pleased to announce that on 22 July 2014, the Buyer, being a wholly owned subsidiary of the Company, was determined as the highest bidder at the Auction in its bid for the Equity Interest at the consideration of RMB2,562.80 million (equivalent to HK\$3,203.50 million).

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MAJOR TERMS OF THE EQUITY PURCHASE AGREEMENT

Expected date of signing

If GRBC decides not to exercise or fails to exercise its pre-emptive right to purchase the Equity Interest by 20 August 2014 in which case its pre-emptive right is deemed to have been waived, the Seller and the Buyer expect to execute the Equity Purchase Agreement no later than 28 August 2014.

Parties

Seller : 肇慶市公路發展有限公司(Zhaoqing Highway Development Company Limited[#])

Buyer : 廣東新川有限公司 (Guangdong Xinchuan Co., Ltd.[#])

Consideration

The consideration for the Equity Interest is RMB2,562.80 million (equivalent to HK\$3,203.50 million) which will be funded by the Group's internal resources and bank financing. In determining the bid price, the Buyer has taken into account factors such as the minimum bid price for the Equity Interest set by the Seller and the potential economic growth of the region where Erguang Expressway is located. Please refer to the section headed "Reasons for, and Benefits of, the Proposed Acquisition" below for further information.

Completion

Under the Equity Purchase Agreement, the Buyer shall pay the total consideration for the Equity Interest in three instalments as follows:

- (i) 30% of the total consideration, i.e. RMB768.84 million (equivalent to HK\$961.05 million), shall be paid within 10 business days from the date of signing of the Equity Purchase Agreement (in respect of which the deposit of RMB50.00 million (equivalent to HK\$62.50 million) which has already been paid to GEMAS will be treated as part of the first instalment);
- (ii) save for the RMB10.00 million (equivalent to HK\$12.50 million) reserved balance in (iii), the remaining of the total consideration, i.e. RMB1,783.96 million (equivalent to HK\$2,229.95 million), shall be paid within 30 business days from the date of signing of the Equity Purchase Agreement; and
- (iii) the reserved balance of RMB10.00 million (equivalent to HK\$12.50 million) shall be paid within three business days from the date of the registration of the Buyer as the 51% shareholder of the Target Company ("**Change of Registration Particulars**").

The Buyer shall also pay the Seller interest on the consideration (excluding the first instalment payment, being 30% of the total consideration) at the one-year benchmark bank lending rates and calculated for the period from the date of the Equity Purchase Agreement until the date of actual payment of the consideration for each instalment. The interest accrued shall be paid together with each of the consideration instalment payments.

Within 15 business days after payment of the first and the second instalment payments of the consideration above ("**Expected Management Handover Date**"), the parties shall arrange for the legal representative, directors, supervisors and senior management personnel of the Target Company to be replaced with the individuals nominated by the Buyer. If both parties fail to arrange for the replacement of the personnel by the Expected Management Handover Date, calculation of the interest accrual for the reserved balance of RMB10.00 million (equivalent to HK\$12.50 million) shall be based on the period until the Expected Management Handover Date only.

Upon completion of the Proposed Acquisition, the Target Company will be owned as to 51% by the Buyer and will be accounted for as a joint venture of the Group.

The Equity Purchase Agreement may be terminated under the following circumstances, inter alia, (i) where both the Seller and the Buyer have reached a mutual consensus for termination; (ii) by either the Seller or the Buyer where the purpose of the Equity Purchase Agreement cannot be materialized as a result of the occurrence of force majeure event or other events not caused by any of the parties; (iii) by the non-defaulting party where a material breach has been committed by a party of its obligation under the Equity Purchase Agreement rendering it not possible for the purpose of the Equity Purchase Agreement to be materialized; and (iv) by the Buyer where the Change of Registration Particulars has not been completed within three months, or all the approvals from the relevant governmental or approval authorities have not been obtained within nine months, both from the first and the second instalment payments of the consideration above.

In the event of termination, the Seller is entitled to revoke the transfer of the Equity Interest and the related rights and obligations, and both the Buyer and the Seller shall enter into an agreement to terminate the Equity Purchase Agreement, and arrange for the corresponding registration and personnel changes, if applicable. The Seller will be obliged to refund the following amount to the Buyer within five business days from termination: (i) all the consideration which has been paid by the Buyer; and (ii) shareholders' loans and/or capital contribution which have been paid by the Buyer (if any). The Seller shall also pay the Buyer interest at the one-year benchmark fixed deposit rate calculated from the date of the Buyer paying the aforesaid relevant amount until the date of refund by the Seller.

REASONS FOR, AND BENEFITS OF, THE PROPOSED ACQUISITION

Erguang Expressway is located in Guangdong province of the PRC and has a total length of 118.04 kilometers. This dual three-lane expressway links to nearby provinces including Guangxi and Hunan with an average daily traffic flow of more than 31,000 vehicles in 2013. Erguang Expressway commenced operation in December 2010 and the Target Company has obtained concession rights for a period of 25 years expiring in December 2035.

In light of the economic development of the Pearl River Delta region and growth potential of Guangxi and Hunan provinces, the Board believes that the Target Company is a quality infrastructure investment which will contribute to the Group in the foreseeable term. The Proposed Acquisition is consistent with the Group's investment strategy in infrastructure assets which will also further strengthen the Group's presence as a toll road operator in Guangdong province.

The Board considers that the Equity Purchase Agreement to be entered into contains normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE GROUP, THE SELLER AND THE TARGET COMPANY

The Group is principally engaged in (i) the investment in and/or operation of facilities, construction, transport and strategic investment; 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 Seller is incorporated in the PRC and is principally engaged in the investment and management of certain expressways in Guangdong province of the PRC.

The Target Company is principally engaged in the construction, investment, operation and management of Erguang Expressway and its facilities.

As of 31 December 2013, the audited net asset value of the Target Company was approximately RMB2,499.47 million (equivalent to approximately HK\$3,124.34 million).

The losses before and after income tax of the Target Company for the two financial years ended 31 December 2013 are extracted as follow:

	For the financial years ended 31 December			
	2012		2013	
	<i>RMB</i>	<i>Equivalent to</i>	<i>RMB</i>	<i>Equivalent to</i>
	<i>(million)</i>	<i>HK\$</i>	<i>(million)</i>	<i>HK\$</i>
		<i>(million)</i>		<i>(million)</i>
Loss before and after income tax	211.16	263.95	99.13	123.91

To the best knowledge, information and belief of the directors of the Company having made all reasonable enquiries, the Seller is a third party independent of the Group, the directors, chief executives and substantial shareholders of any member of the Group or any of their respective associates.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition pursuant to the Equity Purchase Agreement are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and publication requirements as set out in Rules 14.34 to 14.37 of the Listing Rules.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 10:21 a.m. on 22 July 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company from 1:00 p.m. on 22 July 2014.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meaning:

"Auction"	the public auction process held in relation to the sale of the Equity Interest which was held through GEMAS;
"Board"	the board of directors of the Company;
"Buyer"	廣東新川有限公司 (Guangdong Xinchuan Co., Ltd. [#]), a wholly foreign owned enterprise in the PRC, being a wholly owned subsidiary of the Company;
"Company"	NWS Holdings Limited (新創建集團有限公司 [*]), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange;
"Equity Interest"	the 51% equity interest in the Target Company to be acquired by the Buyer under the Proposed Acquisition;
"Equity Purchase Agreement"	the equity purchase agreement in relation to the Proposed Acquisition expected to be entered into between the Buyer and the Seller no later than 28 August 2014 after the waiver of the pre-emptive right by GRBC;
"Erguang Expressway"	二廣高速公路懷集至三水段 (the Huaiji-Sanshui Section of Erguang Expressway) operated by the Target Company;
"GEMAS"	廣州產權交易所 (Guangzhou Enterprises Mergers and Acquisition Services Centre [#]);
"GRBC"	廣東省路橋建設發展有限公司 (Guangdong Province Road and Bridge Construction Development Company Limited [#]), a company incorporated in the PRC, which holds the remaining 49% of the equity interest in the Target Company;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong;

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Letter of Undertaking"	the letter of undertaking submitted by the Buyer at the Auction on 22 July 2014;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC" or "China"	The People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administration Region of the PRC and Taiwan);
"Proposed Acquisition"	the proposed acquisition of the Equity Interest by the Buyer pursuant to the Auction;
"RMB"	Reminbi, the lawful currency of the PRC;
"Seller"	肇慶市公路發展有限公司 (Zhaoqing Highway Development Company Limited [#]), a company incorporated in the PRC, being the seller of the Equity Interest;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	肇慶市廣賀高速公路有限公司 (Zhaoqing Guanghe Expressway Company Limited [#]), a company incorporated in the PRC, which operates Erguang Expressway; and
"%"	per cent.

For the purpose of this announcement and for illustration purpose only, amounts denominated in RMB have been translated into HK\$ using the following exchange rate: HK\$1.00=RMB0.80. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates at all.

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

Hong Kong, 22 July 2014

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. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung and Mr. Cheng Chi Ming, Brian; (b) the non-executive directors of the Company are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai 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. 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*

Unofficial English translation