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新創建 NWS

新創建集團有限公司*
NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(stock code: 00659)

CONNECTED TRANSACTION
ACQUISITION OF HSIN CHONG ASTER BUILDING SERVICES LIMITED
AND
POTENTIAL CONTINUING CONNECTED TRANSACTIONS

I. THE ACQUISITION

The Board is pleased to announce that on 22 July 2024 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendors and the Vendor Guarantor entered into the Sale and Purchase Agreement, pursuant to which (a) the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase from the Vendors the Sale Shares (representing the entire issued share capital of the Target Company) at the Sale Shares Consideration, and (b) Vendor B conditionally agreed to sell and assign and the Purchaser conditionally agreed to purchase and take an assignment of the Sale Loan at the Sale Loan Consideration, all free from any encumbrances, and subject to the terms and conditions in the Sale and Purchase Agreement.

The Target Company, a company incorporated in Hong Kong, is a leading contractor in providing comprehensive electrical and mechanical engineering (“E&M”) services. It offers a full spectrum of solutions, including heating, ventilation and air conditioning (HVAC) systems, fire services, electrical installations, and other E&M solutions (together, “E&M Services”). The Target Company has a proven track record of serving reputable property developers, institutions, the government as well as construction companies and has established strong reputation in the industry. As at the date of this announcement, the Target Company is owned as to 10% by Vendor A and 90% by Vendor B. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

II. ONGOING TRANSACTIONS BETWEEN THE TARGET COMPANY AND NWD GROUP

As at the date of this announcement, there are Ongoing Transactions between the Target Company and NWD Group. The Ongoing Transactions are expected to continue after Completion until the completion of works which is expected to be in the first quarter of 2025.

III. LISTING RULES IMPLICATIONS

CTFH, indirectly holding approximately 76.17% of the total issued share capital of the Company through its subsidiaries as at the date of this announcement, is a substantial shareholder and hence a connected person of the Company.

Vendor B, being wholly owned by CTFN, which is a subsidiary of CTFH, is therefore an associate of CTFH and hence a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, NWD, as a company indirectly owned as to approximately 45.24% by CTFH as at the date of this announcement, is an associate of CTFH and hence a connected person of the Company. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the Ongoing Transactions will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the circular of the Company dated 5 June 2023 in relation to, among other things, the New NWD Master Services Agreement. The Ongoing Transactions will, upon Completion, fall within the scope of and the relevant agreements will be regarded as individual agreements under the New NWD Master Services Agreement conforming with the provisions contained therein. The annual transaction amounts of the transactions under the New NWD Master Services Agreement together with the annual transaction amounts under the Ongoing Transactions are not expected to exceed the annual caps approved by the independent shareholders at the special general meeting of the Company held on 26 June 2023.

As Completion is subject to the satisfaction or waiver of the Conditions Precedent in accordance with the terms of the Sale and Purchase Agreement, the Acquisition may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

I. THE ACQUISITION

INTRODUCTION

The Board is pleased to announce that on 22 July 2024 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendors and the Vendor Guarantor entered into the Sale and Purchase Agreement, pursuant to which (a) the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase from the Vendors the Sale Shares at the Sale Shares Consideration, and (b) Vendor B conditionally agreed to sell and assign and the Purchaser conditionally agreed to purchase and take an assignment of the Sale Loan at the Sale Loan Consideration, all free from any encumbrances, and subject to the terms and conditions of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

22 July 2024

Parties

- (1) Vendor A as a vendor
- (2) Vendor B as a vendor
- (3) The Purchaser as purchaser
- (4) The Vendor Guarantor as the guarantor for Vendor B

Sale Shares

The Purchaser conditionally agreed to purchase the Sale Shares (representing the entire issued share capital of the Target Company) from the Vendors.

As at the date of this announcement, the Target Company is held as to 10% by Vendor A (whose shares are charged in favour of an affiliate of CTFN) and 90% by Vendor B.

Sale Loan

The Purchaser conditionally agreed to purchase and take an assignment of the Sale Loan from Vendor B.

As at the date of this announcement, Vendor B has advanced to the Target Company an unsecured loan in the principal amount of HK\$30,000,000 which bears an interest rate of 5% per annum and with maturity date on 30 June 2025.

Consideration and Payment Terms

The Sale Shares Consideration shall be the Transaction Consideration as adjusted in accordance with the Performance Bonus and Adjustment Mechanism. The Transaction Consideration so adjusted shall not be less than the Minimum Sale Shares Consideration. More details of the calculations are set forth below.

The Sale Loan Consideration shall be an amount equivalent to the aggregate sum of the principal amount of HK\$30,000,000 and interest accrued thereon up to the Completion Date (excluding any default interest or other payments which may become due and payable).

The aggregate sum of the Sale Shares Consideration and the Sale Loan Consideration (i.e. the Total Payment) shall not be more than the Cap and shall be paid subject to the payment terms as set out below.

The Total Payment shall be satisfied as follows:

- (a) upon Completion, the Purchaser shall pay the Completion Payment in the following manner:
 - (i) an amount equivalent to the Sale Loan Consideration to Vendor B (or such person(s) as Vendor B may direct in writing at least five Business Days before the Completion Date); and
 - (ii) the Transaction Consideration to Vendor A and Vendor B (or such person(s) as the Vendors may direct in writing at least five Business Days before the Completion Date) in the Designated Proportions;
- (b) within 10 Business Days after the agreement or determination of the First Performance Bonus in accordance with the terms of the Sale and Purchase Agreement, the Purchaser shall pay the First Performance Bonus (if any) to the Vendors (or such person(s) as the Vendors may direct in writing at least five Business Days before the payment date) in the Designated Proportions;
- (c) within 10 Business Days after the agreement or determination of the Second Performance Bonus in accordance with the terms of the Sale and Purchase Agreement, the Purchaser shall pay the Second Performance Bonus (if any) to the Vendors (or such person(s) as the Vendors may direct in writing at least five Business Days before the payment date) in the Designated Proportions; and
- (d) within 10 Business Days after the agreement or determination of the Final Adjustment Amount in accordance with the terms of the Sale and Purchase Agreement:
 - (i) where the Final Adjustment Amount is payable by the Purchaser pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall pay the Final Adjustment Amount to the Vendors (or such person(s) as the Vendors may direct in writing at least five Business Days before the payment date) in the Designated Proportions; or

- (ii) where the Final Adjustment Amount is payable by the Vendors pursuant to the terms of the Sale and Purchase Agreement, the Vendors shall pay the Final Adjustment Amount to the Purchaser in the Designated Proportions.

Performance Bonus and Adjustment Mechanism

First Performance Bonus

The First Performance Bonus shall be the amount calculated in accordance with the following formula:

$$E1 = (A1 \times 8 \times P) - B$$

where:

E1 is the First Performance Bonus

A1 is the Adjusted Net Profit (as defined below) for the financial year ending 31 December 2024

P is the Payment Percentage (as defined below)

B is the Transaction Consideration

Provided that:

- (a) if the aggregate sum of the Completion Payment and E1 exceeds the Cap, the First Performance Bonus shall be taken as the difference between the Cap and the Completion Payment; and
- (b) if E1 is equal to zero or is a negative figure, the First Performance Bonus shall be taken as zero and no First Performance Bonus shall be payable by the Purchaser.

Second Performance Bonus

The Second Performance Bonus shall be the amount calculated in accordance with the following formula:

$$E2 = (A1 + A2) \div 2 \times 8 \times P - B - E1$$

where:

E2 is the Second Performance Bonus

A1 is the Adjusted Net Profit for the financial year ending 31 December 2024

A2 is the Adjusted Net Profit for the financial year ending 31 December 2025

P is the Payment Percentage

B is the Transaction Consideration

E1 is the First Performance Bonus

Provided that:

- (a) if the aggregate sum of the Completion Payment and the First Performance Bonus is equal to the Cap, the Second Performance Bonus shall be taken as zero and no Second Performance Bonus shall be payable by the Purchaser;
- (b) if (a) above is not applicable but the aggregate sum of the Completion Payment, the First Performance Bonus and E2 exceeds the Cap, the Second Performance Bonus shall be taken as the difference between (i) the Cap and (ii) the aggregate sum of the Completion Payment and the First Performance Bonus; and
- (c) if E2 is equal to zero or is a negative figure, the Second Performance Bonus shall be taken as zero and no Second Performance Bonus shall be payable by the Purchaser.

Final Adjustment Amount

The Final Adjustment Amount shall be equal to the amount calculated in accordance with the following formula:

$$F = (A1 + A2 + A3) \div 3^{(\text{note 1})} \times 8^{(\text{note 2})} - AP$$

where:

F is the Final Adjustment Amount

A1 is the Adjusted Net Profit for the financial year ending 31 December 2024

A2 is the Adjusted Net Profit for the financial year ending 31 December 2025

A3 is the Adjusted Net Profit for the financial year ending 31 December 2026

AP is the Actual Payment (as defined below)

Note 1: division by 3 being the average of the Adjusted Net Profit for the three financial years ending 31 December 2026

Note 2: multiplication by 8 being the multiple of price to earning ratio applied to the average Adjusted Net Profit determined as per note 1 above

- (a) if F equals to zero, no Final Adjustment Amount shall be payable;
- (b) if F is a positive figure, the Final Adjustment Amount shall be payable by the Purchaser to the Vendors, provided always that the maximum Final Adjustment Amount payable by the Purchaser shall not be more than the difference between (i) the Cap and (ii) the aggregate sum of the Completion Payment, the First Performance Bonus and the Second Performance Bonus; and
- (c) if F is a negative figure, the Final Adjustment Amount shall equal to the absolute value of F and shall be payable by the Vendors to the Purchaser, provided always that the maximum Final Adjustment Amount payable by the Vendors shall not be more than the difference between (i) the Actual Payment and (ii) the Minimum Sale Shares Consideration.

For the purpose of the formulae above:

- (a) “**Adjusted Net Profit**” means, in respect of any financial year, the audited consolidated net profit after tax of the Target Group as shown in the audited consolidated accounts of the Target Group for that particular financial year and adjusted by the following:
 - (1) deducting any non-recurring income and adding back any non-recurring expenses;
 - (2) deducting net profit attributed to jobs that are not included in the Target Company’s summary of job tenders in January 2024; and
 - (3) making any necessary adjustments so that the consolidated net profit is calculated in accordance with the accounting policies adopted in the audited consolidated accounts of the Target Group for the financial year ended 31 December 2023.

For the avoidance of doubt, where the Target Group has a consolidated net loss after the above adjustments, the Adjusted Net Profit shall be a negative figure;

- (b) “**Actual Payment**” means the aggregate sum of the Transaction Consideration, the First Performance Bonus and the Second Performance Bonus paid by the Purchaser to the Vendors; and
- (c) “**Payment Percentage**” means 70%, with the 30% portion being retained for adjustment purpose.

Basis for the Consideration

The consideration for the Acquisition (including the Performance Bonus and Adjustment Mechanism and the payment terms) was determined after arm’s length negotiations between the Parties on normal commercial terms with reference to, among other things, (i) the historical financial performance of the Target Group; (ii) the future business prospects of the Target Group and the industry in which the Target Group is engaging; (iii) the appraised value of 100% equity interest in the Target Company of HK\$625,000,000 to HK\$656,000,000 as at 31 December 2023 by an independent valuer; (iv) the outstanding amount of the Sale Loan (plus accrued interests); and (v) the reasons and benefits of the Acquisition as stated in the section headed “Reasons For and Benefits of the Acquisition” below:

(i) Historical financial performance of the Target Group

The Company has reviewed the financials of the Target Group for the five years ended 31 December 2023. The Target Group has achieved significant growth in revenue from the year ended 31 December 2021 to 31 December 2023. The revenue of the Target Group grew by 163.2% in 2022 and 91.0% in 2023. The growth was primarily driven by the project award success rate that the Target Group achieved and an exceptionally large project was successfully awarded to the Target Group during these few years.

(ii) Future business prospects of the Target Group and industry in which the Target Group is engaging

In recent years, Hong Kong's construction industry has been recovering and continues to grow, supported by the Hong Kong government's determination to increase land and housing supply via measures, including increase in public housing supply and speed-up in development of the Northern Metropolis. The E&M Services provided by the Target Group are highly complementary to the Group's construction business now primarily led by Hip Hing group, Vibro group and Quon Hing group (together, the "NWS Construction Group"). The Acquisition represents an important step for NWS Construction Group in becoming a comprehensive and integrated construction group as the Target Group will strategically strengthen its E&M arm, enabling it to provide a comprehensive and seamless one-stop solution to clients.

(iii) Appraised value by independent valuer

The minimum consideration for the Sale Shares and the initial consideration for the Sale Shares payable to the Vendors upon Completion (i.e. the Transaction Consideration) are HK\$281,000,000 and HK\$508,600,000 respectively, both of which are below the range of the market value of 100% equity interest of the Target Company as of 31 December 2023 as appraised by an independent valuer, adopting a market approach.

Separately, in preparing the valuation report, the independent valuer has observed the trailing price-to-earnings multiples of comparable companies, which engage in similar businesses and with similar revenue growth rate and positive net income from 2021 to 2023 as the Target Company. The average trailing price-to-earnings multiple is approximately 14.95x. As such, the Company believes that the Sale Shares Consideration (being the Transaction Consideration, as adjusted in accordance with the Performance Bonus and Adjustment Mechanism), which has factored in a price-to-earnings multiple of 8x, is fair and reasonable.

(iv) Outstanding amount of the Sale Loan

The Sale Loan Consideration is equivalent to the face value of the principal amount on the Completion Date on a dollar for dollar basis plus accrued interests up to the Completion Date.

Considering the above (including the adjustment and payment terms) and the reasons and benefits of the Acquisition as stated in the section headed “Reasons For and Benefits of the Acquisition” below, the Directors consider that the consideration for the Acquisition is fair and reasonable and in the best interest of the Company and its shareholders as a whole.

The consideration for the Acquisition shall be settled by cash and will be funded by internal resources of the Group.

Conditions Precedent

Completion is conditional upon certain conditions being satisfied (or waived by the Purchaser in accordance with the terms of the Sale and Purchase Agreement) on or before the Long Stop Date, which include:

- (a) the Purchaser being satisfied in all respects in its absolute opinion with the results of the due diligence review on the business, financial, legal and all other aspects of the Target Group, the Sale Shares and the Sale Loan;
- (b) the Bank continuing to extend the facilities to the Target Company;
- (c) the share charge under which Vendor A charged its shares in the Target Company in favour of an affiliate of CTFN having been fully released and discharged to the satisfaction of the Purchaser;
- (d) the relevant Licences remaining valid and subsisting, and no indication having been given by any relevant government authorities or any licensing bodies that any such Licences may be revoked, suspended, withdrawn, terminated or modified or an application to renew may be rejected;
- (e) the key persons of the Target Company having entered into employment agreements or service contracts with the Target Company in form and substance acceptable by the Purchaser, with such employment agreements or service contracts remaining valid and subsisting and no parties thereto having served any notice to terminate the same; and
- (f) the Target Company having completed disposal of all its equity interest in Aster Zhong Biao.

If any of the Conditions Precedent shall not have been satisfied (or waived by the Purchaser in accordance with the terms of the Sale and Purchase Agreement) on or before the Long Stop Date, the Purchaser shall be entitled to terminate the Sale and Purchase Agreement by notice in writing to the Vendors, whereupon the Sale and Purchase Agreement and everything contained therein shall be null and void and of no effect, and no Party shall have any rights, obligations or liabilities under the Sale and Purchase Agreement save and except that the liability in respect of any breaches of the terms of the Sale and Purchase Agreement antecedent thereto which shall survive such termination of the Sale and Purchase Agreement.

Completion

Subject to the satisfaction (or waiver) of the Conditions Precedent, Completion shall take place on the Completion Date.

Guarantee

The Vendor Guarantor has guaranteed the due observance and performance by Vendor B of the Sale and Purchase Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group invests in and operates a wide range of business predominantly in Hong Kong and Mainland China including toll roads, insurance, logistics, construction and facilities management. The E&M Services provided by the Target Group are highly complementary to the Group's construction business. The Acquisition represents an important step for NWS Construction Group in becoming a comprehensive and integrated construction group as the Target Group will strategically strengthen its E&M arm, enabling it to provide a comprehensive and seamless one-stop solution to clients.

The E&M expertise and experience contributed by the Target Group will place NWS Construction Group in a highly advantageous position in future project bidding. The capability of offering one-stop solution will enable NWS Construction Group to submit more compelling proposals to potential clients. With the Target Group handling its E&M works, NWS Construction Group will be able to enhance its E&M cost estimation and cost control capability and facilitate NWS Construction Group to make competitive bids which will improve its profitability.

With the integration of the Target Group into NWS Construction Group, NWS Construction Group will become a comprehensive construction group excelling in general contracting, construction management, civil engineering, E&M, and foundation works. Cost efficiency and competitiveness of NWS Construction Group will also be improved.

In view of the above, the Directors, including the independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreement (including the consideration for the Acquisition) are on normal commercial terms or better, and are fair and reasonable, and the transactions contemplated under the Sale and Purchase Agreement are in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and the Purchaser

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange. The Group invests in and operates a wide range of business predominantly in Hong Kong and Mainland China including toll roads, insurance, logistics, construction and facilities management.

The Purchaser is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding.

Vendor A

Vendor A is a company incorporated in the British Virgin Islands whose ultimate beneficial owner is Mr. Wong Yu Ming. To the best knowledge of the Board, it is principally engaged in investment holding. To the best knowledge, information and belief of the Board, having made all reasonable enquiries, Vendor A and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Vendor B

Vendor B is a company incorporated in the British Virgin Islands. It is wholly owned by CTFN, which is a subsidiary of CTFH. CTFH is held as to approximately 81.03% by Chow Tai Fook Capital Limited, which is in turn held as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited. To the best knowledge of the Board, Vendor B is principally engaged in investment holding.

The Vendor Guarantor

The Vendor Guarantor is a company incorporated in Hong Kong with limited liability and is a subsidiary of CTFH. To the best knowledge of the Board, the Vendor Guarantor is principally engaged in investment holding.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability which is held as to 10% by Vendor A and 90% by Vendor B. It is a leading contractor in providing comprehensive E&M Services. It has a proven track record of serving reputable property developers, institutions, the government as well as construction companies and has established strong reputation in the industry. It has undertaken many sizable and reputable projects in Hong Kong, such as airport, hospitals, hotels, depots, educational institutions, commercial and residential development and water treatment plants across various business segments. Major projects undertaken include Hong Kong Express Rail Link, Hong Kong Science Park and the University of Hong Kong.

As at the date of this announcement, the Target Group comprises the Target Company and:

- (1) Aster Macau, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company;
- (2) ASTER-AEL JV, an unincorporated joint venture formed by the Target Company (owning 80% interest) and Associated Engineers, Limited (owning 20% interest) to implement a project awarded by the Drainage Services Department of the Hong Kong Government in relation to various sewage treatment works and pumping stations in Shatin and Sai Kung. The ultimate beneficial owners of Associated Engineers, Limited are individual family members led by its joint chairman, Mr. Chow Chee Wing, Anthony and Mr. Chow Chee Wai, Christopher. To the best knowledge, information and belief of the Board, having made all reasonable enquiries, Associated Engineers, Limited and its ultimate beneficial owners are third parties independent of the Company and its connected persons; and
- (3) Aster Zhong Biao, a joint stock company incorporated in the PRC (the shares of which are listed on the National Equities Exchange and Quotations (stock code: 831124)) in which the Target Company holds 20.50% of the equity interest (which is to be disposed of by the Target Company before Completion as a Condition Precedent).

To the best knowledge of the Company, Vendor A and Vendor B acquired their respective interests in the Target Company through a mortgagee sale and a restructuring process, respectively.

All issued shares of the Target Company were charged to a lender under a share charge as security for a loan of HK\$580,000,000 from such lender to the borrower in 2017. Following an event of default as stipulated in the relevant share charge, the lender exercised the power of sale and all issued shares of the Target Company were sold to Vendor A at a consideration of HK\$40,000,000 by way of tender on 31 December 2018. The shareholding of Vendor A acquired through the mortgagee sale was then diluted to 10% following a subsequent restructuring process set out below.

Subsequently in 2020, the then board of directors of the Target Company considered that the liabilities of the Target Company were exceedingly larger than what the Target Company could handle by its own financial strength and Vendor A, and the then sole shareholder of the Target Company did not have the financial capabilities to resolve the indebtedness of the Target Company. As part of a creditor's scheme of arrangement of the Target Company and to save the Target Company from going into liquidation, Vendor B (as a new investor at the time) subscribed for 90% of the Sale Shares at a subscription price of HK\$1 and contributed cash to the Target Company by way of shareholder's loan in the principal amount of HK\$36,999,999 which had been settled.

As at the date of this announcement, the Target Company was held as to 10% by Vendor A and 90% by Vendor B.

Historical Financial Information of the Target Group

Set out below is the key consolidated financial information of the Target Group for the two years ended 31 December 2022 and 31 December 2023, which is based on the audited consolidated financial statements of the Target Group and is prepared in accordance with the generally accepted accounting standards in Hong Kong:

	31 December 2023 (audited) <i>HK\$' million</i>	31 December 2022 (audited) <i>HK\$' million</i>
Net profit before taxation	42.4	26.7
Net profit after taxation	35.1	31.4

The audited consolidated net asset value of the Target Group as at 31 December 2023 was approximately HK\$114,000,000.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its results would be consolidated into the consolidated financial statements of the Group.

APPROVAL BY THE BOARD

Dr. Henry Cheng is a Director and a director of CTFH and CTFN who together with his family members (within the meaning of the Listing Rules), namely Mr. Cheng Kar Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy, collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited. Accordingly, Mr. Brian Cheng, Mr. Christopher Cheng and Dr. Adrian Cheng (all of whom are Directors and sons of Dr. Henry Cheng) abstained from voting on the resolutions approving the Acquisition at the Board meeting. Mr. William Doo Junior and Mr. Patrick Tsang also abstained from voting on the resolutions approving the Acquisition at the Board meeting for the reasons stated below.

Mr. William Doo Junior is a Director and the son of Mrs. Doo Cheng Sau Ha, Amy. Therefore, Mr. William Doo Junior, of whom Mrs. Doo Cheng Sau Ha, Amy is an associate, abstained from voting on the resolutions approving the Acquisition at the Board meeting.

Mr. Patrick Tsang is a Director and a director of CTFH and CTFN. His spouse is also a niece of Dr. Henry Cheng and he is a cousin-in-law of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng and Mr. William Doo Junior. Accordingly, Mr. Patrick Tsang abstained from voting on the resolutions approving the Acquisition at the Board meeting.

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

II. ONGOING TRANSACTIONS BETWEEN THE TARGET COMPANY AND NWD GROUP

As at the date of this announcement, there are Ongoing Transactions between the Target Company and NWD Group. The Ongoing Transactions are expected to continue after Completion until the completion of works which is expected to be in the first quarter of 2025.

NWD Group is principally engaged in property development, property investment, and investment in and/or operation of hotels and other strategic businesses).

III. LISTING RULES IMPLICATIONS

CTFH, indirectly holding approximately 76.17% of the total issued share capital of the Company through its subsidiaries as at the date of this announcement, is a substantial shareholder and hence a connected person of the Company.

Vendor B, being wholly-owned by CTFN, which is a subsidiary of CTFH, is therefore an associate of CTFH and hence a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As no guarantee is given by the Vendors regarding the future financial performance of the Target Company, the Performance Bonus and Adjustment Mechanism may result in the Sale Shares Consideration falling below the Transaction Consideration and require the Vendors to pay back the difference to the Purchaser if the average Adjusted Net Profits for the financial years ending 31 December 2024, 2025 and 2026 multiplied by 8, being the multiple of price to earning ratio, is less than the Transaction Consideration. Should there be a downward adjustment resulting in the return of part of the Transaction Consideration by the Vendors to the Purchaser, the Company will comply with the relevant disclosure requirements under Rule 14A.63 as if the Performance Bonus and Adjustment Mechanism amounted to a profit guarantee.

For the avoidance of doubt, the Performance Bonus and Adjustment Mechanism is merely a threshold for adjusting the Sale Shares Consideration that has been agreed as a commercial term after arm's length commercial negotiation between the Vendors and the Purchaser. It does not represent the forecasted level of future profit of the Target Group and does not constitute a profit forecast under Rule 14.61 of the Listing Rules.

Furthermore, NWD, as a company indirectly owned as to approximately 45.24% by CTFH as at the date of this announcement, is an associate of CTFH and hence a connected person of the Company. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the Ongoing Transactions will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the circular of the Company dated 5 June 2023 in relation to, among other things, the New NWD Master Services Agreement. The Ongoing Transactions will, upon Completion, fall within the scope of and the relevant agreements will be regarded as individual agreements under the New NWD Master Services Agreement conforming with the provisions contained therein. The annual transaction amounts of the transactions under the New NWD Master Services Agreement together with the annual transaction amounts under the Ongoing Transactions are not expected to exceed the annual caps approved by the independent shareholders at the special general meeting of the Company held on 26 June 2023.

The Directors consider that the Ongoing Transactions have been entered into on normal commercial terms and will be in the ordinary and usual course of business of the Group after Completion.

As Completion is subject to the satisfaction or waiver of the Conditions Precedent in accordance with the terms of the Sale and Purchase Agreement, the Acquisition may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan by the Purchaser pursuant to the terms of the Sale and Purchase Agreement and the performance of the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“ASTER-AEL JV”	ASTER-AEL JV, an unincorporated joint venture registered under the Business Registration Ordinance in Hong Kong and formed by the Target Company and Associated Engineers, Limited in accordance with the JV Agreement (in which the Target Company owns 80% interest)
“Aster Macau”	Hsin Chong Aster Macau Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company

“Aster Zhong Biao”	Hsin Chong Aster Zhong Biao Building Services Co., Limited (北京中標新亞節能工程股份有限公司), a joint stock company incorporated in the PRC, the shares of which are listed on the National Equities Exchange and Quotations (stock code: 831124)
“Bank”	The Bank of East Asia, Limited
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday or a day on which typhoon signal No. 8 or above or the black rainstorm signal or extreme conditions as announced by the Hong Kong Government is hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.)
“Cap”	HK\$1,000,000,000
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 00659)
“Completion”	completion of the Acquisition pursuant to the terms of the Sale and Purchase Agreement
“Completion Date”	subject to the satisfaction and/or waiver of all Conditions Precedent, the date of Completion, which shall be the 10th Business Day after the last Condition Precedent is satisfied or waived (as the case may be) (or such other date as the Parties may mutually agree in writing (which shall be a Business Day))
“Completion Payment”	the sum of the Transaction Consideration and the Sale Loan Consideration
“Condition(s) Precedent”	the condition(s) precedent to Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“CTFH”	Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“CTFN” or “Vendor Guarantor”	Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of CTFH
“Designated Proportions”	10% by Vendor A and 90% by Vendor B
“Director(s)”	director(s) of the Company
“Dr. Adrian Cheng”	Dr. Cheng Chi Kong, Adrian, a Director and a director of CTFH. Dr. Adrian Cheng is the son of Dr. Henry Cheng, the brother of Mr. Brian Cheng and Mr. Christopher Cheng, the cousin of Mr. William Doo Junior and cousin-in-law of Mr. Patrick Tsang
“Dr. Henry Cheng”	Dr. Cheng Kar Shun, Henry, a Director and a director of CTFH and CTFN. Dr. Henry Cheng, together with Mr. Cheng Kar Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy, collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited. Dr. Henry Cheng is the father of Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng, the uncle of Mr. William Doo Junior and the uncle of the spouse of Mr. Patrick Tsang
“Final Adjustment Amount”	the amount calculated in accordance with the formula set out in the sub-section headed “Final Adjustment Amount” in the section headed “Performance Bonus and Adjustment Mechanism” in this announcement
“First Performance Bonus”	the amount calculated in accordance with the formula set out in the sub-section headed “First Performance Bonus” in the section headed “Performance Bonus and Adjustment Mechanism” in this announcement
“Group”	the Company and its subsidiaries, which for the purpose of this announcement does not include the Target Group

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement between the Target Company and Associated Engineers, Limited in respect of ASTER-AEL JV
“Licences”	the status of the Target Company being included in certain lists and registers and the licences of the Target Company for the carrying on of its business as listed in the Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2024 (or such other date as the Parties may mutually agree in writing (which shall be a Business Day))
“Minimum Sale Shares Consideration”	HK\$281,000,000
“Mr. Brian Cheng”	Mr. Cheng Chi Ming, Brian, a Director. Mr. Brian Cheng is the son of Dr. Henry Cheng, the brother of Dr. Adrian Cheng and Mr. Christopher Cheng, the cousin of Mr. William Doo Junior and cousin-in-law of Mr. Patrick Tsang
“Mr. Christopher Cheng”	Mr. Cheng Chi Leong, Christopher, a Director. Mr. Christopher Cheng is the son of Dr. Henry Cheng, the brother of Dr. Adrian Cheng and Mr. Brian Cheng, the cousin of Mr. William Doo Junior and cousin-in-law of Mr. Patrick Tsang
“Mr. Patrick Tsang”	Mr. Tsang On Yip, Patrick, a Director and a director of CTFH and CTFN. Mr. Patrick Tsang’s spouse is the niece of Dr. Henry Cheng and he is cousin-in-law of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng and Mr. William Doo Junior
“Mr. William Doo Junior”	Mr. William Junior Guilherme Doo, a Director. Mr. William Doo Junior is the son of Mrs. Doo Cheng Sau Ha, Amy, the nephew of Dr. Henry Cheng, the cousin of Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng and cousin-in-law of Mr. Patrick Tsang

“New NWD Master Services Agreement”	the master services agreement in relation to the provision of operational services entered into between the Company and NWD on 28 April 2023
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 00017)
“NWD Group”	NWD and its subsidiaries
“Ongoing Transactions”	transactions in relation to the provision of electrical and mechanical engineering services by the Target Company under certain pre-existing construction contracts between the Target Company and NWD Group
“Parties”	the Vendors, the Purchaser and the Vendor Guarantor
“Performance Bonus and Adjustment Mechanism”	the performance bonus and adjustment mechanism set out in the sub-section headed “Performance Bonus and Adjustment Mechanism” in the section headed “The Sale and Purchase Agreement” in this announcement
“PRC”	the People’s Republic of China
“Purchaser”	Power Might Enterprises Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 July 2024 entered into between the Parties in respect of the Acquisition
“Sale Loan”	all indebtedness owing by the Target Company to Vendor B as at Completion, which shall comprise all the outstanding amount (whether principal, interest or otherwise) of the loan granted by Vendor B to the Target Company in the principal amount of HK\$30,000,000 and all other loans and amounts (whether principal, interest or otherwise) owing by the Target Company to Vendor B (if any) as at Completion

“Sale Loan Consideration”	the consideration payable for the Sale Loan, which is equivalent to the principal amount of HK\$30,000,000 of the loan granted by Vendor B to the Target Company and interests accruing thereon upon the Completion Date
“Sale Shares”	10,000 shares in the Target Company (representing the entire issued share capital of the Target Company), which are held as to 10% by Vendor A and 90% by Vendor B
“Sale Shares Consideration”	the consideration payable for the Sale Shares, being the Transaction Consideration as adjusted in accordance with the Performance Bonus and Adjustment Mechanism
“Second Performance Bonus”	the amount calculated in accordance with the formula set out in the sub-section headed “Second Performance Bonus” in the section headed “Performance Bonus and Adjustment Mechanism” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hsin Chong Aster Building Services Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiary(ies) (including Aster Macau) and includes (where the context permits) ASTER-AEL JV
“Total Payment”	the aggregate sum of the Sale Shares Consideration and the Sale Loan Consideration
“Transaction Consideration”	HK\$508,600,000, being the initial consideration payable for the Sale Shares upon Completion
“Vendor A”	Efficient League Limited, a company incorporated in the British Virgin Islands holding 10% of the issued shares in the Target Company
“Vendor B”	Golden Celosia Limited, a company incorporated in the British Virgin Islands holding 90% of the issued shares in the Target Company and being the sole legal and beneficial owner of the Sale Loan and a connected person of the Company

“Vendors”	Vendor A and Vendor B
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 22 July 2024

As at the date of this announcement, (a) the executive Directors are Dr. Cheng Kar Shun, Henry, Mr. Cheng Chi Ming, Brian, Mr. Ho Gilbert Chi Hang, Mr. Lam Jim and Mr. Cheng Chi Leong, Christopher; (b) the non-executive Directors are Dr. Cheng Chi Kong, Adrian, Mr. William Junior Guilherme Doo (alternate director to Mr. William Junior Guilherme Doo: Mr. Lam Wai Hon, Patrick) and Mr. Tsang On Yip, Patrick; and (c) the independent non-executive Directors are Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Wai Chi Grace Fung, Mr. Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms. Ng Yuen Ting, Yolanda.

* *For identification purposes only*