
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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New World Development Company Limited (新世界發展有限公司), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**(1) CONTINUING CONNECTED TRANSACTIONS —
THE 2023 SERVICES GROUP MASTER SERVICES AGREEMENT
AND
THE MASTER CONSTRUCTION SERVICES AGREEMENT,
(2) RE-ELECTION OF RETIRING DIRECTORS
AND
(3) NOTICE OF EGM**

**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 10 to 27 of this circular. A letter from the Independent Board Committee is set out on pages 28 and 29 of this circular. A letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 59 of this circular.

A notice convening the EGM to be held as a hybrid meeting at the principal meeting place of Meeting Room N101 (Expo Drive Entrance), Level 1, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 27 June 2023 at 11:30 a.m. is set out on pages 75 to 78 of this circular. A proxy form is also enclosed. Whether or not you are able to attend the EGM or any adjourned meeting in person physically or online, you are requested to submit your proxy appointment electronically or complete the accompanying proxy form in accordance with the instructions printed thereon and return the same with the Company’s share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (excluding a public holiday) before the time appointed for holding the EGM (i.e. not later than Saturday, 24 June 2023 at 11:30 a.m.) or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude Shareholders from attending and voting (whether physically or by means of electronic facilities) at the EGM if they so wish.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

7 June 2023

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GUIDANCE FOR THE EGM

HYBRID EGM

The Company will conduct a hybrid EGM with the combination of in-room meeting and virtual meeting using the Tricor e-Meeting System. A hybrid general meeting enables the Shareholders to attend the meeting either in person physically or via an online platform allowing them to attend, participate, submit questions and vote electronically and to view live streaming of the EGM.

Shareholders participating in the EGM via such online platform will also be counted towards the quorum. The inability of any Shareholder or his/her proxy or (in the case of a Shareholder being a corporation) its duly authorised representative to access, or continue to access, such online platform despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted at the meeting or any action taken pursuant to such business provided that a quorum is present throughout the meeting.

HOW TO ATTEND AND VOTE?

Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the EGM in person physically and vote at the EGM venue; OR
- (2) attend the EGM via an online platform, namely, the Tricor e-Meeting System, which enables live streaming and interactive platform for Q&A and submission of their votes online; OR
- (3) appoint the chairman of the EGM or other persons as their proxies to vote on their behalf (whether physically or via Tricor e-Meeting System).

Shareholders can refer to the notice of the EGM and the Online Meeting User Guide (by scanning the QR code provided on the Notification Letter) in relation to attending the EGM by electronic means.

Shareholders should note that only one device is allowed per login. Please keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its share registrar assumes any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for attendance, voting or otherwise. The submission of the vote was cast by you as a Shareholder. The Company, its agents and its share registrar take no responsibility for all or any loss or other consequence caused by or resulting from any unauthorised use of the login details.

In the case of appointment of proxies submitted in electronic form, the proxy forms must be electronically submitted via Tricor e-Meeting System not less than 48 hours (excluding a public holiday) before the time appointed for the holding of the meeting (i.e. not later than Saturday, 24 June 2023 at 11:30 a.m.) or at any adjournment thereof (as the

GUIDANCE FOR THE EGM

case may be) by scanning the QR code provided on the Notification Letter or visiting the designated URL (<https://spot-meeting.tricor.hk/#/17>). Please use the username and password provided on the Notification Letter.

If your proxy (except when the chairman of the EGM is appointed as proxy) wishes to attend the EGM and vote online, you must provide a valid email address of your proxy to the Company's share registrar, Tricor Tengis Limited, by calling its hotline at (852) 2975 0928 by 5:00 p.m. on Wednesday, 21 June 2023 for the necessary arrangements. If no email address is provided, your proxy cannot attend the EGM and vote online. The email address so provided will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending and voting at the EGM via Tricor e-Meeting System. If your proxy has not received the login details by email by 11:30 a.m. on Monday, 26 June 2023, you should contact the Company's Share Registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 for the necessary arrangements.

For corporate Shareholders who wish to (1) appoint proxy electronically to attend and vote at the EGM on their behalf or (2) appoint the corporate representative to attend the EGM and to vote online, please contact the Company's share registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 by 5:00 p.m., Wednesday, 21 June 2023 for the necessary arrangements (including the activation of the password provided on the Notification Letter).

For the beneficial owners whose shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited would like to attend the EGM in person physically or online, they should consult directly with their banks or brokers or custodians (as the case may be) for necessary arrangements. You will be asked to provide your email address which will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending the EGM online via the Tricor e-Meeting System.

DEFINITIONS

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

“2020 Services Group Master Services Agreement”	the master services agreement dated 24 April 2020 entered into between Mr. Doo and the Company as disclosed in the announcement of the Company dated 24 April 2020 and the circular of the Company dated 1 June 2020
“2023 Master Services Agreements”	the 2023 Services Group Master Services Agreement and/or the Master Construction Services Agreement (as the case may be)
“2023 Services Group Master Services Agreement”	the master services agreement in relation to the Services Group Transactions entered into between Mr. Doo and the Company on 28 April 2023
“Annual Cap(s)”	the Services Group Annual Caps and/or the Construction Services Group Annual Caps (as the case may be)
“Articles of Association”	the articles of association of the Company adopted on 26 November 2020
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Ballas Capital” or “Independent Financial Adviser” or “IFA”	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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the EGM CCT Matters
“Board”	the board of Directors
“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
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0017)
“connected person”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Construction Services”	the provision of construction services, including without limitation, general contracting, construction management, civil engineering works, foundation works, facade engineering construction services, building information management construction business and services and related services
“Construction Services Effective Date”	1 July 2023, which is conditional upon the Master Construction Services Agreement becoming unconditional as set out in the sub-paragraph headed “Conditionality” under the paragraph headed “The Master Construction Services Agreement” in this circular
“Construction Services Group”	(1) the Hip Seng Group; (2) Mr. Choy; (3) the immediate family members (as defined under the Listing Rules) of Mr. Choy; and (4) any company in the equity capital of which Mr. Choy 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 Takeovers Code 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 any other company which is its subsidiary
“Construction Services Group Annual Caps”	the annual cap amounts payable by the Group to the Construction Services Group in respect of the Construction Services Group Transactions for each of the three financial years ending 30 June 2024, 2025 and 2026
“Construction Services Group Transactions”	all existing and future transactions between members of the Construction Services Group and members of the Group in respect of provision of Construction Services
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability, being a substantial shareholder of the Company
“Definitive Agreement(s)”	the Definitive Services Group Agreement(s) and/or the Definitive Construction Services Group Agreement(s) (as the case may be)

DEFINITIONS

“Definitive Construction Services Group Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the Construction Services Group and any member(s) of the Group from time to time in relation to any of the Construction Services Group Transactions at any time during the term of the Master Construction Services Agreement
“Definitive Services Group Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the Services Group and any member(s) of the Group from time to time in relation to any of the Services Group Transactions at any time during the term of the 2023 Services Group Master Services Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Hip Seng Group by the Company as defined in the Disposal Announcement
“Disposal Announcement”	the announcement of the Company dated 28 April 2023 in respect of, amongst others, the disposal of the Hip Seng Group by the Company
“EGM”	an extraordinary general meeting of the Company to be held as a hybrid meeting to, among other things, consider and, if thought fit, approve the 2023 Services Group Master Services Agreement, the Master Construction Services Agreement, the Transactions contemplated thereunder and the related Annual Caps
“EGM CCT Matters”	the 2023 Services Group Master Services Agreement and the Master Construction Services Agreement, the Transactions contemplated thereunder and the related Annual Caps
“Existing Construction Services Agreements”	the agreements entered into between the Group and the Hip Seng Group in relation to the provision of Construction Services before completion of the Disposal
“Existing Construction Services Continuing Transactions”	the transactions under the Existing Construction Services Agreements
“Facility Management Services”	provision of information technology services, provision of convention and exhibition facilities, hospitality and related functions and services, food and beverage catering services, food processing, trading and supply, merchandise sourcing and related services

DEFINITIONS

“FSE Lifestyle”	FSE Lifestyle Services Limited, a company incorporated in the Cayman Islands with limited liability and is a member of the Services Group, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0331)
“Group”	the Company and its subsidiaries from time to time
“Hip Seng Construction Group”	Hip Seng Construction Group Limited (協盛建築集團有限公司), a company incorporated in the British Virgin Islands with limited liability
“Hip Seng Group”	Hip Seng Construction Group, its subsidiaries and its joint ventures
“HK\$”	Hong Kong dollars, 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, comprising all of the independent non-executive Directors
“Independent Shareholders”	the Shareholders, other than Mr. Doo and his associates (in relation to matters regarding the 2023 Services Group Master Services Agreement) or Mr. Choy and its associates (in relation to matters regarding the Master Construction Services Agreement), who do not have any material interest in the 2023 Services Group Master Services Agreement and the Master Construction Services Agreement and are not required to abstain from voting at the EGM to consider and approve the EGM CCT Matters
“Insurance, Medical and Health Care Services”	the provision of insurance and related services, insurance underwriting services, insurance consultancy and advisory services, policy underwriting services, medical and health care services, rehabilitation and wellness enhancement and related services
“Latest Practicable Date”	29 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
“Master Construction Services Agreement”	the master construction services agreement in relation to the Construction Services Group Transactions entered into between Mr. Choy and the Company on 28 April 2023

DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Choy”	Mr. Choy Hon-Ping, a director of Hip Seng Construction Group and certain members of the Hip Seng Group, as well as a director of certain other subsidiaries of the Group
“Mr. Doo”	Mr. Doo Wai-Hoi, William, the non-executive vice-chairman and a non-executive Director and a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company
“Mrs. Doo”	Mrs. Doo Cheng Sau-Ha, Amy, the spouse of Mr. Doo
“Nomination Committee”	the nomination committee of the Company
“Notification Letter”	the notification letter sent to Shareholders by the Company on 7 June 2023 in relation to attending the EGM by electronic means
“percentage ratios”	the percentage ratios set out in Rule 14.07 of the Listing Rules
“Property Management Services”	property management and related consultancy and accounting services, property sales and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management and related services
“Rental and Procurement Services”	rental and licensing of the rights to use properties including, without limitation, spare spaces, office spaces and car parking spaces, 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, general trading of merchandise, advertising and promotion-related services and related services
“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

DEFINITIONS

“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 Takeovers Code 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 any other company which is its subsidiary
“Services Group Annual Caps”	the annual cap amounts payable by the Group to the Services Group, and vice versa, in respect of the Services Group Transactions for each of the three financial years ending 30 June 2024, 2025 and 2026
“Services Group Contracting Services”	provision of services as main contractors, 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
“Services Group Effective Date”	1 July 2023, which is conditional upon the 2023 Services Group Master Services Agreement becoming unconditional as set out in the sub-paragraph headed “Conditionality” under the paragraph headed “The 2023 Services Group Master Services Agreement” in this circular
“Services Group Services”	the Services Group Contracting Services, Cleaning and Landscaping Services, Facility Management Services, Insurance, Medical and Health Care Services, Property Management Services, Security, Guarding and Event Servicing Services, Rental and Procurement Services, and such other types of services as members of the Services Group and members of the Group may agree upon from time to time in writing

DEFINITIONS

“Services Group Transactions”	all existing and future transactions between members of the Services Group and members of the Group in respect of provision of Services Group Services
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Sustainability Committee”	the sustainability committee of the Company
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong issued by the Securities and Futures Commission of Hong Kong as amended, supplemented or otherwise modified from time to time
“Transactions”	the Services Group Transactions and/or the Construction Services Group Transactions (as the case may be)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

Directors:

Executive Directors:

Dr. Cheng Kar-Shun, Henry, *GBS (Chairman)*

Dr. Cheng Chi-Kong, Adrian, *SBS JP*

(Executive Vice-chairman and Chief Executive Officer)

Ms. Cheng Chi-Man, Sonia

Mr. Sitt Nam-Hoi

Ms. Huang Shaomei, Echo

Ms. Chiu Wai-Han, Jenny

Mr. Ma Siu-Cheung, *GBS JP*

Non-executive Directors:

Mr. Doo Wai-Hoi, William, *BBS JP*

(Non-executive Vice-chairman)

Mr. Cheng Kar-Shing, Peter

Mr. Cheng Chi-Heng

Mr. Cheng Chi-Ming, Brian

Independent Non-executive Directors:

Mr. Lee Luen-Wai, John, *BBS JP*

Mr. Ip Yuk-Keung, Albert

Mr. Chan Johnson Ow

Mrs. Law Fan Chiu-Fun, Fanny, *GBM GBS JP*

Ms. Lo Wing-Sze, Anthea, *BBS JP*

Ms. Wong Yeung-Fong, Fonia

Registered office:

30th Floor

New World Tower

16–18 Queen's Road Central

Hong Kong

7 June 2023

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS —
THE 2023 SERVICES GROUP MASTER SERVICES AGREEMENT
AND
THE MASTER CONSTRUCTION SERVICES AGREEMENT,
AND
(2) RE-ELECTION OF RETIRING DIRECTORS**

LETTER FROM THE BOARD

INTRODUCTION

References are made to (i) the announcement dated 30 September 2022 in relation to, amongst others, the change of Directors; (ii) the announcement of the Company dated 28 April 2023 in relation to, amongst others, the 2023 Services Group Master Services Agreement; and (iii) the announcement of the Company dated 28 April 2023 in relation to, amongst others, the Master Construction Services Agreement.

The purpose of this circular is to provide you with, among other things, (i) information on the 2023 Services Group Master Services Agreement and the Master Construction Services Agreement, and the retiring Directors standing for re-election; (ii) the recommendations from the Independent Board Committee and the IFA in relation to the EGM CCT Matters; and (iii) a notice of EGM at which resolutions will be proposed to consider, and, if thought fit, approve the EGM CCT Matters and the re-election of retiring Directors.

THE 2023 SERVICES GROUP MASTER SERVICES AGREEMENT

Background

On 24 April 2020, Mr. Doo and the Company entered into the 2020 Services Group Master Services Agreement in relation to the Services Group Transactions.

The initial term of the 2020 Services Group Master Services Agreement will expire on 30 June 2023. On 28 April 2023, Mr. Doo and the Company entered into the 2023 Services Group Master Services Agreement in relation to the Services Group Transactions and agreed to terminate the 2020 Services Group Master Services Agreement upon the 2023 Services Group Master Services Agreement becoming effective on the Services Group Effective Date.

The principal terms of the 2023 Services Group Master Services Agreement are summarised below:

Date

28 April 2023

Parties

- (1) Mr. Doo; and
- (2) the Company

Conditionality

The 2023 Services Group Master Services Agreement is conditional upon the approval by the Independent Shareholders of the 2023 Services Group Master Services Agreement, the Services Group Transactions and the Services Group Annual Caps at the EGM.

LETTER FROM THE BOARD

General terms for the Services Group Transactions

The relevant members of the Services Group may from time to time enter into Definitive Services Group Agreement(s) with the relevant members of the Group in relation to any Services Group Transaction upon, and subject to, the terms and conditions in compliance with the 2023 Services Group Master Services Agreement as may be agreed between the relevant members of the Services Group and the relevant members of the Group. All existing agreements between relevant members of the Services Group and relevant members of the Group in respect of the Services Group Transactions (to the extent which covers the Services Group Transactions on or after the Services Group Effective Date) will be treated as Definitive Services Group Agreements made pursuant to the 2023 Services Group Master Services Agreement as from the Services Group Effective Date.

With effect from the Services Group Effective Date, the Services Group Transactions shall be conducted:

- (a) in the ordinary and usual course of business of the Services Group and the Group;
- (b) on normal commercial terms or better (as defined in the Listing Rules) and based on the then prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Services Group Annual Caps), the applicable laws, the 2023 Services Group Master Services Agreement and the relevant Definitive Services Group Agreement.

The consideration for each Definitive Services Group Agreement will be determined on terms no less favourable to the Group than those available to or from independent third parties in the following manners:

- (a) in respect of the Rental and Procurement Services:
 - for lessor, the lessor will provide the lessee a quote after it has, at its best endeavour, obtained two market comparative quotes for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) and/or reviewed two comparable transactions with independent third parties;
 - for lessee, the lessee will, at its best endeavour, obtain two market comparative quotes for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) and/or review two comparable transactions with independent third parties before deciding whether to accept the quote provided by the lessor and proceed further; and
 - for the provision of procurement services: the consideration will be fixed on the basis of the member(s) of the Group performing a thorough analysis on the specific project and the related construction material requirements,

LETTER FROM THE BOARD

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 recent job quotations and the historical purchase price. Related market information, such as material price trend will also be retrieved from public source and database for reference;

(b) in respect of the Services Group Contracting Services:

- where a member of the Services Group is nominated as contractor designated by ultimate employer (which may or may not be a member of the Group), consideration to such member of the Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer;
- where the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. The Group will, at its best endeavour, obtain two quotations from its list of pre-approved contractors (which is subject to periodic review and update by its management to ensure that the contractors' quality standards). If the price and terms offered by the Services Group are equal to or better than those offered by the independent service providers, the Group may probably award the contract to the Services Group; and
- for projects which involve consideration of a substantial amount, the member(s) of the Services Group will participate in a tender from all bidders (including independent third parties in the market). In determining the winning bid, the Group will generally take into account several factors, such as (i) the tender amount offered by the bidders; (ii) market reputation, past performance, relevant experiences and technical competencies of the bidders; (iii) quality of service terms offered by the bidders; and (iv) previous business relationship with the bidders etc. The procedures for tender and bidding will be conducted in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation;

(c) in respect of the Property Management Services: the consideration will be fixed at cost plus a prevailing market rate which will be determined with reference to two market comparables obtained at the best endeavour of the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis;

(d) in respect of the Insurance, Medical and Health Care Services: the consideration will be fixed on the basis to meet the target profitability requirement measured by profit margin. In delivering the cost basis for the group life insurance policy to be

LETTER FROM THE BOARD

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; and

- (e) in respect of the other Services Group Services: the consideration will be fixed at an amount with reference to the prevailing market rate compared to the relevant immediately expired Definitive Services Group Agreement. Such prevailing market rate will be determined with reference to at least one market comparable obtained at the best endeavour of the parties from time to time.

Duration

The 2023 Services Group Master Services Agreement shall be effective up to and including 30 June 2026, unless terminated earlier in accordance with the 2023 Services Group Master Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the 2023 Services Group Master Services Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2023 Services Group Master Services Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2023 Services Group Master Services Agreement.

Payment terms

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

Historical figures and the Services Group Annual Caps

The aggregate transaction amounts paid by the Services Group to the Group, and vice versa, under the 2020 Services Group Master Services Agreement for the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022, as well as the

LETTER FROM THE BOARD

existing annual caps and utilisation rates of the existing annual caps in respect of the Services Group 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:

	For the financial year ended 30 June 2021 <i>HK\$' million</i>	For the financial year ended 30 June 2022 <i>HK\$' million</i>	For the six months ended 31 December 2022 <i>HK\$' million</i>
Historical aggregate transaction amounts (<i>approximately</i>)	2,080.0	2,375.1	1,380.6

	For the financial year ended 30 June 2021 <i>HK\$' million</i>	For the financial year ended 30 June 2022 <i>HK\$' million</i>	For the financial year ending 30 June 2023 <i>HK\$' million</i>
Existing annual caps	5,014.0	5,844.8	7,210.5
Utilisation rates of the existing annual caps (<i>approximately</i>)	41.5%	40.6%	19.1% ⁽¹⁾

Note:

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

The Services Group Annual Caps for each of the three financial years ending 30 June 2024, 2025 and 2026 are set out below:

	For the financial year ending 30 June 2024 <i>HK\$' million</i>	For the financial year ending 30 June 2025 <i>HK\$' million</i>	For the financial year ending 30 June 2026 <i>HK\$' million</i>
Services Group Annual Caps	4,391.9	4,860.3	6,084.2

LETTER FROM THE BOARD

Each of the Services Group Annual Caps has been determined by reference to:

- (a) the historical annual or annualised amounts in respect of the Services Group Services provided by the Group to the Services Group, and vice versa, during the past financial years; and
- (b) the projected annual or annualised amounts in respect of the Services Group Services to be provided by the Group to the Services Group, and vice versa, in the three financial years ending 30 June 2024, 2025 and 2026.

A significant portion of the Services Group Annual Caps for the services provided under the 2023 Services Group Master Services Agreement by members of the Services Group to members of the Group mainly relates to the provision of contracting services. The Services Group Annual Caps are determined based on the relevant historical figures, taking into account the potential business growth of the Services Group and the Group, number of new property projects expected to be held by the Group (including but not limited to, the number of new projects that the Group expects to tender for), the ongoing projects of the Group (including but not limited to various sizeable commercial/residential/recreational development projects in Hong Kong and the PRC, such as Victoria Dockside in Tsim Sha Tsui, 11 SKIES in Chek Lap Kok, Kai Tak Sports Park and Ningbo New World Plaza), the estimated future demand, the inflation factor and adjustments for non-recurring or extraordinary items, and on the principal assumption that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Services Group and/or the Group.

The Services Group Annual Caps are higher than the relevant historical transaction amounts for the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022 mainly because the Services Group Annual Caps reflect, among others, the anticipated maximum number of new property projects that will be held by the Group (and for which the Services Group is eligible for submitting a tender) assuming a 100% tender success rate for the Services Group. As the Group and the Services Group may or may not be successful in tendering for such projects, the actual transaction amount may be lower than the projected figures.

Reasons for and benefits of entering into of the 2023 Services Group Master Services Agreement

The transactions contemplated under the 2023 Services Group Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Services Group and the Group. The 2023 Services Group Master Services Agreement is intended to streamline the continuing connected transactions between members of the Services Group and members of the Group. The 2023 Services Group Master Services Agreement provides a single basis on which the Company will comply with the reporting, announcement and independent Shareholders' approval requirements in compliance with the Listing Rules and thereby

LETTER FROM THE BOARD

reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or entering into of the agreements in respect of the provision of the Services Group Services.

The Directors (including the independent non-executive Directors) consider that the 2023 Services Group Master Services Agreement has been negotiated on an arm's length basis and within the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules) and are fair and reasonable and in the interests of the Group and the Shareholders as a whole and that the Services Group Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

THE MASTER CONSTRUCTION SERVICES AGREEMENT

Background

Reference is made to the Disposal Announcement. Immediately following the completion of the Disposal, members of the Hip Seng Group will become connected persons of the Company and hence the Existing Construction Services Agreements will become continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with all applicable requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Existing Construction Services Agreements. In light of the Disposal, the Existing Construction Services Agreements and the Existing Construction Services Continuing Transactions, on 28 April 2023, the Company entered into the Master Construction Services Agreement with Mr. Choy in relation to the Construction Services Group Transactions.

The principal terms of the Master Construction Services Agreement are summarised below:

Date

28 April 2023

Parties

- (a) Mr. Choy; and
- (b) the Company

Conditionality

The Master Construction Services Agreement is conditional on:

- (i) the completion of the Disposal in accordance with the SP Agreement (as defined in the Disposal Announcement); and

LETTER FROM THE BOARD

- (ii) the approval by the Independent Shareholders of the Master Construction Services Agreement, the Construction Services Group Transactions and the Construction Services Group Annual Caps at the EGM.

General terms for the Construction Services Group Transactions

The relevant members of the Construction Services Group and the Group may from time to time enter into Definitive Construction Services Group Agreement(s) in relation to any Construction Services Group Transaction(s) upon, and subject to, the terms and conditions in compliance with the Master Construction Services Agreement as may be agreed between the relevant members of the Construction Services Group and the relevant members of the Group. All existing agreements (including the Existing Construction Services Agreements) between the relevant members of the Construction Services Group and the relevant members of the Group in respect of the Construction Services Group Transactions (to the extent which covers the Construction Services Group Transactions on or after the Construction Services Effective Date) will be treated as Definitive Construction Services Group Agreements made pursuant to the Master Construction Services Agreement as from the Construction Services Effective Date.

With effect from the Construction Services Effective Date, the Construction Services Group Transactions shall be conducted:

- (a) in the ordinary and usual course of business of the Construction Services Group and the Group;
- (b) on normal commercial terms or better (as defined in the Listing Rules) and based on the then prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Construction Services Group Annual Caps), the applicable laws, the Master Construction Services Agreement and the relevant Definitive Construction Services Group Agreements.

The consideration for each Definitive Construction Services Group Agreement will be determined on terms no less favourable to the Group than those available to or from independent third parties in the following manners:

- (a) in respect of the Existing Construction Services Agreements: fixed at cost plus a prevailing market rate which will be determined with reference to two market comparables obtained at the best endeavour of the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis;

LETTER FROM THE BOARD

- (b) in respect of the Definitive Construction Services Group Agreements to be entered into under the Master Construction Services Agreement upon and after the Construction Services Effective Date:
- where a member of the Construction Services Group is nominated as contractor designated by ultimate employer (which may or may not be a member of the Group), consideration to such member of the Construction Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer;
 - where the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. The Group will, at its best endeavour, obtain two quotations from its list of pre-approved contractors (which is subject to periodic review and update by its management to ensure the contractors' quality standards). If the price and terms offered by the Construction Services Group are equal to or better than those offered by the independent service providers, the Group may probably award the contract to the Construction Services Group; and
 - for projects which involve consideration of a substantial amount, the member(s) of the Construction Services Group will participate in a tender from all bidders (including independent third parties in the market). In determining the winning bid, the Group will generally take into account several factors, such as (i) the tender amount offered by the bidders; (ii) market reputation, past performance, relevant experiences and technical competencies of the bidders; (iii) quality of service terms offered by the bidders; and (iv) previous business relationship with the bidders etc. The procedures for tender and bidding will be conducted in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation.

Duration

The Master Construction Services Agreement shall be effective up to and including 30 June 2026, unless terminated earlier in accordance with Master Construction Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the Master Construction Services Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Construction Services Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Construction Services Agreement.

LETTER FROM THE BOARD

Payment terms

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

Historical figures and the Construction Services Group Annual Caps

Prior to the completion of the Disposal, the Hip Seng Group has been providing the Construction Services to the Group from time to time under, among others, the Existing Construction Services Agreements. As it is foreseeable that the Construction Services Group may from time to time enter into Definitive Construction Services Group Agreement with the relevant members of the Group pursuant to the Master Construction Services Agreement to provide services of similar nature, references are made to the aggregate transaction amounts paid by the Group to the Construction Services Group under the separate agreements entered into between Hip Seng Group and the Group (including but not limited to the Existing Construction Services Agreements) prior to the completion of the Disposal, where the amount for the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022 were approximately HK\$7,391.2 million, HK\$7,909.5 million and HK\$4,060.4 million, respectively.

The Construction Services Group Annual Caps for each of the three financial years ending 30 June 2024, 2025 and 2026 are HK\$6,112.5 million, HK\$5,953.6 million and HK\$7,039.7 million, respectively.

Each of the Construction Services Group Annual Caps has been determined with reference to:

- (a) the historical annual or annualised amounts in respect of the Construction Services provided by the Construction Services Group to the Group during the past financial years; and
- (b) the projected annual or annualised amounts in respect of the Construction Services to be provided by the Construction Services Group to the Group in the three financial years ending 30 June 2024, 2025 and 2026.

The above-mentioned projected figures are determined based on the relevant historical figures, taking into account the potential business growth of the Construction Services Group and the Group, new property projects held or will be held by the Group, ongoing projects of the Group (including but not limited to various sizeable commercial or residential development projects, such as 11 SKIES in Check Lap Kok and The Pavilia Farm at Tai Wai Station), the estimated future demand for Construction Services of the Group, the inflation factor and adjustments for non-recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Construction Services Group and/or the Group.

LETTER FROM THE BOARD

Reasons for and benefits of entering into of the Master Construction Services Agreement

The transactions contemplated under the Master Construction Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Construction Services Group and the Group. The Master Construction Services Agreement is intended to streamline the continuing connected transactions between members of the Construction Services Group and members of the Group. The Master Construction Services Agreement provides a single basis on which the Company will comply with the reporting, announcement and independent Shareholders' approval requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or entering into of the agreements in respect of the provision of the Construction Services.

The Directors (including the independent non-executive Directors) consider that the Master Construction Services Agreement has been negotiated on an arm's length basis and within the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules) and are fair and reasonable and in the interests of the Group and the Shareholders as a whole and that the Construction Services Group Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

To ensure that the 2023 Master Services Agreements and the Transactions contemplated thereunder adhere to normal commercial terms or better (as defined in the Listing Rules) and the amounts of the Transactions do not exceed the related Annual Caps, the Company has implemented the following internal control procedures:

- (1) **Definitive Agreement review and assessment:** Prior to entering into any Definitive Agreement under the 2023 Master Services Agreements, the relevant personnel of the Group will review and assess the terms of the relevant Definitive Agreements to ensure that they are consistent with the principles and provisions set out in the 2023 Master Services Agreements (as the case may be). The pricing policies and other terms of the Definitive Agreements will be determined by the relevant personnel of the Group with reference to at least two quotations (if applicable), on normal commercial terms or better (as defined in the Listing Rules), 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.

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- (3) **Transactions monitoring and reporting:** The finance department of the Group will consistently record and monitor the amounts of the Transactions at least every two months to ensure that the applicable Annual Caps are not exceeded. Half-yearly reports, including lists of continuing connected transactions conducted during the reporting period and utilisation of the relevant Annual Caps, will be submitted to the Audit Committee for review.
- (4) **Biannual review by internal audit function:** The group audit and management services department of the Group will perform a biannual review of the internal controls for the continuing connected transactions for the preceding financial year.
- (5) **Annual review by external auditors and independent non-executive Directors:** The Company's external auditor along with the independent non-executive Directors will perform annual review of the continuing connected transactions for the preceding financial year in accordance with the Listing Rules.

APPROVAL BY THE BOARD

The 2023 Services Group Master Services Agreement

Mr. Doo has a material interest in the entering into of the 2023 Services Group Master Services Agreement. Mrs. Doo, who beneficially owns 75% of the issued ordinary shares of FSE Lifestyle, which is a member of the Services Group. Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian, being associates of Mr. Doo, were present at the meeting of the Board and voluntarily abstained from voting on the relevant Board resolutions.

Mr. Doo was not present at the aforesaid meeting of the Board and accordingly did not vote on the relevant Board resolutions.

The Master Construction Services Agreement

None of the Directors has a material interest in the entering into of the Master Construction Services Agreement and therefore no Directors were required to abstain from voting on the relevant Board resolutions.

INFORMATION ON MR. DOO, THE SERVICES GROUP, MR. CHOY, THE CONSTRUCTION SERVICES GROUP AND THE GROUP

Mr. Doo and the Services Group

Mr. Doo is the non-executive vice-chairman and a non-executive Director of the Company, and a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company. Mr. Doo

LETTER FROM THE BOARD

is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, the uncle of Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian.

To the best knowledge of the Directors, 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, guarding and event servicing 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.

Mr. Choy and the Construction Services Group

Mr. Choy is a director of Hip Seng Construction Group and certain members of the Hip Seng Group, as well as a director of certain other subsidiaries of the Group.

To the best knowledge of the Directors, the Construction Services Group is principally engaged in the provision of building construction services, specialising in providing general contracting and construction management services in Hong Kong.

The Group

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

LISTING RULES IMPLICATIONS

The 2023 Services Group Master Services Agreement

As at the Latest Practicable Date, Mr. Doo is the non-executive vice-chairman and a non-executive Director, and a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company, and hence Mr. Doo and the Services Group (being his close associates) are connected persons of the Company. The Services Group Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since all the amounts and the highest of all the applicable percentage ratios of the Services Group Annual Caps exceed HK\$10,000,000 and is more than 5%, the entering into of the 2023 Services Group Master Services Agreement, the Services Group Transactions and the Services Group Annual Caps are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

LETTER FROM THE BOARD

The Master Construction Services Agreement

As at the Latest Practicable Date, Mr. Choy is a director of Hip Seng Construction Group and certain members of the Hip Seng Group, as well as a director of certain other subsidiaries of the Group. Mr. Choy and the Construction Services Group (other than the Hip Seng Group), being his close associates, are therefore connected persons of the Company pursuant to the Listing Rules. Immediately following the completion of the Disposal, members of the Hip Seng Group will become connected persons of the Company pursuant to the Listing Rules. Accordingly, the Construction Services Group Transactions, upon the completion of the Disposal, will constitute continuing connected transactions (within the meaning of the Listing Rules) for the Company.

Since the highest of all the applicable percentage ratios and all the amounts of the Construction Services Group Annual Caps is more than 5% and exceed HK\$10,000,000, the entering into of the Master Construction Services Agreement, the Construction Services Group Transactions and the Construction Services Group Annual Caps are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

EGM

The Company will convene and hold the EGM as a hybrid meeting at the principal meeting place of Meeting Room N101 (Expo Drive Entrance), Level 1, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 27 June 2023 at 11:30 a.m. to consider and, if thought fit, approve the EGM CCT Matters. A notice of EGM is set out on pages 75 to 78 of this circular.

Any Shareholder with a material interest in the EGM CCT Matters and its/his/her associates will abstain from voting at approving the EGM CCT Matters at the EGM.

In view of the interests of Mr. Doo in the Services Group Transactions, Mr. Doo and his associates will abstain from voting in respect of the resolutions to be proposed at the EGM to approve the 2023 Services Group Master Services Agreement, the Services Group Transactions and the Services Group Annual Caps.

In view of the interests of Mr. Choy in the Construction Services Group Transactions, Mr. Choy and his associates will abstain from voting in respect of the resolutions to be proposed at the EGM to approve the Master Construction Services Agreement, the Construction Services Group Transactions and the Construction Services Group Annual Caps.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will direct that the proposed resolutions set out in the notice convening the EGM be voted by poll, except where the chairman of the EGM, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands.

LETTER FROM THE BOARD

After the conclusion of the EGM, the results of the poll will be released on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.nwd.com.hk. A proxy form for use in connection with the EGM is also enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon to the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; or submit the proxy form electronically through the Tricor e-Meeting System as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM (i.e. not later than Saturday, 24 June 2023 at 11:30 a.m.) or any adjournment thereof.

The register of members of the Company will be closed from Wednesday, 21 June 2023 to Tuesday, 27 June 2023, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 June 2023.

Completion and return of the proxy form will not preclude you from attending and voting in person physically or online at the EGM (or any adjournment thereof) should you so wish. In such event, the proxy form will be deemed to be revoked.

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the EGM CCT Matters.

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on pages 28 and 29 of this circular. Your attention is also drawn to the letter of advice from the IFA to the Independent Board Committee and the Independent Shareholders in respect of the EGM CCT Matters set out on pages 30 to 59 in this circular.

The Independent Board Committee, having taken into account the reasons for and the benefits of entering into the 2023 Services Group Master Services Agreement and the Master Construction Services Agreement, the Transactions contemplated thereunder, the basis of determining the Services Group Annual Caps and the Construction Services Group Annual Caps, and the advice of the IFA, considers that the EGM CCT Matters (namely, the 2023 Services Group Master Services Agreement and the Master Construction Services Agreement, the Transactions contemplated thereunder and the related Annual Caps) are in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), fair and reasonable and in the interests of the Group and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions approving the EGM CCT Matters.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 94 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election.

Accordingly, Mrs. Law Fan Chiu-Fun, Fanny (“**Mrs. Law**”), Ms. Lo Wing-Sze, Anthea (“**Ms. Lo**”), Ms. Wong Yeung-Fong, Fonia (“**Ms. Wong**”) and Mr. Cheng Chi-Ming, Brian (“**Mr. Cheng**”), who were appointed as Directors by the Board with effect from 1 December 2022, shall hold office until the conclusion of the EGM and, being eligible, shall offer themselves for re-election at the EGM.

When considering the re-election of the aforesaid Directors, the Nomination Committee evaluates their performance and considers a range of diversity perspectives including but not limited to gender, age, skills, regional and industry experience and expertise, cultural and educational background, and professional experience as set out in the “Board Diversity Policy” of the Company. The Nomination Committee then makes recommendation to the Board which in turn makes recommendation to the Shareholders in respect of the proposed re-election of Directors at the general meeting.

With Mrs. Law’s extensive experience in the civil service, as well as her directorship in other listed public companies in Hong Kong, she demonstrates her deep knowledge of corporate governance and regulatory matters. Her appointment to the Sustainability Committee is a great asset to the Company’s commitment in resolving environmental, social, and governance (ESG) issues, which are becoming increasingly important for businesses to navigate. In addition, Mrs. Law’s recognition by the HKSAR Government and her various awards highlight her exceptional leadership qualities and integrity, which would be invaluable to the Company’s overall success.

Ms. Lo possesses a wealth of experience in finance and accounting, as well as extensive involvement in public service and community affairs. As a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Fellow Certified Practicing Accountant of CPA Australia and director of listed companies, she provides valuable expertise to the Audit Committee. Her commitment to social welfare and community development also underscores her leadership and integrity, which would serve the Company and the Shareholders well.

Ms. Wong is well-versed in marketing, China law and financial planning. Ms. Wong is therefore well-equipped to contribute to the Company’s strategic planning and decision-making. Additionally, her extensive involvement in various community organisations and recognition for her exceptional service to society demonstrate her commitment to ethical and socially responsible business practices, which align with the Company’s values.

LETTER FROM THE BOARD

Mr. Cheng brings a wealth of experience in finance and investment, particularly in the infrastructure industry. He had been working as a research analyst in the infrastructure and conglomerates sector for CLSA Asia-Pacific Markets and had gained extensive knowledge and expertise in this field before joining the Group. Moreover, he has an excellent understanding of the Group's business and operations by being the executive director of NWS Holdings Limited, a listed public company in Hong Kong and a subsidiary of the Company, and a director of certain subsidiaries of the Group, which would be beneficial in his role as a non-executive Director.

The Nomination Committee considered that the retiring Directors will continue to bring valuable experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

The Nomination Committee has also reviewed and assessed the written confirmations of independence of Mrs. Law, Ms. Lo and Ms. Wong, who have served as independent non-executive Directors, based on the independence criteria as set out in Rule 3.13 of the Listing Rules and considered that they remain independent and free of any relationship with any substantial shareholder, fellow Directors and management of the Company which could materially interfere with the exercise of their independent judgment. The Nomination Committee is of the view that each of Mrs. Law, Ms. Lo and Ms. Wong has the required skills, qualification, experience, integrity and independence to continue to be an independent non-executive Director.

Details of the retiring Directors proposed to be re-elected at the EGM are set out in Appendix II to this circular.

RECOMMENDATION

Upon due consideration of the aforesaid factors and the experience, knowledge and commitment of the relevant Directors as well as the independence confirmations of the aforesaid independent non-executive Directors, the Board would recommend Mrs. Law, Ms. Lo, Ms. Wong and Mr. Cheng for re-election at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in Appendix I to this circular.

Yours faithfully,
By order of the Board
Wong Man-Hoi
Company Secretary

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.



7 June 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
THE 2023 SERVICES GROUP MASTER SERVICES AGREEMENT
AND
THE MASTER CONSTRUCTION SERVICES AGREEMENT**

We refer to the circular dated 7 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 EGM CCT Matters, namely, the 2023 Services Group Master Services Agreement, the Master Construction Services Agreement, the Transactions contemplated thereunder and the related Annual Caps, and to advise the Independent Shareholders as to whether, in our opinion, the EGM CCT Matters are in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Ballas Capital has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the EGM CCT Matters and whether the EGM CCT Matters are in ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

We wish to draw your attention to the letter from the Board as set out on pages 10 to 27 of the Circular which contains, among others, information on the EGM CCT Matters as well as the letter from IFA as set out on pages 30 to 59 of the Circular which contains its advice in respect of the EGM CCT Matters.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the reasons for and the benefits of entering into the 2023 Services Group Master Services Agreement, the Master Construction Services Agreement, and the Transactions contemplated thereunder, the basis of determining the Services Group Annual Caps and the Construction Services Group Annual Caps, and the advice of the IFA, we consider that the EGM CCT Matters are in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), fair and reasonable and in the interests of the Group and the Shareholders as a whole.

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

Yours faithfully,
Independent Board Committee
Mr. Lee Luen-Wai, John
Mr. Ip Yuk-Keung, Albert
Mr. Chan Johnson Ow
Mrs. Law Fan Chiu-Fun, Fanny
Ms. Lo Wing-Sze, Anthea
Ms. Wong Yeung-Fong, Fonia

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

7 June 2023

*To the Independent Board Committee and
the Independent Shareholders of
New World Development Company Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS THE 2023 SERVICES GROUP MASTER SERVICES AGREEMENT THE MASTER CONSTRUCTION SERVICES AGREEMENT

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 2023 Master Services Agreements, the Transactions contemplated thereunder; and the Annual Caps. Details of the terms of the 2023 Master Services Agreements are contained in the circular of the Company dated 7 June (the “**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, Mr. Doo is the non-executive vice-chairman and a non-executive Director, and a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company, and hence Mr. Doo and the Services Group (being his close associates (as defined under the Listing Rules)) are connected persons of the Company. The Services Group Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Choy is a director of Hip Seng Construction Group and certain members of the Hip Seng Group, as well as a director of certain other subsidiaries of the Group. Mr. Choy and the Construction Services Group (other than the Hip Seng Group), being his close associates, are therefore connected persons of the Company pursuant to the Listing Rules. Immediately following the completion of the Disposal, members of the Hip Seng Group will become connected persons of the Company pursuant to the Listing Rules. Accordingly, the Construction Services Group Transactions,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

upon the completion of the Disposal, will constitute continuing connected transactions (within the meaning of the Listing Rules) for the Company under Chapter 14A of the Listing Rules.

Since all the amounts and the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Annual Caps exceed HK\$10,000,000 and is more than 5%, the entering into of the 2023 Master Services Agreements, the Transactions and the Annual Caps are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia, has been established to advise the Independent Shareholders as to whether the entering into of the 2023 Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps are in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into of the 2023 Master Services Agreements and the Services Group Transactions contemplated thereunder is in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms or better (as defined in the Listing Rules) and fair and reasonable; (ii) whether the entering into of the 2023 Master Services Agreements and the Transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole; (iii) whether the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM to approve the entering into of the 2023 Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps.

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 Directors and the senior management of the Company.

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 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 EGM. We have no reason to doubt the truth, accuracy and completeness of the information and

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representations provided to us by the Directors and the senior management of the Company. We have also been advised by the 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 recommendation. 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 Group or any of its respective subsidiaries or associates.

INDEPENDENCE DECLARATION

Within two years prior to the Engagement and up to the date of this letter, Ballas Capital Limited (“**Ballas Capital**”) has been engaged as the independent financial adviser of the Company in respect of a connected transaction which is exempt from circular and shareholders’ approval requirements under the Listing Rules as set out in the Company’s announcement dated 28 April 2023 (the “**Other NWD Engagement**”). Other than the professional fees received under the Engagement and the Other NWD Engagement which were negotiated between the Company and Ballas Capital on an arm’s length basis, Ballas Capital has not received any other professional fees from the Company within two years prior to the Engagement and up to the date of this letter.

Furthermore, within two years prior to the Engagement and up to the date of this letter, Ballas Capital has been/was engaged as (i) the independent financial adviser of NWS Holdings Limited (“**NWS**”) in respect of the continuing connected transactions as set out in the announcements of NWS dated 31 August 2021 and 28 April 2023 respectively; 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 Other Engagements were for the role of an independent financial adviser, the Other Engagements would not affect the independence of Ballas Capital for acting as the independent financial adviser to the Company in respect of the 2023 Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps.

As at the Latest Practicable Date, we are not aware of any relationships or interests between Ballas Capital and the Company 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 2023 Master Services Agreements, the Transactions contemplated thereunder and the related 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 Group, the Services Group, the Hip Seng Group and the Construction Services Group

1.1 Information on the Group

The Company 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: 0017). The Group is principally engaged in property development, property investment and investment in and/or operation of roads, construction, insurance, hotels and other strategic businesses.

1.2 Information on the listed subsidiaries of the Company

The Company has certain listed subsidiaries as at the Latest Practicable Date, namely NWS Holdings Limited (“**NWS**”, together with its subsidiaries referred as to the “**NWS Group**”) and New World Department Store China Limited (“**NWDS**”, together with its subsidiaries referred as to the “**NWDS Group**”).

NWS is a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0659). The NWS Group is principally engaged in (i) the development of, investment in and/or operation of roads, construction and insurance; and (ii) the investment in and/or operation of logistics projects and facilities management projects.

NWDS is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0825). The NWDS Group is principally engaged in the business of operating department stores and other related business and property investment operations in the PRC.

1.3 Information on Mr. Doo and the Services Group

Mr. Doo is the non-executive vice-chairman and a non-executive Director of the Company, and a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, the uncle of Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian.

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 Takeovers Code 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, guarding and event servicing 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.

1.4 Information of the Hip Seng Group

Hip Seng Group is principally engaged in the provision of building construction services, specializing in providing general contracting and construction management services in Hong Kong. Prior to the completion of the Disposal, the Hip Seng Group is wholly owned by the Company and it provides construction services to the Group. For the past three years ended 30 June 2022 and the six months ended 31 December 2022, almost all of the Hip Seng Group's revenue was for services provided to the Group with revenue from independent third parties accounting for less than 1% of its revenue.

1.5 Information of the Construction Services Group

The Construction Services Group represent (1) the Hip Seng Group; (2) Mr. Choy; (3) the immediate family members (as defined under the Listing Rules) of Mr. Choy; and (4) any company in the equity capital of which Mr. Choy 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 Takeovers Code 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 any other company which is its subsidiary.

2 Background and reasons of the Transactions

2.1 The Services Group Transactions

On 24 April 2020, Mr. Doo and the Company entered into the 2020 Services Group Master Services Agreement in relation to the Services Group Transactions.

The initial term of the 2020 Services Group Master Services Agreement will expire on 30 June 2023. On 28 April 2023, Mr. Doo and the Company entered into the 2023 Services Group Master Services Agreement in relation to the Services

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Group Transactions and agreed to terminate the 2020 Services Group Master Services Agreement upon the 2023 Services Group Master Services Agreement becoming effective on the Services Group Effective Date.

Pursuant to the 2023 Services Group Master Services Agreement, the relevant members of the Group will conduct the Services Group Transactions with the relevant members of the Services Group until 30 June 2026.

We have discussed with the management of the Company and understand that the transactions contemplated under the 2023 Services Group Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Services Group and the Group. The 2023 Services Group Master Services Agreement is intended to streamline the continuing connected transactions between members of the Services Group and members of the Group. The 2023 Services Group Master Services Agreement provides a single basis on which the Company will comply with the reporting, announcement and independent Shareholders' approval requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or entering into of the agreements in respect of the provision of the Services Group Services.

Pursuant to the 2023 Services Group Master Services Agreement, the Services Group Services cover a wide range of services including Services Group Contracting Services, Cleaning and Landscaping Services, Facility Management Services, Insurance, Medical and Health Care Services, Property Management Services, Security, Guarding and Event Servicing Services, Rental and Procurement Services, and such other types of services as members of the Services Group and members of the Group may agree upon from time to time in writing.

We have discussed with the management of the Company and noted that the Services Group has provided services to the Group for over decades. During this period, the Services Group has established a reputation in their respective industries and accumulated valuable industrial expertise. Their clientele includes the Hong Kong Government and multinational corporations. In view of the fact that the Group does not possess expertise in electrical and mechanical engineering works, and given the credentials and track record of the Services Group, in particular its over 40 years of experience in electrical and mechanical engineering services, possession of licenses required for performing the Services Group Services and over such long cooperation with the Group, the Group considered the Services Group as a suitable and capable candidate to be considered for the continuation of provision of the related services for the Group. The long-term relation between the Group and the Services Group also create synergies such as more effective communication and higher work efficiency.

On the other hand, we understand from the management of the Company that the Group has been and will continue to provide services to the Services Group. The Company is of the view that the provision of the related services is a furtherance of the Group's business, and continuance of normal businesses relationship with the Services Group, whilst the 2023 Services Group Master Services Agreement allows the Group the flexibility but not the obligation to provide such services.

Given that the co-operation between the Group and the Services Group has been over decades, the entering into the 2023 Services Group Master Services Agreement is beneficial to both parties because (i) both parties are satisfied with the quality of the services being provided; (ii) both parties are familiar with each other hence providing a more effective communication and higher work efficiency; and (iii) it allows both parties to provide with each other flexibility in relation to the services to be provided.

In conclusion, we are of the view that the entering into the 2023 Services Group Master Services Agreement is in the ordinary course of business of the Group and in interests of the Group and the Shareholders as a whole.

2.2 The Construction Services Group Transactions

Reference is made to the Disposal Announcement. Immediately following the completion of the Disposal, members of the Hip Seng Group will become connected persons of the Company and hence the Existing Construction Services Agreements will become continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with all applicable requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Existing Construction Services Agreements. In light of the Disposal, the Existing Construction Services Agreements and the Existing Construction Services Continuing Transactions, on 28 April 2023, the Company entered into the Master Construction Services Agreement with Mr. Choy in relation to the Construction Services Group Transactions.

The Hip Seng Group is principally engaged in the provision of building construction services, specializing in providing general contracting and construction management services in Hong Kong. The Hip Seng Group mainly acts as the main contractor or project manager for services required for business and projects which are wholly-owned by the Group, and business and projects for which the Company has the right to select providers of the services. For the financial year ended 30 June 2022, the Hip Seng Group generated all of its revenue internally from the Group.

The transactions contemplated under the Master Construction Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Construction Services Group and the Group. The Master Construction Services

Agreement is intended to streamline the continuing connected transactions between members of the Construction Services Group and members of the Group. The Master Construction Services Agreement provides a single basis on which the Company will comply with the reporting, announcement and independent Shareholders' approval requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or entering into of the agreements in respect of the provision of the Construction Services.

In conclusion, we are of the view that the entering into the Master Construction Services Agreement is in the ordinary course of business of the Group and in interests of the Group and the Shareholders as a whole.

3 Principal terms of the 2023 Master Services Agreements

3.1 The 2023 Services Group Master Services Agreement

The principal terms of the 2023 Services Group Master Services Agreement are summarised below:

Date

28 April 2023

Parties

- (a) Mr. Doo; and
- (b) the Company

Conditionality

The 2023 Services Group Master Services Agreement is conditional upon the approval by the Independent Shareholders of the 2023 Services Group Master Services Agreement, the Services Group Transactions and the Services Group Annual Caps at the EGM.

General terms for the Services Group Transactions

The relevant members of the Services Group may from time to time enter into Definitive Services Group Agreement(s) with the relevant members of the Group in relation to any Services Group Transaction upon, and subject to, the terms and conditions in compliance with the 2023 Services Group Master Services Agreement as may be agreed between the relevant members of the Services Group and the relevant members of the Group. All existing agreements between relevant members of the Services Group and relevant members of the Group in respect of the Services Group Transactions (to the extent which covers the Services Group Transactions on or after the

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Services Group Effective Date) will be treated as Definitive Services Group Agreements made pursuant to the 2023 Services Group Master Services Agreement as from the Services Group Effective Date.

With effect from the Services Group Effective Date, the Services Group Transactions shall be conducted:

- (a) in the ordinary and usual course of business of the Services Group and the Group;
- (b) on normal commercial terms or better (as defined in the Listing Rules) and based on the then prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Services Group Annual Caps), the applicable laws, the 2023 Services Group Master Services Agreement and the relevant Definitive Services Group Agreement.

The consideration for each Definitive Services Group Agreement will be determined on terms no less favourable to the Group than those available to or from independent third parties in the following manners:

- (a) in respect of the Rental and Procurement Services:
 - for lessor, the lessor will provide the lessee a quote after it has, at its best endeavour, obtained two market comparative quotes for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) and/or reviewed two comparable transactions with independent third parties;
 - for lessee, the lessee will, at its best endeavour, obtain two market comparative quotes for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) and/or review two comparable transactions with independent third parties before deciding whether to accept the quote provided by the lessor and proceed further; and
 - for the provision of procurement services: the consideration will be fixed on the basis of the member(s) of the Group performing 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 recent

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job quotations and the historical purchase price. Related market information, such as material price trend will also be retrieved from public source and database for reference;

(b) in respect of the Services Group Contracting Services:

- where a member of the Services Group is nominated as contractor designated by ultimate employer (which may or may not be a member of the Group), consideration to such member of the Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer;
- where the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. The Group will, at its best endeavour, obtain two quotations from its list of pre-approved contractors (which is subject to periodic review and update by its management to ensure that the contractors' quality standards). If the price and terms offered by the Services Group are equal to or better than those offered by the independent service providers, the Group may probably award the contract to the Services Group; and
- for projects which involve consideration of a substantial amount, the member(s) of the Services Group will participate in a tender from all bidders (including independent third parties in the market). In determining the winning bid, the Group will generally take into account several factors, such as (i) the tender amount offered by the bidders; (ii) market reputation, past performance, relevant experiences and technical competencies of the bidders; (iii) quality of service terms offered by the bidders; and (iv) previous business relationship with the bidders etc. The procedures for tender and bidding will be conducted in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation;

(c) in respect of the Property Management Services: the consideration will be fixed at cost plus a prevailing market rate which will be determined with reference to two market comparables obtained at the best endeavour of the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis;

- (d) in respect of the Insurance, Medical and Health Care Services: the consideration will be fixed on the basis to meet 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; and
- (e) in respect of the other Services Group Services: the consideration will be fixed at an amount with reference to the prevailing market rate compared to the relevant immediately expired Definitive Services Group Agreement. Such prevailing market rate will be determined with reference to at least one market comparable obtained at the best endeavour of the parties from time to time.

Duration

The 2023 Services Group Master Services Agreement shall be effective up to and including 30 June 2026, unless terminated earlier in accordance with the 2023 Services Group Master Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the 2023 Services Group Master Services Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2023 Services Group Master Services Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2023 Services Group Master Services Agreement.

3.1.1 Services Group Services provided by the Services Group to the Group

Based on the information provided by the management of the Company, the Services Group Services provided by the Services Group to the Group for each of the two financial years ended 30 June 2021 (“FY2021”) and 2022 (“FY2022”) and the six months ended 31 December 2022 (the “1H2023”) (together, the “**Review Period**”) and the Services Group Annual Caps related to services provided by the Services Group (the “**Service Group Purchase Caps**”) mainly consisted of the Services Group Contracting Services, accounting for between 83–87% of the historical transaction amounts and the annual caps for the coming three years.

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In connection with the Services Group Contracting Services, we have discussed with the management of the Company, its respective listed and unlisted subsidiaries, and understand the following:

The Company and its unlisted subsidiaries

We have reviewed the relevant breakdown and discussed with the management of the Company and noted that the Services Group Contracting Services provided to the Group (excluding the NWS Group and the NWDS Group) during the Review Period and the relevant Services Group Annual Caps are mainly related to the provision of electrical and mechanical engineering services. The Services Group has historically acted as the electrical and mechanical engineering contractors and/or consultants to the property development and investment projects of the Group (excluding the NWS Group and the NWDS Group).

We understand from the management of the Company that, for the purpose of governing the tender process, the Company and its unlisted subsidiaries have several tender procedure manuals for different groups of companies which set out guidelines for the tender procedures, such as the duty and composition of the tender committee, the approval process based on project value, selection criteria for and number of tenderers to invite for tender and tender assessment and evaluation. For the Company and some of its unlisted subsidiaries, tenders of projects with contract sum exceeding HK\$500,000, is approved by the tender committee, and approval from the independent non-executive Directors will be sought before awarding any contract to the Services Group with contract sum exceeding HK\$100,000,000. It is the intention of the Group (excluding the NWS Group and the NWDS Group) to continue inviting the Services Group to participate in future tenders for contracting services where considered appropriate.

Further, as part of the tender evaluation, the Group (excluding the NWS Group and the NWDS Group) would evaluate, among other criteria, tender offers, background, qualification, historical performance, track record, reputation, financial standing and operational capabilities of the respective tenderers and the winning bid will be the one with the lowest tender amount in accordance with the internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation.

We have selected two sample transactions in relation to tender invited by the Group (excluding the NWS Group and the NWDS Group) during the Review Period with contract sum exceeding

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HK\$500,000 and reviewed the relevant documents, including the tenderer list with all qualifying tenderers and the tender committee memo comparing the tender offers between all bidders and the final assessment setting out the decision process and reason of award, and noted that the Company has complied with the tender procedure manual and adhered to the guidelines for tender procedure.

In addition, we noted from the management of the Company that once a contractor was appointed as the contractor and/or consultant to a property development and investment project of the Group (excluding the NWS Group and the NWDS Group), a designated project team from the Group (excluding the NWS Group and the NWDS Group) will continue to monitor the ongoing costs incurred by the selected contractor/consultant on the relevant project and project related costs will either be ascertained by an independent professional quantity surveyor to be appointed by the Group (excluding the NWS Group and the NWDS Group) or an in-house qualified professional quantity surveyor before relevant payments are made to the contractor and/or consultant for their work. We have selected two sample transactions in relation to a project of the Group (excluding the NWS Group and the NWDS Group) during the Review Period and reviewed the relevant documents, including the subcontractor payment certificate issued by an independent professional quantity surveyor and the payment monitoring schedule and noted that the Company has complied with the aforesaid cost monitoring process and the project related costs were ascertained by a qualified professional quantity surveyor.

We consider that the aforementioned 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 Group during the Review Period.

The NWS Group

We have discussed with the management of NWS and noted that 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 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 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).

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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 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.

The NWDS Group

We have reviewed the relevant breakdown and noted that there were insignificant amounts of historical transactions relating to the Services Group Services provided by the Services Group to the NWDS Group during the Review Period. The relevant Services Group Annual Caps attributable to the NWDS Group were also insignificant to the total Services Group Annual Caps.

3.1.2 Services Group Services provided by the Group to the Services Group

Based on the information provided by the management of the Company, we noted that the Services Group Services provided by the Group to the Services Group during the Review Period were mainly (i) Rental Services; (ii) Contracting Services; and (iii) Property Management Services. On the other hand, the Services Group Annual Caps related to services provided by the Group (the “**Service Group Sales Caps**”) mainly consisted of (i) the Services Group Contracting Services; (ii) insurance services and (iii) other services (the “**Outgoing Services**”).

In connection with the Outgoing Services, we have discussed with the management of the Company and understand that the following:

The Company and its unlisted subsidiaries

We have reviewed the relevant breakdown and discussed with the management of the Company and noted that the Service Group Sales Caps for the Company and its unlisted subsidiaries mainly represents the annual caps for other services. The historical transactions for other services provided by the Company and its unlisted subsidiaries were insignificant during the Review Period with an aggregate amount of less than HK\$3 million for the entire Review Period.

As disclosed in the Letter from the Board, in respect of the other Services Group Services, the consideration will be fixed at an amount with reference to the prevailing market rate compared to the relevant immediately expired Definitive Services Group Agreement. Such prevailing market rate will be determined with reference to at least one market comparable obtained at the best endeavour of the parties from time to time.

The NWS Group

We have reviewed the relevant breakdown and discussed with the management of the Company and noted that the Service Group Sales Caps for NWS mainly represents the annual caps for (i) the Services Group Contracting Services; and (ii) insurance services.

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 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 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.

For the engagements which are directly appointed by member(s) of the Services Group, we have discussed with the management of NWS 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 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.

For insurance services, there was no relevant transaction during the Review Period. We understand from the management of NWS that 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.

Overall

In conclusion, based on our work done, we are of the view that the Services Group Transactions contemplated under the 2023 Services Group Master Services Agreement are in the ordinary and usual course of business of the Group and the Group has implemented appropriate internal control procedures to ensure the transactions contemplated under the 2023 Services Group Master Services Agreement will be conducted on normal commercial terms or better (as defined in the Listing Rules) that are no less favourable to the Group than those available to independent third parties.

3.2 The Master Construction Services Agreement

Date

28 April 2023

Parties

- (a) Mr. Choy; and
- (b) the Company

Conditionality

The Master Construction Services Agreement is conditional on:

- (i) the completion of the Disposal in accordance with the SP Agreement; and
- (ii) the approval by the Independent Shareholders of the Master Construction Services Agreement, the Construction Services Group Transactions and the Construction Services Group Annual Caps at the EGM.

General terms for the Construction Services Group Transactions

The relevant members of the Construction Services Group and the Group may from time to time enter into Definitive Construction Services Group Agreement(s) in relation to any Construction Services Group Transaction(s) upon, and subject to, the terms and conditions in compliance with the Master Construction Services Agreement as may be agreed between the relevant members of the Construction Services Group and the relevant members of the Group. All existing agreements (including the Existing Construction Services Agreements) between the relevant members of the Construction Services Group and the relevant members of the Group in respect of the Construction Services Group Transactions (to the extent which covers the Construction Services Group Transactions on or after the Construction Services Effective Date) will be treated as Definitive Construction Services Group Agreements made pursuant to the Master Construction Services Agreement as from the Construction Services Effective Date.

With effect from the Construction Services Effective Date, the Construction Services Group Transactions shall be conducted:

- (a) in the ordinary and usual course of business of the Construction Services Group and the Group;
- (b) on normal commercial terms or better (as defined in the Listing Rules) and based on the then prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Construction Services Group Annual Caps), the applicable laws, the Master Construction Services Agreement and the relevant Definitive Construction Services Agreements.

Duration

The Master Construction Services Agreement shall be effective up to and including 30 June 2026, unless terminated earlier in accordance with Master Construction Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the Master Construction Services Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Construction Services Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Construction Services Agreement.

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Prior to the completion of the Disposal, the Hip Seng Group has been providing the Construction Services to the Group from time to time under, among others, the Existing Construction Services Agreements. However, given that prior to the completion of the Disposal, the Hip Seng Group was a subsidiary of the Company and the transactions with the Hip Seng Group was hence intragroup transactions for the Group, we consider that it is not meaningful to select any samples from the transactions conducted during the Review Period and compare the terms with independent third parties.

As the Letter from the Board, the consideration for each Definitive Construction Services Group Agreement in respect of the Construction Services will be determined on terms no less favourable to the Group than those available to or from independent third parties in the following manners:

- (a) in respect of the Existing Construction Services Agreements: fixed at cost plus a prevailing market rate which will be determined with reference to two market comparables obtained at the best endeavour of the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis;
- (b) in respect of the Definitive Construction Services Group Agreements to be entered into under the Master Construction Services Agreement upon and after the Construction Services Effective Date:
 - where a member of the Construction Services Group is nominated as contractor designated by ultimate employer (which may or may not be a member of the Group), consideration to such member of the Construction Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer;
 - where the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. The Group will, at its best endeavour, obtain two quotations from its list of pre-approved contractors (which is subject to periodic review and update by its management to ensure the contractors' quality standards). If the price and terms offered by the Construction Services Group are equal to or better than those offered by the independent service providers, the Group may probably award the contract to the Construction Services Group; and

- for projects which involve consideration of a substantial amount, the member(s) of the Construction Services Group will participate in a tender from all bidders (including independent third parties in the market). In determining the winning bid, the Group will generally take into account several factors, such as (i) the tender amount offered by the bidders; (ii) market reputation, past performance, relevant experiences and technical competencies of the bidders; (iii) quality of service terms offered by the bidders; and (iv) previous business relationship with the bidders etc. The procedures for tender and bidding will be conducted in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation.

Furthermore, we also note that to ensure that the 2023 Master Services Agreements and the Transactions contemplated thereunder adhere to normal commercial terms or better (as defined in the Listing Rules) and the amounts of the Transactions do not exceed the related Annual Caps, the Company has implemented the following internal control procedures:

1. **Definitive Agreement review and assessment:** Prior to entering into any Definitive Agreement under the 2023 Master Services Agreements, the relevant personnel of the Group will review and assess the terms of the relevant Definitive Agreements to ensure that they are consistent with the principles and provisions set out in the 2023 Master Services Agreements (as the case may be). The pricing policies and other terms of the Definitive Agreements will be determined by the relevant personnel of the Group with reference to at least two quotations (if applicable), on normal commercial terms or better (as defined in the Listing Rules), 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 amounts of the Transactions at least every two months to ensure that the applicable Annual Caps are not exceeded. Half-yearly reports, including lists of continuing connected transactions conducted during the reporting period and utilisation of the relevant Annual Caps, will be submitted to the Audit Committee for review.
4. Biannual review by internal audit function: The group audit and management services department of the Group will perform a biannual review of the internal controls for the continuing connected transactions for the preceding financial year.
5. Annual review by external auditors and independent non-executive Directors: The Company's external auditor along with the independent non-executive Directors will perform annual review of the continuing connected transactions for the preceding financial year in accordance with the Listing Rules.

In conclusion, we are of the view that the Construction Services Group Transactions contemplated under the Master Construction Services Agreement are in the ordinary and usual course of business of the Group and the Group has implemented appropriate internal control procedures to ensure the transactions contemplated under the Master Construction Services Agreement will be conducted on normal commercial terms or better (as defined in the Listing Rules) that are no less favourable to the Group than those available to independent third parties.

4 The Annual Caps

4.1 The Services Group Annual Caps

The tables below set out (i) the respective historical transaction amounts of the Services Group Transactions for FY2021, FY2022 and 1H2023; (ii) the existing annual caps in respect of the Services Group Transactions for FY2021, FY2022 and FY2023; (iii) the respective utilisation rates for FY2021, FY2022 and FY2023; and (iv) the proposed the Services Group Purchase Caps and the Services Group Sales Caps for the transactions contemplated under the 2023 Services

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Group Master Services Agreement during its term (i.e. three years ending 30 June 2026, namely “FY2024”, “FY2025” and “FY2026” respectively) for:

	FY2021	FY2022	1H2023
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Historical transaction amounts			
Services Group Services by members of the Services Group to members of the Group	2,068.5	2,369.0	1,378.6
Services Group Services by members of the Group to members of the Services Group	11.5	6.1	2.0
Total	2,080.0	2,375.1	1,380.6
	FY2021	FY2022	FY2023
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Existing annual caps	5,014.0	5,844.8	7,210.5
Utilisation rates of the existing annual caps (approximately)	41.5%	40.6%	19.1% ⁽¹⁾
	FY2024	FY2025	FY2026
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Services Group Annual Caps	4,391.9	4,860.3	6,084.2

Note:

- (1) The utilisation rate for FY2023 is calculated based on (i) the aggregate transaction amount for 1H2023 divided by (ii) the existing annual cap for FY2023.

As disclosed in the Letter from the Board, each of the Services Group Annual Caps has been determined by reference to:

- (a) the historical annual or annualised amounts in respect of the Services Group Services provided by the Group to the Services Group, and vice versa, during the past financial years; and

- (b) the projected annual or annualised amounts in respect of the Services Group Services to be provided by the Group to the Services Group, and vice versa, in the three financial years ending 30 June 2024, 2025 and 2026.

A significant portion of the Services Group Annual Caps for the services provided under the 2023 Services Group Master Services Agreement by members of the Services Group to members of the Group mainly relates to the provision of contracting services.

The above-mentioned projected figures are determined based on the relevant historical figures, taking into account the potential business growth of the Services Group and the Group, number of new property projects expected to be held by the Group (including but not limited to, the number of new projects that the Group expects to tender for), the ongoing projects of the Group (including but not limited to various sizeable commercial/residential/recreational development projects in Hong Kong and the PRC, such as Victoria Dockside in Tsim Sha Tsui, 11 SKIES in Chek Lap Kok, Kai Tak Sports Park and Ningbo New World Plaza), the estimated future demand, the inflation factor and adjustments for non-recurring or extraordinary items, and on the principal assumption that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Services Group and/or the Group.

The Services Group Annual Caps are higher than the relevant historical transaction amounts for the Review Period mainly because the Services Group Annual Caps reflect, among others, the anticipated maximum number of new property projects that will be held by the Group (and for which the Services Group is eligible for submitting a tender) assuming a 100% tender success rate for the Services Group. As the Group and the Services Group may or may not be successful in tendering for such projects, the actual transaction amount may be lower than the projected figures.

Services Group Purchase Caps

We have reviewed the breakdown of the Services Group Purchase Caps and discussed with the management of the Company and note that the Services Group Purchase Caps mainly represented the expected fees to be paid by the Group for the Services Group Contracting Services. In determining the annual caps for the incoming Services Group Contracting Services, the management of the Group has prepared lists (the “**Project Schedule(s)**”) which set out, among others, the estimated contract values on a project-by-project basis on projects entered/potentially entered into (as the case may be) with the Group and the Services Group for FY2024, FY2025 and FY2026, for the Company and its unlisted subsidiaries, NWS and NWDS. We have reviewed the Project Schedules and note that the Services Group Purchase Caps, mainly comprised (a) the

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

Based on the information provided by and the discussion with the management of the Company, we noted that the expected fees for the Services Group Contracting Services are mainly attributable the Company and its unlisted subsidiaries, and the NWS Group.

We have reviewed the relevant calculations set out in the Project Schedule of the Company and its unlisted subsidiaries and discussed with the management of the Company and understand from them that the proposed annual caps are arrived at mainly based on, among others, (a) the expected fees in accordance with the completion progress of the existing projects; and (b) the expected fees to be incurred from the potential projects that may be undertaken by the Group and may require the provision of electrical & mechanical engineering service from the Services Group.

For NWS, we noted 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.

Services Group Sales Caps

We have reviewed the breakdown of the Services Group Sales Caps and discussed with the management of the Company and noted that the Services Group Sales Caps mainly represented the expected fees to be received by the Group for the Services Group Contracting Services, insurance services and other services.

We have reviewed the relevant breakdown and noted that all the expected fees to be received by the Group for the Services Group Contracting Services are attributable to the NWS Group. Based on the information provided by the management of NWS, we note that Services Group Services provided by the NWS Group to the Services Group during the Review Period were insignificant and

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mainly related to the provision of property management services by members of the NWS Group. However, the Services Group Sales Caps for the NWS Group are expected to be mainly attributable to the provision of contracting services by members of the NWS Group.

We understand from the management of NWS that the proposed Services Group Sales Caps 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. We also noted that the Services Group Sales Caps for provision of contracting services by members of the NWS Group represented less than 1% of the NWS Group's revenue for the construction segment in FY2022. 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.

Furthermore, we have reviewed the relevant breakdown and noted that all the expected fees to be received by the Group for insurance services are attributable to the NWS Group. We understand from the management of the NWS Group that the expected fees for 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 on the insurance policy; (v) the relevant underwriting information; and (vi) the relevant insurance claims history of the insured entity.

In addition, we have reviewed the breakdown and noted that the Services Group Sales Caps related to other services is mainly based on the expected fees for provision of information technology services by the Group (excluding the NWS Group and the NWDS China Group) to the Services Group and a buffer of 20%. In this respect, we have discussed with the management of the Group (excluding the NWS Group and the NWDS China Group), and understand that the Group (excluding the NWS Group and the NWDS China Group) will commence to provide information technology services to external parties (including the Services Group) and the expected fees for provision of information technology services by the Group (excluding the NWS Group and the NWDS China Group) to the Services Group are estimated mainly based on the historical amount of fees paid by the Services Group to an third party information technology services provider.

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

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4.2 The Construction Services Group Annual Caps

The tables below set out the respective historical transaction amounts of the Construction Services Group Transactions for the two financial years ended 30 June 2021 (“FY2021”) and 2022 (“FY2022”) and the six months ended 31 December 2022 (“1H2023”) and the proposed Annual Caps for the Construction Services Group Transactions contemplated under the Master Construction Services Agreement during its term (i.e. three years ending 30 June 2026, namely “FY2024”, “FY2025” and “FY2026” respectively):

	Historical transaction amounts			Annual caps		
	FY2021	FY2022	1H2023	FY2024	FY2025	FY2026
	<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>
Construction Services provided by the Construction Services Group to the Group	7,391.2	7,909.5	4,060.4	6,112.5	5,953.6	7,039.7

As disclosed in the Letter from the Board, each of the Construction Services Group Annual Caps has been determined with reference to:

- (a) the historical annual or annualised amounts in respect of the Construction Services provided by the Construction Services Group to the Group during the past financial years; and
- (b) the projected annual or annualised amounts in respect of the Construction Services to be provided by the Construction Services Group to the Group in the three financial years ending 30 June 2024, 2025 and 2026.

The above-mentioned projected figures are determined based on the relevant historical figures, taking into account the potential business growth of the Construction Services Group and the Group, new property projects held or will be held by the Group, ongoing projects of the Group (including but not limited to various sizeable commercial or residential development projects, such as 11 SKIES in Check Lap Kok and The Pavilia Farm at Tai Wai Station), the estimated future demand for Construction Services of the Group, the inflation factor and adjustments for non-recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Construction Services Group and/or the Group.

We have reviewed the breakdown of the Construction Services Group Annual Caps and discussed with the management of the Company and note that in determining the annual caps for the incoming Services Group Contracting Services, the management of the Group has prepared lists (the “**Project Schedule(s)**”) which set out, among others, the estimated contract values on a project-by-project basis on projects entered/potentially entered into (as the case may be) with the Group and the Construction Services Group for FY2024, FY2025 and FY2026, for the Group. We have reviewed the Project Schedules and note that the Construction Services Group Annual Caps, mainly comprises (a) the expected fees in accordance with the completion progress of the existing projects; (b) the expected fees to be incurred from the Company’s projects on hand which may be awarded to the Construction Services Group; and (c) a buffer of 20%. We understand from the management of the Company that the expected fees for ongoing projects are estimated based on the latest progress and schedule of the construction works for those projects. On the other hand, the expected fees for projects that may be awarded to the Construction Services Group are estimated based on the expected timing and project size of the projects. In addition, a buffer of 20% is set to cater for any potential additional demand from the Group.

Furthermore, we noted that the Construction Services Group Annual Caps are lower than the historical transaction amount for FY2021, FY2022 and the annualized amount for 1H2023.

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

5 Requirements by the Listing Rules regarding the transactions contemplated under the 2023 Master Services Agreements

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the 2023 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 2023 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 Group;
 - 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.

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- (b) each year the auditors of the Company 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 the Company's annual report) confirming that the transactions contemplated under the 2023 Master Services Agreements:
- have received the approval of the Board;
 - are, in all material respects, in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
 - have been entered into, in all material respects, in accordance with the relevant agreement governing the continuing connected transactions; and
 - have not exceeded the related Annual Caps.
- (c) the Company must allow, and ensure that the relevant counterparties to the 2023 Master Services Agreements allow, the Company'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) the Company 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 the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above respectively.

In light of the reporting requirements attached to the 2023 Master Services Agreements, in particular, (i) the restriction of the value of the relevant transactions by way of the related Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the 2023 Master Services Agreements and the related Annual Caps not being exceeded, we are of the view that appropriate measures are in place to govern the conduct of the 2023 Master Services Agreements and safeguard the interests of the Shareholders.

RECOMMENDATION

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

- (a) the entering into of the 2023 Master Services Agreements, and the Transactions contemplated thereunder is in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms or better (as defined in the Listing Rules) and fair and reasonable;

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- (b) the entering into of the 2023 Master Services Agreements and the Transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole; and
- (c) the related Annual Caps are fair and reasonable and in the interests of the Company 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 resolution in relation to the entering into of the 2023 Master Services Agreements, the Transactions contemplated thereunder and the related Annual Caps.

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. DISCLOSURE OF INTERESTS BY DIRECTORS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he/she was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(I) Long positions in shares

	Number of shares			Total	Approximate % of shareholding as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests		
The Company (Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	5,168,909	—	—	5,168,909	0.21
Dr. Cheng Chi-Kong, Adrian	2,559,118	—	—	2,559,118	0.10
Mr. Cheng Kar-Shing, Peter	213,444	141,641 ⁽¹⁾	—	355,085	0.01
Mr. Cheng Chi-Heng	133,444	—	—	133,444	0.01
Ms. Cheng Chi-Man, Sonia	825,672	—	—	825,672	0.03
Ms. Chiu Wai-Han, Jenny	29,899	—	—	29,899	0.00
New World Department Store China Limited (Ordinary shares of HK\$0.10 each)					
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
NWS Holdings Limited (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	—	12,000,000 ⁽²⁾	30,349,571	0.78
Mr. Doo	—	5,800,000	—	5,800,000	0.15
Mr. Cheng Kar-Shing, Peter	656,870	774,000 ⁽¹⁾	6,463,227 ⁽³⁾	7,894,097	0.20
Sun Legend Investments Limited (ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	9,500,500 ⁽⁴⁾	9,500,500	50.00

Notes:

- (1) These shares were jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.
- (2) These shares were beneficially owned by a company which was wholly owned by Dr. Cheng Kar-Shun, Henry.
- (3) These shares were beneficially owned by a company which was wholly owned by Mr. Cheng Kar-Shing, Peter.
- (4) These shares were beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(II) Long positions in share options*NWS Holdings Limited*

Name of Director	Date of grant	Exercisable period <i>(Note)</i>	Number of share options	Exercise price per Share <i>(HK\$)</i>
Dr. Cheng Kar-Shun, Henry	25 July 2022	(1)	10,990,000	7.83
Dr. Cheng Chi-Kong, Adrian	25 July 2022	(1)	5,495,000	7.83
Mr. Ma Siu-Cheung	25 July 2022	(1)	7,693,000	7.83
Mr. Cheng Chi-Ming, Brian	25 July 2022	(1)	<u>6,868,750</u>	7.83
			<u>31,046,750</u>	

Note:

- (1) 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.

(III) Long positions in debentures

(i) Celestial Dynasty Limited (“CDL”)

Name	Amount of debentures in US\$ issued by CDL				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	US\$	US\$	US\$	US\$	
Mr. Doo	—	800,000	—	800,000	0.33

(ii) Celestial Miles Limited (“CML”)

Name	Amount of debentures in US\$ issued by CML				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	US\$	US\$	US\$	US\$	
Mr. Doo	—	34,600,000	—	34,600,000	2.69
Mr. Cheng Kar-Shing, Peter	4,500,000	1,000,000 ⁽¹⁾	—	5,500,000	0.43
	4,500,000	35,600,000	—	40,100,000	

Note:

(1) These debentures are jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.

(iii) New World China Land Limited (“NWCL”)

Name	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo	—	390,000,000 ⁽¹⁾	—	390,000,000	5.49

Note:

(1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.

(iv) NWD Finance (BVI) Limited (“NWD Finance”)

Name	Amount of debentures in US\$ issued by NWD Finance				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	US\$	US\$	US\$	US\$	
Mr. Doo	—	87,875,000	10,000,000 ⁽¹⁾	97,875,000	2.08
Mr. Cheng Kar-Shing, Peter	5,500,000	—	—	5,500,000	0.12
Mr. Ip Yuk-Keung, Albert	—	750,000 ⁽²⁾	—	750,000	0.02
	<u>5,500,000</u>	<u>88,625,000</u>	<u>10,000,000</u>	<u>104,125,000</u>	

Notes:

- (1) These debentures were beneficially owned by a company which was wholly owned by Mr. Doo.
- (2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse.

(v) NWD (MTN) Limited (“NWD (MTN)”)

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo	—	78,000,000 ⁽¹⁾	—	78,000,000	0.26
Mr. Ip Yuk-Keung, Albert	—	3,900,000 ⁽²⁾	—	3,900,000	0.01
	<u>—</u>	<u>81,900,000</u>	<u>—</u>	<u>81,900,000</u>	

Notes:

- (1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.
- (2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse, and were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part

XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. COMMON DIRECTORS

The following is a list of Directors who, as at the Latest Practicable Date, were also directors of the companies which had interests or short positions in the shares or 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 Mr. Cheng Kar-Shing, Peter	Cheng Yu Tung Family (Holdings) Limited ("CYTFH")
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Chow Tai Fook Capital Limited ("CTFC")
Dr. Cheng Kar-Shun, Henry Dr. Cheng Chi-Kong, Adrian Mr. Cheng Kar-Shing, Peter Mr. Cheng Chi-Heng	Chow Tai Fook (Holding) Limited ("CTFHL")
Dr. Cheng Kar-Shun, Henry Dr. Cheng Chi-Kong, Adrian Mr. Cheng Kar-Shing, Peter Mr. Cheng Chi-Heng	CTFE

4. INTERESTS IN ASSETS OF THE GROUP

Dr. Cheng Kar-Shun, Henry, Mr. Doo, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian are members of the Cheng's family which holds interest in CYTFH and CYTFH-II which in turn indirectly control CTFE, the controlling shareholder of the Company. The Group had entered into the following transactions with CTFE and/or its associates since 30 June 2022:

- (a) lease agreements regarding rental of properties between members of the CTFE group and members of the Group. The aggregate amount of such transactions are covered under the master services agreement dated 24 April 2020 (as supplemented by a supplemental agreement dated 5 November 2021) made between the Company and CTFE and the master services agreement dated 28 April 2023 made between the Company and CTFE.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member 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.

5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the interests and short positions of substantial shareholders and other persons in the 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 as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Number of shares			Approximate % of shareholding as at the Latest Practicable Date
	Beneficial interests	Interests of controlled corporation	Total	
CYTFH ⁽¹⁾	—	1,137,528,609	1,137,528,609	45.20
CYTFH-II ⁽²⁾	—	1,137,528,609	1,137,528,609	45.20
CTFC ⁽³⁾	—	1,137,528,609	1,137,528,609	45.20
CTFHL ⁽⁴⁾	—	1,137,528,609	1,137,528,609	45.20
CTFE ⁽⁵⁾	1,034,492,823	103,035,786	1,137,528,609	45.20

Name	Number of shares/underlying shares			Approximate % of shareholding as at the Latest Practicable Date
	Beneficial interests	Interests of controlled corporation	Total	
BlackRock, Inc.	—	173,943,862	173,943,862 ⁽⁶⁾	6.91

Short positions in shares

Name	Number of shares/underlying shares			Approximate % of shareholding as at the Latest Practicable Date
	Beneficial interests	Interests of controlled corporation	Total	
BlackRock, Inc.	—	402,000	402,000 ⁽⁷⁾	0.02

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.
- (4) CTFHL holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTFE.
- (5) CTFE together with its subsidiaries.
- (6) The interests included interest in 4,762,000 underlying shares through its holding of certain cash settled unlisted derivatives.
- (7) The interests included interest in 244,000 underlying shares through its holding of certain cash settled unlisted derivatives.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, other than contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation.

7. MATERIAL ADVERSE CHANGE

As at 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).

8. COMPETING INTEREST

As at the Latest Practicable Date, according to the Listing Rules, the following Directors had interests in the following businesses which were considered to compete or were 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 Group:

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
Dr. Cheng Kar-Shun, Henry	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
	FSE Lifestyle group of companies	Property and carpark management and landscaping	Director
	Ramada Property Limited	Property and hotel property investment	Director
	Shanghai New World Shangxian Lane Development Limited	Property investment and development	Director
Mr. Doo	Ace Action Ltd. group of companies	Property investment	Director
	Fortune Success Limited group of companies	Property investment	Director
	FSE Holdings Limited group of companies	Property and carpark management and landscaping	Alternate director
	Fungseng Prosperity Holdings Limited group of companies	Property investment and management	Director
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	Oriental Triumph Inc. group of companies	Property and hotel property investment	Director and shareholder
	Perfect Fine Group Limited group of companies	Property investment	Director
	Silver Success Company Limited group of companies	Hotel property investment	Director
	Supreme Harvest Development Limited group of companies	Property investment and development	Director

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
Dr. Cheng Chi-Kong, Adrian	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
Mr. Cheng Kar-Shing, Peter	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder
Mr. Cheng Chi-Heng	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
Ms. Huang Shaomei, Echo	Chow Tai Fook Business Development (Wuhan) Co., Ltd.	Property investment, development and management	Director
	Chow Tai Fook Chuangdi Real Estate (Wuhan) Co., Ltd.	Property investment and development, estate agency and carpark management	Director
	Guangzhou Junfu Real Estate Development Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyu Operation Management Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyuxian Yinghui Business Management Co., Ltd.	Carpark leasing and management	Director
	Shenzhen Fusheng Investments Co., Ltd.	Hotel operations, property investment and management	Director
	Tianjin New World Huan Bo Hai Real Estate Development Co., Ltd.	Property investment and management	Director
	Wuhan Xinhuiye Real Estate Co., Ltd.	Property investment and development and carpark management	Director

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
Mr. Ma Siu-Cheung	China Resources (Holdings) Co., Ltd. group of companies	Property investment, development and management and construction	Director
Mr. Lee Luen-Wai, John	Lippo Limited	Property investment, development and management	Director
	Lippo China Resources Limited	Property investment, development and management	Director
	Hongkong Chinese Limited	Property investment, development and management	Director
Ms. Lo Wing-Sze, Anthea	Menswinton Limited	Hotel operations and hotel property investment	Director and shareholder
	Bothtrend Investments Limited	Hotel operations and hotel property investment	Director and shareholder

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates have interest in any business apart from the business of the Group, which was considered to compete or is likely to compete, either directly or indirectly, with that of the Group.

As the Board is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

9. INTERESTS IN CONTRACTS OR ARRANGEMENTS

Save for contracts amongst group companies and save for Mr. Doo who is a party to the 2020 Services Group Master Services Agreement and the 2023 Services Group Master Services Agreement, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

10. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this circular:

Name	Qualification
Ballas Capital	A corporation licensed to carry on type 1 and type 6 regulated activities under the SFO

The IFA has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or reports and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, the IFA did not have any shareholding, directly or indirectly, in any member of the Group or the 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, the IFA did not have any interest, directly or indirectly, in any assets which since 30 June 2022, the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. MISCELLANEOUS

- (a) The English text of this circular and the enclosed proxy form shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at 30th Floor, New World Tower, 16–18 Queen’s Road Central, Hong Kong.

12. 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 (<https://www.nwd.com.hk/>) for display for a period of not less than fourteen (14) days before the date of the EGM and on the date of the EGM:

- (a) the 2023 Services Group Master Services Agreement;
- (b) the Master Construction Services Agreement;
- (c) the written consent as referred to under the paragraph headed “Expert and consent” in this appendix;
- (d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (e) the letter of advice from the IFA 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” of this circular; and
- (f) this circular.

APPENDIX II DETAILS OF RETIRING DIRECTORS STANDING FOR RE-ELECTION

The following are the particulars of the Directors who will retire and, being eligible, offer themselves for re-election at the EGM:

Mrs. Law Fan Chiu-Fun, Fanny *GBM, GBS, JP*

Aged 70, was appointed as an independent non-executive Director of the Company and a member of the Sustainability Committee on 1 December 2022.

Mrs. Law is an independent non-executive director of China Taiping Insurance Holdings Company Limited, China Unicom (Hong Kong) Limited, Nameson Holdings Limited and Minmetals Land Limited, all being listed public companies in Hong Kong. She was an independent non-executive director of CLP Holdings Limited (a listed public company in Hong Kong) up to her resignation in May 2023 and an external director of China Resources (Holdings) Co., Ltd. from 2016 to 2022. Except as disclosed, Mrs. Law did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

Mrs. Law holds a Bachelor Degree (Honours) in Science from the University of Hong Kong, a Master Degree in Public Administration from Harvard University (named a Littauer Fellow) and a Master Degree in Education from the Chinese University of Hong Kong.

Mrs. Law was appointed as a Justice of Peace and awarded the Grand Bauhinia Medal and the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region (“**HKSAR Government**”). She was a Hong Kong Deputy to the National People’s Congress and a member of the Executive Council of the HKSAR Government. During her 30 years in the civil service, Mrs. Law had worked in many fields, including medical and health, economic services, housing, land and planning, home affairs, social welfare, civil service, transport, education and manpower. Mrs. Law was the Commissioner of the Hong Kong Independent Commission Against Corruption before her retirement.

Mrs. Law entered into a letter of appointment with the Company for a fixed term of three years commencing from 1 December 2022, subject to retirement by rotation in accordance with the Articles of Association. The director’s fee for Mrs. Law will be determined by the Board with the authorisation granted by the Shareholders at the annual general meeting of the Company.

Mrs. Law does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the date of this circular, Mrs. Law does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mrs. Law is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with her re-election.

Ms. Lo Wing-Sze, Anthea *BBS, JP*

Aged 51, was appointed as an independent non-executive Director of the Company and a member of the Audit Committee on 1 December 2022.

Ms. Lo is an independent non-executive director of Virtual Mind Holding Company Limited, Finsoft Financial Investment Holdings Limited and Goldlion Holdings Limited, all being listed public companies in Hong Kong. Except as disclosed, Ms. Lo did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

Ms. Lo holds a Bachelor of Economics Degree from the University of Sydney and a Master of Commerce in Finance Degree from the University of New South Wales in Australia. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Fellow Certified Practising Accountant of CPA Australia. She is the general manager and financial director of Million Tour Limited and the founder and financial director of M1 Hotel Group.

Ms. Lo was appointed as a Justice of the Peace in 2017 and awarded the Bronze Bauhinia Star in 2020 by the HKSAR Government. She is a member of the Election Committee 2021 (The Fourth Sector) of the Hong Kong Special Administrative Region and was a member of the Election Committee for the Fifth Government of the Hong Kong Special Administrative Region. Ms. Lo is a member of the Social Workers Registration Board, the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, the Advisory Committee on Admission of Quality Migrants and Professionals and the District Fire Safety Committee (Wan Chai District). She is also an Honorary Court Member of the Lingnan University.

Ms. Lo entered into a letter of appointment with the Company for a fixed term of three years commencing from 1 December 2022, subject to retirement by rotation in accordance with the Articles of Association. The director's fee for Ms. Lo will be determined by the Board with the authorisation granted by the Shareholders at the annual general meeting of the Company.

Ms. Lo does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the date of this circular, Ms. Lo does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Ms. Lo is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection of her re-election.

Ms. Wong Yeung-Fong, Fonia

Aged 46, was appointed as an independent non-executive Director of the Company and a member of the Sustainability Committee on 1 December 2022.

Ms. Wong holds a Bachelor of Arts in Marketing Degree from the Hong Kong Polytechnic University and a Degree in China Law from the Tsinghua University. She is a certified international wealth manager and a certified financial planner. Ms. Wong is a senior director and head of business development (South Pacific) at EBSI Private of China Everbright Securities International Company Limited.

Ms. Wong is a council member of the Lingnan University, the president and co-founder of the Hong Kong Digital Asset Society, founder of Hong Kong Youth Service Leader Award, charter president of Rotary Club of Central, Hong Kong, charter president of Rotary Alumni Association, Rotary International District 3450, founding convener of Investment Chat for Charity and an executive committee member of The Neighbourhood Advice-Action Council.

Ms. Wong won the Ten Outstanding Young Persons Award of the Junior Chamber International Hong Kong in 2016. She was also on the 2021 list of Kindness & Leadership, 50 Leading Lights Asia Pacific. In 2017, Ms. Wong was the winner of the Advanced Management and Leadership Program Outstanding Alumni Award of the University of Oxford for her exceptional services to the society.

Ms. Wong entered into a letter of appointment with the Company for a fixed term of three years commencing from 1 December 2022, subject to retirement by rotation in accordance with the Articles of Association. The director's fee for Ms. Wong will be determined by the Board with the authorisation granted by the Shareholders at the annual general meeting of the Company.

Except as disclosed, Ms. Wong did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group. She does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the date of this circular, Ms. Wong does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Ms. Wong is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with her re-election.

Mr. Cheng Chi-Ming, Brian

Aged 40, was appointed as a non-executive Director of the Company on 1 December 2022.

Mr. Cheng is an executive director of NWS Holdings Limited, a listed public company in Hong Kong and a subsidiary of the Company, and a director of certain subsidiaries of the Group. Mr. Cheng is the chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited and a non-executive director of Haitong International Securities Group Limited and Wai Kee Holdings Limited, all being listed public companies in Hong Kong. Except as disclosed, Mr. Cheng did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

Mr. Cheng is currently a member of the Fourteenth Shanghai Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Before joining the Group, he had been working as a research analyst in the infrastructure and conglomerates sector for CLSA Asia-Pacific Markets. Mr. Cheng holds a Bachelor of Science Degree from Babson College in Massachusetts in the U.S.A.

Mr. Cheng entered into a letter of appointment with the Company for a fixed term of three years commencing from 1 December 2022, subject to retirement by rotation in accordance with the Articles of Association. The director's fee for Mr. Cheng will be determined by the Board with the authorisation granted by the Shareholders at the annual general meeting of the Company. He will receive from the Group emoluments which comprise monthly salary of HK\$498,490 and discretionary bonus. These have been determined by reference to his duties and responsibilities with the Group and the Group's remuneration policy.

Mr. Cheng is the son of Dr. Cheng Kar-Shun, Henry, the brother of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the nephew of Mr. Doo and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng. Except as disclosed, Mr. Cheng does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the date of this circular, Mr. Cheng does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Cheng is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with his re-election.



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of New World Development Company Limited (新世界發展有限公司) (the “**Company**”) will be held as a hybrid meeting at the principal meeting place of Meeting Room N101 (Expo Drive Entrance), Level 1, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 27 June 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the 2023 Services Group Master Services Agreement (as defined and described in the circular of the Company dated 7 June 2023 (the “**Circular**”), a copy of the Circular marked “**A**” together with a copy of the 2023 Services Group Master Services Agreement marked “**B**” are tabled before the Meeting and initialed by the chairman of the Meeting for identification purpose) and the Services Group Transactions as defined and described in the Circular and the implementation thereof be and are hereby approved, ratified and confirmed;
- (b) the Services Group Annual Caps as defined and described in the Circular in respect of the consideration payable under the 2023 Services Group Master Services Agreement for each of the three financial years ending 30 June 2024, 30 June 2025 and 30 June 2026 be and are hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he/she or they may in his/her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the 2023 Services Group Master Services Agreement and the transactions contemplated thereunder and all matters incidental to, ancillary or incidental thereto.”

NOTICE OF EGM

2. **“THAT:**
 - (a) the Master Construction Services Agreement (as defined and described in the circular of the Company dated 7 June 2023 (the **“Circular”**), a copy of the Circular marked **“A”** together with a copy of the Master Construction Services Agreement marked **“C”** are tabled before the Meeting and initialed by the chairman of the Meeting for identification purpose) and the Construction Services Group Transactions as defined and described in the Circular and the implementation thereof be and are hereby approved, ratified and confirmed;
 - (b) the Construction Services Group Annual Caps as defined and described in the Circular in respect of the consideration payable under the Master Construction Services Agreement for each of the three financial years ending 30 June 2024, 30 June 2025 and 30 June 2026 be and are hereby approved; and
 - (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he/she or they may in his/her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Master Construction Services Agreement and the transactions contemplated thereunder and all matters incidental to, ancillary or incidental thereto.”
3. **“THAT** Mrs. Law Fan Chiu-Fun, Fanny be re-elected as a Director.”
4. **“THAT** Ms. Lo Wing-Sze, Anthea be re-elected as a Director.”
5. **“THAT** Ms. Wong Yeung-Fong, Fonia be re-elected as a Director.”
6. **“THAT** Mr. Cheng Chi-Ming, Brian be re-elected as a Director.”

By order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 7 June 2023

NOTICE OF EGM

Notes:

1. Hybrid Meeting

The Company will conduct a hybrid Meeting with the combination of in-room meeting and virtual meeting using the Tricor e-Meeting System which allows shareholders to participate the Meeting online in a convenient and efficient way from anywhere with an internet connection. Shareholders will be able to view the live video broadcast of the Meeting and participate in voting and submit questions online via their mobile phones, tablet, or computers. The live broadcast option can also broaden the reach of the Meeting to shareholders who do not wish to attend physically or for other overseas shareholders who are unable to attend in person physically.

How to attend and vote?

Shareholders who wish to attend the Meeting and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the Meeting in person physically and vote at the Meeting venue; OR
- (2) attend the Meeting via an online platform, namely, the Tricor e-Meeting System, which enables live streaming and interactive platform for Q&A and submission of their votes online; OR
- (3) appoint the chairman of the Meeting or other persons as their proxies to vote on their behalf (whether physically or via Tricor e-Meeting System).

Your proxy's authority and instruction will be revoked if you attend and vote in person physically at the Meeting or via the Tricor e-Meeting System.

For corporate shareholders who wish to (1) appoint proxy electronically to attend and vote at the Meeting on their behalf or (2) appoint the corporate representative to attend the Meeting and to vote online, please contact the Company's share registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 by 5:00 p.m., Wednesday, 21 June 2023 for the necessary arrangements (including the activation of the password provided on the notification letter sent to the shareholders by the Company on 7 June 2023 (the "**Notification Letter**")).

For the beneficial owners whose shares of the Company are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited would like to attend the Meeting in person physically or online, they should consult directly with their banks or brokers or custodians (as the case may be) for necessary arrangements. You will be asked to provide your email address which will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending the Meeting online via the Tricor e-Meeting System.

2. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
3. To be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be lodged with the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours (excluding a public holiday) before the time appointed for the Meeting (i.e. not later than Saturday, 24 June 2023 at 11:30 a.m.) or any adjournment thereof (as the case may be).

NOTICE OF EGM

In the case of appointment of proxies submitted in electronic form, the proxy forms must be electronically submitted via Tricor e-Meeting System not less than 48 hours (excluding a public holiday) before the time appointed for the holding of the Meeting (i.e. not later than Saturday, 24 June 2023 at 11:30 a.m.) or at any adjournment thereof (as the case may be) by scanning the QR code provided on the Notification Letter or visiting the designated URL (<https://spot-meeting.tricor.hk/#/17>). Please use the username and password provided on the Notification Letter.

If your proxy (except when the chairman of the Meeting is appointed as proxy) wishes to attend the Meeting and vote online, you must provide a valid email address of your proxy to the Company's share registrar, Tricor Tengis Limited, by calling its hotline at (852) 2975 0928 by 5:00 p.m. on Wednesday, 21 June 2023 for the necessary arrangements. If no email address is provided, your proxy cannot attend the Meeting and vote online. The email address so provided will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending and voting at the Meeting via Tricor e-Meeting System. If your proxy has not received the login details by email by 11:30 a.m. on Monday, 26 June 2023, you should contact the Company's share registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 for the necessary arrangements.

4. In the case of joint holders of a share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto. If more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The register of members of the Company will be closed from Wednesday, 21 June 2023 to Tuesday, 27 June 2023, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the Meeting, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 June 2023.
6. Voting on the above resolutions will be taken by poll.
7. If a tropical cyclone warning signal no. 8 or above is hoisted, or a black rainstorm warning signal or "extreme conditions caused by a super typhoon" announced by the Government of the Hong Kong Special Administrative Region is/are in force in Hong Kong at any time between 7:30 a.m. to 11:30 a.m. on Tuesday, 27 June 2023, the Meeting will not be held on that day but will be automatically postponed. The Company will publish an announcement on its website and on the website of the Stock Exchange to notify members of the Company of the date, time and location of the rescheduled meeting.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
9. As at the date of this notice, the Board comprises (a) seven executive Directors, namely, Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia, Mr. Sitt Nam-Hoi, Ms. Huang Shaomei, Echo, Ms. Chiu Wai-Han, Jenny and Mr. Ma Siu-Cheung; (b) four non-executive Directors, namely, Mr. Doo Wai-Hoi, William, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng and Mr. Cheng Chi-Ming, Brian; and (c) six independent non-executive Directors, namely, Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia.