
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 proxy form 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.

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RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SGM

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

BALLAS
C A P I T A L
A subsidiary of Crosby

Capitalised 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 9 to 34 of this Circular.

A letter from the Independent Board Committee is set out on pages 35 and 36 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 37 to 70 of this Circular.

A notice convening the SGM to be held as a hybrid meeting at the principal meeting place of Meeting Room N101B (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 26 June 2023 at 11:45 a.m. is set out on pages 79 to 81 of this Circular. A proxy form for use by the Shareholders in the SGM is enclosed.

Whether or not you are able to attend the SGM (or any adjourned meeting) in person physically or online, you are requested to complete and (a) return the accompanying proxy form in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; or (b) submit the proxy form electronically through the Tricor e-Meeting System (<https://spot-meeting.tricor.hk/#/659>) 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). Completion and return of the proxy form will not preclude you from attending and voting in person physically or online at the SGM (or any adjournment thereof) should you so wish.

5 June 2023

* For identification purpose only

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GUIDANCE FOR THE SGM

ATTENDING THE SGM BY MEANS OF ELECTRONIC FACILITIES

The Company will conduct the SGM as a hybrid meeting using Tricor e-Meeting System, which allows Shareholders to participate in the SGM online in a convenient and efficient way from anywhere with an internet connection, in addition to the traditional physical attendance at the SGM. Shareholders will be able to view the live broadcast and participate in voting and submit questions in written form to the SGM via their mobile phones, tablet or computers.

Tricor e-Meeting System will be open for the registered Shareholders and non-registered Shareholders (see below for login details and arrangement) to log in from 11:15 a.m. on 26 June 2023 (i.e. approximately 30 minutes prior to the commencement of the SGM). Shareholders should allow ample time to check into Tricor e-Meeting System to complete the related procedures. Please refer to the Online Meeting User Guide in relation to the procedures of the online meeting at <https://spot-meeting.tricor.hk/#/659>.

Non-registered Shareholders (i.e. those shareholders whose Shares are held through a bank, a broker or a custodian or registered in the name of their nominees (together, the “**Intermediary**”)) can contact and instruct the Intermediary to appoint themselves as proxy or corporate representative to attend and vote at the SGM physically and at the same time request login details to attend and vote at the SGM using Tricor e-Meeting System.

Login details for Registered Shareholders: Details regarding the SGM arrangements including login details to access Tricor e-Meeting System are included in the Company’s notification letter to registered Shareholders for the SGM (the “**Shareholder Notification**”) sent together with this Circular.

Login details for Non-registered Shareholders: Non-registered Shareholders who wish to attend and vote at the SGM using Tricor e-Meeting System should (1) contact and instruct their Intermediary to appoint themselves as proxy or corporate representative to attend the SGM; and (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary. Details regarding the SGM arrangements including login details to access Tricor e-Meeting System will be sent by the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 11:45 a.m. on Saturday, 24 June 2023 should reach out to the Company’s branch share registrar in Hong Kong for assistance. Without the login details, non-registered Shareholders will not be able to participate and vote using Tricor e-Meeting System. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

Registered Shareholders and non-registered Shareholders should note that only one device is allowed per login. Please also keep the login details in safe custody for use at the SGM and do not disclose them to anyone else. Neither the Company nor its share registrar assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

GUIDANCE FOR THE SGM

VOTING AT THE SGM

In addition to the traditional method of completing voting papers, e-Voting system will be used at the SGM to enhance the efficiency in the poll counting process. For online voting at the SGM, Shareholders can refer to the Online Meeting User Guide by visiting <https://spot-meeting.tricor.hk/#/659> for details.

The submission of vote through the Tricor e-Meeting System using the login details will be conclusive evidence that the vote was cast by you as a Shareholder.

QUESTIONS AT THE SGM

Shareholders attending the SGM using Tricor e-Meeting System will be able to submit questions relevant to the proposed resolutions online during the SGM. The Company will endeavour to address these questions at the SGM, if time permits.

VOTING BY PROXY

Shareholders are encouraged to exercise their rights to attend and vote at the SGM. Physical attendance is not necessary for the purpose of exercising Shareholders' rights. Shareholders shall submit their completed proxy forms well in advance of the SGM. Return of a completed form will not preclude Shareholders from attending and voting in person (whether physically or online) at the SGM or any adjournment thereof should they subsequently so wish.

Submission of proxy forms for Registered Shareholders: A proxy form for use at the SGM is enclosed with this Circular. A copy of the proxy form can also be accessed via and/or downloaded from the websites of the Company (www.nws.com.hk), HKEXnews website (www.hkexnews.hk) and Tricor e-Meeting System (<https://spot-meeting.tricor.hk/#/659>).

The deadline to submit completed proxy forms is Saturday, 24 June 2023 at 11:45 a.m.. Completed proxy forms must be returned/submitted to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

In addition to the physical submission of the proxy form, registered Shareholders have the option to submit their proxy appointment electronically through the Tricor e-Meeting System from Tuesday, 6 June 2023 up to 11:45 a.m. on Saturday, 24 June 2023. Details regarding the submission of proxy forms electronically including login details to access the Tricor e-Meeting System are included in the Company's notification letter to registered Shareholders together with this Circular.

For online attendance at the SGM by proxy, registered Shareholders must provide a valid email address of their proxy (except when the Chairman of the SGM is appointed as their proxy) by inserting the email address into the proxy form. The email address so provided will be used by Tricor Standard Limited for sending the login details for voting at

GUIDANCE FOR THE SGM

the SGM. Accordingly, registered Shareholders and their proxy should ensure that the email address provided will be appropriately secure for this purpose. If no email address is provided, their proxy cannot attend and vote online.

Appointment of proxy by Non-registered Shareholders: Non-registered Shareholders should contact their Intermediary as soon as possible for assistance in the appointment of proxy to attend the SGM physically or online.

CONTACT DETAILS OF THE COMPANY'S BRANCH SHARE REGISTRAR IN HONG KONG

If Shareholders have any queries relating to the SGM, please contact the Company's branch share registrar in Hong Kong as follows:

Tricor Standard Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

Telephone: (852) 2975 0928
Email: emeeting@hk.tricorglobal.com

DEFINITIONS

In this Circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 28 April 2023 regarding, among other things, the New Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps
“Annual Cap(s)”	the maximum aggregate annual transaction value in respect of each category of the Operational Services under each of the New Master Services Agreements (as the case may be)
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“Business Day(s)”	a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in Hong Kong
“Circular”	this circular, including the appendix hereto
“Code on Takeovers and Mergers”	the Code on Takeovers and Mergers as amended from time to time and administered by the Securities and Futures Commission of Hong Kong
“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) and held as to approximately 60.88% by NWD and its subsidiaries as at the Latest Practicable Date
“connected person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Director(s)”	director(s) of the Company
“DOO Effective Date”	1 July 2023, 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

DEFINITIONS

“Existing DOO Master Services Agreement”	the master services agreement in relation to the provision of Operational Services entered into between the Company and Mr. Doo on 24 April 2020 as disclosed in the announcement of the Company dated 24 April 2020 and the circular of the Company dated 1 June 2020
“Existing Master Services Agreement(s)”	the Existing NWD Master Services Agreement and/or the Existing DOO Master Services Agreement (as the case may be)
“Existing NWD Master Services Agreement”	the master services agreement in relation to the provision of Operational Services entered into between the Company and NWD on 24 April 2020 as disclosed in the announcement of the Company dated 24 April 2020 and the circular of the Company dated 1 June 2020
“FSE Holdings Limited”	FSE Holdings Limited (豐盛創建控股有限公司), a company incorporated in the Cayman Islands with limited liability and a controlling shareholder of FSE Lifestyle Services Limited holding 75% of the ordinary shares in issue of FSE Lifestyle Services Limited as at the Latest Practicable Date
“FSE Lifestyle Services Limited”	FSE Lifestyle Services Limited, a company incorporated in the Cayman Islands with limited liability, the issued ordinary shares of which are listed on the main board of the Stock Exchange (stock code: 00331)
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board (which comprises Mr. 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, all of whom are independent non-executive Directors, and chaired by Mr. Lee Yiu Kwong, Alan) 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

DEFINITIONS

“Independent Financial Adviser” or “Ballas Capital”	Ballas Capital 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
“Independent Shareholders”	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
“Latest Practicable Date”	27 May 2023, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland”	the People’s Republic of China and for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Doo”	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 Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian and Mr. Cheng Chi Leong, Christopher. Except for Mr. Doo Wai Hoi, William, all of the aforesaid persons are Directors
“New DOO Master Services Agreement”	the master services agreement in relation to the provision of Operational Services entered into between the Company and Mr. Doo on 28 April 2023
“New Master Services Agreement(s)”	the New NWD Master Services Agreement and/or the New DOO Master Services Agreement (as the case may be)
“New NWD Master Services Agreement”	the master services agreement in relation to the provision of Operational Services entered into between the Company and NWD on 28 April 2023

DEFINITIONS

“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 Effective Date”	1 July 2023, 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
“NWD Group”	NWD, its subsidiaries, any other company in the equity capital of which NWD and/or any of its subsidiaries taken together are 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 Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, 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 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 Agreements
“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

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“Services Group”	(1) Mr. Doo and his immediate family members (as defined under the Listing Rules) and (2) any company in the equity capital of which Mr. Doo and/or his immediate family member(s) (individually or together) is/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 Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors, and the subsidiaries of such companies
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM” or the “Meeting”	the special general meeting of the Company to be held as a hybrid meeting at the principal meeting place of Meeting Room N101B (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 26 June 2023 at 11:45 a.m. for the purpose of considering and, if thought fit, approving the New NWD Master Services Agreement and the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps 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)
“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)
“Transactions”	the transactions contemplated under the Existing Master Services Agreements and/or the New Master Services Agreements (as the case may be)
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.



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)

Executive Directors:

Dr. Cheng Kar Shun, Henry (*Chairman*)
Mr. Ma Siu Cheung (*Chief Executive Officer*)
Mr. Ho Gilbert Chi Hang (*Chief Operating Officer*)
Dr. Cheng Chi Kong, Adrian
Mr. Cheng Chi Ming, Brian
Mr. Cheng Chi Leong, Christopher

Non-executive Directors:

Mr. To Hin Tsun, Gerald
Mr. Dominic Lai
Mr. William Junior Guilherme Doo
Mr. Lam Wai Hon, Patrick
(alternate Director to Mr. William Junior Guilherme Doo)

Independent Non-executive Directors:

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
Ms. Ng Yuen Ting, Yolanda

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

**Principal place of business
in Hong Kong:**

21/F, NCB Innovation Centre
888 Lai Chi Kok Road
Cheung Sha Wan, Kowloon
Hong Kong

5 June 2023

To the Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

As disclosed in the Announcement, members of the Group frequently enter into continuing connected transactions with members of each of the NWD Group and the Services Group in the ordinary course of business. In order to streamline the reporting,

* *For identification purpose only*

LETTER FROM THE BOARD

announcement, and if necessary, the Independent Shareholders' approval process of such continuing connected transactions, the Company had entered into the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement. References are made to (i) the announcement of the Company dated 24 April 2020, and (ii) the circular of the Company dated 1 June 2020.

The Existing Master Services Agreements (namely, the Existing NWD Master Services Agreement and the Existing DOO Master Services Agreement) will expire on 30 June 2023. The relevant parties to each of the Existing Master Services Agreements 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.

The purpose of this Circular is to provide the Shareholders with, among other things, (i) further details relating to the SGM CCT Matters; (ii) the recommendations of the Independent Board Committee; (iii) the letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders; and (iv) a notice of 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 the members of the Group or the NWD Group to (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 (as the case may be) during the term of the New NWD Master Services Agreement.

Major terms of the New NWD Master Services Agreement are set out below:

Date	:	28 April 2023
Parties	:	(1) NWD (2) the Company
Duration	:	An initial term of three years commencing from the NWD Effective Date to 30 June 2026 (both days inclusive) unless terminated earlier in accordance with the New NWD Master Services Agreement.

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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 or subsequent renewal term for a successive period of three years thereafter (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not less than 30 Business Days before the end of the initial term or any subsequent renewal 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 : 1. Contracting services — provision of services as main contractors, management contractors, project managers, subcontractors, suppliers or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, refurbishment, cleaning of properties, development and redevelopment of buildings, properties and real estate, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, hiring, procurement and supply of plant, machinery, equipment and materials, computer aided drafting services and related services;

LETTER FROM THE BOARD

2. Facility management services — provision of convention and exhibition facilities, hospitality and related functions and services, provision of ticketing services, ticketing information system and agency services, food and beverage catering services, provision of information technology services, computer programming and related consultancy and advisory services, technical projects studies, computer program management and planning information systems, design and updating of software and software packages, analysis and design of information system and data processing;
3. Property management services — property management, property sales and letting agency services, provision of car parking management and related services;
4. Rental services — rental and licensing of the rights to use properties, spare spaces, car parking spaces and related services;
5. Insurance and healthcare services — provision of insurance and related services, insurance underwriting services, policy underwriting services, medical and healthcare services, rehabilitation and wellness enhancement and related services;
6. Merchandising and procurement services — buying and procurement services for sourcing goods, provision of supply chain management and consultancy services, sample production and import and export trading services, wholesaling, provision of freight forwarding and packaging and other logistics services, storage and warehousing services, design, marketing and sourcing services, merchandising agent services and general trading of merchandise;
7. Advertising services — advertising, branding, marketing, loyalty and rewards program and promotion-related services; and

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8. Consultancy and advisory services relating to all the aforesaid services, and such other types of services as the parties may agree upon from time to time in writing.

Pricing : Determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than terms available to and/or from independent third parties, with reference to the pricing policy as described under the section headed "Operational Agreement(s) and pricing policies" below.

Payment terms : The terms in relation to the time and method of payment will be stated in the relevant Operational Agreements and will be no less favourable to the Group than terms available to and/or 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 the members of the Group or the Services Group to (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 (as the case may be) during the term of the New DOO Master Services Agreement.

Major terms of the New DOO Master Services Agreement are set out below:

Date : 28 April 2023

Parties : (1) Mr. Doo
(2) the Company

Duration : An initial term of three years commencing from the DOO Effective Date to 30 June 2026 (both days inclusive) unless terminated earlier in accordance with the New DOO Master Services Agreement.

LETTER FROM THE BOARD

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 or subsequent renewal term for a successive period of three years thereafter (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not less than 30 Business Days before the end of the initial term or any subsequent renewal 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, project managers, subcontractors, suppliers or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, hiring, procurement and supply of plant, machinery, 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 and housekeeping, waste management and disposal, external wall and window cleaning, clinical waste management, office and facility cleaning, pest control, recycling and environmental services, landscaping and plant maintenance, supply of plants and related services;

LETTER FROM THE BOARD

3. Facility management services — provision of convention and exhibition facilities, hospitality and 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 and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management and related services;
5. Security, guarding and event servicing services — provision of services of security guards, event servicing, security services, security systems and technology (including installation and maintenance) services, security consultancy, armoured transit and vaulting security services, escort and surveillance security services, supply of security products and related services;
6. Rental services — rental and licensing of the rights to use properties, spare spaces, car parking spaces and related services;
7. Insurance services — provision of insurance and related services, insurance underwriting services and policy underwriting services; and
8. Consultancy and advisory services relating to all the aforesaid services, and such other types of services as the parties may agree upon from time to time in writing.

Pricing : Determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than terms available to and/or from independent third parties, with reference to the pricing policy as described under the section headed "Operational Agreement(s) and pricing policies" below.

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Payment terms : The terms in relation to the time and method of payment will be stated in the relevant Operational Agreements and will be no less favourable to the Group than terms available to and/or 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 Group or the NWD Group or the Services 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.

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 an arm's length basis and at prices and on terms no less favourable to the Group than terms available to and/or from independent third parties.

LETTER FROM THE BOARD

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

- (a) as regards the provision of contracting services:
- (i) member(s) of the Group is typically engaged as a main contractor, management contractor, project manager, subcontractor, supplier or agent 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 or quotation with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount or the recommended one with better technical knowhow and capability to complete the project in time and with quality, 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 working relationship) as set out in the bid invitation. In preparing for the submission of a tender or quotation, review meeting(s) of the relevant member of the Group will be held to perform a thorough analysis of the project specifications, and the cost and other data collected. In pricing a tender or quotation, the relevant member of the Group will also make references to its recent job quotations. Related market information will also be retrieved for reference. These measures/procedures are designed to ensure that the tender or quotation price (as well as the terms of the tender or quotation) to be offered by the Group is 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 or quotation;
 - where the engagement is through direct appointment by member(s) of the NWD Group, the consideration will be on a cost-plus basis (which could be varied according to 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 cost and other data collected, and other useful data retrieved from the Group's database for reference and assessment purpose. These procedures are adhered to by the Group for engagement through direct appointment;

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- (ii) where member(s) of the NWD Group provide(s) procurement services to member(s) of the Group, the member of the Group will perform a thorough analysis on the specific project and the related construction material requirements, including the types of materials required such as ironmongery, tiles, rebar, etc., the collection of cost and other data which includes quotations from suppliers for materials and the estimated usage of different types of materials, and make references to its recent job quotations from at least two independent third party suppliers (subject to practical availability of such party(ies) offering similar products and/or materials which could satisfy the specifications, quality, quantity and the relevant time requirements) and the historical purchase price. Related market information, such as material price trend, will also be retrieved from public source and database for reference. These measures/procedures are designed with a view to ensuring the price and terms of procurement services offered to the Group by the NWD Group are fair and reasonable and comparable to those offered to the Group by independent third parties, and will be adhered to by the Group for its procurement activities; and
- (b) as regards the provision of facility management services: on the basis of the prevailing market rate or at the rate no less favourable to the Group than any other third party by referencing to at least two quotations of similar services offered to/by independent third parties, subject to practical availability with particular consideration to the uniqueness and proximity of the services provided, and the familiarity of such services to the advantage of the Group;
- (c) as regards the provision of property management services: on the basis of cost plus a prevailing market rate which could be varied according to the size or, if applicable, the unique nature of the property management project and/or the extent of services required and will be determined by conducting researches on the market comparables by referencing to at least two quotations of similar services offered to/by independent third parties (subject to practical availability) 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;
- (d) as regards the provision of rental services: by reference to a quote which is based on at least two comparative quote(s) obtained from independent third party(ies) in the market for similar property(ies) (subject to practical availability 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;

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- (e) as regards the provision of insurance services or insurance and healthcare services: on the basis of meeting the target profitability requirement measured by profit margin. In delivering the cost basis for the group life insurance policy to be offered, the relevant member of the Group will consider, among other things, (i) the sum assured/risk exposure; (ii) the demographic of the insured profile (including but not limited to age, occupation and geographical location); (iii) the reinsurance terms; (iv) the expense on the insurance policy; (v) the relevant underwriting information; and (vi) the relevant insurance claims history of the insured entity;
- (f) as regards the provision of merchandising and procurement services: on the basis of prevailing market rate by referencing to at least two quotations of similar products or services offered to/by independent third parties, subject to practical availability with due consideration to, among other things, (i) the type, size, specifications and/or quantity or, if applicable, the unique nature of the services and/or goods in question; (ii) complexity of the services; and (iii) delivery date of the goods and services, but in any event the price and terms shall be no less favourable to the Group as compared to those provided to or provided by any third party;
- (g) as regards the provision of advertising services: on the basis of the prevailing market rate or at the rate no less favourable to the Group than any other third party by referencing to at least two quotations of similar nature of services offered by independent third parties, subject to practical availability with particular consideration to, among other things, the uniqueness and proximity of the services provided, the familiarity of the Group and the rationale and requirements behind the services provided, the price of comparable services obtainable from the market and the time of delivery; and
- (h) as regards the provision of consultancy and advisory services: on the basis of the prevailing market rate or at the rate no less favourable to the Group than any other third party by referencing to at least two quotations of similar nature of services offered by independent third parties, subject to practical availability, with particular consideration to, among other things, the uniqueness and proximity of the services provided, the familiarity of the Group and the rationale and requirements behind the services provided, the service specifications, the price of comparable services obtainable from the market and the time of delivery.

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Subject to the general principles disclosed above, the pricing policy for the provision of each of the Operational Services 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 a main contractor, management contractor, project manager, subcontractor, supplier or agent for a particular project. There are three 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 subcontractor 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 subcontractor(s), consideration to such subcontractor(s) will be ascertained under the subcontracting procedures. Such member of the Group will obtain tenders or quotations from subcontractors (including members of the Services Group and independent third parties subject to practical availability and feasibility) from a list of pre-approved subcontractors (which is subject to periodic review and update by its management to ensure the subcontractors' quality standards) for services or products in similar times or 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 award the contract to such member of the Services Group;
 - for projects which involve consideration of a substantial amount that require partnering with members of the Services Group in view of commercial and confidentiality reasons, the member(s) of the Services Group will participate in a tender with all bidders (including independent third parties in the market, subject to practical availability and feasibility), the winning bid of which will be the one with the lowest tender amount or the recommended one with better technical knowhow and capability to complete the project in time and with quality, 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 working relationship) as set out in the bid invitation; and

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- (ii) where member(s) of the Group is engaged to provide project management services to member(s) of the Services Group through invitation to submit tender(s) or quotation(s) or direct appointment by member(s) of the Services Group, the measures or procedures undertaken will be in line with the basis for engagements with independent third parties for projects of similar nature and size;
- (b) as regards the provision of cleaning and landscaping services: by reference to at least two comparable tenders or quotations of similar services obtained from independent third party(ies) in the market, subject to practical availability, or researches on the market comparables by the parties from time to time;
- (c) as regards the provision of facility management services: on the basis of the prevailing market rate or at the rate no less favourable to the Group than any other third party by referencing to at least two quotations of similar services offered to/by independent third parties, subject to practical availability with particular consideration to the uniqueness and proximity of the services provided, and the familiarity of such services to the advantage of the Group;
- (d) as regards the provision of property management services or security, guarding and event servicing services:
 - (i) on the basis of cost plus a prevailing market rate which could be varied according to the size or, if applicable, the unique nature of the property management project and/or the extent of services required and will be determined by conducting researches on the market comparables by referencing to at least two quotations of similar services offered by independent third parties (subject to practical availability) 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; or
 - (ii) by reference to at least two comparable quotations of similar services obtained from independent third party(ies) in the market (subject to practical availability), or researches on the market comparables from time to time;
- (e) as regards the provision of rental services: by reference to a quote which is based on at least two comparative quote(s) obtained from independent third party(ies) in the market for similar property(ies) (subject to practical availability 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;

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- (f) as regards the provision of insurance services: on the basis of meeting the target profitability requirement measured by profit margin. In delivering the cost basis for the group life insurance policy to be offered, the relevant member of the Group will consider, among other things, (i) the sum assured/risk exposure; (ii) the demographic of the insured profile (including but not limited to age, occupation and geographical location); (iii) the reinsurance terms; (iv) expense on the insurance policy; (v) the relevant underwriting information; and (vi) the relevant insurance claims history of the insured entity; and
- (g) as regards the provision of consultancy and advisory services: on the basis of the prevailing market rate or at the rate no less favourable to the Group than any other third party by referencing to at least two quotations of similar nature of services offered by independent third parties, subject to practical availability, with particular consideration to, among other things, the uniqueness and proximity of the services provided, the familiarity of the Group and the rationale and requirements behind the services provided, the service specifications, the price of comparable services obtainable from the market and the time of delivery.

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 2026 (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.

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HISTORICAL AGGREGATE TRANSACTION VALUES

Historical aggregate transaction values in respect of the Transactions for the financial years ended 30 June 2021 and 30 June 2022 and the six months ended 31 December 2022, as well as the existing annual caps and utilisation rates of the existing annual caps in respect of the Transactions for the financial years ended 30 June 2021 and 30 June 2022 and the financial year ending 30 June 2023 are set out below:

Existing NWD Master Services Agreement

Categories	Aggregate transaction values		
	Financial year ended 30 June 2021 <i>HK\$' million</i>	Financial year ended 30 June 2022 <i>HK\$' million</i>	Six months ended 31 December 2022 <i>HK\$' million</i>
Historical aggregate transaction values (approximately)			
Operational Services by members of the Group to members of the NWD Group	839.4	328.6	272.4
Operational Services by members of the NWD Group to members of the Group	<u>43.2</u>	<u>73.6</u>	<u>35.3</u>
Total	<u>882.6</u>	<u>402.2</u>	<u>307.7</u>
	Financial year ended 30 June 2021 <i>HK\$' million</i>	Financial year ended 30 June 2022 <i>HK\$' million</i>	Financial year ending 30 June 2023 <i>HK\$' million</i>
Existing annual caps			
Operational Services by members of the Group to members of the NWD Group	2,073.0	2,224.0	2,498.0
Operational Services by members of the NWD Group to members of the Group	<u>178.0</u>	<u>193.0</u>	<u>211.0</u>
Total:	<u>2,251.0</u>	<u>2,417.0</u>	<u>2,709.0</u>

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	Financial year ended 30 June 2021 <i>HK\$' million</i>	Financial year ended 30 June 2022 <i>HK\$' million</i>	Financial year ending 30 June 2023 <i>HK\$' million</i>
Utilisation rates of the existing annual caps (approximately)			
Operational Services by members of the Group to members of the NWD Group	40.5%	14.8%	10.9% ^(Note)
Operational Services by members of the NWD Group to members of the Group	24.3%	38.1%	16.7% ^(Note)

Note: The utilisation rate for the financial year ending 30 June 2023 is calculated based on (i) historical aggregate transaction value for the six months ended 31 December 2022 divided by (ii) the existing annual cap for the financial year ending 30 June 2023.

Existing DOO Master Services Agreement

Categories	Aggregate transaction values		
	Financial year ended 30 June 2021 <i>HK\$' million</i>	Financial year ended 30 June 2022 <i>HK\$' million</i>	Six months ended 31 December 2022 <i>HK\$' million</i>
Historical aggregate transaction values (approximately)			
Operational Services by members of the Group to members of the Services Group	0.8	1.0	0.5
Operational Services by members of the Services Group to members of the Group	<u>935.2</u>	<u>1,054.5</u>	<u>816.9</u>
Total	<u>936.0</u>	<u>1,055.5</u>	<u>817.4</u>

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	Financial year ended 30 June 2021 <i>HK\$' million</i>	Financial year ended 30 June 2022 <i>HK\$' million</i>	Financial year ending 30 June 2023 <i>HK\$' million</i>
Existing annual caps			
Operational Services by members of the Group to members of the Services Group	40.0	40.0	40.0
Operational Services by members of the Services Group to members of the Group	<u>2,245.0</u>	<u>2,700.0</u>	<u>4,099.0</u>
Total:	<u>2,285.0</u>	<u>2,740.0</u>	<u>4,139.0</u>
Utilisation rates of the existing annual caps (approximately)			
Operational Services by members of the Group to members of the Services Group	2.0%	2.5%	1.3% ^(Note)
Operational Services by members of the Services Group to members of the Group	41.7%	39.1%	19.9% ^(Note)

Note: The utilisation rate for the financial year ending 30 June 2023 is calculated based on (i) historical aggregate transaction value for the six months ended 31 December 2022 divided by (ii) the existing annual cap for the financial year ending 30 June 2023.

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ANNUAL CAPS

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 2024, 30 June 2025 and 30 June 2026 will be as below:

New NWD Master Services Agreement

Categories	Aggregate transaction values		
	Financial	Financial	Financial
	year ending	year ending	year ending
	30 June 2024	30 June 2025	30 June 2026
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Operational Services by members of the Group to members of the NWD Group	1,099.0	1,972.0	2,407.0
Operational Services by members of the NWD Group to members of the Group	<u>198.0</u>	<u>311.0</u>	<u>216.0</u>
Total	<u>1,297.0</u>	<u>2,283.0</u>	<u>2,623.0</u>

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 potential business growth of the Group's construction business which would give rise to the increase in the transaction values of contracting services, together with the provision of contracting services arising from certain potential/sizeable upcoming and/or ongoing projects which include, but not limited to, various residential and commercial development projects, one of which is forecasted to commence in the financial year ending 30 June 2024 and with significant work progress in the financial year ending 30 June 2025 due to the cyclical process.

The Annual Caps for the Operational Services provided by members of the NWD Group to members of the Group are mainly related to provision of contracting services, facility management services, rental services and advertising services. The significant increase in the Annual Cap for the financial year ending 2025 is mainly attributable to a proposed sizeable lease of office spaces from NWD Group. The Group's demand for facility management services and advertising services is also expected to increase remarkably following the end of the social distancing and travel restrictions measures.

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New DOO Master Services Agreement

Categories	Aggregate transaction values		
	Financial	Financial	Financial
	year ending	year ending	year ending
	30 June 2024	30 June 2025	30 June 2026
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Operational Services by members of the Group to members of the Services Group	41.0	41.0	41.0
Operational Services by members of the Services Group to members of the Group	<u>2,144.0</u>	<u>2,387.0</u>	<u>3,146.0</u>
Total	<u>2,185.0</u>	<u>2,428.0</u>	<u>3,187.0</u>

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 insurance services. The increase in the Annual Caps as compared with their relevant historical transaction values is mainly due to potential provision of insurance and related services by members of the Group to members of the Services Group.

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 increase in the Annual Caps as compared with their relevant historical transaction values is mainly due to the potential business growth of the Group's construction business which would give rise to the increase in the transaction values of contracting services, together with the provision of contracting services arising from certain potential/sizeable upcoming and/or ongoing projects which include, but not limited to, various government development projects as well as residential and commercial development projects. Existing ongoing sizeable projects include, but are not limited to, the Immigration Headquarter at Tseung Kwan O, District Court Building at Caroline Hill Road, Legislative Council Complex Expansion and New Public Market in Tin Shui Wai.

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 annualised 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

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(b) the projected annual or annualised 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;
- the inflation factor (which may vary in nature and can be economic, labour and logistics related or otherwise and will result in change in costs), if applicable. The inflation rate will be assessed by the Group by reference to or after taking into account such rate(s) available in public sources, such as the rate reported by the Hong Kong Census and Statistics Department;
- the 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 recurring in nature and 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 an 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 realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the Group's profitability in the long run.

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The Directors (including the independent non-executive Directors) are of the view that the terms of each of the New Master Services Agreements are on normal commercial terms or better, and, together with the proposed Annual Caps, are fair and reasonable, and the Transactions contemplated under each of the New Master Services Agreements are in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

To ensure that the New Master Services Agreements and the Transactions adhere to normal commercial terms and the amounts of the Transactions do not exceed the related Annual Caps, the Company has implemented the following internal control procedures:

- (1) **Operational Agreement review and assessment:** Prior to entering into any Operational Agreement under the scope of the relevant New Master Services Agreements, the relevant personnel of the Group will review and assess the terms of the relevant Operational Agreements to ensure that they are consistent with the principles and provisions set out in the relevant New Master Services Agreements. The pricing policies and other terms of the Operational Agreements will be determined by the relevant personnel of the Group on normal commercial terms, negotiated on an arm's length basis and on basis similar to that with independent third parties.
- (2) **Tendering process and quotations:** With regard to participation in tenders or provision of quotations for contracting services, members of the Group are required to follow the internal tender guidelines. These measures/procedures aim to ensure that the tender or quotation price and the terms of the tender or quotation to be offered by the Group are fair, reasonable and comparable to those offered by the Group to independent third parties.
- (3) **Transactions monitoring and reporting:** The finance department of the Group will consistently record and monitor the transaction amounts to ensure the applicable Annual Caps are not exceeded. Half-yearly reports, including lists of continuing connected transactions conducted during the relevant period and utilisation of the relevant Annual Caps, will be submitted to the Audit Committee for review.
- (4) **Annual review by internal audit function:** The group audit and risk assurance department of the Group will perform an annual review of the internal controls for the continuing connected transactions for the preceding financial year.
- (5) **Annual review by external auditor and independent non-executive Directors:** The Company's external auditor along with the independent non-executive Directors will perform an annual review of the continuing connected transactions for the preceding financial year in accordance with the Listing Rules.

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CONNECTION BETWEEN THE PARTIES INVOLVED AND LISTING RULES IMPLICATIONS

As at the Latest Practicable Date:

- NWD together with its subsidiaries hold approximately 60.88% of the total issued share capital of the Company. NWD is therefore a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules.
- 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 Dr. Cheng Chi Kong, Adrian (an executive Director), Mr. Cheng Chi Ming, Brian (an executive Director) and Mr. Cheng Chi Leong, Christopher (an executive Director). Accordingly, Mr. Doo is a connected person of the Company under the Listing Rules.

Accordingly, each of the New Master Services Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable Percentage Ratios and all the amounts of the maximum aggregate annual transaction 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% and exceed HK\$10,000,000, respectively, 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 in respect of the terms thereof, 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, property investment and investment in and/or operation of roads, construction, insurance, hotels and other strategic businesses.

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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 Dr. Cheng Chi Kong, Adrian (an executive Director), Mr. Cheng Chi Ming, Brian (an executive Director) and Mr. Cheng Chi Leong, Christopher (an executive Director).

The Services Group

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

The Group

The Group invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Its core business includes toll roads, construction and insurance, while it also manages a strategic portfolio spanning sectors from logistics and facilities management.

APPROVAL OF THE BOARD

Each of Dr. Cheng Kar Shun, Henry, Mr. Ma Siu Cheung, Dr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Ming, Brian, each being a Director, is also a director of NWD.

Accordingly, Mr. Ma Siu Cheung, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian, Mr. Cheng Chi Leong, Christopher (being a Director and the son of Dr. Cheng Kar Shun, Henry and the brother of Dr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Ming, Brian) and Mr. William Junior Guilherme Doo (being a Director, the nephew of Dr. Cheng Kar Shun, Henry and the cousin of Dr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Ming, Brian) abstained from voting on the resolutions approving the New NWD Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps at the relevant Board meeting.

Dr. Cheng Kar Shun, Henry was not present at the aforesaid Board meeting of the Company and accordingly did not vote on the relevant resolutions approving the New NWD Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps at the relevant Board meeting.

Furthermore, Mr. Doo is the father of Mr. William Junior Guilherme Doo, brother-in-law of Dr. Cheng Kar Shun, Henry and uncle of Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian and Mr. Cheng Chi Leong, Christopher. Dr. Cheng Kar Shun, Henry is the chairman and non-executive director of FSE Lifestyle Services Limited, a member of the Services Group. Mr. Lam Wai Hon, Patrick, being an alternate Director to Mr. William Junior Guilherme Doo, is also the Chief Executive Officer and an

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executive director of FSE Holdings Limited and the Executive Vice-Chairman and an executive director of FSE Lifestyle Services Limited, which (together with FSE Holdings Limited) are members of the Services Group. Accordingly, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian, Mr. Cheng Chi Leong, Christopher and Mr. William Junior Guilherme Doo 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.

Dr. Cheng Kar Shun, Henry and Mr. Lam Wai Hon, Patrick were not present at the aforesaid Board meeting of the Company and accordingly did not vote on the relevant resolutions approving the New DOO Master Services Agreement, the Transactions contemplated thereunder and the related Annual Caps at the relevant Board meeting.

Save as disclosed above, no other Director is regarded as having a material interest in the New Master Services Agreements and the Transactions contemplated thereunder and hence no other Director is required under the Listing Rules to abstain 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.

SGM

The Company will convene and hold the SGM as a hybrid meeting at the principal meeting place of Meeting Room N101B (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 26 June 2023 at 11:45 a.m. to consider, and if thought fit, approve the SGM CCT Matters. A notice of the SGM is set out on pages 79 to 81 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 Tuesday, 20 June 2023 to Monday, 26 June 2023 (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 for registration with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 19 June 2023.

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

LETTER FROM THE BOARD

- 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 proxy form 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 (a) return the accompanying proxy form in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; or (b) submit the proxy form electronically through the Tricor e-Meeting System (<https://spot-meeting.tricor.hk/#/659>) 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). Completion and return of the proxy form will not preclude you from attending and voting in person physically or online at the SGM (or any adjournment thereof) should you so wish. In such event, the proxy form will be deemed to be revoked.

RECOMMENDATIONS

The Independent Board Committee (comprising 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, all of whom are independent non-executive Directors) has been formed and chaired by Mr. Lee Yiu Kwong, Alan to advise and provide recommendations to the 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.

Ballas Capital 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 or better, 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 35 and 36 of this Circular which contains its recommendations to the Independent Shareholders on the SGM CCT Matters; and (ii) the letter from the Independent Financial Adviser set out on pages 37 to 70 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.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the reasons for and benefits of entering into the New Master Services Agreements and the Transactions contemplated thereunder, the basis for determining the Annual Caps and 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, and the terms of the New NWD Master Services Agreement and the New DOO Master Services Agreement are on normal commercial terms or better, and together with the related Annual Caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the Transactions contemplated thereunder are in the ordinary and usual course of business of the Group, 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.

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
Ma Siu Cheung
Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this Circular.



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)

5 June 2023

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 5 June 2023 (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 or better, 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.

Ballas Capital 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 or better, 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.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board as set out on pages 9 to 34 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 37 to 70 of the Circular which contains its advice in respect of the SGM CCT Matters.

Having taken into account the reasons for and benefits of entering into the New Master Services Agreements and the Transactions contemplated thereunder, the basis for determining the Annual Caps and 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 or better, and the SGM CCT Matters are fair and reasonable, and in the ordinary and usual course of business of the Group 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
Mr. Lee Yiu Kwong, Alan (Chairman)
Mr. Shek Lai Him, Abraham
Mrs. Oei Wai Chi Grace Fung
Mr. Wong Kwai Huen, Albert
Professor Chan Ka Keung, Ceajer
Ms. Ng Yuen Ting, Yolanda

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of incorporation in this Circular.

BALLAS
C A P I T A L
A subsidiary of Crosby

5/F, Capital Centre
151 Gloucester Road
Wanchai
Hong Kong

5 June 2023

*To the Independent Board Committee and
the Independent Shareholders of
NWS Holdings Limited*

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement (the “**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 Holdings Limited (“**NWS**”) dated 5 June 2023 (the “**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Existing Master Services Agreements will expire on 30 June 2023. The relevant parties to each of the Existing Master Services Agreements 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.

As stated in the Circular, NWD together with its subsidiaries hold approximately 60.88% of the total issued share capital of NWS. NWD is therefore a substantial shareholder of NWS and a connected person of NWS 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 Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian and Mr. Cheng Chi Leong, Christopher. Except for Mr. Doo, all of the aforesaid persons are Directors. Mr. Doo is therefore a connected person of NWS under the Listing Rules. Accordingly, each of the New Master Services Agreements constitutes continuing connected transactions of NWS under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As certain applicable Percentage Ratios and all the amounts of the maximum aggregate annual transaction 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% and exceed HK\$10,000,000, respectively, 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.

The Independent Board Committee comprising 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, all being independent non-executive Directors, 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 NWS and its subsidiaries (the "NWS Group") and the terms thereof are on normal commercial terms or better, 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.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the executive Directors and the senior management of NWS.

The Directors have confirmed in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the executive Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the executive Directors and the senior management of NWS. We have also been advised by the executive Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendations. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the NWS Group or any of its respective subsidiaries or associates.

INDEPENDENCE DECLARATION

Within two years prior to the Engagement, Ballas Capital Limited (“**Ballas Capital**”) was engaged as the independent financial adviser of NWS in respect of the continuing connected transactions as set out in the announcement of NWS dated 31 August 2021 (the “**Previous NWS Engagement**”). Other than the professional fees received under the Engagement and the Previous NWS Engagement which were negotiated between NWS and Ballas Capital on an arm’s length basis, Ballas Capital has not received any other professional fees from NWS within two years prior to the Engagement.

Furthermore, within two years prior to the Engagement, Ballas Capital has been/was engaged as (i) the independent financial adviser of NWD in respect of the continuing connected transactions as set out in the announcements of NWD dated 28 April 2023 and a connected transaction which is exempt from circular and independent shareholders’ approval requirements under the Listing Rules as set out in the announcement of NWD dated 28 April 2023; and (ii) the independent financial adviser of New World Department Store China Limited (“**NWDS**”) in respect of the continuing connected transactions as set out in the announcements of NWDS dated 28 April 2023 (the “**Other Engagements**”).

As the Previous NWS Engagement and the Other Engagements were for the role of an independent financial adviser, the Previous NWS Engagement and Other Engagements would not affect the independence of Ballas Capital for acting as the independent financial adviser to NWS in respect of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Annual Caps. As at the Latest Practicable Date, we are not aware of any relationships or interests between Ballas Capital and NWS or any other parties that could be reasonably regarded as a hindrance to Ballas Capital’s independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New NWD Master Services Agreement and the New DOO Master Services Agreement and the Annual Caps.

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

The NWS Group invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Its core business includes toll roads, construction and insurance, while it also manages a strategic portfolio spanning sectors from logistics and facilities management.

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: 00017). As at the Latest Practicable Date, NWD together with its subsidiaries held approximately 60.88% of the total issued share capital of NWS.

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

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 Dr. Cheng Chi Kong, Adrian (an executive Director), Mr. Cheng Chi Ming, Brian (an executive Director) and Mr. Cheng Chi Leong, Christopher (an executive Director).

The Services Group includes (1) Mr. Doo and his immediate family members (as defined under the Listing Rules) and (2) any company in the equity capital of which Mr. Doo and/or his immediate family member(s) (individually or together) is/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 Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors, and the subsidiaries of such companies. The Services Group is principally engaged in the provision of services including: (i) property investment and development, property leasing, property and facility management; (ii) security, event servicing and guarding services; (iii) cleaning; (iv) landscaping; (v) provision of environmental management services, mechanical and electrical engineering services; (vi) trading of building materials; and (vii) insurance consultancy and brokerage.

2. Background of and reasons for entering into the New NWD Master Services Agreement and the New DOO Master Services Agreement

The Existing Master Services Agreements will expire on 30 June 2023. The relevant parties to each of the Existing Master Services Agreements 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.

The Transactions contemplated under each of the New Master Services Agreements are expected to be recurring in nature and in the ordinary and usual course of business of the NWS 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 an 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 NWS 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 realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the NWS Group's profitability in the long run.

Given the above, in particular the nature of the transactions as contemplated under the New Master Services Agreements, the principal business of the NWS Group as stated above and our analysis on the major terms of the New Master Services Agreements (as elaborated below), we concur with the view of the management of NWS that the entering into of the New Master Services Agreements falls within the ordinary and usual course of business of the NWS Group and is in the interests of NWS and the Shareholders as a whole.

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 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.

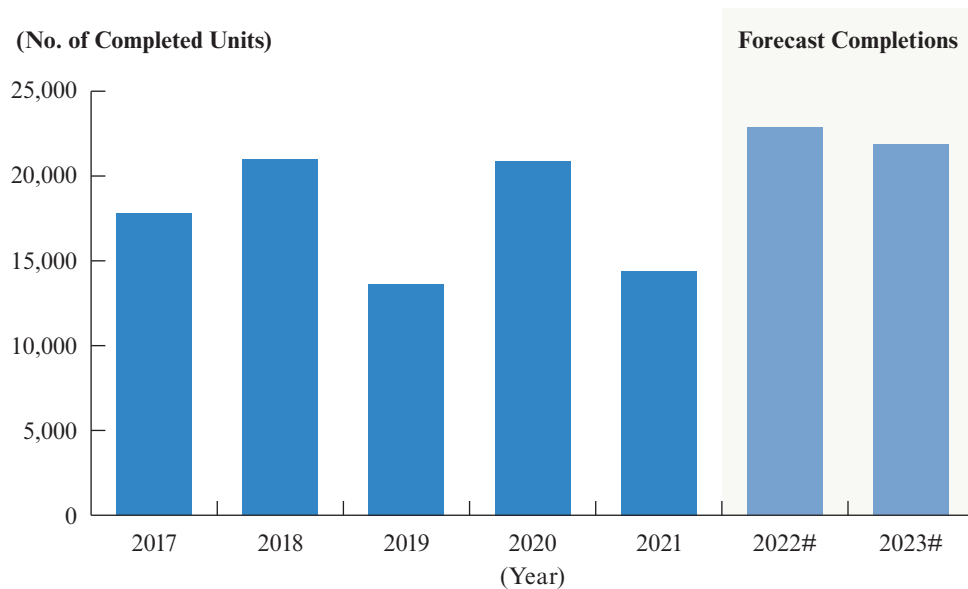
In light of the above, we set out below an overview on (i) the private sector residential properties; (ii) the public sector residential properties; (iii) office and commercial properties; and (iv) the construction expenditure for the public and private sectors in Hong Kong.

3.1. Residential properties — private sector

According to the Hong Kong Property Review 2022 (the "**HK Property Review 2022**") issued by the Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region (the "**HK Government**"), the private residential property market has gained momentum in 2021 due to several factors, including the steady local epidemic situation, gradual recovery of the Hong Kong economy, low interest rate and strong end-user demand. Set out in

Chart A below is the actual number of private residential property units completed in Hong Kong from 2017 to 2021 and the forecasted completions in 2022 and 2023 as stated in the HK Property Review 2022.

Chart A: The actual/forecasted private residential property units completed in Hong Kong



#: the forecasted number of private residential property units to be completed in 2022 and 2023 as stated in the HK Property Review 2022

Source: HK Property Review 2022

Based on information published by the HK Property Review 2022, the number of completed private residential property units reached its lowest in 2019, with only 13,643 units completed. The number of private residential property units completed were 17,791 units, 20,968 units, 13,643 units, 20,888 units and 14,386 units in 2017, 2018, 2019, 2020 and 2021, respectively. The estimated numbers of completed private residential property units for 2022 and 2023 are approximately 22,851 units and 21,848 units, respectively.

The HK Property Review 2022 also highlights the HK Government's priority of expediting and increasing housing and land supply to maintain a healthy and stable development of the residential property market. The Chief Executive of Hong Kong outlined the Northern Metropolis Development Strategy in the 2021 Policy Address, which aims to provide over 900,000 residential units in the long run and transform the northern part of Hong Kong into a vibrant and attractive area. Additionally, the Development Bureau's Land Sharing Pilot Scheme aims to consolidate and develop land in the New Territories. To address the urgent housing needs of families yet to be allocated public rental housing units, the HK Government has allocated an additional funding of HK\$11.6 billion to support

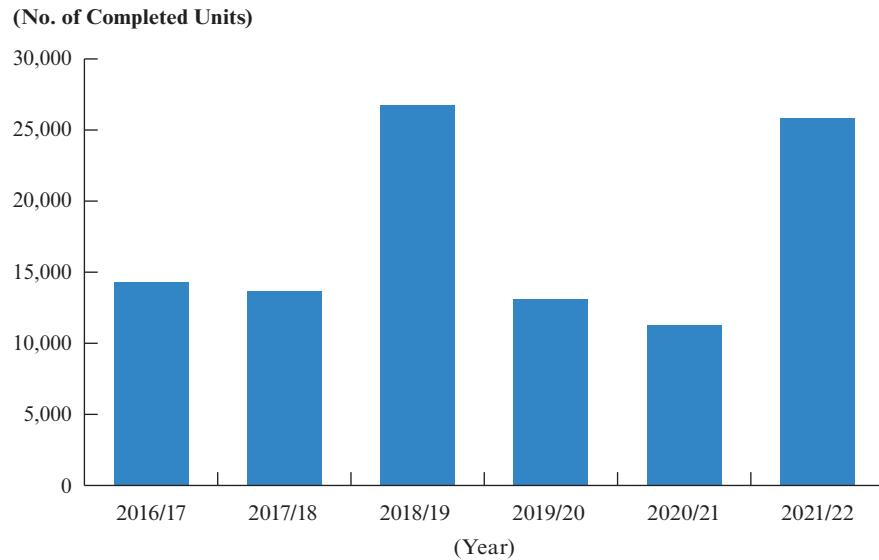
non-governmental organizations in providing more transitional housing projects, and has identified sufficient land to increase the provision of transitional housing by 5,000 units to 20,000 units in the coming few years.

Furthermore, we have reviewed the Long Term Housing Strategy Annual Progress Report 2022 issued by the Housing Bureau of the HK Government. The report states that the government aims to provide a total of 399,200 to 442,700 units for the next decade from 2023/24, with 70% of the units being public housing and the remaining 30% being private housing.

3.2. Residential properties — public sector

Chart B below sets out the number of public residential property units completed in Hong Kong for the fiscal years ended 31 March 2017 to 2022 published by the Hong Kong Housing Authority.

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



Source: Hong Kong Housing Authority

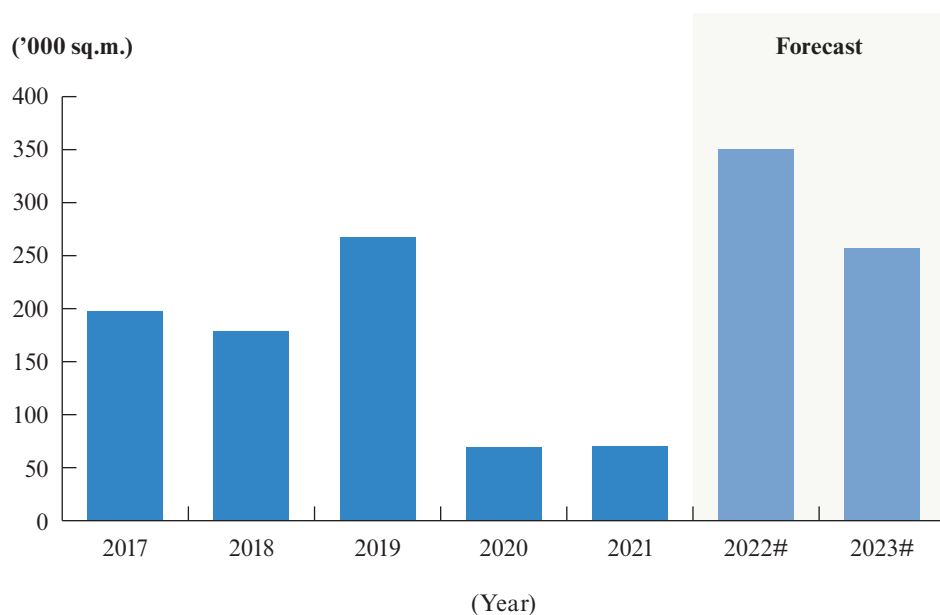
Based on information published by the Hong Kong Housing Authority, the highest numbers of public housing units completed since fiscal year 2016/17 were 26,779 units in 2018/19, followed by a significant drop to the lowest number of 11,261 units in fiscal year 2020/21. There was a significant rebound in fiscal year 2021/22 with a total of 25,814 units completed in the year. The Housing Authority estimated that approximately 128,200 flats will be completed during the five-year period from 2023/24 to 2027/28, consisting of around 82,800 public rental housing/Green Form Subsidised Home Ownership Scheme flats and approximately 45,400 other subsidized sale flats.

The Long Term Housing Strategy Annual Progress Report 2022 also indicates that the public housing supply target for the ten-year period is 301,000 units, with a private housing supply target of 129,000 units.

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 2017 to 2021 and the estimated private office floor area to be completed in Hong Kong in 2022 and 2023 published in the HK Property Review 2022.

Chart C: The actual/estimated private office floor area completed in Hong Kong



#: the forecasted private office floor area to be completed in 2022 and 2023 as stated in the HK Property Review 2022

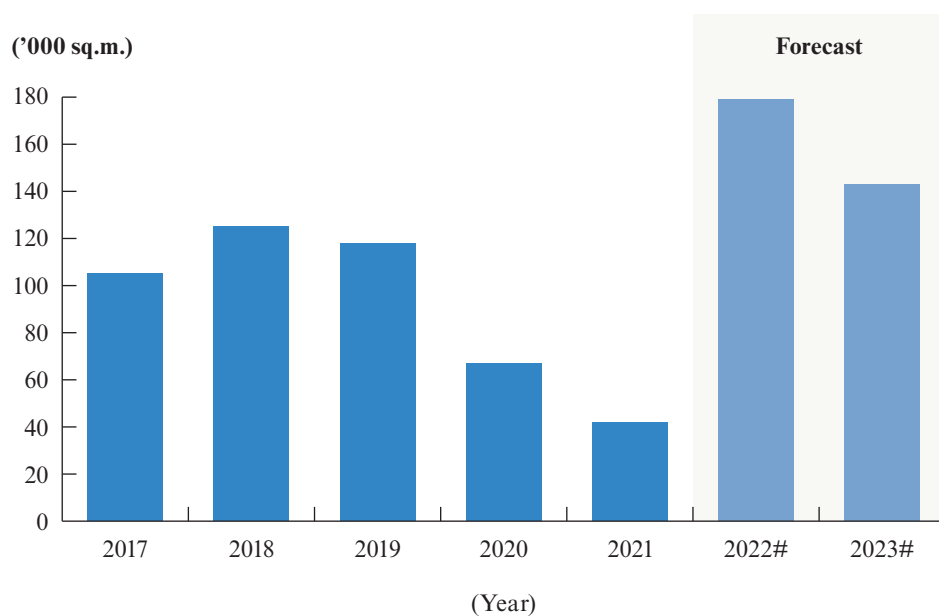
Source: HK Property Review 2022

The HK Property Review 2022 anticipates the completed private office floor area will reach 350,200 sq. m. and 256,600 sq. m., respectively for 2022 and 2023 which represents a sharp increase in private office space supply compared to 2020 and 2021. The anticipated private office supply in 2022 is mainly focused in the areas of Kowloon, which is expected to contribute 50% of the total completions in 2022, amongst which Kwun Tong and Kowloon City together are expected to contribute 46% of the total completions in the same year. In 2023, the total completions will be concentrated in the areas of Sham Shui Po, the Central and Western district and Kwun Tong, accounting for 38%, 25%, and 17% of the total estimated completions, respectively.

The projected completion of Grade A office floor area for 2022 and 2023 are 282,300 sq. m. and 229,500 sq. m., respectively. This also suggests a sharp increase in Grade A private office space supply compared to 2021. Similarly, the projected supply in 2022 is mainly focused in the areas of Kowloon City, Kwun Tong and the Eastern district, contributing approximately 27%, 24%, and 21% of the total anticipated new completions of the Grade A private office space supply, respectively.

We set out in Chart D below the recent completions in the private commercial property sector in Hong Kong based on data published in the HK Property Review 2022.

Chart D: The actual/estimated private commercial floor area completed in Hong Kong



#: the forecasted private commercial floor area to be completed in 2022 and 2023 as stated in the HK Property Review 2022

Source: HK Property Review 2022

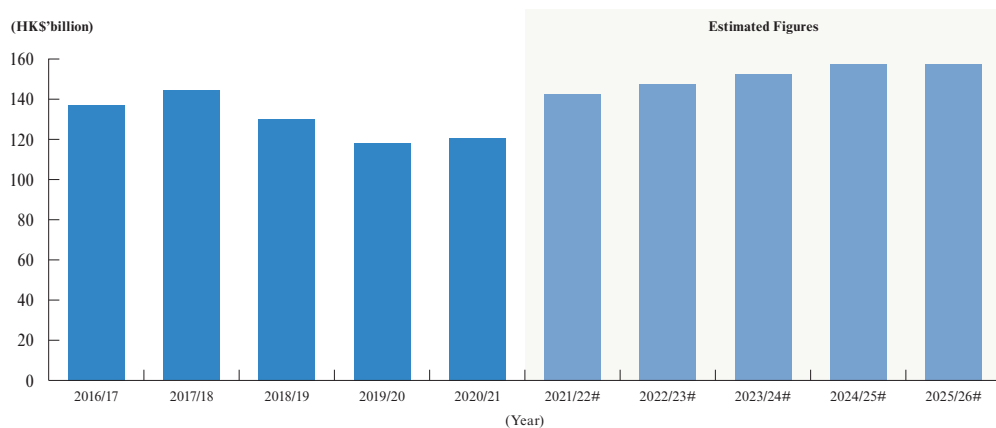
The sector of private commercial properties comprises retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices. The completion of the private commercial floor area decreased from the average of approximately 116,000 sq. m. between 2017 and 2019 to approximately 67,000 sq. m. in 2020 and further to approximately 42,000 sq. m. in 2021. The HK Property Review 2022 anticipates a significant rise to 178,900 sq. m. and 142,600 sq. m. of completed private commercial floor area in 2022 and 2023, respectively, which surpasses the highest completion of the private commercial floor area in 2018 of approximately 125,000 sq. m.. The anticipated private commercial supply in 2022 is mainly focused in the areas of Kowloon City

and Wan Chai, which is expected to contribute 25% and 20% of the total completions in 2022, respectively. In 2023, the total completions will be concentrated in the areas of Kowloon City and the Southern district, accounting for 48% and 25% of the total estimated completions, respectively.

3.4. Construction expenditure for the public and private sectors

Set out in Chart E below is the actual construction expenditure for the public sector in Hong Kong during the period from 2016/17 to 2020/21 and the estimated construction expenditure for the public sector from 2021/22 to 2025/26, respectively, based on the data published by Construction Industry Council of Hong Kong.

Chart E: The actual/estimated construction expenditure for the public sector in Hong Kong

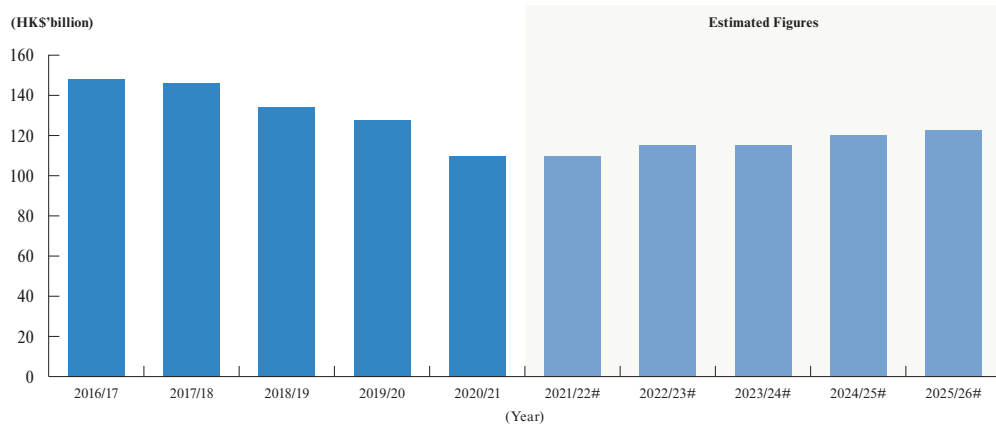


#: the mid-point of the estimated lower range and upper range of the construction expenditure for the public sector in Hong Kong from 2021/22 to 2025/26 estimated by Construction Industry Council of Hong Kong

Source: Construction Industry Council of Hong Kong

Set out in Chart F below is the actual construction expenditure for the private sector in Hong Kong during the period from 2016/17 to 2020/21 and the estimated construction expenditure for the private sector from 2021/22 to 2025/26, respectively, based on the data published by Construction Industry Council of Hong Kong.

Chart F: The actual/estimated construction expenditure for the private sector in Hong Kong



#: the mid-point of the estimated lower range and upper range of the construction expenditure for the private sector in Hong Kong from 2021/22 to 2025/26 estimated by Construction Industry Council of Hong Kong

Source: Construction Industry Council of Hong Kong

The Construction Industry Council of Hong Kong anticipated a steady increase of the construction expenditure for both the public sector and the private sector from approximately HK\$142.5 billion for 2021/22 to approximately HK\$157.5 billion for 2025/26 and from approximately HK\$110.0 billion for 2021/22 to approximately HK\$122.5 billion for 2025/26, respectively.

Our view

Having considered the information stated above, we concur with the management of NWS that the demand for contracting and/or related services will grow steadily in the coming years.

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 the members of the NWS Group or the NWD Group to (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 (as the case may be) during the term of the New NWD Master Services Agreement.

Major terms of the New NWD Master Services Agreement are set out below:

Date : 28 April 2023

Parties : (1) NWD
(2) NWS

Duration : An initial term of three years commencing from the NWD Effective Date to 30 June 2026 (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 or subsequent renewal term for a successive period of three years thereafter (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not less than 30 Business Days before the end of the initial term or any subsequent renewal 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Nature of Transactions/
Operational Services covered
- : 1. Contracting services — provision of services as main contractors, management contractors, project managers, subcontractors, suppliers or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, refurbishment, cleaning of properties, development and redevelopment of buildings, properties and real estate, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, hiring, procurement and supply of plant, machinery, equipment and materials, computer aided drafting services and related services;
2. Facility management services — provision of convention and exhibition facilities, hospitality and related functions and services, provision of ticketing services, ticketing information system and agency services, food and beverage catering services, provision of information technology services, computer programming and related consultancy and advisory services, technical projects studies, computer program management and planning information systems, design and updating of software and software packages, analysis and design of information system and data processing;
3. Property management services — property management, property sales and letting agency services, provision of car parking management and related services;
4. Rental services — rental and licensing of the rights to use properties, spare spaces, car parking spaces and related services;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Insurance and healthcare services — provision of insurance and related services, insurance underwriting services, policy underwriting services, medical and healthcare services, rehabilitation and wellness enhancement and related services;
6. Merchandising and procurement services — buying and procurement services for sourcing goods, provision of supply chain management and consultancy services, sample production and import and export trading services, wholesaling, provision of freight forwarding and packaging and other logistics services, storage and warehousing services, design, marketing and sourcing services, merchandising agent services and general trading of merchandise;
7. Advertising services — advertising, branding, marketing, loyalty and rewards program and promotion-related services; and
8. Consultancy and advisory services relating to all the aforesaid services, and such other types of services as the parties may agree upon from time to time in writing.

Pricing : Determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the NWS Group than terms available to and/or from independent third parties, with reference to the pricing policy as described under the section headed "Operational Agreement(s) and pricing policies" in the Letter form the Board.

Payment terms : The terms in relation to the time and method of payment will be stated in the relevant Operational Agreements and will be no less favourable to the NWS Group than terms available to and/or from independent third parties.

4.1.1. Operational Services provided by the NWS Group to the NWD Group

We have reviewed the breakdown of historical transaction amounts for each of the two financial years ended 30 June 2021 (“**FY2021**”) and 2022 (“**FY2022**”) and the six months ended 31 December 2022 (the “**HY2023**”) (together, the “**Review Period**”) and 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 NWS Group. The relevant Annual Caps are also mainly related to the provision of contracting services by the NWS Group.

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

In respect of the participation in a tender or quotation, we have discussed with the management of NWS and understand that member(s) of the NWS Group are required to follow its internal tender guidelines. We have reviewed the NWS Group’s internal tender guidelines which set 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 working relationship with the relevant member(s) of the NWD Group, and the NWS Group’s workload and past experience. In preparing for the submission of a tender or quotation, review meeting(s) of the relevant member of the NWS Group will be held to perform a thorough analysis of the project specifications, and the cost and other data collected which include quotations from subcontractors 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 or quotation, the relevant member of the NWS Group will also make references to its recent job quotations, such as tender or quotation record, purchase price of materials and equipment, labour costs and subcontractors’ 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 reference. These measures/procedures are designed to ensure that the tender or quotation price (as well as the terms of the tender or quotation) to be offered by the NWS Group is 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 or quotation.

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We have selected 4 sample transactions in relation to tender or quotation made by member of the NWS Group to member of the NWD Group and reviewed the breakdown of the relevant costs and estimated profit of the projects (prepared prior to tender submission) and compared it with breakdown of the relevant costs and estimated profit of the projects (prepared prior to tender submission) with independent third party which have similar nature, and note that the estimated gross margin of these two types of projects are similar. For selected sample transactions which involved tender, we have also reviewed documents, including the tender review record setting out the project details, the evaluation of the NWS Group's workload and past experience and the decision process of whether to proceed with tender invitation; the tender quality plan with analysis on the project specifications and expected cost of the project with reference to cost data and quotation records; and the tender document record and correspondence record of the tender process, including the pre-tendering stage, tendering stage and post-tendering stage. We consider that the selected samples are fair and representative for the purpose of our assessment, given that they represented the largest transactions, which are selected by us independently from the full transaction list, in relation to the contracting services provided by the NWS Group to the NWD Group during the Review Period.

For the engagements which are directly appointed by member(s) of the NWD Group (the "**Direct Appointed Engagements**"), the contract amount will be on a cost-plus basis agreed with member(s) of the NWD Group, and such basis should be in line with the basis of engagements to independent third parties for projects with similar nature and size. As advised by the management of NWS, there was only one Direct Appointed Engagements with minimal transaction amount during the term of the Existing Master Services Agreements. We have discussed with the management of NWS and reviewed the NWS Group's internal procedures 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 cost and other data collected and other useful data retrieved on the NWS Group's database for reference and assessment purpose. The cost-plus percentage, which shall be agreed between the NWS Group and the NWD Group, will be determined based on the fee level of engagements to independent third parties for projects with similar nature and size. In the event the proposed cost-plus percentage is not in line with the basis of engagements to independent third parties based on the project analysis of the NWS Group, a detailed analysis with sufficient justifications shall be performed to show its reasonableness.

4.1.2. Operational Services provided by the NWD Group to the NWS Group

We have reviewed the breakdown of historical transaction amounts during the Review Period and note that the Operational Services provided by the NWD Group to the NWS Group during the Review Period were mainly related to the facility management services and rental of properties owned by the NWD Group. On the other hand, the related Annual Caps are mainly attributable to (i) the contracting services; (ii) the facility management services; (iii) the rental of properties owned by member(s) of the NWD Group; and (iv) the advertising services.

In relation to rental of properties owned by the NWD Group, we have selected 3 sample transactions and reviewed the relevant documents, including rental analysis comparing the market rental rate of the properties with similar features before entering into tenancy agreement and the respective tenancy agreements. The pricing basis of the rentals is by reference to a quote which is based on at least two comparative quote(s) obtained from independent third party(ies) in the market for similar property(ies) (subject to practical availability with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period). We note that the NWS Group has complied with the aforementioned internal procedures. Furthermore, 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. In performing our own research on the rental property market and prevailing market rate, we have reviewed the rental rate of comparable properties located in the same district that are listed on the websites of real estate agencies, and compared the listed market rental rate to the rental rate offered by the NWD Group. In addition, we have reviewed the past rental transaction records for comparable properties and compared them to the rental rate offered by the NWD Group. We consider that the selected samples are fair and representative for the purpose of our assessment, given that they represented the largest transactions, which are selected by us independently from the full transaction list, in relation to the rental services provided by the NWD Group to the NWS Group during the Review Period.

Facility management services provided by the NWD Group to the NWS Group during the Review Period mainly represented information technology services. In this respect, we have reviewed one sample of information technology service contract entered into with the NWD Group and the report from an independent consultant which set out the rates of information technology services charged by independent third parties in the market. Based on our review, we noted that the terms are no less favourable to the NWS Group than the market rates adopted by independent third parties. We

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consider that the selected sample is fair and representative for the purpose of our assessment, given that it represented the largest transaction, which is selected by us independently from the full transaction list, in relation to the facility management services provided by the NWD Group to the NWS Group during the Review Period.

As advised by the management of NWS, there had been minimal provision of contracting services by the NWD Group during the Review Period. However, we note that contracting services will contribute a considerable portion of the Annual Caps. In this connection, we have discussed with the management of NWS and understand that the contracting services to be provided by the NWD Group to the NWS Group during the term of the New NWD Master Services Agreement mainly relate to procurement services, where the NWS Group may procure various construction materials from the NWD Group. In respect of the pricing basis, we understand from the management of NWS that the NWS Group will perform a thorough analysis on the specific project and the related construction material requirements, including the types of materials required such as ironmongery, tiles, rebar, etc., the collection of cost and other data which includes quotations from suppliers for materials and the estimated usage of different types of materials, and make references to its recent job quotations from at least two independent third party suppliers (subject to practical availability of such party(ies) offering similar products and/or materials which could satisfy the specifications, quality, quantity and the relevant time requirements) and the historical purchase price. Related market information, such as material price trend, will also be retrieved from public source and database for reference. Based on our discussion with the management of NWS, we understand that obtaining at least three quotations from suppliers enables the NWS Group to better estimate and determine the material cost for the construction project. Such third-party quotations provide a price reference for the NWS Group for comparing the quotation offered by the NWD Group and in determining whether the quotation offered by the NWD Group is reasonable as compared to those offered by independent third parties. The above measures/procedures are designed with a view to ensuring the price and terms of procurement services offered to the NWS Group by the NWD Group are fair and reasonable and comparable to those offered to the NWS Group by independent third parties, and will be adhered to by the NWS Group for its procurement activities. As such, we consider that there are internal control procedures in place to ensure the terms offered by the NWD Group will be no less favourable to the NWS Group than those offered by independent third parties.

We have reviewed the relevant breakdown and discussed with the management of NWS and note that the historical transaction amount of advertising services by the NWD Group during the Review Period was insignificant. However, we note that advertising services will contribute a considerable portion of the Annual Caps. As disclosed in the Letter from the

Board, the pricing of the advertising services will be on the basis of the prevailing market rate or at the rate no less favourable to the NWS Group than any other third party by referencing to at least two quotations of similar nature of services offered by independent third parties, subject to practical availability, with particular consideration to, among other things, the uniqueness and proximity of the services provided, the familiarity of the NWS Group and the rationale and requirements behind the services provided, the service specifications, the price of comparable services obtainable from the market and the time of delivery.

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 or better that are no less favourable to the NWS Group than those available to and/or 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 the members of the NWS Group or the Services Group to (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 (as the case may be) during the term of the New DOO Master Services Agreement.

Major terms of the New DOO Master Services Agreement are set out below:

Date	:	28 April 2023
Parties	:	(1) Mr. Doo (2) NWS
Duration	:	An initial term of three years commencing from the DOO Effective Date to 30 June 2026 (both days inclusive) unless terminated earlier in accordance with the New DOO Master Services Agreement.

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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 or subsequent renewal term for a successive period of three years thereafter (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not less than 30 Business Days before the end of the initial term or any subsequent renewal 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, project managers, subcontractors, suppliers or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, hiring, procurement and supply of plant, machinery, 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;

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2. Cleaning and landscaping services — general cleaning and housekeeping, waste management and disposal, external wall and window cleaning, clinical waste management, office and facility cleaning, pest control, recycling and environmental services, landscaping and plant maintenance, supply of plants, and related services;
3. Facility management services — provision of convention and exhibition facilities, hospitality and 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 and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management and related services;
5. Security, guarding and event servicing services — provision of services of security guards, event servicing, security services, security systems and technology (including installation and maintenance) services, security consultancy, armoured transit and vaulting security services, escort and surveillance security services, supply of security products and related services;
6. Rental services — rental and licensing of the rights to use properties, spare spaces, car parking spaces and related services;
7. Insurance services — provision of insurance and related services, insurance underwriting services and policy underwriting services; and
8. Consultancy and advisory services relating to all the aforesaid services, and such other types of services as the parties may agree upon from time to time in writing.

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- Pricing : Determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the NWS Group than terms available to and/or from independent third parties, with reference to the pricing policy as described under the section headed "Operational Agreement(s) and pricing policies" in the Letter form the Board.
- Payment terms : The terms in relation to the time and method of payment will be stated in the relevant Operational Agreements and will be no less favourable to the NWS Group than terms available to and/or from independent third parties.

4.2.1. 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 Review Period were minimal and mainly related to the provision of facilities management services by 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 insurance services and contracting services provided by the NWS Group.

There was no insurance services transaction during the Review Period. As disclosed in the Letter from the Board, the pricing of the insurance services will be on the basis of meeting the target profitability requirement measured by profit margin. In delivering the cost basis for the group life insurance policy to be offered, the relevant member of the NWS Group will consider, among other things, (i) the sum assured/risk exposure; (ii) the demographic of the insured profile (including but not limited to age, occupation and geographical location); (iii) the reinsurance terms; (iv) the expense in the insurance policy; (v) the relevant underwriting information; and (vi) the relevant insurance claims history of the insured entity.

In terms of contracting services, as discussed with the management of NWS, the NWS Group may be engaged for providing project management services for construction projects to the Services Group. In providing such project management services, the NWS Group may be invited to submit tender(s) or quotation(s) or participate through direct appointment. During the Review Period, there were no engagements relating to project management services provided by member(s) of the NWS Group to the Services Group. In respect of engagements obtained via tender or through direct appointment, the NWS Group is required to follow its internal tender guidelines and procedures as mentioned under the section headed "4.1.1 New

NWD Master Services Agreement” in this letter to ensure the price and terms offered to the Services Group are no less favourable to the NWS Group than those offered by the NWS Group to independent third parties.

4.2.2. Operational Services provided by the Services Group to the NWS Group

We have reviewed the breakdown of historical transaction amount during the Review Period and 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 three types of business arrangements for contracting services provided by the Services Group.

For the first type of arrangement, member(s) of the NWS Group is/are appointed as main contractor, management contractor, project manager, subcontractor, supplier or agent and a member of the Services Group is designated as a nominated subcontractor by the ultimate employer (which may or may not be a member of the NWD Group). Services provided and/or work performed by a member of the Services Group will be monitored by relevant member 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. We have selected three sample transactions and reviewed the relevant documents, including the valuation or certification of work in progress by independent professional quantity surveyors, and the payment monitoring schedule, and note that the independent professional quantity surveyors would assess the service fee for the relevant subcontracting works. We consider that the selected samples are fair and representative for the purpose of our assessment, given that they represented the largest transactions, which are selected by us independently from the full transaction list, in relation to the contracting services provided by the Services Group to the NWS Group under the first type of arrangement during the Review Period.

For the second type of arrangement, member(s) of the NWS Group has the right to select subcontractors(s) and consideration to such subcontractor(s) will be ascertained under the subcontracting procedures. Such member of the NWS Group will obtain tenders or quotations from subcontractors (including members of the Services Group and independent third parties subject to practical availability and feasibility) from a list of pre-approved subcontractors (which is subject to periodic review and update by its management to ensure the subcontractors’ quality standards) for services or products in similar times or quantities to determine if the price and terms offered by the Services Group are fair and reasonable as compared to those offered by independent third parties. If the price and terms offered by the Services Group are equal to or better than those offered by the independent service providers, the NWS Group may award the contract to

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the Services Group. We have reviewed the aforesaid list of pre-approved subcontractors who could provide the relevant contracting services as at the Latest Practicable Date and note that only approximately 10% of the total pre-approved subcontractors for the relevant types of Contracting Services were members of the Services Group. We consider the NWS Group has a well-diversified contractor base and there are adequate number of subcontractors for the NWS Group to select and not merely to rely on the Services Group.

The third type of arrangement involves projects of a substantial amount that require partnering with members of the Services Group in view of commercial and confidentiality reasons. For this type of arrangement, the Services Group will participate in a tender with all bidders (including independent third parties in the market subject to practical availability and feasibility) and the winning bid of which will be the one with the lowest tender amount or the recommended one with better technical knowhow and capability to complete the project in time and with quality in accordance with the NWS Group's internal tender procedure(s).

We have selected 4 sample transactions in relation to the subcontracting engagements made by the NWS Group in which the Services Group was selected as the partnering subcontractor. All these selected transactions were for design-and-build tenders. As advised by the management of NWS, the technical designs of the bidders in a design-and-build tender are very important factors for consideration in addition to the prices. Given the industry norm, the NWS Group performs vendor selection exercise in the pre-bid stage to partner with specialists who are proven to be competent, trustworthy and with partnering spirit. Meetings are held between the relevant departments of NWS to assess performance of subcontractors that are capable of handling project of similar size and providing technical inputs for design development. Upon formation of partnering relationships with subcontractors in the pre-bid stage, cost analysis summarizing individual subcontractors' cost are performed for tender pricing. Upon successful bidding of the tender, the employer grants the project to the main contractor (being the member of the NWS Group in the selected transactions) with the relevant subcontractors (including the member of the Services Group in the selected transactions) being named in the main contract. To assess the fairness of the terms of the subcontract awarded to the Services Group, we have reviewed the breakdown of relevant costs and estimated profit of the projects (prepared prior to tender submission) in which the Services Group was engaged as a subcontractor and compared it with the breakdown of relevant costs and estimated profit of the projects (prepared prior to tender submission) of similar nature and in which independent third parties were engaged as subcontractors. Based on our review, we note that the estimated gross margin of these two types of projects are similar. We consider that the selected samples are fair and representative for the purpose of our assessment, given that they represented the largest transactions, which are

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selected by us independently from the full transaction list, in relation to the contracting services provided by the Services Group to the NWS Group under the third type of arrangement during the Review Period.

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 or better that are no less favourable to the NWS Group than those available to and/or from independent third parties.

5. Proposed Annual Caps for the Transactions

5.1. Annual Caps in relation to the New NWD Master Services Agreement

The table below sets out (i) the respective historical transaction amounts of the Transactions under the Existing NWD Master Services Agreement for FY2021, FY2022 and HY2023; (ii) the respective existing annual caps under the Existing NWD Master Services Agreement for FY2021, FY2022 and FY2023; and (iii) the respective utilisation rates of the existing annual caps under the Existing NWD Master Services Agreement for FY2021, FY2022 and FY2023; and (iv) 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 2026, namely “FY2024”, “FY2025” and “FY2026” respectively) for the Operational Services by members of the NWS Group to members of the NWD Group (“NWD Sales Caps”) and the Operational Services by members of the NWD Group to members of the NWS Group (“NWD Purchase Caps”):

Type of transactions	Historical transaction amounts (approximately)			Existing annual caps		
	FY2021	FY2022	HY2023	FY2021	FY2022	FY2023
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Operational Services by members of the NWS Group to members of the NWD Group	839.4	328.6	272.4	2,073.0	2,224.0	2,498.0
Operational Services by members of the NWD Group to members of the NWS Group	43.2	73.6	35.3	178.0	193.0	211.0
Total:	882.6	402.2	307.7	2,251.0	2,417.0	2,709.0

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	Utilisation rate of the existing annual caps (approximately)			Annual Caps		
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
	(%)	(%)	(%)	HK\$' million	HK\$' million	HK\$' million
Operational Services by members of the NWS Group to members of the NWD Group	40.5	14.8	10.9 ^(Note)	1,099.0	1,972.0	2,407.0
Operational Services by members of the NWD Group to members of the NWS Group	<u>24.3</u>	<u>38.1</u>	<u>16.7^(Note)</u>	<u>198.0</u>	<u>311.0</u>	<u>216.0</u>
Total:	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>1,297.0</u>	<u>2,283.0</u>	<u>2,623.0</u>

Note: The utilisation rate for FY2023 is calculated based on (i) historical aggregate transaction value for HY2023 divided by (ii) the existing annual cap for FY2023.

NWD Sales Caps

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 significantly decreased from approximately HK\$839.4 million in FY2021 to approximately HK\$328.6 million in FY2022. We have discussed with the management of NWS and understand that the decline was mainly due to the drop in revenue from the Kai Tak Sport Park project after completion of a substantial portion of foundation work in FY2021.

We have reviewed the breakdown of the NWD Sales Caps and discussed with the management of NWS and note that the NWD Sales Caps mainly relate to the provision of contracting services to the NWD Group. In determining the annual cap from contracting services, the management of NWS has prepared a list (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 to be entered into (as the case may be) with the NWD Group during the period from 1 July 2020 to 30 June 2026. We have reviewed the Project Schedule and note that the annual cap from contracting services mainly comprises (a) transaction values in accordance with the progress of the existing projects; and (b) transaction values from the potential projects that may be undertaken by the NWS Group.

We understand from the management of NWS that the transaction values for ongoing projects are estimated based on the latest progress and schedule of the construction works for those projects and the transaction values for potential projects are estimated mainly based on the expected timing and project size of certain potential upcoming property development

projects from the land bank of the NWD Group which NWS has internally assessed and plans to participate in the tender or quotation process when it commences.

The increase of the NWD Sales Caps as compared with the historical amounts is mainly due to the expected increase in the provision of contracting services in respect of certain potential sizable upcoming projects, in particular a residential project in northern New Territories. Furthermore, we note that as stated in the interim report of NWS for the six months ended 31 December 2022, for the construction segment, expected increase in tender supply from the HK Government and the private sector, driven by the increase in land supply from the HK Government and development of Northern Metropolis will underpin the positive mid to long-term outlook for the construction sector in Hong Kong and the Hip Hing Group as a premium player in the construction industry. As stated in the interim report of NWD for the six months ended 31 December 2022, regarding Hong Kong property development, as at 31 December 2022, the primary market is expected to supply approximately 105,000 private residential units for the next three to four years, a significant increase of short and medium-term supply. With the border reopened between Hong Kong and Mainland China, the property market is expected to experience positive growth in second half of 2023. We also note that there is expected growth in the private sector residential properties, the public sector residential properties and the construction expenditure for the public and private sectors, in Hong Kong as mentioned in paragraph headed “3. Hong Kong Construction Industry and Outlook” above. It is expected that the demand for contracting services by the NWD Group, being one of the major property developers in Hong Kong, 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.

Given the above, 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 NWD Purchase Caps for FY2024 to FY2026 mainly relate to (i) the provision of contracting services by member(s) of the NWD Group (the “**NWD Contracting Purchase Caps**”); (ii) the provision of facility management services by member(s) of the NWD Group (the “**NWD Facility Management Purchase Caps**”); (iii) the rental of properties owned by member(s) of the NWD Group (the “**NWD Rental Caps**”); and (iv) the provision of advertising services by member(s) of the NWD Group (the “**NWD Advertising Caps**”).

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In order to assess the fairness and reasonableness of the NWD Contracting Purchase Caps, we have discussed with the management of NWS and understand that it mainly represents the provision of procurement services by the NWD Group, where the NWS Group may procure various construction materials from the NWD Group. The proposed NWD Contracting Purchase Caps are arrived mainly based on (i) the estimated number of projects that require the procurement of construction materials by the NWS Group; (ii) the estimated cost of the materials (excluding concrete) based on project size, with reference to historical transactions; and (iii) the proportion of materials expected to be procured from the NWD Group. We have reviewed the relevant calculations and the historical cost of the relevant construction material expected to be purchased based on existing projects.

In order to assess the fairness and reasonableness of the NWD Facility Management Purchase Caps, we have reviewed the relevant calculations and discussed with the management of NWS. We note that the NWD Facility Management Purchase Caps are mainly composed of (i) the expected information technology services fees and (ii) the expected fees for convention facilities and related functions and services. The expected information technology services fees for FY2024 represents a 6% increment as compared to the annualized service fees for FY2023 and it is also expected to grow by 5% annually for FY2025 and FY2026 to cater for inflation. We consider that such growth rate is fair and reasonable. In respect of the expected fees for convention facilities and related functions and services, we understand that the demand of such will increase in view of the cancellation of mask mandate and social distancing measures in Hong Kong and the reopening of border between Hong Kong and the Mainland. We have obtained from NWS and reviewed the projected fees breakdown by type of events and venue.

Furthermore, we note that the proposed NWD Rental Cap is particularly high in FY2025 and contribute to considerable portion of the NWD Purchase Cap for FY2025. In order to assess the fairness and reasonableness of the proposed NWD Rental Cap for FY2025, we have reviewed the relevant calculations and discussed with the management of NWS and understand that the proposed NWD Rental Cap for FY2025 mainly represents the estimated right-of-use assets to be recorded in FY2025 for leasing of office premises upon the expiration of existing leases. This is also the major reason for the significant increase in NWD Purchase Caps for 2025.

In order to assess the fairness and reasonableness of the NWD Advertising Caps, we have reviewed the relevant calculations and discussed with the management of NWS. We note that the NWD Advertising Caps are mainly composed of the expected fees for different kind of promotional activities such as events sponsorship and loyalty and rewards program. As advised by the management of NWS, the NWS Group expects to increase the advertising activities to promote the insurance arm of the NWS Group and

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capture potential market demand following the end of the social distancing and travel restrictions measures. We have obtained from NWS and reviewed the projected fees breakdown by type of events and counterparties.

Based on the above, we consider that the NWD Purchase Caps are fair and reasonable.

5.2. Annual Caps in relation to the New DOO Master Services Agreement

The table below sets out (i) the respective historical transaction amounts of the Transactions under the Existing Doo Master Services Agreement for FY2021, FY2022 and HY2023; (ii) the respective existing annual caps under the Existing Doo Master Services Agreement for FY2021, FY2022 and FY2023; and (iii) the respective utilisation rates of the existing annual caps under the Existing Doo Master Services Agreement for FY2021, FY2022 and FY2023; and (iv) the proposed Annual Caps for the transactions contemplated under the New DOO Master Services Agreement during its term (i.e. FY2024, FY2025 and FY2026) for operational services by members of the NWS Group to members of the Services Group (the “**Services Group Sales Caps**”) and operational services by members of the Services Group to members of the NWS Group (the “**Services Group Purchase Caps**”):

Type of transactions	Historical transaction amounts (approximately)			Annual caps		
	FY2021	FY2022	HY2023	FY2021	FY2022	FY2023
	<i>HK\$'</i> <i>million</i>	<i>HK\$'</i> <i>million</i>	<i>HK\$'</i> <i>million</i>	<i>HK\$'</i> <i>million</i>	<i>HK\$'</i> <i>million</i>	<i>HK\$'</i> <i>million</i>
Operational Services by members of the NWS Group to members of the Services Group	0.8	1.0	0.5	40.0	40.0	40.0
Operational Services by members of the Services Group to members of the NWS Group	<u>935.2</u>	<u>1,054.5</u>	<u>816.9</u>	<u>2,245.0</u>	<u>2,700.0</u>	<u>4,099.0</u>
Total:	<u>936.0</u>	<u>1,055.5</u>	<u>817.4</u>	<u>2,285.0</u>	<u>2,740.0</u>	<u>4,139.0</u>

Type of transactions	Utilisation rate of the existing annual caps (approximately)			Annual Caps		
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
	%	%	%	<i>HK\$'</i> <i>million</i>	<i>HK\$'</i> <i>million</i>	<i>HK\$'</i> <i>million</i>
Operational Services by members of the NWS Group to members of the Services Group	2.0	2.5	1.3 ^(Note)	41.0	41.0	41.0
Operational Services by members of the Services Group to members of the NWS Group	<u>41.7</u>	<u>39.1</u>	<u>19.9^(Note)</u>	<u>2,144.0</u>	<u>2,387.0</u>	<u>3,146.0</u>
Total:	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>2,185.0</u>	<u>2,428.0</u>	<u>3,187.0</u>

Note: The utilisation rate for FY2023 is calculated based on (i) historical aggregate transaction value for HY2023 divided by (ii) the existing annual cap for FY2023.

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 Review Period were insignificant and mainly related to the provision of facilities management services by members of the NWS Group. However, the Services Group Sales Caps are expected to be mainly attributable to the provision of insurance services and contracting services by members of the NWS Group.

We understand from the management of NWS that the proposed Services Group Sales Caps of HK\$41 million in each of FY2024, FY2025 and FY2026 will provide the flexibility for the NWS Group to capture business opportunities in the event that members of the NWS Group are engaged to provide Operational Services to the Services Group. The Services Group Sales Caps attributable to the provision of insurance services are arrived at based on expected insurance premium on the provision of group life insurance services to the Services Group taking into account the NWS Group's assessment on the Services Group's profile including (i) the sum assured/risk exposure; (ii) the demographic of the insured profile (including but not limited to age, occupation and geographical location); (iii) the reinsurance terms; (iv) the expense in the insurance policy; (v) the relevant underwriting information; and (vi) the relevant insurance claims history of the insured entity. The Services Group Sales Caps attributable to the contracting services was set as a buffer to capture any potential demand and represented less than 1% of the NWS Group's revenue for the construction segment in FY2022.

Furthermore, as shown in the paragraph headed "3. Hong Kong Construction Industry and Outlook" above, there is expected growth in the private sector residential properties, the public sector residential properties and the construction expenditure for the public and private sectors, in Hong Kong. We concur with the management of NWS that it is beneficial for NWS to set the Services Group Sales Caps to allow for the flexibility for the NWS Group to capture potential business opportunities.

Based on the above, we consider that the Services Group Sales Caps are fair and reasonable.

Services Group Purchase Caps

We have reviewed the breakdown of the Services Group Purchase Caps and discussed with the management of NWS and note that the Services Group Purchase Caps mainly represent the transaction values related to the provision of contracting services by the Services Group. In determining the annual caps from contracting services, the management of NWS has prepared the Project Schedule. We have reviewed the Project Schedule and note that the annual caps from contracting services mainly comprises (a) the

transaction values in accordance with the completion progress of the existing projects; and (b) the transaction values from the potential projects that may be undertaken by the NWS Group and may require the provision of electrical & mechanical engineering service from the Services Group.

We note from the Project Schedule that a substantial part of the transaction values for FY2024 is for ongoing projects and such values is estimated based on the latest progress and schedule of the construction works for those projects. For FY2025 and FY2026, a significant portion of the Services Group Purchase Caps are from the electrical & mechanical engineering service fees for certain public or private sector development projects as well as other various potential residential and commercial development projects. Existing ongoing sizeable projects include but not limited to the Immigration Headquarters in Tseung Kwan O, District Court Building at Caroline Hill Road, Legislative Council Complex Expansion and New Public Market in Tin Shui Wai. The transaction values for the potential projects are estimated based on NWS's internal assessment on the size and timing of the projects.

Based on the above, we consider that the Services Group Purchase Caps are fair and reasonable.

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

Given that the Annual Caps are prepared based on (i) the Project Schedule with income/expenses schedules of the ongoing projects in accordance with the completion progress and potential projects that may be undertaken by NWS based on NWS's internal assessment; and (ii) the NWS Group's daily operation needs, we consider the Annual Caps to be fair and reasonable.

6. Internal Control Procedures

As disclosed in the Letter from the Board, to ensure that the New Master Services Agreements and the Transactions adhere to normal commercial terms and the amounts of the Transactions do not exceed the related Annual Caps, the NWS has implemented the following internal control procedures:

- (1) **Operational Agreement review and assessment:** Prior to entering into any Operational Agreement under the scope of the relevant New Master Services Agreements, the relevant personnel of the NWS Group will review and assess the terms of the relevant Operational Agreements to ensure that they are consistent with the principles and provisions set out in the relevant New Master Services Agreements. The pricing policies and other terms of the Operational Agreements will be determined by the relevant personnel of the NWS Group on normal commercial terms, negotiated on an arm's length basis and on basis similar to that with independent third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (2) **Tendering process and quotations:** With regard to participation in tenders or provision of quotations for contracting services, members of the NWS Group are required to follow the internal tender guidelines. These measures/procedures aim to ensure that the tender or quotation price and the terms of the tender or quotation to be offered by the NWS Group are fair, reasonable and comparable to those offered by the NWS Group to independent third parties.
- (3) **Transactions monitoring and reporting:** The finance department of the NWS Group will consistently record and monitor the transaction amounts to ensure the applicable Annual Caps are not exceeded. Half-yearly reports, including lists of continuing connected transactions conducted during the relevant period and utilisation of the relevant Annual Caps, will be submitted to the Audit Committee for review.
- (4) **Annual review by internal audit function:** The group audit and risk assurance department of the NWS Group will perform an annual review of the internal controls for the continuing connected transactions for the preceding financial year.
- (5) **Annual review by external auditor and independent non-executive Directors:** The NWS's external auditor along with the independent non-executive Directors will perform an annual review of the continuing connected transactions for the preceding financial year in accordance with the Listing Rules.

We consider that the above internal control measures together with the requirements set out below under the paragraph headed "7. Requirements by the Listing Rules regarding the transactions contemplated under the New Master Services Agreements" are sufficient to ensure that the transactions contemplated under the New Master Services Agreements will be conducted on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

7. Requirements by the Listing Rules regarding the transactions contemplated under the New Master Services Agreements

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the New Master Services Agreements are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the transactions contemplated under the New Master Services Agreements and confirm in the annual report that the transactions have been entered into:
 - in the ordinary and usual course of business of the NWS Group;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- on normal commercial terms or better; and
 - according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (b) each year the auditors of NWS must provide a letter to the Board (with a copy provided to the Stock exchange at least 10 business days prior to the bulk printing of NWS's annual report) confirming that the transactions contemplated under the New Master Services Agreements:
- have received the approval of the Board;
 - are, in all material respects, in accordance with the pricing policies of NWS if the transactions involve provision of goods or services by NWS;
 - have been entered into, in all material respects, in accordance with the relevant agreement governing the continuing connected transactions; and
 - have not exceeded the Annual Caps.
- (c) NWS must allow, and ensure that the relevant counterparties to the New Master Services Agreements allow, NWS's auditors sufficient access to their records for the purpose of reporting on the transactions. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (b) above; and
- (d) NWS must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of NWS cannot confirm the matters set out in paragraphs (a) and/or (b) above respectively.

In light of the reporting requirements attached to the New Master Services Agreements, in particular, (i) the restriction of the value of the relevant transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of NWS on the terms of the New Master Services Agreements and the Annual Caps not being exceeded, we are of the view that appropriate measures are in place to govern the conduct of the New Master Services Agreements and safeguard the interests of the Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that:

- (a) the entering into of the New Master Services Agreements 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 or better and fair and reasonable;
- (b) the entering into of the New Master Services Agreements 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.

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 New NWD Master Services Agreement and the New DOO Master Services Agreement and the Annual Caps in relation thereto.

Yours faithfully,
For and on behalf of
Ballas Capital Limited
Heidi Cheng **Cathy Leung**
Managing Director *Director*

Note: Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2004, and Ms. Cathy Leung of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2019.

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 Directors of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were 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 the chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or were recorded in the register kept by the Company pursuant to Section 352 of the SFO; or were notified to the Company and the Stock Exchange pursuant to the Model Code:

2.1 Long position in shares

	Number of shares			Total	Approximate percentage to the total issued shares of the relevant company as at the Latest Practicable Date
	Personal interest	Family interests	Corporate interests		
The Company					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar Shun, Henry	18,349,571	—	12,000,000 ⁽¹⁾	30,349,571	0.776%
Mr. William Junior Guilherme Doo	—	—	128,869 ⁽²⁾	128,869	0.003%
Mr. Lam Wai Hon, Patrick	1,446,207	—	7,608 ⁽³⁾	1,453,815	0.037%
NWD					
(Ordinary shares)					
Dr. Cheng Kar Shun, Henry	5,168,909	—	—	5,168,909	0.205%
Dr. Cheng Chi Kong, Adrian	2,559,118	—	—	2,559,118	0.102%
Mr. William Junior Guilherme Doo	—	10,000 ⁽⁴⁾	—	10,000	0.000%

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. William Junior Guilherme Doo.
- (3) The shares were held by a company wholly owned by Mr. Lam Wai Hon, Patrick.
- (4) The shares were held by the spouse of Mr. William Junior Guilherme Doo.

2.2 Long position in underlying shares — share options

As at the Latest Practicable Date, the following Directors had personal interests in options to subscribe for the Shares:

Name	Date of grant	Vesting period/ exercisable period	Number of share options outstanding as at the Latest Practicable Date	Exercise price per Share HK\$
Dr. Cheng Kar Shun, Henry	25 July 2022	(Note)	10,990,000	7.830
Mr. Ma Siu Cheung	25 July 2022	(Note)	7,693,000	7.830
Mr. Ho Gilbert Chi Hang	25 July 2022	(Note)	7,418,250	7.830
Dr. Cheng Chi Kong, Adrian	25 July 2022	(Note)	5,495,000	7.830
Mr. Cheng Chi Ming, Brian	25 July 2022	(Note)	6,868,750	7.830
Mr. Cheng Chi Leong, Christopher	25 July 2022	(Note)	6,868,750	7.830
Mr. To Hin Tsun, Gerald	25 July 2022	(Note)	769,300	7.830
Mr. Dominic Lai	25 July 2022	(Note)	769,300	7.830
Mr. William Junior Guilherme Doo	25 July 2022	(Note)	769,300	7.830
Mr. Shek Lai Him, Abraham	25 July 2022	(Note)	1,648,500	7.830
Mr. Lee Yiu Kwong, Alan	25 July 2022	(Note)	1,648,500	7.830
Mrs. Oei Wai Chi Grace Fung	25 July 2022	(Note)	1,648,500	7.830
Mr. Wong Kwai Huen, Albert	25 July 2022	(Note)	1,648,500	7.830
Professor Chan Ka Keung, Ceajer	25 July 2022	(Note)	1,648,500	7.830

Note:

Details of the vesting schedule are as follows:

- (i) 15% of the share options were vested on 25 August 2022 and are exercisable from 25 August 2022 to 24 July 2032;
- (ii) 15% of the share options shall be vested on 25 July 2023 and become exercisable from 25 July 2023 to 24 July 2032;
- (iii) 20% of the share options shall be vested on 25 July 2024 and become exercisable from 25 July 2024 to 24 July 2032; and
- (iv) 50% of the share options shall be vested on 25 July 2025 and become exercisable from 25 July 2025 to 24 July 2032.

2.3 Long position in debentures

	Amount of debentures				Approximate percentage to the total issued shares of the relevant company as at the Latest Practicable Date
	Personal interest	Family interests	Corporate interests	Total	
New World China Land Limited					
Mr. William Junior Guilherme Doo	—	—	HK\$7,800,000 ⁽¹⁾	HK\$7,800,000	0.110%
NWD Finance (BVI) Limited					
Mr. William Junior Guilherme Doo	—	US\$660,000 ⁽²⁾	US\$6,000,000 ⁽³⁾	US\$6,660,000	0.142%
NWD (MTN) Limited					
Mr. William Junior Guilherme Doo	—	HK\$3,900,000 ⁽⁴⁾	—	HK\$3,900,000	0.013%

Notes:

- (1) The debentures, which were issued in US\$, were held by a company wholly owned by Mr. William Junior Guilherme Doo and had been translated into HK\$ using the rate of US\$1 = HK\$7.8.
- (2) The debentures were held by a company wholly owned by the spouse of Mr. William Junior Guilherme Doo.
- (3) The debentures were held by a company wholly owned by Mr. William Junior Guilherme Doo.
- (4) The debentures, which were issued in US\$, were held by the spouse of Mr. William Junior Guilherme Doo and had been translated into HK\$ using the rate of US\$1 = HK\$7.8.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and any of its associated corporations as defined in the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or were recorded in the register kept by the Company pursuant to Section 352 of the SFO; or were 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 the chief executive of the Company, the following persons (other than a director or chief executive of the Company) 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 or were recorded in the register required to be kept by the Company under Section 336 of the SFO:

	Number of Shares			Approximate percentage to the total issued shares of the Company as at the Latest Practicable Date
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	—	2,477,530,362 ⁽¹⁾	2,477,530,362	63.36%
Cheng Yu Tung Family (Holdings II) Limited	—	2,477,530,362 ⁽²⁾	2,477,530,362	63.36%
Chow Tai Fook Capital Limited ("CTFC")	—	2,477,530,362 ⁽³⁾	2,477,530,362	63.36%
Chow Tai Fook (Holding) Limited ("CTFH")	—	2,477,530,362 ⁽⁴⁾	2,477,530,362	63.36%
CTF Enterprises	97,034,424	2,380,495,938 ⁽⁵⁾	2,477,530,362	63.36%
NWD	1,588,468,276	792,027,662 ⁽⁶⁾	2,380,495,938	60.88%
Mombasa Limited	718,384,979	—	718,384,979	18.37%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the Shares deemed to be interested by CTFC.
- (2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the Shares deemed to be interested by CTFC.
- (3) CTFC held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the Shares deemed to be interested by CTFH.
- (4) CTFH held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF Enterprises.
- (5) CTF Enterprises, 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.
- (6) NWD held 100% indirect interest in Mombasa Limited and was accordingly deemed to have an interest in the Shares held by Mombasa Limited in the Company. 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 being subsidiaries of NWD.
- (7) 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 the chief executive of the Company, no other person (other than the Directors or chief executive of the Company whose interests in shares, underlying shares and debentures of the Company or any of its associated corporations are set out on pages 71 to 73) was interested (or deemed to be interested) or 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:

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar Shun, Henry	CTF Enterprises group of companies	Investment in healthcare business	Director
	FSE Lifestyle Services Limited group of companies	Carpark management	Director
	NWD group of companies	Investment in healthcare, development and operation of sports park complex, and management and construction of building and civil engineering works	Director
Mr. Ma Siu Cheung	NWD group of companies	Investment in healthcare, development and operation of sports park complex, and management and construction of building and civil engineering works	Director
	China Resources (Holdings) Company Limited group of companies	Construction	Director
Dr. Cheng Chi Kong, Adrian	CTF Enterprises group of companies	Investment in healthcare business	Director
	NWD group of companies	Investment in healthcare, development and operation of sports park complex, and management and construction of building and civil engineering works	Director

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Cheng Chi Ming, Brian	NWD group of companies	Investment in healthcare, development and operation of sports park complex, and management and construction of building and civil engineering works	Director
Mr. Cheng Chi Leong, Christopher	CTF Enterprises group of companies	Investment in healthcare business	Director
Mr. To Hin Tsun, Gerald	Mongolia Energy Corporation Limited	Investment in coal mining	Director
Mr. William Junior Guilherme Doo	FSE Holdings Limited group of companies The Dynasty Club Limited	Carpark management Food and beverage operations	Director Director
Mr. Lam Wai Hon, Patrick	FSE Holdings Limited group of companies	Carpark management	Director

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 date of this Circular 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, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian, Mr. Cheng Chi Leong, Christopher and Mr. William Junior Guilherme Doo are members of the Cheng's family which hold interests in Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited which in turn indirectly control CTF Enterprises. CTF Enterprises is the substantial shareholder of NWD.

The Group had entered into the following transaction with associates of NWD since 30 June 2022:

- Agreements regarding the letting and proposed letting of various office premises by associates of NWD to subsidiaries of the Group at an aggregate monthly rental of HK\$214,400 and HK\$3,112,800 respectively. The amount of these transactions is covered under the Existing NWD Master Services Agreement and the New NWD Master Services Agreement, subject to 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.

Save as disclosed in this Circular, 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 2022 (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 the Group; and

- (d) the following Directors were also directors of the companies as listed below which had interests or short positions 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:

Name of common director	Name of company
Dr. Cheng Kar Shun, Henry	Cheng Yu Tung Family (Holdings) Limited
Dr. Cheng Kar Shun, Henry	Cheng Yu Tung Family (Holdings II) Limited
Dr. Cheng Kar Shun, Henry	CTFC
Dr. Cheng Kar Shun, Henry	CTFH
Dr. Cheng Kar Shun, Henry	CTF Enterprises
Dr. Cheng Kar Shun, Henry	NWD
Dr. Cheng Kar Shun, Henry	Mombasa Limited
Mr. Ma Siu Cheung	NWD
Dr. Cheng Chi Kong, Adrian	CTFH
Dr. Cheng Chi Kong, Adrian	CTF Enterprises
Dr. Cheng Chi Kong, Adrian	NWD
Mr. Cheng Chi Ming, Brian	NWD
Mr. Cheng Chi Leong, Christopher	CTF Enterprises

6. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 30 June 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

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

Ballas Capital 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, Ballas Capital 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, Ballas Capital did not have any direct or indirect interest in any assets which had been since 30 June 2022 (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 proxy form shall prevail over the Chinese text in the event of any inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.nws.com.hk) for display for a period of not less than fourteen (14) days before the date of the SGM and on the date of the SGM:

- (a) the Existing Master Services Agreements;
- (b) the New Master Services Agreements;
- (c) the letter of recommendations 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 Ballas Capital 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 Ballas Capital referred to in the paragraph headed “7. Qualification and Consent of Expert” in this appendix.



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)

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 as a hybrid meeting at the principal meeting place of Meeting Room N101B (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 26 June 2023 at 11:45 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing each of the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the New NWD Master Services Agreement dated 28 April 2023 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 5 June 2023 (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 financial years ending 30 June 2024, 30 June 2025 and 30 June 2026 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 authorised 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).”
2. “**THAT** the New DOO Master Services Agreement dated 28 April 2023 entered into between Mr. Doo and the Company (a copy of which has been produced to the meeting marked “**B**” and initialled by the Chairman of the meeting for identification purpose), pursuant to which the Company and Mr. Doo each agrees

NOTICE OF SGM

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 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 financial years ending 30 June 2024, 30 June 2025 and 30 June 2026 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 authorised 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
Tang Wai Yau
Company Secretary

Hong Kong, 5 June 2023

Notes:

1. The Meeting will be a hybrid meeting. Registered shareholders may attend the Meeting either (a) in person; or (b) online through the Tricor e-Meeting System with the personalised login and access code provided by the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, by post. Registered shareholders attending the Meeting through the Tricor e-Meeting System will be able to vote and submit questions online. For non-registered shareholders whose Shares are held by banks, brokers, custodians or HKSCC Nominees Limited who wish to attend the Meeting online, they should consult their banks, brokers, custodians or HKSCC Nominees Limited (as the case may be) for the necessary arrangements and the personalised login and access code will be sent to them upon receipt of request through the banks, brokers, custodians or HKSCC Nominees Limited.
2. 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.
3. 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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).
4. A proxy form for use at the Meeting is enclosed. Completion and return of the proxy form will not preclude you from attending and voting at the Meeting (or any adjournment thereof).

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5. In addition to the physical submission of the proxy form, registered shareholders have the option to submit their proxy appointment electronically through the Tricor e-Meeting System from Tuesday, 6 June 2023 up to 11:45 a.m. on Saturday, 24 June 2023. Details regarding the submission of proxy forms electronically including login details to access the Tricor e-Meeting System are included in the Company's notification letter to registered Shareholders together with this circular.
6. 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.
7. In order to determine the entitlement of the members of the Company to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, 20 June 2023 to Monday, 26 June 2023 (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 for registration with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 19 June 2023.
8. Voting on the above resolutions will be taken by poll.
9. If a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal or "extreme conditions caused by a super typhoon" announced by the Government of Hong Kong is in force in Hong Kong at any time between 7:45 a.m. and 11:45 a.m. on the date of the Meeting, the Meeting will be automatically postponed to a later date and/or time as determined by the Company. The Company will publish an announcement on its corporate website (www.nws.com.hk) and the HKEXnews website (www.hkexnews.hk) to notify members of the Company of the date, time and location of the rescheduled meeting.
10. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
11. As at the date of this notice, (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Mr. Ma Siu Cheung, Mr. Ho Gilbert Chi Hang, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian and Mr. Cheng Chi Leong, Christopher; (b) the non-executive directors of the Company are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai and Mr. William Junior Guilherme Doo (alternate director to Mr. William Junior Guilherme Doo: Mr. Lam Wai Hon, Patrick); and (c) the independent non-executive directors of the Company 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*