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

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

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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RENEWAL OF CONTINUING CONNECTED TRANSACTIONS,
RE-ELECTION OF THE RETIRING DIRECTOR
AND
NOTICE OF SGM

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

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Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this Circular.

A letter from the Board is set out on pages 6 to 25 of this Circular. A letter from the Independent Board Committee is set out on pages 26 and 27 of this Circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 57 of this Circular.

A notice convening the SGM to be held at Meeting Room N201B (Expo Drive Entrance), Level 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 25 May 2017 at 11:30 a.m. is set out on pages 67 to 69 of this Circular.

Whether or not you are able to attend the SGM or any adjourned meeting 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 the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

---

9 May 2017

* For identification purposes only
<table>
<thead>
<tr>
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<th>Page</th>
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</thead>
<tbody>
<tr>
<td>Definitions</td>
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<td>Letter from the Independent Board Committee</td>
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<td>Notice of SGM</td>
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In this Circular, the following expressions have the meanings set out below unless the context otherwise requires:

<table>
<thead>
<tr>
<th>Expression</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Announcement”</td>
<td>the announcement of the Company dated 10 April 2017 regarding, among other things, the New Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps</td>
</tr>
<tr>
<td>“Annual Cap(s)”</td>
<td>the maximum aggregate annual transaction value in respect of each category of the Operational Services under each of the New Master Services Agreements</td>
</tr>
<tr>
<td>“associate(s)”</td>
<td>has the meaning ascribed to it in the Listing Rules</td>
</tr>
<tr>
<td>“Board”</td>
<td>the board of Directors</td>
</tr>
<tr>
<td>“Circular”</td>
<td>this circular, including the appendix hereto</td>
</tr>
<tr>
<td>“Company” or “NWS”</td>
<td>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 Latest Practicable Date</td>
</tr>
<tr>
<td>“connected person(s)”</td>
<td>has the meaning ascribed to it in the Listing Rules</td>
</tr>
<tr>
<td>“controlling shareholder”</td>
<td>has the meaning ascribed to it in the Listing Rules</td>
</tr>
<tr>
<td>“Director(s)”</td>
<td>director(s) of the Company</td>
</tr>
<tr>
<td>“DOO Effective Date”</td>
<td>1 July 2017, which is conditional upon the New DOO Master Services Agreement becoming unconditional as set out in the sub-paragraph headed “Condition” under the paragraph headed “2. New DOO Master Services Agreement” in the section headed “Letter from the Board” in this Circular</td>
</tr>
<tr>
<td>“Existing DOO Master Services Agreement”</td>
<td>the master services agreement in relation to the provision of Operational Services entered into between the Company and Mr. Doo on 11 April 2014 (as supplemented by the Supplemental Agreement) as disclosed in the announcement of the Company dated 11 April 2014 and the circular of the Company dated 5 May 2014</td>
</tr>
<tr>
<td>“Existing Master Services Agreement(s)”</td>
<td>the Existing NWD Master Services Agreement and/or the Existing DOO Master Services Agreement (as the case may be)</td>
</tr>
<tr>
<td>Definition</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>“Existing NWD Master Services Agreement”</td>
<td>the master services agreement in relation to the provision of Operational Services entered into between the Company and NWD on 11 April 2014 as disclosed in the announcement of the Company dated 11 April 2014 and the circular of the Company dated 5 May 2014</td>
</tr>
<tr>
<td>“Group” or “NWS Group”</td>
<td>the Company and its subsidiaries from time to time</td>
</tr>
<tr>
<td>“Hong Kong”</td>
<td>the Hong Kong Special Administrative Region of The People’s Republic of China</td>
</tr>
<tr>
<td>“Independent Board Committee”</td>
<td>an independent committee of the Board (which comprises Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace, all of them are independent non-executive Directors) established to advise the Independent Shareholders with regard to the Transactions contemplated under each of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the related Annual Caps</td>
</tr>
<tr>
<td>“Independent Financial Adviser” or “Platinum Securities”</td>
<td>Platinum Securities Company Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Transactions contemplated under each of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the related Annual Caps</td>
</tr>
<tr>
<td>“Independent Shareholders”</td>
<td>the Shareholders, other than NWD and its associates (in relation to matters regarding the New NWD Master Services Agreement) or Mr. Doo and his associates (in relation to matters regarding the New DOO Master Services Agreement), who do not have any material interest in the SGM CCT Matters to be considered at the SGM</td>
</tr>
<tr>
<td>“Interim Dividend”</td>
<td>the interim dividend of the Company for the year ending 30 June 2017, details of which are set out in the circular of the Company dated 22 March 2017 and the announcement of the Company dated 10 April 2017</td>
</tr>
<tr>
<td>“Latest Practicable Date”</td>
<td>27 April 2017, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>&quot;Listing Rules&quot;</td>
<td>the Rules Governing the Listing of Securities on the Stock Exchange</td>
</tr>
<tr>
<td>&quot;majority-controlled companies&quot;</td>
<td>has the meaning ascribed to it in the Listing Rules</td>
</tr>
<tr>
<td>&quot;Model Code&quot;</td>
<td>the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules</td>
</tr>
<tr>
<td>&quot;Mr. Doo&quot;</td>
<td>Mr. Doo Wai Hoi, William, being the father of Mr. William Junior Guilherme Doo, brother-in-law of Dr. Cheng Kar Shun, Henry and uncle of Mr. Cheng Chi Ming, Brian, all of whom are Directors</td>
</tr>
<tr>
<td>&quot;New DOO Master Services Agreement&quot;</td>
<td>the master services agreement in relation to the provision of Operational Services entered into between the Company and Mr. Doo on 10 April 2017</td>
</tr>
<tr>
<td>&quot;New Master Services Agreement(s)&quot;</td>
<td>the New NWD Master Services Agreement and/or the New DOO Master Services Agreement (as the case may be)</td>
</tr>
<tr>
<td>&quot;New NWD Master Services Agreement&quot;</td>
<td>the master services agreement in relation to the provision of Operational Services entered into between the Company and NWD on 10 April 2017</td>
</tr>
<tr>
<td>&quot;NWD&quot;</td>
<td>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 as at the Latest Practicable Date</td>
</tr>
<tr>
<td>&quot;NWD Effective Date&quot;</td>
<td>1 July 2017, which is conditional upon the New NWD Master Services Agreement becoming unconditional as set out in the sub-paragraph headed “Condition” under the paragraph headed “1. New NWD Master Services Agreement” in the section headed “Letter from the Board” in this Circular</td>
</tr>
</tbody>
</table>
“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, and for the purpose of this Circular, such term shall exclude 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 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 (as more particularly set out under the paragraph headed “New Master Services Agreements” in the section headed “Letter from the Board” in this Circular) or, where the context requires, under each of the Existing Master Services Agreements

“Percentage Ratios” the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules

“Services Group” Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and the subsidiaries of such other companies

“SFO” Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM” the special general meeting of the Company to be held at Meeting Room N201B (Expo Drive Entrance), Level 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 25 May 2017 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the SGM CCT Matters and the re-election of the retiring Director, or where the context so admits, any adjournment of such special general meeting

“SGM CCT Matters” the New NWD Master Services Agreement and the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps

“Share(s)” ordinary share(s) of HK$1.00 each in the share capital of the Company

“Shareholder(s)” holder(s) of Share(s)

“sq. ft.” square feet

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” 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)

“Supplemental Agreement” a supplemental agreement to the Existing DOO Master Services Agreement entered into among the Company, Mr. Doo, FSE Engineering Holdings Limited and FSE Management Company Limited on 20 November 2015

“Takeovers Code” the Code on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong as amended from time to time

“Transactions” the transactions contemplated under the New Master Services Agreements

“HK$” Hong Kong dollar(s), the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of The People’s Republic of China

“US$” United States dollar(s), the lawful currency of the United States of America

“%” per cent.
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

Executive Directors:  
Dr. Cheng Kar Shun, Henry (Chairman)  
Mr. Tsang Yam Pui (Chief Executive Officer)  
Mr. Hui Hon Chung (Deputy Chief Executive Officer)  
Mr. Cheung Chin Cheung  
Mr. Cheng Chi Ming, Brian  
Mr. Mak Bing Leung, Rufin

Non-executive Directors:  
Mr. To Hin Tsun, Gerald  
Mr. Dominic Lai  
Mr. Lam Wai Hon, Patrick  
Mr. William Junior Guilherme Doo

Independent non-executive Directors:  
Mr. Kwong Che Keung, Gordon  
Dr. Cheng Wai Chee, Christopher  
The Honourable Shek Lai Him, Abraham  
Mr. Lee Yiu Kwong, Alan  
Mrs. Oei Fung Wai Chi, Grace

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

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
RE-ELECTION OF THE RETIRING DIRECTOR

INTRODUCTION

1. New Master Services Agreements

Reference is made to the Announcement. As disclosed in the Announcement, in the ordinary course of business, members of the Group regularly enter into continuing connected transactions with members of each of the NWD Group and the Services Group.

* For identification purposes only
In order to streamline such continuing connected transactions, the Company entered into the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement (as disclosed in the announcement of the Company dated 11 April 2014 and the circular of the Company dated 5 May 2014).

All the Existing Master Services Agreements (namely, the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement) will expire on 30 June 2017. 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 similar scope of services as in the relevant Existing Master Services Agreement by entering into the relevant New Master Services Agreement.

2. Re-election of the retiring Director

In accordance with bye-law 86(2) of the Company's bye-laws, Mr. Mak Bing Leung, Rufin will retire at the SGM and being eligible, will offer himself for re-election at the SGM.

The purpose of this Circular is to provide you, among other things, (i) information on the New Master Services Agreements; (ii) the recommendations from the Independent Board Committee and the Independent Financial Adviser; (iii) information regarding the retiring Director; and (iv) a notice of SGM in order to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the SGM.

NEW MASTER SERVICES AGREEMENTS

1. 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 : 10 April 2017

Parties : (1) NWD
         (2) the Company
| **Duration** | An initial term of three years commencing from NWD Effective Date to 30 June 2020 (both days inclusive unless terminated earlier in accordance with the New NWD Master Services Agreement). Subject to re-compliance with the applicable Listing Rules at the relevant time, the New NWD Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not later than two months before the end of the initial term to terminate the New NWD Master Services Agreement. |
| **Condition** | The New NWD Master Services Agreement shall be conditional on the passing of an ordinary resolution at the SGM by the Independent Shareholders to approve the New NWD Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps. |
| **Nature of Transactions/Operational Services covered** | Provision of contracting services, and other general and rental related services, namely 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, procurement services, supply of construction and building equipment and materials, 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, advertising services, 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, and such other types of services as the parties may agree upon from time to time in writing. |
| **Pricing** | On normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favourable to the NWD Group or the Group (as the case may be) than terms available to and from independent third parties. |
2. **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**: 10 April 2017
- **Parties**: (1) Mr. Doo  
  (2) the Company
- **Duration**: An initial term of three years commencing from DOO Effective Date to 30 June 2020 (both days inclusive unless terminated earlier in accordance with the New DOO Master Services Agreement).

Subject to re-compliance with the applicable Listing Rules at the relevant time, the New DOO Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not later than two months before the end of the initial term to terminate the New DOO Master Services Agreement.

- **Condition**: The New DOO Master Services Agreement shall be conditional on the passing of an ordinary resolution at the SGM by the Independent Shareholders to approve the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps.
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; and

7. Such other types of services as the parties may agree upon from time to time in writing.
Pricing: On normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favourable to the Services Group or the Group (as the case may be) than terms available to and from independent third parties.

Qualifications of engagement

The 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 NWD Group or the Services Group (as the case may be) 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 and/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 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 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 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 and usual course of business on normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favourable to the Group or the NWD Group or the Services Group (as the case may be) than terms available to and from independent third parties.
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 NWD Master Services Agreement is briefly described as follows:

(a) as regards the provision of contracting 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 NWD Group or through direct appointment by member(s) of the NWD Group:

- where the member(s) of the Group participates in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the employer’s tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation. In preparing for the submission of a tender, tender review meeting of the relevant member of the Group will be held to perform a thorough analysis of the project specifications, the collection of cost and other data. In pricing a tender, the relevant member of the Group will also make references to recent job quotations. Related market information will also be retrieved for reference. These measures/procedures are designed to ensure that the tender price (as well as the terms of the tender) to be offered by the Group are fair and reasonable and comparable to those offered by the Group to independent third parties, and are adhered to by the Group for all projects obtained by the Group through tender; and

- where the engagement is through direct appointment by member(s) of the NWD Group, the consideration will be on a cost-plus basis (which is currently expected to be not exceeding 6%, but may vary depending on the scale or, if applicable, the unique nature of the project agreed to be undertaken by the Group) agreed with member(s) of the NWD Group, which is in line with the basis for engagements by independent third parties for projects of similar nature and size. Likewise, the relevant member of the Group will perform a thorough analysis of the project specifications, the collection of cost and other data and the retrieval of other useful data on the Group’s database for reference and assessment purpose. These procedures are adhered to by the Group for engagement through direct appointment;

(b) as regards the provision of property management services: on the basis of cost plus a prevailing market rate which is currently expected to be less than or equal to 10% (but may vary depending on the size or, if applicable, the unique nature of the property management project and/or extent of services required) and will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs 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 at least three 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:

(i) 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 designated as a nominated sub-contractor 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 sub-contractor(s), consideration to such sub-contractor(s) will be ascertained under the supervision of an in-house professional quantity surveyor. Such member of the Group will obtain quotations or tenders from at least two independent third parties (subject to availability and some of which may have engaged in contemporaneous transactions with the Group) from a list of pre-approved sub-contractors (which is subject to periodic review and update by its management to ensure the sub-contractors’ quality standards) for services or products in similar quantities. 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;

- 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; and
(ii) where a member of the Group is engaged to provide project management services to a member of the Services Group through direct appointment, the consideration will be on a cost-plus basis (which is currently expected to be not exceeding 6%, but may vary depending on the scale or, if applicable, the unique nature of the project agreed to be undertaken by the Group) agreed with such member of the Services Group, which is in line with the basis of engagements to independent third parties for projects of similar nature and size;

(b) as regards the provision of property management, security and guarding services: on the basis of cost plus a prevailing market rate which is currently expected to be less than or equal to 11% (but may vary depending on the size or, if applicable, the unique nature of the property management project and/or extent of services required) and will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs 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 at least three 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 2020 (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 Transactions for the financial years ended 30 June 2015 and 30 June 2016 and the six months ended 31 December 2016 are set out below:

**Existing NWD Master Services Agreement**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Financial year ended 30 June 2015 HK$'million</th>
<th>Financial year ended 30 June 2016 HK$'million</th>
<th>Six months ended 31 December 2016 HK$'million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Services by members of the Group to members of the NWD Group</td>
<td>6,957.4</td>
<td>7,988.4</td>
<td>4,356.6</td>
</tr>
<tr>
<td>Operational Services by members of the NWD Group to members of the Group</td>
<td>58.4</td>
<td>80.4</td>
<td>23.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,015.8</strong></td>
<td><strong>8,068.8</strong></td>
<td><strong>4,379.6</strong></td>
</tr>
</tbody>
</table>

**Existing DOO Master Services Agreement**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Financial year ended 30 June 2015 HK$'million</th>
<th>Financial year ended 30 June 2016 HK$'million</th>
<th>Six months ended 31 December 2016 HK$'million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Services by members of the Group to members of the Services Group</td>
<td>2.4</td>
<td>1.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Operational Services by members of the Services Group to members of the Group</td>
<td>782.4</td>
<td>1,397.5</td>
<td>465.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>784.8</strong></td>
<td><strong>1,399.3</strong></td>
<td><strong>466.7</strong></td>
</tr>
</tbody>
</table>
MAXIMUM AGGREGATE ANNUAL VALUES

The Company expects that the Annual Caps in respect of the Transactions contemplated under each of the New Master Services Agreements for the financial years ending 30 June 2018, 30 June 2019 and 30 June 2020 will be as below:

New NWD Master Services Agreement

<table>
<thead>
<tr>
<th>Categories</th>
<th>Aggregate transaction values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Financial year ending 30 June 2018</td>
</tr>
<tr>
<td></td>
<td>HK$'million</td>
</tr>
<tr>
<td>Operational Services by members of the Group to members of the NWD Group</td>
<td>12,526.0</td>
</tr>
<tr>
<td>Operational Services by members of the NWD Group to members of the Group</td>
<td>96.0</td>
</tr>
<tr>
<td>Total</td>
<td>12,622.0</td>
</tr>
</tbody>
</table>

A significant portion of the Annual Caps for the Operational Services provided by members of the Group to members of the NWD Group is expected to be related to the provision of contracting 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 following:

(a) the works relating to the New World Centre redevelopment project and a residential project in Tai Wai MTR Station, both being very sizeable projects with gross floor area of approximately 3 million sq. ft. and 2 million sq. ft., respectively;

(b) the anticipated positive prospect of the construction industry in Hong Kong having taken into account:

- the estimated increasing demand of residential property sector driven by the low interest rate and strong and growing demand from local end-users who possess increasing consuming power and are exempted from some of the regulatory measures in Hong Kong in recent years;
• the increasing residential land supply by the Hong Kong Government and the long term housing strategy of Hong Kong;

• the commitment of the Hong Kong Government to increase supply of commercial land to provide room for further development of different economic activities in Hong Kong; and

(c) the estimated increasing demand for the construction services to be provided by the Group arising from the positive prospect of the construction industry in Hong Kong. For instance, the revenue of the construction business of the Group for the three financial years ended 30 June 2016 were approximately HK$12.9 billion, HK$15.2 billion and HK$20.1 billion respectively, representing year-on-year increases of approximately 18% and 32%; whereas the gross value of contracts on hand for the construction business of the Group increased from approximately HK$50.1 billion as at 30 June 2014 to approximately HK$71.0 billion as at 30 June 2015 and further to approximately HK$73.7 billion as at 31 December 2016, representing a cumulative increase of approximately 47%.

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, are considered by the Board to be relatively insignificant to the Group’s overall operations.

New DOO Master Services Agreement

<table>
<thead>
<tr>
<th>Categories</th>
<th>Aggregate transaction values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Financial year ending 30 June 2018 HK$’million</td>
</tr>
<tr>
<td>Operational Services by members of the Group to members of the Services Group</td>
<td>38.0</td>
</tr>
<tr>
<td>Operational Services by members of the Services Group to members of the Group</td>
<td>2,235.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,273.0</strong></td>
</tr>
</tbody>
</table>
The Annual Caps for the Operational Services provided by members of the Group to members of the Services Group are predominantly related to the provision of contracting services. The increase in the Annual Caps as compared with their relevant historical transaction values is mainly due to potential project management services to be provided by member of the Group to member of the Services Group and are considered by the Board to be immaterial to the Group’s overall operation.

A significant portion of the Annual Caps for the Operational Services provided by members of the Services Group to members of the Group 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 contracting services related to the NWD Group, together with certain potential sizeable upcoming and/or ongoing projects which include, but not limited to, certain public or private sector development projects as well as various residential and commercial development projects (e.g. West Kowloon Government Offices in Yau Ma Tei), 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.

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 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 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 NWD Group or the Services Group (as the case may be) having regard to the ongoing and/or upcoming projects undertaken and/or expected to be undertaken;

- the existing projects in progress which affect the demand of related Operational Services by the Group, the NWD Group or the Services Group;
the estimated future demand for the Operational Services based on the outlook of the industry in which the Group, the NWD Group or the Services Group (as the case may be) is engaged, the ongoing and/or upcoming projects undertaken and/or expected to be undertaken and/or anticipated to be secured and the respective business or development plan of the Group, the NWD Group or the Services Group (as the case may be);

- the inflation factor (which may vary in nature and can be economic, labour related, logistics related or otherwise and will result in a rise in costs). The inflation rate will be assessed by the Group by reference to or after taking into account of such rate(s) available publicly, such as that reported by the Hong Kong Census and Statistics Department;

- adjustments for non-recurring or extraordinary items to cater for exceptional circumstances or other contingencies; 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, the NWD Group or the Services 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 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 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 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 NWD Group and the Services Group will not only allow the realization of synergies and economies of scale but will also continue to bring sustainable contribution to the Group’s profitability in the long run.

The Directors (including the independent non-executive Directors) are of the views that the terms of each of the New Master Services Agreements and the 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 LISTING RULES IMPLICATIONS

As at the Latest Practicable Date:

- NWD together with its subsidiaries held approximately 61.32% of the total issued share capital of the Company. NWD is therefore a connected person of the Company under the Listing Rules;

- Mr. Doo is the father of Mr. William Junior Guilherme Doo, brother-in-law of Dr. Cheng Kar Shun, Henry and uncle of Mr. Cheng Chi Ming, Brian, all of whom are Directors. Accordingly, Mr. Doo is therefore a connected person of the Company under the Listing Rules. Certain members of the Services Group are majority-controlled companies of Mr. Doo and hence connected persons of the Company.

Accordingly, each of the New Master Services Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As all or certain applicable Percentage Ratios of the maximum aggregate annual value in respect of the Transactions contemplated under each of the New NWD Master Services Agreement and the New DOO Master Services Agreement are more than 5%, the entering into of each of the New NWD Master Services Agreement and the New DOO Master Services Agreement is subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

In the event that the relevant Annual Cap 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/or independent shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules (where applicable).

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

NWD

NWD and its subsidiaries are principally engaged in property development and investments in the area of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology. NWD was the ultimate holding company of the Company and together with its subsidiaries held approximately 61.32% of the total issued share capital of the Company as at the Latest Practicable Date.
Mr. Doo

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

The Services Group

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

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.

APPROVAL OF THE BOARD

Dr. Cheng Kar Shun, Henry, Mr. Mak Bing Leung, Rufin and Mr. Kwong Che Keung, Gordon, all being Directors, were not present at the relevant Board meeting and therefore did not vote on the resolutions approving the New Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps.

The associates of Dr. Cheng Kar Shun, Henry, who is a director of NWD, and Mr. Doo (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 New Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps at the relevant Board meeting.

In addition, Mr. Lam Wai Hon, Patrick, being a Director, is also the Chief Executive Officer and an executive director of FSE Holdings Limited and the Vice-Chairman and an executive director of FSE Engineering Holdings Limited, both companies are members of the Services Group, abstained from voting on the resolutions approving the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps at the relevant Board meeting.
RE-ELECTION OF THE RETIRING DIRECTOR

Pursuant to bye-law 86(2) of the bye-laws of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Mak Bing Leung, Rufin, who was appointed as Director on 1 January 2017, shall retire from office. He, being eligible, shall offer himself for re-election at the SGM and his details are set out below:

Mr. Mak Bing Leung, Rufin (“Mr. Mak”), aged 62, was appointed as Executive Director on 1 January 2017 and is also a member of the Executive Committee of the Company. He joined the Group in September 2016 and is responsible for overseeing the environmental, healthcare and construction businesses of the Group. He is also a director of certain subsidiaries and joint venture companies of the Group, including GHK Hospital Limited, ATL Logistics Centre Hong Kong Limited, SUEZ NWS Limited and Hip Hing Construction Company Limited. Prior to joining the Group, Mr. Mak was the Managing Director, Hong Kong of Goodman DP World Hong Kong Limited, overseeing its container terminal and logistics business in Hong Kong. He also undertook a regional responsibility in leading the development, restructuring, merger and acquisition, financing and start-up of its parent’s key investments in Greater China and Asia-Pacific, and was involved as a director in its land based logistics business in Australia. Prior to joining the parent group in 1989, he had 13 years of experience in various infrastructure, construction and property development in Hong Kong and Australia. Mr. Mak had also served as a member of certain advisory or statutory bodies in Hong Kong including Hong Kong Port Development Council, Hong Kong Logistics Development Council, Railway Objections Hearing Panel and Municipal Services Appeals Board. He is a Registered Professional Engineer in Hong Kong, Chartered Engineer in the United Kingdom and Chartered Professional Engineer in Australia. He is also registered as an Authorized Person and Registered Structural Engineer under the Hong Kong Buildings Ordinance. He holds a Bachelor of Science degree in Engineering from the University of Hong Kong and a Master of Business Administration degree from the Chinese University of Hong Kong.

Save as disclosed above, Mr. Mak did not hold any other position with the Company or other members of the Group as at the Latest Practicable Date. Mr. Mak did not hold any directorship in other listed public companies in the last three years.

Mr. Mak’s service contract provides for a fixed term of three years and he is also subject to the rotational retirement and re-election requirements at annual general meeting pursuant to the bye-laws of the Company. His emoluments comprise annual salary package, discretionary bonus and share options and a director’s fee to be reviewed and determined by the Board annually with the authorization granted by the Shareholders at an annual general meeting of the Company and taking reference to his duties and responsibilities within the Group, the Group’s performance and the prevailing market situation. He is entitled to receive a monthly salary of HK$414,970 and a director’s fee of HK$300,000 per annum (pro-rata adjusted for his actual period of director’s service shorter than a year) in respect of the financial year ending 30 June 2017.
Mr. Mak does not have any relationship with any Director, senior management of the Company or substantial or controlling Shareholder. As at the Latest Practicable Date, Mr. Mak did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Mak has not been involved in any of the matters as mentioned under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters in relation to Mr. Mak that need to be brought to the attention to the Shareholders.

SGM

The Company will convene and hold the SGM at Meeting Room N201B (Expo Drive Entrance), Level 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 25 May 2017 at 11:30 a.m. to consider, and if thought fit, approve the SGM CCT Matters and the re-election of the retiring Director. A notice of the SGM is set out on pages 67 to 69 of this Circular.

In order to determine the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 22 May 2017 to Thursday, 25 May 2017 (both days inclusive) during which period no transfer of Shares will be registered. All properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 19 May 2017.

The voting at the SGM will be taken by poll. In accordance with the Listing Rules, any Shareholder and its associates with material interests in the SGM CCT Matters (namely the New NWD Master Services Agreement and the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps) must abstain from voting on the resolutions to approve the SGM CCT Matters at the SGM.

At the SGM:

- NWD and its associates shall abstain from voting on the resolution approving the New NWD Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps; and

- Mr. Doo and his associates shall abstain from voting on the resolution approving the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps.

After the conclusion of the SGM, the results of the poll will be released on the HKEXnews website at www.hkexnews.hk and the Company’s website at www.nws.com.hk.
A form of proxy for use in connection with the SGM is also enclosed. Whether or not you are able to attend the SGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Independent Board Committee (comprising Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace, all of them are independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders in respect of the SGM CCT Matters after taking into account the advice from the Independent Financial Adviser. The remaining independent non-executive Director, Mr. Kwong Che Keung, Gordon, is also an independent non-executive director of FSE Engineering Holdings Limited, a member of the Services Group. In order to avoid any perceived conflict of interests, Mr. Kwong Che Keung, Gordon does not form part of the Independent Board Committee.

Platinum Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the SGM CCT Matters, and whether the entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement are in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and whether the SGM CCT Matters are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 26 and 27 of this Circular which contains its recommendation to the Independent Shareholders on the SGM CCT Matters; and (ii) the letter from the Independent Financial Adviser set out on pages 28 to 57 of this Circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the SGM CCT Matters and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.
The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the New NWD Master Services Agreement and the New DOO Master Services Agreement were entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the New NWD Master Services Agreement and the New DOO Master Services Agreement, and the related Annual Caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the SGM relating to the SGM CCT Matters.

In addition, the Board considers that the proposal for the re-election of the retiring Director is in the interest of the Company and the Shareholders as a whole and accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution which will be proposed at the SGM relating to the re-election of the retiring Director.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the board of
NWS HOLDINGS LIMITED
Tsang Yam Pui
Chief Executive Officer and Executive Director
To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 9 May 2017 (the “Circular”) of which this letter forms part. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the SGM CCT Matters (namely the New NWD Master Services Agreement and the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps) and to advise the Independent Shareholders as to whether, in our opinion, the entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement are in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms, and the SGM CCT Matters are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Platinum Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the SGM CCT Matters, and whether the entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement are in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and whether the SGM CCT Matters are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

We wish to draw your attention to the letter from the Board as set out on pages 6 to 25 of the Circular which contains, among others, information on the SGM CCT Matters as well as the letter from the Independent Financial Adviser as set out on pages 28 to 57 of the Circular which contains its advice in respect of the SGM CCT Matters.

* For identification purposes only
Having taken into account the advice of the Independent Financial Adviser, we consider that the New NWD Master Services Agreement and the New DOO Master Services Agreement were entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the SGM CCT Matters are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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

Yours faithfully

Independent Board Committee
Dr. Cheng Wai Chee, Christopher
The Honourable Shek Lai Him, Abraham
Mr. Lee Yiu Kwong, Alan
Mrs. Oei Fung Wai Chi, Grace
9 May 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Annual Caps. Details of the terms of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Annual Caps are contained in the circular of NWS dated 9 May 2017 (the “Circular”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Annual Caps are entered into in the ordinary and usual course of business of the NWS Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of NWS and the Shareholders as a whole, and to give independent advice to the Independent Board Committee.

In formulating our opinion, we have relied on the information and facts supplied to us by the executive Directors and/or management of NWS. We have reviewed, among other things: (i) the New NWD Master Services Agreement; (ii) the New DOO Master Services Agreement; (iii) the announcement of NWS dated 10 April 2017 in relation to, among other things, the renewal of the Transactions (the “Announcement”); (iv) the annual report of NWS for the financial year ended 30 June 2016 (the “2016 Annual Report”); (v) the interim report of NWS for the six months ended 31 December 2016 (the “2017 Interim Report”); and (vi) the internal documents of the NWS Group in connection with the determination of the Annual Caps, internal control procedures and pricing policies in relation to the Transactions.
We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The executive Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the executive Directors and/or the management of NWS. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the executive Directors and/or the management of NWS which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the NWS Group. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transactions.

During the past two years, we had only acted as independent financial adviser to NWD, the ultimate holding company of NWS, regarding certain proposed continuing connected transactions as mentioned in the announcements of NWD dated 10 April 2017 and the circular of NWD dated 9 May 2017 and had no past engagement with NWS. As at the Latest Practicable Date, we are independent from, and are not associated with, NWS or any other party to the Transactions, or their respective substantial shareholder(s) or connected person(s) as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Transactions. We will receive a fee from NWD for our role as the independent financial adviser in relation to the aforementioned engagement and from NWS for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions. Apart from the normal professional fee payable to us in connection with the above appointments, no arrangements exist whereby we will receive any fees or benefits from NWS or NWD or any other party to the Transactions or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace, has been established to advise the Independent Shareholders as to whether the entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement are in the ordinary and usual course of business of the NWS Group and the terms thereof are on normal commercial terms, and the Transactions and the Annual Caps are fair and reasonable in so far as NWS and the Independent Shareholders are concerned and in the interests of NWS and the Shareholders as a whole.
PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Information on the NWS Group, the NWD Group and the Services Group

1.1 Information on the NWS Group

NWS is a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 659).

The NWS 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.

1.1.1 Historical financial performance of the NWS Group

Set out below is a summary of the audited consolidated financial results of the NWS Group for the financial years ended 30 June 2015 ("FY2015") and 2016 ("FY2016") and the unaudited consolidated financial results of the NWS Group for the six months ended 31 December 2016 ("HY2017") as extracted from the 2016 Annual Report and the 2017 Interim Report.

<table>
<thead>
<tr>
<th></th>
<th>FY2015 (Audited) HK$’million</th>
<th>FY2016 (Audited) HK$’million</th>
<th>HY2017 (Unaudited) HK$’million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>24,491.8</td>
<td>29,497.8</td>
<td>13,846.0</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>3,150.7</td>
<td>3,352.5</td>
<td>1,764.9</td>
</tr>
<tr>
<td>Attributable operating profit</td>
<td>4,456.6</td>
<td>4,739.6</td>
<td>2,519.4</td>
</tr>
<tr>
<td>Profit attributable to Shareholders</td>
<td>4,477.6</td>
<td>4,912.8</td>
<td>2,600.1</td>
</tr>
</tbody>
</table>

The NWS Group recorded revenue of HK$29,497.8 million for FY2016, representing an increase of approximately 20.4% as compared to FY2015 and it was mainly due to the increase in revenue in the construction & transport segment.

As disclosed in the 2016 Annual Report and the 2017 Interim Report, the management of NWS assesses the performance of the operating segments based on a measure of attributable operating profit. This measurement basis excludes the effects of corporate office and non-operating items. Corporate interest income, finance costs and expenses are not allocated to segments.
Set out below is the segment breakdown of the attributable operating profit for FY2015, FY2016 and HY2017 as extracted from the 2016 Annual Report and 2017 Interim Report.

<table>
<thead>
<tr>
<th>FY2015 (Audited)</th>
<th>FY2016 (Audited)</th>
<th>HY2017 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$HK$' million</td>
<td>%</td>
<td>$HK$' million</td>
</tr>
<tr>
<td>------------------</td>
<td>------------------</td>
<td>------------------</td>
</tr>
<tr>
<td><strong>Infrastructure Division</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td>1,201.0</td>
<td>26.9</td>
</tr>
<tr>
<td>Environment</td>
<td>631.4</td>
<td>14.2</td>
</tr>
<tr>
<td>Logistics</td>
<td>548.9</td>
<td>12.3</td>
</tr>
<tr>
<td>Aviation</td>
<td>243.6</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,456.6</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>Services Division</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Management</td>
<td>861.5</td>
<td>19.3</td>
</tr>
<tr>
<td>Construction &amp; Transport</td>
<td>691.1</td>
<td>15.5</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>279.1</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,456.6</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

The attributable operating profit contribution from the infrastructure division and the services division remained stable during FY2015, FY2016 and HY2017 which accounted for approximately 60% and 40% of the total attributable operating profit respectively.
1.1.2 Financial position of the NWS Group

Set out below is the summary of the financial position of the NWS Group as extracted from the unaudited consolidated financial statements stated in the 2017 Interim Report.

As at 31 December 2016
(Unaudited)
HK$’million

<table>
<thead>
<tr>
<th>Non-current assets</th>
<th>53,577.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>10,020.5</td>
</tr>
<tr>
<td>Other current assets</td>
<td>14,445.5</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>78,043.1</strong></td>
</tr>
<tr>
<td>Borrowings (non-current portion)</td>
<td>10,198.9</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>2,721.4</td>
</tr>
<tr>
<td>Borrowings (current portion)</td>
<td>5,157.7</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>13,829.2</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>31,907.2</strong></td>
</tr>
<tr>
<td><strong>Equity attributable to Shareholders</strong></td>
<td><strong>45,903.4</strong></td>
</tr>
</tbody>
</table>

As at 31 December 2016, the total assets of the NWS Group amounted to HK$78,043.1 million, mainly comprising (i) interests in joint ventures and associated companies which mainly represented the NWS Group’s investments in various infrastructure, ports, commercial aircraft leasing, healthcare, strategic investments, logistics and other projects, with an aggregate amount of HK$31,758.8 million; (ii) intangible concession rights in relation to the NWS Group’s investment in the roads segment of HK$12,033.1 million; (iii) trade and other receivables of HK$13,928.7 million; and (iv) cash and bank balances of HK$10,020.5 million.

As at 31 December 2016, the total liabilities of the NWS Group amounted to HK$31,907.2 million, mainly comprising (i) borrowings of HK$15,356.6 million (including current and non-current portions); and (ii) trade and other payables of HK$13,555.4 million.

The NWS Group recorded equity attributable to Shareholders of HK$45,903.4 million as at 31 December 2016.
1.2 Information on the NWD Group

NWD is a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17).

The NWD 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.

As at the Latest Practicable Date, NWD together with its subsidiaries held approximately 61.32% of the total issued share capital of NWS.

1.3 Information on Mr. Doo and the Services Group

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

The Services Group refer to Mr. Doo and any company that is controlled by Mr. Doo and subsidiaries of such company(ies). The Services Group is principally engaged in the provision of services including: (i) property investment, property and facility management; (ii) security and guarding services; (iii) cleaning and laundry; (iv) landscaping; (v) provision of environmental engineering services, mechanical and electrical engineering services; (vi) trading of building materials; and (vii) insurance consultancy and brokerage.

2. Background of the Transactions contemplated under the New NWD Master Services Agreement and the New DOO Master Services Agreement

Reference is made to the Announcement in relation to, among others, the renewal of the Transactions. On 10 April 2017, NWS announced that given that the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement will expire on 30 June 2017, the relevant parties to each of the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement have agreed to continue with the arrangement under the relevant agreement after expiry of its term upon similar terms and/or conditions and covering similar scope of services as in the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement by entering into the New NWD Master Services Agreement and the New DOO Master Services Agreement respectively.

3. Hong Kong Construction Industry and Outlook

The Transactions contemplated under the New NWD Master Services Agreement and the New DOO Master Services Agreement are mainly attributable to construction and/or contracting related services.
We have discussed with the management of NWS and understand that the construction projects, which members of the NWS Group may compete for and/or work on, include but not limited to residential, office and commercial development projects in the private or public sectors based in Hong Kong.

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

### 3.1 Residential properties – private sector

The demand of residential property sector has been driven by the low interest rate and strong and growing pent-up demand from local end-users who possess increasing consuming power and are exempted from some of the regulatory measures in Hong Kong in recent years.

Set out in Chart A below is the actual number of private residential units in Hong Kong completed from 2011 to 2015 and the forecasted completion in 2016 and 2017, according to the Rating and Valuation Department of Hong Kong.

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


<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

Based on information published by the Rating and Valuation Department of Hong Kong, the lowest number of private residential units completed since 2011 were 8,250 units in 2013. The number of private residential units completed were 15,720 units and 11,280 units respectively in 2014 and 2015 and the number of private residential units completed are estimated to be approximately 18,200 units in 2016 and projected to be approximately 17,930 units in 2017.

In addition, we note that the Hong Kong Government (the “HK Government”) will continue to increase land supply in 2017 from the 2016–17 Budget Speech\(^1\) (the “2016–17 Budget Speech”) and 2017–18 Budget Speech\(^2\) (the “2017–18 Budget Speech”). There will be 29 residential sites, of which 14 are new sites to be put on sale under the 2016–17 Land Sale Programme, capable of providing about 19,200 units in total. All major sources of land supply for private housing, which include the HK Government’s 2016–17 Land Sale Programme, railway property development projects, projects of Urban Renewal Authority, lease modifications/land exchanges and other private developments, will provide land capable of providing 28,620 private residential flats.

According to the 2017–18 Budget Speech, for the financial year ending 31 March 2018, there will be 28 residential sites to be put up by the HK Government for sale totaling approximately 19,000 private residential units. Together with other development projects, the total housing land supply from different sources will be able to provide approximately 32,000 private residential units.

We have also reviewed the long term housing strategy of Hong Kong, as per the 2017 policy address\(^3\) by the Chief Executive of Hong Kong (the “2017 Policy Address”), the HK Government’s housing supply target for the next decade from 2017–2018 is to provide a total of 460,000 units, with public housing accounting for 60%.

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

We have reviewed the annual report of NWD for the financial year ended 30 June 2016 (the “2016 NWD Annual Report”) and we noted that as at 30 June 2016, NWD and its subsidiaries possessed a land bank with attributable gross floor area (“GFA”) of around 8.3 million sq. ft. for immediate development, of which attributable residential GFA amounted to approximately 4.6 million sq. ft..

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Therefore, it is reasonable to project that there will possibly be a number of Hong Kong based residential property projects to be launched by the NWD Group in the future.

### 3.2 Residential properties – public sector

Chart B below sets out the number of public residential units completed in Hong Kong for the fiscal years ended 31 March 2011 to 2016 (based on information published by the Hong Kong Housing Authority).

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

|-----------------------------|---------|---------|---------|---------|---------|---------|

Based on information published by the Hong Kong Housing Authority, between the fiscal years 2010–11 to 2015–16, only in fiscal year 2014–15 when the number of public housing units completed were below 10,000 units. For all other years, the number of public housing units completed were above 11,000 units as illustrated in Chart B above.

Furthermore, according to the Long Term Housing Strategy Annual Progress Report 2016⁴, the public housing supply target for the ten-year period will be 280,000 units and the private housing supply target will be 180,000 units. These numbers are consistent with the ones since the establishment of Long Term Housing Strategy in 2014.

3.3 Office and Commercial Properties

Set out in Chart C below is the private office floor area completed in Hong Kong during the period from 2011 to 2015 and the estimated private office floor area to be completed in Hong Kong in 2016 and 2017.

Chart C: Private office floor area completed (actual/estimated) in Hong Kong

<table>
<thead>
<tr>
<th>Year</th>
<th>Private Office Floor Area ('000 sq. m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>140</td>
</tr>
<tr>
<td>2012</td>
<td>135</td>
</tr>
<tr>
<td>2013</td>
<td>130</td>
</tr>
<tr>
<td>2014</td>
<td>120</td>
</tr>
<tr>
<td>2015</td>
<td>130</td>
</tr>
<tr>
<td>2016#</td>
<td>199</td>
</tr>
<tr>
<td>2017#</td>
<td>232</td>
</tr>
</tbody>
</table>


During the period between 2011 and 2015, the private office floor area completed in each year ranged from approximately 104,000 square metres ("sq. m.") to approximately 165,000 sq. m., with an average of approximately 136,600 sq. m.. According to the Rating and Valuation Department of Hong Kong, the projected completion of private office floor area for 2016 and 2017 are 199,000 sq. m. and 232,000 sq. m. respectively, which signals a continuous increase from the previous years.

In terms of Grade A offices, during the period between 2011 and 2015, the floor area completed ranged from approximately 86,000 sq. m. to approximately 129,000 sq. m., with an average of approximately 107,000 sq. m.. The projected completion of Grade A office floor area for 2016 and 2017 are 174,000 sq. m. and 215,000 sq. m. respectively, which also suggests a substantial increase in the subsequent years after 2015.
We set out in Chart D below the recent completions (in terms of sq. m.) in the private commercial property sector in Hong Kong based on data published by the Rating and Valuation Department, Hong Kong.

**Chart D: Private commercial floor area completed (actual/estimated) in Hong Kong**

Between 2011 and 2015, the private commercial floor area completed in each year ranged from approximately 38,000 sq. m. to approximately 90,000 sq. m., with an average of approximately 59,000 sq. m. The projected private commercial floor area completion for 2016 and 2017 are 126,000 sq. m. and 93,000 sq. m. respectively, which is more than any of the years between 2011 and 2015.

Looking forward, according to the 2016–17 Budget Speech, the HK Government is committed to relocate 560,000 sq. m. of government offices located in Kowloon Tong and Kowloon Bay to increase the supply of commercial land to provide room for further development of different economic activities in Hong Kong. The Land Sale Programme for the coming financial year includes three commercial/business sites capable of providing floor area of about 172,000 sq. m. and a number of large commercial sites will be made available to the market in the next few years.

In addition, we have further reviewed the 2016 NWD Annual Report and understand that the NWD Group had various office/commercial property projects to be completed, in which one of the most significant projects was the New World Centre that had a total GFA of around 3 million sq. ft.
We also understand from the management of NWS that a significant proportion of the Annual Caps are related to contracting services and that the NWS Group intends to continue to tender for construction contracts related to, among others, property development projects undertaken by the NWD Group, which if awarded to members of the NWS Group, may be sub-contracted to members of the Services Group in part.

Having considered the information stated above and our understanding on the Hong Kong property industry, we are of the view that the prospect of the construction industry in Hong Kong in the next few years will remain positive, possibly with a strong growth and the demand for the construction services provided by the NWS Group, being one of the major players in the construction sector in Hong Kong, will benefit from the industry’s growth.

4. Principal terms of the New NWD Master Services Agreement and the New DOO Master Services Agreement

4.1 New NWD Master Services Agreement

Under the New NWD Master Services Agreement, each of NWS and NWD agrees to, and agrees to procure that members of the NWS Group or the NWD Group (to the extent practicable), engage relevant members of the NWD Group or the NWS Group to provide the Operational Services to relevant members of the NWS Group or the NWD Group during the term of the New NWD Master Services Agreement.

Set out below are the principal terms of the New NWD Master Services Agreement.

Date: 10 April 2017

Parties: (1) NWD
         (2) NWS

Duration: An initial term of three years commencing from the NWD Effective Date to 30 June 2020 (both days inclusive unless terminated earlier in accordance with the New NWD Master Services Agreement).

Subject to re-compliance with the applicable Listing Rules at the relevant time, the New NWD Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not later than two months before the end of the initial term to terminate the New NWD Master Services Agreement.
### Condition:
The New NWD Master Services Agreement shall be conditional on the passing of an ordinary resolution at the SGM by the Independent Shareholders to approve the New NWD Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps.

### Nature of Transactions/Operational Services covered:
Provision of contracting services, and other general and rental related services, namely 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, procurement services, supply of construction and building equipment and materials, 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, advertising services, 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, and such other types of services as the parties may agree upon from time to time in writing.

### Pricing:
On normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favourable to the NWD Group or the NWS Group (as the case may be) than terms available to and from independent third parties.

### 4.2 New DOO Master Services Agreement

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

Date: 10 April 2017

Parties: (1) Mr. Doo  
(2) NWS

Duration: An initial term of three years commencing from DOO Effective Date to 30 June 2020 (both days inclusive unless terminated earlier in accordance with the New DOO Master Services Agreement).

Subject to re-compliance with the applicable Listing Rules at the relevant time, the New DOO Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not later than two months before the end of the initial term to terminate the New DOO Master Services Agreement.

Condition: The New DOO Master Services Agreement shall be conditional on the passing of an ordinary resolution at the SGM by the Independent Shareholders to approve the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps.

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; and

7. Such other types of services as the parties may agree upon from time to time in writing.

Pricing: On normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favourable to the Services Group or the NWS Group (as the case may be) than terms available to and from independent third parties.

5. Reasons for entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement

5.1 New NWD Master Services Agreement

Pursuant to the New NWD Master Services Agreement, the NWS Group and the NWD Group will provide each other with the Operational Services with a term of three years ending 30 June 2020.
The Existing NWD Master Services Agreement will expire on 30 June 2017 and we have discussed with the management of NWS and understand that the Transactions contemplated under the New NWD Master Services Agreement are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the NWS Group, as well as the NWD Group (as the case may be).

5.1.1 Operational Services provided by the NWS Group to the NWD Group

We have discussed with the management of NWS and understand that the Operational Services provided by the NWS Group to the NWD Group were substantially related to the provision of contracting services by the member(s) of the NWS Group. As one of the major property developers in Hong Kong, it is expected that the demand of contracting services by the NWD Group will remain strong in coming years due to its ongoing property development projects as well as the new property development projects during the term of the New NWD Master Services Agreement.

As discussed with the management of NWS, member(s) of the NWS Group is/are engaged as main contractor(s) or management contractor(s) or project manager(s) of property development projects after being selected from participating tenderers in a tender process set up by member(s) of the NWD Group or through direct appointment by member(s) of the NWD Group.

In respect of the participation in a tender, we have discussed with the management of NWS and understand that members of the NWS Group are required to follow the NWS Group’s internal tender guideline. We have reviewed the NWS Group’s internal tender guideline which sets out the overall flow of the tendering process, pre-tendering stage, tendering stage and post tendering stage. The assessment criteria for considering whether to proceed with a tender invitation mainly includes, but not limited to, scale and nature of the project, historical relationship with the relevant members of the NWD Group, and resource availability of the NWS Group. In preparing for the submission of a tender, tender review meeting of the relevant member of the NWS Group will be held to perform a thorough analysis of the project specifications, the collection of cost and other data which include quotations from sub-contractors for works packages, quotations from suppliers for materials, estimates on the allocation of machinery and equipment, management resources, labour costs, technical complexity and related commercial and physical works risk, etc. In pricing a tender, the relevant member of the NWS Group will also make references to recent job quotations, such as tender record, purchase price of materials and equipment, labour costs and sub-contractors’ quotations of projects completed or in progress in the NWS Group’s database. Related market information, such as material price and labour costs’ trend will also be retrieved from public source, industry reports, and financial database for
These measures/procedures are designed with a view to ensuring the tender price and the terms of the tender to be offered by the NWS Group are fair and reasonable and comparable to those offered by the NWS Group to independent third parties, and are adhered to by the NWS Group for all projects obtained by the NWS Group through tender. Having considered the contribution of each category of the Operational Services under the New Master Services Agreements as well as their respective number of transactions (i.e. sample size) made during the term of the Existing Master Services Agreements, we have selected three sample transactions on a random basis in relation to tender made by member of the NWS Group to member of the NWD Group and reviewed the relevant documents, we note that the NWS Group has complied with the internal tender guideline and procedures. In terms of the tender price and terms, we have also reviewed the internal documents provided by the Group Audit & Risk Assurance Department of NWS (the “GARA”) which show the tender price and terms made by members of the NWS Group to the NWD Group, and compared it with the other two sample transactions, which have similar nature and size with our selected tender samples made to the NWD Group and were selected on a random basis, in relation to the tender made by the members of the NWS Group to independent third parties and note that the tender price and terms made by members of the NWS Group to the NWD Group are no less favourable to the NWS Group than those offered to independent third parties. The GARA would conduct review regularly on the tender made by the member(s) of the NWS Group in relation to the implementation of the internal tender guideline and procedures. As advised by the management of NWS, no material non-compliance in connection with such guideline and procedures from the term of the Existing NWD Master Services Agreement up to the Latest Practicable Date was noted by the GARA.

For the engagements which are directly appointed by the member(s) of the NWD Group, the contract amount will be on a cost-plus basis (which is currently not exceeding 6%, but may vary depending on the scale or, if applicable, the unique nature of the project agreed to be undertaken by the NWS Group) agreed with the member(s) of the NWD Group, which is in line with the basis of engagements to independent third parties for projects with similar nature and size. We have reviewed the NWS Group’s internal control guideline regarding engagement through direct appointment and understand that the relevant member of the NWS Group will perform a thorough analysis of the project specifications, the collection of cost and other data and the retrieval of other useful data on the NWS Group’s database for reference and assessment purpose. The cost-plus percentage will be determined based on findings from the analysis and the senior management will review the proposed cost-plus percentage as well as the basis of its determination for each engagement and approve the engagement subject to the cost-plus percentage and its basis of determination are in line with the basis of engagements to independent third parties for projects with similar nature and size. Having considered the contribution of each category of the
Operational Services under the New Master Services Agreements as well as their respective number of transactions (i.e. sample size) made during the term of the Existing Master Services Agreements, we have selected two sample transactions on a random basis determined by cost-plus basis between the NWS Group and the NWD Group and reviewed the relevant documents, we note that the NWS Group has complied with the aforementioned internal control guideline and procedures, and its price and terms are no less favourable to the NWS Group than those offered by the NWS Group to independent third parties. The GARA would conduct review regularly on the cost-plus percentages used during the year and compare them to independent third party projects with similar nature and size. As advised by the management of NWS, no material non-compliance in connection with such guideline and procedures from the term of the Existing NWD Master Services Agreement up to the Latest Practicable Date was noted by the GARA.

5.1.2 Operational Services provided by the NWD Group to the NWS Group

We have discussed with the management of NWS and understand that the Operational Services provided by the NWD Group to the NWS Group were mainly related to the rental of properties owned by the member(s) of the NWD Group. The pricing basis of the rentals is based on the prevailing market rate and member(s) of the NWS Group would compare the then market rental rate of properties with similar features including but not limited to location, usable space, building conditions, available facilities, quality and rental period, before entering into rental agreement with the member(s) of NWD Group to ensure the terms are no less favourable to the NWS Group than those offered by independent third parties. Having considered the contribution of each category of the Operational Services under the New Master Services Agreements as well as their respective number of transactions (i.e. sample size) made during the term of the Existing Master Services Agreements, we have selected three sample transactions on a random basis in relation to rental of properties owned by members of the NWD Group and reviewed the relevant documents, we note that the NWS Group has complied with the aforementioned internal control guideline and procedures. Besides, we have also conducted our own research on the rental property market by comparing the prevailing market rental rate of properties with similar location, usable space, available facilities and quality to the rental rate and terms offered by the NWD Group and note that the rental rate and terms offered by the NWD Group are no less favourable than the prevailing market rate. As such, we consider the terms offered by the NWD Group are no less favourable to the NWS Group than those offered by independent third parties.

Moreover, the GARA would conduct review regularly on the provision of the Operational Services to the NWS Group by the NWD Group and compare them to the market data to ensure the terms of the rental agreement
are fair and reasonable. As advised by the management of NWS, no material non-compliance in connection with such guideline and procedures from the term of Existing NWD Master Services Agreement up to the Latest Practicable Date was noted by the GARA.

In conclusion, based on our work done, we are of the view that the Transactions contemplated under the New NWD Master Services Agreement are in the ordinary and usual course of business of the NWS Group and the NWS Group has implemented appropriate internal control procedures to ensure the transactions contemplated under the New NWD Master Services Agreement will be conducted on normal commercial terms that are no less favourable to the NWS Group than those available to or from independent third parties.

5.2 New DOO Master Services Agreement

Pursuant to the New DOO Master Services Agreement, the NWS Group and the Services Group will provide each other with the Operational Services with a term of three years ending 30 June 2020.

The Existing DOO Master Services Agreement will expire on 30 June 2017 and we have discussed with the management of NWS and understand that the Transactions contemplated under the New DOO Master Services Agreement are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the NWS Group, as well as the Services Group (as the case may be).

5.2.1 Operational Services provided by the NWS Group to the Services Group

Based on the information provided by the management of NWS, we note that Operational Services provided by the NWS Group to the Services Group during the term of the Existing DOO Master Services Agreement were mainly related to the provision of facilities management services by members of the NWS Group. However, the relevant Annual Caps for the term of the New DOO Master Services Agreement are expected to be mainly attributable to the provision of project management services by members of the NWS Group.

As discussed with the management of NWS, member(s) of the NWS Group may be engaged for providing project management services to member(s) of the Services Group. In providing such project management services, the member(s) of the NWS Group will charge the member(s) of the Services Group on a cost-plus basis (which is expected to be not exceeding 6%, but may vary depending on the scale or, if applicable, the unique nature of the project agreed to be undertaken by the NWS Group) agreed with the member(s) of the Services Group, which is in line with the basis of engagements to independent third parties for projects with similar nature and size. Member(s) of the NWS Group is required to follow the NWS Group’s internal control guideline and procedures as mentioned under the
section headed “5.1.1 New NWD Master Services Agreement” in this letter to ensure the price and terms offered to member(s) of the Services Group are no less favourable to the NWS Group than those offered by the NWS Group to independent third parties. We have discussed with the management of NWS and understand that the provision of project management services is related to potential projects that are currently projected in the Project Schedule (as defined in the section headed “6.2.1 Annual Caps in relation to the New NWD Master Services Agreement” in this letter) and no member of the NWS Group has provided the project management services to the member(s) of the Services Group during the term of the Existing DOO Master Services Agreement up to the Latest Practicable Date. The GARA will conduct review regularly on the engagements between the member(s) of the NWS Group and the member(s) of the Services Group to ensure the implementation of the NWS Group’s internal control guideline and procedures.

5.2.2 Operational Services provided by the Services Group to the NWS Group

We have discussed with the management of NWS and understand that the Operational Services provided by member(s) of the Services Group to member(s) of the NWS Group were mainly related to the provision of contracting services for the NWS Group’s construction business operations. There are two types of business arrangements for contracting services provided by members of the Services Group.

For the first type of arrangement, member(s) of the NWS Group is/are appointed as management contractor(s) or main contractor(s) or project manager(s) and a member of the Services Group is designated as a nominated sub-contractor by the ultimate employer (which may or may not be a member of the NWD Group). Services provided and/or work performed by the member of the Services Group will be monitored by the relevant members of the NWS Group. In addition, consideration to such member of the Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer. Having considered the contribution of each category of the Operational Services under the New Master Services Agreements as well as their respective number of transactions (i.e. sample size) made during the term of the Existing Master Services Agreements, we have selected three sample transactions on a random basis and reviewed the relevant documents, and note that the independent professional quantity surveyor would recommend the service fee for the relevant sub-contracting works.

For the second type of arrangement, member(s) of the NWS Group has the right to select sub-contractor(s) and consideration to such sub-contractor(s) will be ascertained under the supervision of an in-house professional quantity surveyor. Such member of the NWS Group will invite quotations or tenders from at least two independent third parties (subject to availability and some of which may have engaged in contemporaneous
transactions with the NWS Group) from a list of pre-approved sub-contractors (which is subject to periodic review and update by its management to ensure the sub-contractors’ quality standards) for services or products in similar quantities to determine if the price and terms offered by member(s) of the Services Group are fair and reasonable as compared to those offered by independent third parties. If the price and terms offered by a member of the Services Group are equal to or better than those offered by the independent service providers, such member of the NWS Group may probably award the contract to such member of the Services Group. We have reviewed the aforesaid list of pre-approved sub-contractors who could provide the relevant contracting services as at the Latest Practicable Date, and note that only approximately 13% of which were members of the Services Group, and thus we consider the NWS Group has a well-diversified contractor base and there are adequate number of sub-contractors for member(s) of NWS Group to select and not merely to rely on member(s) of the Services Group. As advised by the management of NWS, 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 NWS Group’s internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including, but not limited to, relevant experience, capability and historical relationship) as set out in the bid invitation.

Having considered the contribution of each category of the Operational Services under the New Master Services Agreements as well as their respective number of transactions (i.e. sample size) made during the term of the Existing Master Services Agreements, we have selected three sample transactions on a random basis in relation to the sub-contracting engagements made by the NWS Group and reviewed the relevant documents, we note that the NWS Group has complied with the aforementioned guideline and procedures, and the price and terms of the sample transactions are no less favourable to the NWS Group than those charged by independent sub-contractors of the NWS Group. We have also discussed with the management of NWS and note that no material non-compliance in connection with such guideline and procedures during the term of Existing DOO Master Services Agreement up to the Latest Practicable Date was noted by the GARA.

In conclusion, based on our work done, we are of the view that the Transactions contemplated under the New DOO Master Services Agreement are in the ordinary and usual course of business of the NWS Group and the NWS Group has implemented appropriate internal control procedures to ensure the Transactions contemplated under the New DOO Master Services Agreement will be conducted on normal commercial terms that are no less favourable to the NWS Group than those available to or from independent third parties.
6. Proposed Annual Caps for the Transactions

6.1 Historical transaction amounts

The tables below set out the respective historical transaction amounts of the Transactions under the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement for FY2015, FY2016 and HY2017:

Existing NWD Master Services Agreement

<table>
<thead>
<tr>
<th>Type of transactions</th>
<th>FY2015 HK$’million</th>
<th>FY2016 HK$’million</th>
<th>HY2017 HK$’million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Services by members of the NWS Group to members of the NWD Group</td>
<td>6,957.4</td>
<td>7,988.4</td>
<td>4,356.6</td>
</tr>
<tr>
<td>Operational Services by members of the NWD Group to members of the NWS Group</td>
<td>58.4</td>
<td>80.4</td>
<td>23.0</td>
</tr>
</tbody>
</table>

As set out in table above, the aggregate transaction value for the Operational Services provided by members of the NWS Group to members of the NWD Group increased from approximately HK$6,957.4 million in FY2015 to approximately HK$7,988.4 million in FY2016, representing the utilisation rates of approximately 61% and 55% respectively given the approved annual caps under the Existing NWD Master Services Agreement for FY2015 and FY2016 were HK$11,432.0 million and HK$14,506.5 million respectively.

The aggregate transaction value for the Operational Services provided by members of the NWD Group to members of the NWS Group increased from approximately HK$58.4 million in FY2015 to approximately HK$80.4 million in FY2016, representing the utilisation rates of approximately 78% and 69% respectively given the approved annual caps under the Existing NWD Master Services Agreement for FY2015 and FY2016 were HK$75.1 million and HK$117.1 million respectively.
As set out in the table above, the aggregate transaction value for the Operational Services provided by members of the NWS Group to members of the Services Group remained stable at approximately HK$2.4 million in FY2015 and HK$1.8 million in FY2016, representing the utilisation rates of approximately 48% and 36% respectively given the approved annual caps under the Existing DOO Master Services Agreement for each of FY2015 and FY2016 were HK$5.0 million.

The aggregate transaction value for the Operational Services provided by members of the Services Group to members of the NWS Group increased from approximately HK$782.4 million in FY2015 to approximately HK$1,397.5 million in FY2016, representing the utilisation rates were approximately 36% and 39% respectively given the approved annual caps under the Existing DOO Master Services Agreement for FY2015 and FY2016 were HK$2,150.2 million and HK$3,538.4 million respectively.

We note that the Operational Services provided by members of the NWS Group to the NWD Group and by members of the Services Group to the NWS Group contributed significant portion in their respective annual caps. In connection with the historical utilisation rates, we have discussed with the management of NWS and understand that the annual caps of the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement were determined based on the then available project schedule of the NWS Group and NWD Group (as the case may be) and the management of NWS assumed, on a prudent basis, that all projects under the project schedule were included in the calculation of annual caps, while in practice the provision of Operational Services was subject to the actual development plan and/or result of tender. Any unsuccessful bidding by members of the NWS Group and/or the Services Group in the tender would affect the utilisation rate. Furthermore, in the provision of the contracting services, members of the NWS Group and the Service Group are engaged as main contractor/management contractor/project manager and sub-contractor/package contractor respectively for property development projects of the NWD Group and the amount of contracting services provided by the members of the NWS Group and the Services Group are highly related to
the development progress of the property development projects and any postponement or delay of projects would affect the utilisation rate. In addition, the utilisation rate would also be impacted by other factors, including but not limited to, non-upcoming and variation of size of potential projects, etc.

6.2 Proposed Annual Caps and basis of determination for Annual Caps

In respect of the proposed Annual Caps, we understand that it has been determined with reference to:

(a) the historical annual or annualised amounts in respect of the Operational Services provided by the relevant members of the NWS Group to the relevant members of 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 annualised amounts in respect of the Operational Services to be provided by the relevant members of the NWS Group to the relevant members of the NWD Group or the Services Group (as the case may be) and vice versa, during the respective term of the New NWD Master Services Agreement and the New DOO Master Services Agreement, having taken into account:

- the business growth of the NWS Group, the NWD Group or the Services Group (as the case may be) having regard to the ongoing and/or upcoming projects undertaken and/or expected to be undertaken;

- the existing projects in progress which affect the demand of related Operational Services by the NWS Group, the NWD Group or the Services Group;

- the estimated future demand for the Operational Services based on the outlook of the industry in which the NWS Group, the NWD Group or the Services Group (as the case may be) is engaged, the ongoing and/or upcoming projects undertaken and/or expected to be undertaken and/or anticipated to be secured and the respective business or development plan of the NWS Group, the NWD Group or the Services Group (as the case may be);

- the inflation factor (which may vary in nature and can be economic, labour-related, logistics related or otherwise and will result in a rise in costs). The inflation rate will be assessed by the NWS Group by reference to or after taking into account of such rate(s) available publicly, such as that reported by the Hong Kong Census and Statistics Department;
• adjustments for non-recurring or extraordinary items to cater for exceptional circumstances or other contingencies; 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 NWS Group, the NWD Group or the Services Group; and (ii) the service industries in which the NWS Group operates will have steady growth.

6.2.1 Annual Caps in relation to the New NWD Master Services Agreement

The proposed Annual Caps for the transactions contemplated under the New NWD Master Services Agreement during its term (i.e. three years ending 30 June 2020, namely “FY2018”, “FY2019” and “FY2020” respectively) and the basis of determination for such Annual Caps are set out as follows:

<table>
<thead>
<tr>
<th>Type of transactions</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$’million</td>
<td>HK$’million</td>
<td>HK$’million</td>
</tr>
<tr>
<td>Operational Services by members of the NWS Group to members of the NWD Group (“NWD Sales Caps”)</td>
<td>12,526.0</td>
<td>12,292.0</td>
<td>13,186.0</td>
</tr>
<tr>
<td>Operational Services by members of the NWD Group to members of the NWS Group (“NWD Purchase Caps”)</td>
<td>96.0</td>
<td>115.0</td>
<td>138.0</td>
</tr>
</tbody>
</table>

NWD Sales Caps

Based on the information provided by and the discussion with the management of the NWS, we note that the Operational Services provided by members of the NWS Group were substantially attributable to the contracting services arising from certain potential sizable 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. As one of the major property developers in Hong Kong, it is expected that demand of contracting services from the NWD Group will remain strong in coming years due to its ongoing property development projects as well as the new property development projects during the term of the New NWD Master Services Agreement.
We have discussed with the management of NWS and understand that they have prepared a projection (the “Project Schedule”) which sets out, among others, the historical transacted amounts and the estimated contract values on a project-by-project basis by categories of Operational Services entered/potentially entered into (as the case may be) with the NWD Group and the Services Group during the period from 1 July 2014 to 30 June 2020. We have reviewed the Project Schedule and note that the NWD Group has engaged members of the NWS Group as service providers for some of its property development projects and the ongoing development of certain NWD Group’s projects will fall into the term of the New NWD Master Services Agreement. Furthermore, the NWD Group may potentially engage the NWS Group for contracting services in certain new property development projects.

In order to assess the fairness and reasonableness of the proposed NWD Sales Caps, we have reviewed the relevant calculations and discussed with the management of NWS and understand from them that the proposed NWD Sales Caps are arrived at mainly based on, among others, (i) the estimated scope of works in respect of the property development projects set out in the Project Schedule; (ii) the estimated relevant construction price; and (iii) the expected progress of the construction works of the projects set out in the Project Schedule during the term of the New NWD Master Services Agreement. We note from the Project Schedule that the construction services in relation to the New World Centre redevelopment project contributed a substantial portion to the aggregate transaction amount between the NWS Group and the NWD Group and the redevelopment of New World Centre is currently in full swing and the related construction work will continue and fall into the term of the New NWD Master Services Agreement. We have compared the historical costs of the NWS Group’s previous engagements by independent third parties in relation to providing contracting services with projects/engagements of similar nature and size and note that it is comparable with the estimated construction costs adopted in the calculation of NWD Sales Caps.

Besides, we also note from the Project Schedule that potential sizable upcoming residential property projects of NWD Group, including but not limited to residential project located at Tai Wai MTR Station, are also projected in the Project Schedule. Given the size of the NWD Group’s existing and upcoming property projects, we consider the NWD Sales Caps are fair and reasonable.
NWD Purchase Caps

Based on the information provided by and the discussion with the management of NWS, we note that the Operational Services provided by the members of the NWD Group were mainly related to the rental of properties owned by the members of the NWD Group.

In order to assess the fairness and reasonableness of the proposed NWD Purchase Caps, we have reviewed the relevant calculations and discussed with the management of NWS and understand from them that the proposed NWD Purchase Caps are arrived at mainly based on, *inter alia*, (i) the historical transaction values of the rental of NWD Group’s properties; (ii) the estimated increment in rental costs by making reference to the changes in market rental rate; and (iii) the additional services such as rental of additional office spaces required due to the continuing business expansion of the NWS Group. We have also conducted our own research on the rental property market and note that the unit rental rates adopted in the calculation of the NWD Purchase Caps are in line with the market rental rate of comparable properties. As such, we consider the NWD Purchase Caps are fair and reasonable.

6.2.2 Annual Caps in relation to the New DOO Master Services Agreement

The proposed Annual Caps for the transactions contemplated under the New DOO Master Services Agreement during its term (i.e. FY2018, FY2019 and FY2020) and the basis of determination for such Annual Caps are set out as follows:

<table>
<thead>
<tr>
<th>Type of transactions</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HK$'million</td>
<td>HK$'million</td>
<td>HK$'million</td>
</tr>
<tr>
<td>Operational Services by members of the NWS Group to members of the Services Group (“Services Group Sales Caps”)</td>
<td>38.0</td>
<td>41.0</td>
<td>45.0</td>
</tr>
<tr>
<td>Operational Services by members of the Services Group to members of the NWS Group (“Services Group Purchase Caps”)</td>
<td>2,235.0</td>
<td>3,542.0</td>
<td>3,448.0</td>
</tr>
</tbody>
</table>
Services Group Sales Caps

Based on the information provided by the management of NWS, we note that Operational Services provided by the NWS Group to the Services Group during the term of the Existing DOO Master Services Agreement were mainly related to the provision of facilities management services by members of the NWS Group. However, the relevant Annual Caps for the term of the New DOO Master Services Agreement are expected to be mainly attributable to the provision of project management services by members of the NWS Group.

In order to assess the fairness and reasonableness of the proposed Services Group Sales Caps, we have reviewed the relevant calculations and discussed with the management of NWS and understand from them that the proposed Services Group Sales Caps are arrived at based on (i) the estimated scope of works of the contracting services to be provided; (ii) the size of projects to be managed; and (iii) the estimated operating costs in relation to the provision of the contracting services. We have compared the historical contract value in relation to provision of project management services by the NWS Group for projects owned by independent third parties with similar nature and size and note that it is comparable with the estimated figures adopted in the calculation of Services Group Sales Caps.

Services Group Purchase Caps

Based on the information provided by and the discussion with the management of NWS, we note that the Operational Services provided by member of the Services Group were mainly attributable to the contracting services. The surge in the proposed Services Group Purchase Caps as compared with their historical transaction values is due to the increase in the transaction values of contracting services related to the NWD Group, together with certain sizeable upcoming and/or ongoing projects which include, but not limited to, certain public or private sector development projects as well as various residential and commercial development projects, given that the NWS Group may need to engage sub-contractors/package contractors for its construction business and the Services Group is one of the NWS Group’s key sub-contractors/package contractors.

In order to assess the fairness and reasonableness of the proposed Services Group Purchase Caps, we have reviewed the relevant calculations and discussed with the management of NWS and understand from them that the proposed Services Group Purchase Caps are arrived at mainly based on, among others, (i) the estimated scope of works in respect of the property development projects set out in the Project Schedule; (ii) the estimated relevant contract value; and
(iii) the expected progress of the construction works of the projects set out in the Project Schedule during the term of the New DOO Master Services Agreement. We have reviewed the Project Schedule which set out the estimated contract values for each project during the term of the New DOO Master Services Agreement and note that the contracting services to be provided by the Services Group are related to NWD Group’s property development projects, together with certain sizeable upcoming and/or ongoing projects which include, but not limited to, certain public or private sector development projects such as the West Kowloon Government Offices in Yau Ma Tei, the potential residential project located at Tai Wai MTR Station as well as other various residential and commercial development projects given the fact that the NWS Group needs to engage sub-contractors/package contractors for its construction business and the Services Group is one of the NWS Group’s pre-approved sub-contractors/package contractors. We have also compared the historical contract value in relation to engagement of independent sub-contractor/package contractor by the NWS Group for projects with similar nature and size and note that it is comparable with the estimated figures adopted in the calculation of Services Group Purchase Caps.

6.2.3 Our view on the proposed Annual Caps of the New NWD Master Services Agreement and the New DOO Master Services Agreement

Given (i) the relevant proposed Annual Caps are derived by the Project Schedule which has taken into consideration of, among others, the estimated scope of works to be provided to/from the member(s) of the NWS Group, the estimated costs of works/services for each project in the Project Schedule; the expected development progress for each project in the Project Schedule; (ii) the service fees and/or prices adopted in the calculation of proposed Annual Caps are based on the prevailing market rate of the related Operational Services to be provided and have made reference to the NWS Group’s historical actual figures and, based on our review and research conducted, are comparable to those adopted in the calculation of Annual Caps, we are of the view that the proposed Annual Caps of the New NWD Master Services Agreement and the New DOO Master Services Agreement are fair and reasonable.
RECOMMENDATION

In relation to the Transactions, we have considered the above principal factors and reasons and, in particular, having taken into account the following in arriving at our opinion:

(a) the entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Transactions contemplated thereunder are in the ordinary and usual course of business of the NWS Group and the terms thereof are normal commercial terms and fair and reasonable;

(b) the entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Transactions contemplated thereunder are in the interests of NWS and the Shareholders as a whole; and

(c) the Annual Caps are fair and reasonable and in the interests of NWS and the Shareholders as a whole.

Having considered the principal factors and reasons above, we are of the view that the entering into of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Transactions contemplated thereunder are in the ordinary and usual course of business of the NWS Group and the terms thereof are on normal commercial terms, and the terms of each of the New NWD Master Services Agreement and the New DOO Master Services Agreement, the Transactions contemplated thereunder and the Annual Caps are fair and reasonable and in the interests of NWS and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the SGM CCT Matters.

Yours faithfully,
For and on behalf of

Platinum Securities Company Limited
Li Lan
Director and Co-head of Corporate Finance

Mr. Li Lan is a licensed person registered with the Securities and Futures Commission and as responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Li Lan has over ten years of experience in corporate finance industry.
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. DIRECTORS’ INTERESTS IN SECURITIES

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

2.1 Long position in shares

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
<th>Personal interests</th>
<th>Family interests</th>
<th>Corporate interests</th>
<th>Total</th>
<th>Approximate percentage to the total issued shares of the relevant company as at the Latest Practicable Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>18,349,571</td>
<td>–</td>
<td>12,000,000</td>
<td>30,349,571</td>
<td>0.787%</td>
<td></td>
</tr>
<tr>
<td>Mr. Tsang Yam Pui</td>
<td>180,000</td>
<td>–</td>
<td>–</td>
<td>180,000</td>
<td>0.005%</td>
<td></td>
</tr>
<tr>
<td>Mr. Lam Wai Hon, Patrick</td>
<td>1,316,207</td>
<td>–</td>
<td>7,608</td>
<td>1,323,815</td>
<td>0.034%</td>
<td></td>
</tr>
<tr>
<td>Mr. William Junior Guilherme Doo</td>
<td>561,684(3)</td>
<td>–</td>
<td>128,869</td>
<td>690,553</td>
<td>0.018%</td>
<td></td>
</tr>
<tr>
<td>Mr. Kwong Che Keung, Gordon</td>
<td>1,207,077</td>
<td>–</td>
<td>–</td>
<td>1,207,077</td>
<td>0.031%</td>
<td></td>
</tr>
<tr>
<td>Dr. Cheng Wai Chee, Christopher</td>
<td>2,875,786(5)</td>
<td>–</td>
<td>–</td>
<td>2,875,786</td>
<td>0.075%</td>
<td></td>
</tr>
</tbody>
</table>

Associated corporations

NWD

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
<th>Personal interests</th>
<th>Family interests</th>
<th>Corporate interests</th>
<th>Total</th>
<th>Approximate percentage to the total issued shares of the relevant company as at the Latest Practicable Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Cheung Chin Cheung</td>
<td>124,400</td>
<td>–</td>
<td>–</td>
<td>124,400</td>
<td>0.001%</td>
<td></td>
</tr>
<tr>
<td>Mr. William Junior Guilherme Doo</td>
<td>–</td>
<td>40,000(6)</td>
<td>–</td>
<td>40,000</td>
<td>0.000%</td>
<td></td>
</tr>
<tr>
<td>Mr. Kwong Che Keung, Gordon</td>
<td>40,000</td>
<td>–</td>
<td>–</td>
<td>40,000</td>
<td>0.000%</td>
<td></td>
</tr>
</tbody>
</table>

Wai Kee Holdings Limited

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
<th>Personal interests</th>
<th>Family interests</th>
<th>Corporate interests</th>
<th>Total</th>
<th>Approximate percentage to the total issued shares of the relevant company as at the Latest Practicable Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Lam Wai Hon, Patrick</td>
<td>300,000</td>
<td>–</td>
<td>–</td>
<td>300,000</td>
<td>0.038%</td>
<td></td>
</tr>
</tbody>
</table>
Notes:

(1) The Shares were held by a company wholly owned by Dr. Cheng Kar Shun, Henry.

(2) The Shares were held by a company wholly owned by Mr. Lam Wai Hon, Patrick.

(3) Such Shares included the interest in 13,997 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(4) Such Shares represented the interest of a company wholly owned by Mr. William Junior Guilherme Doo and included the deemed interest in 3,211 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(5) Such Shares included the interest in 71,663 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(6) The shares were held by the spouse of Mr. William Junior Guilherme Doo.

2.2 Long position in underlying shares – share options

Under the respective share option schemes of the Company and NWD, an associated corporation 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 respective 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 and NWD:

<table>
<thead>
<tr>
<th></th>
<th>Date of grant</th>
<th>Exercisable period</th>
<th>Number of share options outstanding as at the Latest Practicable Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Company</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>9 March 2015</td>
<td>(1) 7,417,691</td>
<td></td>
</tr>
<tr>
<td>Mr. Tsang Yam Pui</td>
<td>9 March 2015</td>
<td>(1) 3,708,844</td>
<td></td>
</tr>
<tr>
<td>Mr. Cheung Chin Cheung</td>
<td>9 March 2015</td>
<td>(1) 3,708,844</td>
<td></td>
</tr>
<tr>
<td>Mr. Cheng Chi Ming, Brian</td>
<td>9 March 2015</td>
<td>(1) 3,708,844</td>
<td></td>
</tr>
<tr>
<td>Mr. To Hin Tsun, Gerald</td>
<td>9 March 2015</td>
<td>(1) 701,672</td>
<td></td>
</tr>
<tr>
<td>Mr. Dominic Lai</td>
<td>9 March 2015</td>
<td>(1) 701,672</td>
<td></td>
</tr>
<tr>
<td>Mr. Lam Wai Hon, Patrick</td>
<td>9 March 2015</td>
<td>(1) 3,708,844</td>
<td></td>
</tr>
<tr>
<td>Mr. William Junior Guilherme Doo</td>
<td>9 March 2015</td>
<td>(1) 701,672</td>
<td></td>
</tr>
<tr>
<td>Mr. Kwong Che Keung, Gordon</td>
<td>9 March 2015</td>
<td>(1) 1,403,346</td>
<td></td>
</tr>
<tr>
<td>Dr. Cheng Wai Chee, Christopher</td>
<td>9 March 2015</td>
<td>(1) 1,403,346</td>
<td></td>
</tr>
<tr>
<td>Mr. Shek Lai Him, Abraham</td>
<td>9 March 2015</td>
<td>(1) 1,403,346</td>
<td></td>
</tr>
<tr>
<td>Mr. Lee Yiu Kwong, Alan</td>
<td>9 March 2015</td>
<td>(1) 1,403,346</td>
<td></td>
</tr>
<tr>
<td><strong>NWD</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>10 June 2016</td>
<td>(2) 10,675,637</td>
<td></td>
</tr>
</tbody>
</table>
Notes:

(1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40% of the share options are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.

(2) Divided into 4 tranches exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(3) The cash consideration paid by each of the Directors for each grant of share options of the Company or NWD was HK$10.

2.3 Long position in debentures

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

<table>
<thead>
<tr>
<th>Amount of debentures</th>
<th>Personal interests</th>
<th>Family interests</th>
<th>Corporate interests</th>
<th>Total</th>
<th>Approximate percentage to the total amount of the debentures in issue as at the Latest Practicable Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fita International Limited</td>
<td>Mr. William Junior Guilherme Doo</td>
<td>–</td>
<td>–</td>
<td>US$3,000,000(^{(1)})</td>
<td>US$3,000,000</td>
</tr>
<tr>
<td>New World China Land Limited</td>
<td>Mr. William Junior Guilherme Doo</td>
<td>–</td>
<td>–</td>
<td>RMB33,756,000(^{(2)})</td>
<td>RMB33,756,000</td>
</tr>
<tr>
<td>NWD Finance (BVI) Limited</td>
<td>Mr. William Junior Guilherme Doo</td>
<td>–</td>
<td>–</td>
<td>US$1,310,000(^{(3)})</td>
<td>US$1,310,000</td>
</tr>
<tr>
<td>NWD (MTN) Limited</td>
<td>Mr. William Junior Guilherme Doo</td>
<td>–</td>
<td>–</td>
<td>US$2,000,000(^{(3)})</td>
<td>US$2,000,000</td>
</tr>
</tbody>
</table>

Notes:

(1) The debentures were held by a company wholly owned by Mr. William Junior Guilherme Doo.

(2) The debentures were held by a company wholly owned by Mr. William Junior Guilherme Doo of which RMB12,256,000 debentures were issued in US$ and had been translated into RMB using the rate of US$1 = RMB6.128.
Other than the interests in the shares, underlying shares and debentures as set out above, as at the Latest Practicable Date, none of the Directors had any interest or short position in the shares, underlying shares or debentures (within the meaning of Part XV of the SFO) 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’ INTEREST IN SECURITIES

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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approximate percentage to the issued share capital of the Company as at the Latest Practicable Date</td>
</tr>
<tr>
<td></td>
<td>Beneficial interests</td>
</tr>
<tr>
<td>Cheng Yu Tung Family (Holdings) Limited</td>
<td>2,477,530,362(1)</td>
</tr>
<tr>
<td>Cheng Yu Tung Family (Holdings II) Limited</td>
<td>2,477,530,362(2)</td>
</tr>
<tr>
<td>Chow Tai Fook Capital Limited</td>
<td>2,477,530,362(3)</td>
</tr>
<tr>
<td>Chow Tai Fook (Holding) Limited</td>
<td>2,477,530,362(4)</td>
</tr>
<tr>
<td>Chow Tai Fook Enterprises Limited</td>
<td>2,380,495,938(5)</td>
</tr>
<tr>
<td>NWD</td>
<td>718,384,979(6)</td>
</tr>
</tbody>
</table>

Notes:

(1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in Chow Tai Fook Capital Limited and was accordingly deemed to have an interest in the Shares deemed to be interested by Chow Tai Fook Capital Limited. Such Shares included the deemed interest in 15,095,974 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in Chow Tai Fook Capital Limited and was accordingly deemed to have an interest in the Shares deemed to be interested by Chow Tai Fook Capital Limited. Such Shares included the deemed interest in 15,095,974 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.
(3) Chow Tai Fook Capital Limited held approximately 81.03% direct interest in Chow Tai Fook (Holding) Limited and was accordingly deemed to have an interest in the Shares deemed to be interested by Chow Tai Fook (Holding) Limited. Such Shares included the deemed interest in 15,095,974 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(4) Chow Tai Fook (Holding) Limited held 100% direct interest in Chow Tai Fook Enterprises Limited and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by Chow Tai Fook Enterprises Limited. Such Shares included the deemed interest in 15,095,974 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(5) Chow Tai Fook Enterprises Limited, together with its subsidiaries, held more than one-third of the issued shares of NWD and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by NWD. Such Shares included the deemed interest in 15,095,974 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(6) Such Shares included the interest in 7,698,607 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(7) NWD held 100% indirect interest in Mombasa Limited and was accordingly deemed to have an interest in the Shares held by Mombasa Limited. NWD was also deemed to be interested in 2,979,975 Shares held by Financial Concepts Investment Limited, 35,331,354 Shares each held by Hing Loong Limited and Fine Reputation Incorporated respectively, all of them are subsidiaries of NWD. Such Shares included the deemed interest in 7,397,367 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(8) Such Shares included the interest in 5,636,471 scrip Shares to be issued on or about 15 May 2017 under the Interim Dividend.

(9) All the interests stated above represented long positions.

Save as disclosed above, as at the Latest Practicable Date and so far as is known to any Director or chief executive of the Company, no other person had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.
4. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the following Directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group, pursuant to the Listing Rules as set out below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Entity whose business is considered to compete or likely to compete with the businesses of the Group</th>
<th>Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group</th>
<th>Nature of interest of the Director in the entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>Chow Tai Fook Enterprises Limited group of companies</td>
<td>Investment in healthcare and commercial aircraft leasing businesses</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>FSE Holdings Limited group of companies</td>
<td>Carpark management</td>
<td>Director and shareholder</td>
</tr>
<tr>
<td></td>
<td>Silver City International Limited group of companies</td>
<td>Food and beverage operations</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Cheng Chi Ming, Brian</td>
<td>Integrated Waste Solutions Group Holdings Limited</td>
<td>Investment in waste management business</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. To Hin Tsun, Gerald</td>
<td>Mongolia Energy Corporation Limited</td>
<td>Investment in coal mining</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Lam Wai Hon, Patrick</td>
<td>FSE Holdings Limited group of companies</td>
<td>Carpark management</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Road King Infrastructure Limited</td>
<td>Development, operation and management of toll roads</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. William Junior Guilherme Doo</td>
<td>FSE Holdings Limited group of companies</td>
<td>Carpark management</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Silver City International Limited group of companies</td>
<td>Food and beverage operations</td>
<td>Director</td>
</tr>
</tbody>
</table>
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 Latest Practicable Date which was 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 was not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation;

(c) Dr. Cheng Kar Shun, Henry, Mr. Cheng Chi Ming, Brian and Mr. William Junior Guilherme Doo were members of the Cheng’s family which held interest in Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited which in turn indirectly controlled Chow Tai Fook Enterprises Limited. The Group had entered into the following transactions with associates of Chow Tai Fook Enterprises Limited since 30 June 2016:

(i) a tenancy agreement regarding the letting of an office premises by a then associate of Chow Tai Fook Enterprises Limited, which was no longer an associate of Chow Tai Fook Enterprises Limited as at the Latest Practicable Date, to the Group at a monthly rental of HK$65,232 and the amount of such transaction was covered under the master services agreement dated 11 April 2014 made between the Company and Chow Tai Fook Enterprises Limited as disclosed in the annual report of the Company for the year ended 30 June 2016; and

(ii) on 15 November 2016, NWS Service Management Limited (an indirect wholly-owned subsidiary of the Company) as purchaser and Enrich Group Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited) as vendor entered into a sale and purchase agreement pursuant to which Enrich Group Limited conditionally agreed to dispose of and NWS Service Management Limited agreed to purchase 50% of the entire issued share capital of NWS Transport Services Limited at a total consideration of HK$1.38 billion (subject to adjustment). Details of this acquisition were set out in the joint announcement of NWD and the Company dated 15 November 2016 and the circular of the Company dated 7 December 2016. Completion of this acquisition took place on 30 December 2016 and thereafter, NWS Transport Services Limited became a wholly-owned subsidiary of the Group.
Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 30 June 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group; and

(d) the following Director was a director or employee of a company which 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:

<table>
<thead>
<tr>
<th>Name of common director</th>
<th>Name of company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>Cheng Yu Tung Family (Holdings) Limited</td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>Cheng Yu Tung Family (Holdings II) Limited</td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>Chow Tai Fook Capital Limited</td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>Chow Tai Fook (Holding) Limited</td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>Chow Tai Fook Enterprises Limited</td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>NWD</td>
</tr>
<tr>
<td>Dr. Cheng Kar Shun, Henry</td>
<td>Mombasa Limited</td>
</tr>
</tbody>
</table>

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board was not aware of any material adverse change in the financial or trading position of the Group since 30 June 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

Platinum Securities is a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

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

As at the Latest Practicable Date, Platinum Securities did not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Platinum Securities did not have any direct or indirect interest in any assets which had been since 30 June 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
8. MISCELLANEOUS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 28/F., New World Tower, 18 Queen’s Road Central, Hong Kong during normal business hours on any business day (Saturdays excluded) from the date of this Circular up to and including 25 May 2017 and at the SGM:

(a) the Existing Master Services Agreements;

(b) the New Master Services Agreements;

(c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this Circular;

(d) the letter of advice from Platinum Securities to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this Circular; and

(e) the written consent of Platinum Securities referred to in the paragraph headed “7. Qualification and Consent of Expert” in this appendix.
NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “Meeting”) of NWS Holdings Limited (the “Company”) will be held at Meeting Room N201B (Expo Drive Entrance), Level 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 25 May 2017 at 11:30 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing each of the following resolutions as an ordinary resolution:

ORDINARY RESOLUTIONS

1. To re-elect Mr. Mak Bing Leung, Rufin as Director.

2. “THAT the New NWD Master Services Agreement dated 10 April 2017 entered into between NWD and the Company (a copy of which has been produced to the meeting marked “A” and initialled by the Chairman of the meeting for identification purpose), pursuant to which the Company and NWD each 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 certain operational services as more particularly set out in the “Letter from the Board” in the circular of the Company dated 9 May 2017 (the “Circular”) to relevant members of the Group or the NWD Group, the transactions contemplated under the New NWD Master Services Agreement, and the proposed annual caps in respect of the transactions contemplated under the New NWD Master Services Agreement for each of the three financial years ending 30 June 2020 as more particularly set out in the “Letter from the Board” in the Circular be and are hereby approved, ratified and/or confirmed, and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to execute all agreements and documents and to take all steps for and on behalf of the Company whatever he or she or they may, in his/her/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, implementing and/or giving effect to the above matter (terms defined in the Circular have the same meanings when used in this resolution).”

* For identification purposes only
3. “THAT the New DOO Master Services Agreement dated 10 April 2017 entered into between Mr. Doo and the Company (a copy of which has been produced to the meeting marked “B” and initialed by the Chairman of the meeting for identification purpose), pursuant to which the Company and Mr. Doo each 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 certain operational services as more particularly set out in the “Letter from the Board” in the circular of the Company dated 9 May 2017 (the “Circular”) to relevant members of the Group or the Services Group, the transactions contemplated under the New DOO Master Services Agreement, and the proposed annual caps in respect of the transactions contemplated under the New DOO Master Services Agreement for each of the three financial years ending 30 June 2020 as more particularly set out in the “Letter from the Board” in the Circular be and are hereby approved, ratified and/or confirmed, and the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to execute all agreements and documents and to take all steps for and on behalf of the Company whatever he or she or they may, in his/her/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, implementing and/or giving effect to the above matter (terms defined in the Circular have the same meanings when used in this resolution).”

By order of the board of

NWS HOLDINGS LIMITED

Chow Tak Wing

Company Secretary

Hong Kong, 9 May 2017

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or (if he is a holder of two or more shares) 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 branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding of the Meeting or 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, that one of the registered holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. In order to determine the entitlement of the shareholders of the Company to attend and vote at the Meeting, the register of members of the Company will be closed from Monday, 22 May 2017 to Thursday, 25 May 2017 (both days inclusive) during which period no transfer of shares of the Company will be registered. All properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 19 May 2017.

6. Voting on the above resolutions will be taken by poll.

7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

8. As at the date of this notice, (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. 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.