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新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

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**MAJOR AND CONNECTED TRANSACTION — DISPOSAL OF SHARES IN NWS
HOLDINGS LIMITED**

Reference is made to the Joint Announcement dated 26 June 2023 whereby Offeror Board, the Board and the NWS Board jointly announced that, subject to the satisfaction or waiver (where applicable) of certain pre-conditions, the Joint Financial Advisers, on behalf of the Offeror, a wholly-owned subsidiary of CTFE, intended to make the NWS Share Offer (namely, a conditional voluntary general cash offer to acquire all the issued shares of NWS not already beneficially owned by the CTFH Group, including the NWS Shares owned by the Group), and the NWS Option Offer. As disclosed in the joint announcement of CTFE, the Offeror and NWS dated 31 August 2023, the Offeror intends to maintain the listing status of NWS on the Main Board of the Stock Exchange after the close of the NWS Offers, and does not intend to avail itself of the powers of compulsory acquisition under the Companies Act. On 6 October 2023, CTFE, the Offeror and NWS jointly announced that all pre-conditions to the NWS Offers had been satisfied.

As at the date of this announcement, the Group holds 2,380,495,938 NWS Shares, representing approximately 60.87% of the issued share capital of NWS as at the date of this announcement and approximately 59.59% of the issued share capital of NWS as at the date of this announcement on a fully-diluted basis if new NWS Shares had been issued as a result of the exercise of all the NWS Options outstanding on the date of this announcement. Among such 2,380,495,938 NWS Shares owned by the Group, (i) 2,979,975 NWS Shares (representing approximately 0.076% of the issued NWS Shares as at the date of this announcement, and approximately 0.075% of the issued share capital of NWS as at the date of this announcement on a fully-diluted basis if new NWS Shares had been issued as a result of the exercise of all the NWS Options outstanding as at the date of this announcement) were owned by Financial Concepts Investment Limited, which is an indirect wholly-owned subsidiary of NWS, and (ii) the remaining 2,377,515,963 NWS Shares (representing approximately 60.79% of the issued NWS Shares as at the date of this announcement, and approximately 59.52% of the issued share capital of NWS as at the date of this announcement on a fully-diluted basis if new NWS Shares had been issued as a result of the exercise of all the NWS Options outstanding as at the date of this announcement) were owned by the Company and its wholly-owned subsidiaries. The NWS Share Offer, if accepted by the Group as to the NWS Offer Shares which the Group holds and if the NWS Share Offer becomes or is declared unconditional in all respects, will result in the Disposal.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and, as CTFE and the Relevant CTFE Subsidiaries together hold approximately 45.24% of the total issued share capital of the Company as at the date of this announcement and the Offeror is a wholly-owned subsidiary of CTFE and therefore a connected person of the Company under the Listing Rules, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules and an ordinary resolution will be proposed for approving the Disposal by the Independent Shareholders at the EGM.

REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE CTFE MASTER SERVICES AGREEMENT

References are made to the NWS CCT Announcement and the NWS CCT Circular. As the Company is a substantial shareholder and therefore a connected person of NWS, to streamline the reporting, announcement and the independent shareholders' approval process of the continuing connected transactions of NWS entered into between the NWS Group and the Group in the ordinary course of business, NWS and the Company entered into the NWS Master Services Agreement on 28 April 2023 in relation to the provision of Operational Services for a term of 3 years from 1 July 2023 to 30 June 2026, which was approved by the independent shareholders of NWS on 26 June 2023.

Reference is also made to the CCT Announcement, in which it was disclosed that the Company and CTFE, a substantial shareholder and therefore a connected person of the Company entered into the CTFE Master Services Agreement on 28 April 2023 in respect of the provision of the CTFE Services between the Group and the CTFE Services Group for a term from 1 July 2023 to 30 June 2026. As disclosed in the CCT Announcement, the transactions under the CTFE Master Services Agreement constitute continuing connected transactions of the Company and based on the CTFE Annual Caps, the transactions under the CTFE Master Services Agreement were subject to the reporting, announcement and annual review requirements but were exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Subject to the passing of the ordinary resolution for approving the Disposal by the Independent Shareholders at the EGM and upon completion of the Disposal, NWS will cease to be a subsidiary of the Company and will become a subsidiary of CTFE and therefore a connected person of the Company, and the transactions contemplated under the NWS Master Services Agreement as between the NWS Group and the Group will then become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In such event, since members of the NWS Group will cease to be subsidiaries of the Company and will become members of the CTFE Services Group, the transactions contemplated under the NWS Master Services Agreement as between the NWS Group and the Group will also form part of the transactions contemplated under the CTFE Master Services Agreement, resulting in expected increases in the annual transaction values under the CTFE Master Services Agreement upon the completion of the Disposal.

The Company proposes that, subject to the passing of the ordinary resolution at the EGM by the Independent Shareholders to approve the Disposal and conditional upon the completion of the Disposal, the CTFE Annual Caps be revised to the Proposed Revised Annual Caps. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Revised Annual Caps exceeds 5%, the Revision of Annual Caps is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, an ordinary resolution will be proposed at the EGM that for approving the Revision of Annual Caps by the Independent Shareholders.

For the avoidance of doubt, in the event that the ordinary resolution for approving the Disposal is not passed by the Independent Shareholders at the EGM, the annual caps for the CTFE Transactions under the CTFE Master Services Agreement will remain to be the CTFE Annual Caps and will not be increased, even if the ordinary resolution for approving the Revision of Annual Caps is passed by the Independent Shareholders at the EGM.

DESPATCH OF CIRCULAR

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the Disposal and the Revision of Annual Caps. The Company has appointed Goldman Sachs (Asia) L.L.C. as its financial adviser in connection with the Disposal. The Independent Board Committee (comprising all the independent non-executive Directors) has been established to consider the Disposal and the Revision of Annual Caps, and to advise the Independent Shareholders, and Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the Revision of Annual Caps.

The Circular containing, among others, (i) further details on the Disposal and the Revision of Annual Caps; (ii) the views of and recommendations from the Directors (other than the Independent Board Committee and excluding Directors who have material interest in the Disposal or the Revision of Annual Caps); (iii) the views of and recommendations from the Independent Board Committee with respect to the Disposal and the Revision of Annual Caps; (iv) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the Revision of Annual Caps; and (v) the notice convening the EGM at which resolutions will be proposed to consider, and, if thought fit, approve the Disposal and the Revision of Annual Caps will be despatched to the Shareholders on 13 October 2023.

The EGM for considering and, if thought fit, approving the Disposal and the Revision of Annual Caps will be held on Thursday, 2 November 2023 at 11:30 a.m.. Further details of the EGM will be set out in the notice of the EGM contained in the Circular.

CLOSURE OF REGISTER OF MEMBERS FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE EGM

The register of members of the Company will be closed from Friday, 27 October 2023 to Thursday, 2 November 2023 (both days inclusive) for the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM.

During such period of closure of the register of members, no transfer of the Shares will be registered. In order to be entitled 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 Thursday, 26 October 2023.

WARNING: Completion of the NWS Share Offer (if made) will be subject to certain conditions being satisfied or waived. Accordingly, the Disposal may or may not proceed. Shareholders and holders of other securities of and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

MAJOR AND CONNECTED TRANSACTION — DISPOSAL OF SHARES IN NWS HOLDINGS LIMITED

Reference is made to the Joint Announcement dated 26 June 2023 whereby the Offeror Board, the Board and the NWS Board jointly announced that, subject to the satisfaction or waiver (where applicable) of certain pre-conditions, the Joint Financial Advisers, on behalf of the Offeror, a wholly-owned subsidiary of CTFE, intended to make the NWS Share Offer (namely, a conditional voluntary general cash offer to acquire all the issued shares of NWS not already beneficially owned by the CTFH Group, including the NWS Shares owned by the Group), and the NWS Option Offer. As disclosed in the joint announcement of CTFE, the Offeror and NWS dated 31 August 2023, the Offeror intends to maintain the listing status of NWS on the Main Board of the Stock Exchange after the close of the NWS Offers and does not intend to avail itself of the powers of compulsory acquisition under the Companies Act. On 6 October 2023, CTFE, the Offeror and NWS jointly announced that all pre-conditions to the NWS Offers had been satisfied.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcement.

As at the date of this announcement, the Group (including Financial Concepts Investment Limited) holds 2,380,495,938 NWS Shares, representing approximately 60.87% of the issued share capital of NWS as at the date of this announcement and approximately 59.59% of the issued share capital of NWS as at the date of this announcement on a fully-diluted basis if new NWS Shares had been issued as a result of the exercise of all the NWS Options outstanding on the date of this announcement. The NWS Share Offer, if accepted by the Group as to the NWS Offer Shares which the Group holds and if is the NWS Share Offer becomes or is declared unconditional in all respect will result in the Disposal.

As at the date of this announcement, other than the 2,979,975 NWS Shares owned by Financial Concepts Investment Limited (which is an indirect wholly-owned subsidiary of NWS and therefore an indirect non-wholly-owned subsidiary of the Company), the Group holds 2,377,515,963 NWS Shares. On this basis, the gross proceeds that the Group (excluding Financial Concepts Investment Limited) will receive from the Disposal will amount to approximately HK\$21,754.3 million (which for the avoidance of doubt, does not include the gross proceeds from the Disposal in the amount of approximately HK\$27.3 million to be received by Financial Concepts Investment Limited, in which the Company will cease to have any equity interest upon completion of the Disposal). Out of the gross proceeds arising from the Disposal, approximately HK\$4,001.4 million is expected to be used to pay the Conditional Special Dividend, and the majority of the remaining amount is expected to be used for repayment of existing borrowings and execution of bond and/or perpetual capital securities buyback programme to improve cost of capital and debt profile, with the rest serving as general working capital of the Group (including funding the Group's property development projects and the capital expenditure for its investment properties and hotels).

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and it also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal is subject to the approval of the Independent Shareholders at a general meeting of the Company and an ordinary resolution will be proposed at the EGM for approving the Disposal by the Independent Shareholders.

REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE CTFE MASTER SERVICES AGREEMENT

Background

References are made to the NWS CCT Announcement and the NWS CCT Circular. As the Company is a substantial shareholder and therefore a connected person of NWS, to streamline the reporting, announcement and the independent shareholders' approval process of the continuing connected transactions of NWS entered into between the NWS Group and the Group in the ordinary course of business, NWS and the Company entered into the NWS Master Services Agreement on 28 April 2023 in relation to the provision of Operational Services for a term of 3 years from 1 July 2023 to 30 June 2026, which was approved by the independent shareholders of NWS on 26 June 2023. For the description of the major terms of the NWS Master Services Agreement, please see the section headed "New Master Services Agreements — 2. New NWD Master Services Agreement" of the NWS CCT Announcement and the section headed "New Master Services Agreements — 1. New NWD Master Services Agreement" of the letter from the NWS Board of the NWS CCT Circular.

Reference is also made to the CCT Announcement, in which it was disclosed that the Company and CTFE, a substantial shareholder and therefore a connected person of the Company entered into the CTFE Master Services Agreement on 28 April 2023 in respect of the provision of the CTFE Services between the Group and the CTFE Services Group for a term from 1 July 2023 to 30 June 2026. As disclosed in the CCT Announcement, the transactions under the CTFE Master Services Agreement constitute continuing connected transactions of the Company and based on the CTFE Annual Caps, the transactions under the CTFE Master Services Agreement were subject to the reporting, announcement and annual review requirements but were exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For the description of the major terms of the CTFE Master Services Agreement, please refer to the section headed "The 2023 CTFE Master Services Agreement" of the CCT Announcement.

Subject to the passing of the ordinary resolution for approving the Disposal by the Independent Shareholders at the EGM and upon completion of the Disposal, NWS will cease to be a subsidiary of the Company and will become a subsidiary of CTFE and therefore a connected person of the Company, and the transactions contemplated under the NWS Master Services Agreement as between the NWS Group and the Group will then become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In such event, since members of the NWS Group will cease to be subsidiaries of the Company and will become members of the CTFE Services Group, the transactions contemplated under the NWS Master Services Agreement as between the NWS Group and the Group will also form part of the transactions contemplated under the CTFE Master Services Agreement, resulting in expected increases in the annual transaction values under the CTFE Master Services Agreement upon the completion of the Disposal.

As mentioned in the NWS CCT Announcement, NWS and CTFE had entered into the CTFE-NWS Master Services Agreement in relation to the provision of Operational Services between members of the NWS Group and members of the CTFE Services Group (other than members of the Group and the NWS Group). Since NWS is a subsidiary of the Company, the transactions contemplated under the CTFE-NWS Master Services Agreement currently form part of the transactions contemplated under the CTFE Master Services Agreement. Upon completion of the Disposal, NWS will cease to be a subsidiary of the Company and the transactions contemplated under the CTFE-NWS Master Services Agreement will cease to form part of the transactions contemplated under the CTFE Master Services Agreement. Accordingly, it will not be necessary to include the expected transaction values under the CTFE-NWS Master Services Agreement after completion of the Disposal for the determination of the Proposed Revised Annual Caps. For the description of the major terms of the CTFE-NWS Master Services Agreement, please refer to the section headed “New Master Services Agreements — 1. New CTF Enterprises Master Services Agreement” of the NWS CCT Announcement.

The historical transaction amounts under the 2020 CTFE Master Services Agreement and the existing annual caps of the CTFE Transactions under the CTFE Master Services Agreement

As disclosed in the CCT Announcement:

- (a) the aggregate transaction amounts paid by the CTFE Services Group to the Group, and vice versa, under the 2020 CTFE Master Services Agreement for the two financial years ended 30 June 2021 and 2022 were approximately HK\$639.8 million and HK\$1,049.4 million respectively; and
- (b) the CTFE Annual Caps for each of the three financial years ending 30 June 2024, 2025 and 2026 are HK\$2,398.2 million, HK\$2,395.1 million and HK\$2,321.9 million, respectively.

The aggregate transaction amounts paid by the CTFE Services Group to the Group, and vice versa, under the 2020 CTFE Master Services Agreement for the financial year ended 30 June 2023 was approximately HK\$1,668.2 million.

The aggregate transaction amounts paid by the NWS Group to the Group, and vice versa, under the 2020 NWS Master Services Agreement for the three financial years ended 30 June 2021, 2022 and 2023, were approximately HK\$882.6 million, HK\$402.2 million and HK\$511.8 million, respectively.

As disclosed in the NWS CCT Announcement and/or the NWS CCT Circular:

- (a) the NWS-NWD Annual Caps for each of the three financial years ending 30 June 2024, 2025 and 2026 are HK\$1,297.0 million, HK\$2,283.0 million and HK\$2,623.0 million, respectively; and
- (b) the NWS-CTFE Annual Caps for each of the three financial years ending 30 June 2024, 2025 and 2026 are HK\$623.0 million, HK\$711.0 million and HK\$763.0 million, respectively.

Proposed Revised Annual Caps for the CTFE Transactions under the CTFE Master Services Agreement

It is proposed that subject to the passing of the ordinary resolution at the EGM by the Independent Shareholders to approve the Disposal and conditional upon the completion of the Disposal, the annual caps for each of the three financial years ending 30 June 2024, 2025 and 2026 in relation to the CTFE Transactions under the CTFE Master Services Agreement be revised as follows:

	For the year ending 30 June		
	2024	2025	2026
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Proposed Revised Annual Caps	3,087.7	3,538.0	3,887.3

The Proposed Revised Annual Caps are determined with reference to (i) the aggregate values of the CTFE Annual Caps and the NWS-NWD Annual Caps for each of the three financial years ending 30 June 2024, 2025 and 2026, (ii) deducting the NWS-CTFE Annual Caps (and in respect of the financial year ending 30 June 2024, 50% of the relevant annual cap based on the assumption that completion of the Disposal will take place by the end of 2023) for the same periods (which will cease to form part of the transactions contemplated under the CTFE Master Services Agreement upon completion of the Disposal as NWS will then cease to be a subsidiary of the Company), and (iii) making adjustments for the reduction of the provision of CTFE Contracting Services by the Group to the CTFE Services Group as a result of the Group's disposal of its equity interest in Hip Seng Construction Group Limited (which is principally engaged in the provision of building construction services) which was completed in June 2023 and as a result, the potential engagement of the NWS Group for the provision of CTFE Contracting Services to the Group, and (iv) the inclusion of a buffer of 8% for the Proposed Revised Annual Cap for the financial year ending 30 June 2024 to allow for any fluctuations of transaction amounts of the provision of CTFE Contracting Services by the NWS Group to the CTFE Services Group during the period before completion of the Disposal and a buffer of 5% for the Proposed Revised Annual Cap for the financial year ending 30 June 2026 to cater for the slight increase in the projected transaction amounts for the provision of CTFE Contracting Services by the Group to the CTFE Services Group for such year.

As the revision of the CTFE Annual Caps would only be necessary if the transactions contemplated under the NWS Master Services Agreement as between the NWS Group and the Group become part of the transactions under the CTFE Master Services Agreement (which will occur as a result of NWS becoming a subsidiary of CTFE upon completion of the Disposal), the Revision of Annual Caps is conditional upon completion of the Disposal, which is in turn subject to the passing of the ordinary resolution by the Independent Shareholders for approving the Disposal at the EGM.

Save and except for the CTFE Annual Caps (which are proposed to be amended and substituted by the Proposed Revised Annual Caps if the Disposal is approved by the Independent Shareholders and completed), all other terms of the CTFE Master Services Agreement as disclosed in the CCT Announcement and/or in the above will remain unchanged.

Internal Control Procedures

To ensure that the CTFE Master Services Agreements and the transactions contemplated thereunder, based on the Proposed Revised Annual Caps after the Disposal, adhere to normal commercial terms or better (as defined in the Listing Rules) and the transaction amounts do not exceed the Proposed Revised Annual Caps (if approved by the Independent Shareholders at the EGM), the Company has implemented the following internal control procedures:

- (1) **Definitive Agreement review and assessment:** Prior to entering into any Definitive Agreement under the scope of the CTFE Master Services Agreement, 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 CTFE Master Services Agreement. The pricing policies and other terms of the Definitive Agreements will be determined by the relevant personnel of the Group 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 CTFE Transactions to ensure that the applicable Proposed Revised Annual Caps are not exceeded. Periodic reports which are compiled twice a year, including lists of continuing connected transactions conducted during the reporting period and utilisation of the relevant Proposed Revised Annual Caps will be submitted to the Audit Committee of the Board 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.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE REVISION OF ANNUAL CAPS

The Disposal

The Disposal is a significant corporate action that generates immediate value for Shareholders, repositions the Company around its higher-potential property businesses, and recycles capital by using the proceeds to pay down debts and fund the business. In the short-term, Shareholders will benefit from a Conditional Special Dividend paid from a portion of the proceeds. In the longer-term, Shareholders will gain greater investment exposure to the growth of the Company's property business as many of its assets begin to harvest returns on past capital investments and benefit from improving consumer sentiment and market stabilization.

More specifically, upon completion of the Disposal, the Company will be in a stronger competitive position and the Shareholders would benefit as a result of the following: (i) the generation of immediate value for Shareholders; (ii) the immediate strengthening of the Company's financial position; (iii) the enhancement of the strategic focus of the Company on property development, property investment and property related businesses, and other related customer focused businesses; (iv) the price of the NWS Share Offer representing an attractive exit premium for the Company; (v) an opportunity for the Company to monetise NWS Shares without adversely affecting the market price; and (vi) the Company being unlikely to receive an alternative offer on more favourable terms or at all. Further details on the reasons for and benefits of the Disposal will be set out in the Circular.

The Revision of Annual Caps

The CTFE Transactions contemplated under the CTFE Master Services Agreement after the Disposal, including the transactions originally contemplated under the NWS 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 CTFE Services Group (which shall include the NWS Group after the Disposal) and the Group. The CTFE Master Services Agreement is intended to streamline the continuing connected transactions between members of the CTFE Services Group and members of the Group. The Revision of Annual Caps, if approved, will provide a single basis on which the Company will comply with the requirements under 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 renewal of the agreements in respect of the provision of the CTFE Services after completion of the Disposal.

Over the course of the last few decades, the CTFE Services Group and the NWS Group have expanded their respective business scopes covering a wide array of industries and services and they have established a reputation in their respective industries and accumulated valuable industry experience. Based on the past experience and track record for completed projects by the CTFE Services Group and the NWS Group, the Company values the capability of and quality of products/services delivered by them and they are considered as suitable and capable candidates to be considered for future tenders for the provision of related services to the Company. In general, for tenders participated by the CTFE Services Group over the past three years, the relevant contracts had been awarded on the basis of a competitive tender process and were not necessarily awarded to them. The long-term relationship between the Company on the one hand and the CTFE Services Group and the NWS Group on the other hand has ensured smooth cooperation and established familiarity and trust between the parties, and created irreplaceable synergies in terms of work efficiency, communication, and mutual flexibility enabling the Group to exert higher level of influence over the outcome and quality of the products or services.

In the event where the Revision of Annual Caps is not approved by the Independent Shareholders at the EGM, the Company would likely (i) incur a loss of revenue and profit as a result of its inability to provide further services to the CTFE Services Group beyond the CTFE Annual Caps, (ii) incur friction costs associated with the cancellation of certain existing service contracts with the CTFE Services Group and/or the NWS Group and the necessity to invite new tenderers as replacements, (iii) be impacted by lower efficiency and additional time required for the completion of ongoing property projects of the Group if the relevant construction contracts are required to be cancelled or terminated, and thereby delaying the property sales and delivery schedule, and (iv) enter into new contracts with independent third party suppliers on terms which are potentially less favourable to the Company, as compared to the competitive pricing terms that could have been offered by the CTFE Services Group and/or the NWS Group due to their economies of scale benefits as market leaders within their respective industries.

RECOMMENDATIONS FROM THE DIRECTORS (OTHER THAN INDEPENDENT NON-EXECUTIVE DIRECTORS AND OTHER DIRECTORS WITH MATERIAL INTERESTS)

As mentioned in the CCT Announcement, the Directors (including the independent non-executive Directors) consider that the CTFE Master Services Agreement is on normal commercial terms or better and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having taken into account the reasons for and the benefits of the Disposal and the Revision of Annual Caps and their effects, the Directors (other than the independent non-executive Directors who were appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Disposal and Revision of Annual Caps and will express their views in the Circular, and Dr. Henry Cheng, Dr. Adrian Cheng, Mr. Peter Cheng, Ms. Sonia Cheng, Mr. Cheng Chi-Heng, Mr. William Doo Senior, Mr. Brian Cheng and Mr. Ma Siu-Cheung, being Directors who have material interests in the Disposal and therefore have abstained from voting on the relevant board resolutions of the Company in relation to the Disposal and who have also voluntarily abstained from voting on the relevant board resolutions of the Company in relation to the Revision of Annual Caps) consider that the Disposal is on normal commercial terms or better (as defined in the Listing Rules) and is fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the Revision of Annual Caps is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, such Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Disposal and the Revision of Annual Caps.

INFORMATION ON THE GROUP, THE OFFEROR, THE CTFE GROUP AND THE NWS GROUP

The Group

The Company is a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange. 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.

The Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of CTFE. The Offeror is engaged in investment holding.

The CTFE Group

CTFE is a company incorporated in Hong Kong with limited liability. The CTFE Group is principally engaged in investment holding. CTFE is beneficially wholly-owned by CTFH, which is held as to approximately 81.03% by CTFC, which is in turn held as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited. Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited.

Upon completion of the Disposal, NWS will become a subsidiary of CTFE and therefore, members of the NWS Group will become members of the CTFE Services Group.

The NWS Group

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

The audited consolidated net asset value attributable to NWS Shareholders as at 30 June 2023 was approximately HK\$39,737 million.

The consolidated profit from continuing operations before income tax and consolidated profit from continuing operations and discontinued operations after income tax of NWS for the two financial years ended 30 June 2023 and 30 June 2022 were as follows:

	For the financial year ended	
	30 June	
	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(audited)	(audited)
Profit from continuing operations before income tax	3,420	2,458
Profit from continuing operations and discontinued operations after income tax	2,663	2,184

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and, as CTFE and the Relevant CTFE Subsidiaries together hold approximately 45.24% of the total issued share capital of the Company as at the date of this announcement and the Offeror is a wholly-owned subsidiary of CTFE and therefore a connected person of the Company under the Listing Rules, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Disposal is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

Subject to the passing of the ordinary resolution for approving the Disposal by the Independent Shareholders at the EGM and upon completion of the Disposal, NWS will cease to be a subsidiary of the Company and will become a subsidiary of CTFE and therefore a connected person of the Company, and the transactions contemplated under the NWS Master Services Agreement as between the NWS Group and the Group will then become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In such event, since members of the NWS Group will cease to be subsidiaries of the Company and will become members of the CTFE Services Group, the transactions contemplated under the NWS Master Services Agreement as between the NWS Group and the Group will also form part of the transactions contemplated under the CTFE Master Services Agreement, resulting in expected increases in the annual transaction values under the CTFE Master Services Agreement upon the completion of the Disposal.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Revised Annual Caps exceeds 5%, the Revision of Annual Caps is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the avoidance of doubt, in the event that the ordinary resolution for approving the Disposal is not passed by the Independent Shareholders at the EGM, the annual caps for the CTFE Transactions under the CTFE Master Services Agreement will remain to be the CTFE Annual Caps and will not be increased, even if the ordinary resolution for approving the Revision of Annual Caps is passed by the Independent Shareholders at the EGM.

DESPATCH OF CIRCULAR

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the Disposal and the Revision of Annual Caps. The Company has appointed Goldman Sachs (Asia) L.L.C. as its financial adviser in connection with the Disposal. The Independent Board Committee (comprising all the independent non-executive Directors) has been established to consider the Disposal and the Revision of Annual Caps, and to advise the Independent Shareholders as to advise the Independent Shareholders, and Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the Revision of Annual Caps.

The Circular containing, among others, (i) further details on the Disposal and the Revision of Annual Caps; (ii) the views of and recommendations from the Directors (other than the Independent Board Committee and excluding Directors who have material interest in the Disposal or the Revision of Annual Caps); (iii) the views of and recommendations from the Independent Board Committee with respect to the Disposal and the Revision of Annual Caps; (iv) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the Revision of Annual Caps; and (v) the notice convening the EGM at which resolutions will be proposed to consider, and, if thought fit, approve the Disposal and the Revision of Annual Caps will be despatched to the Shareholders on 13 October 2023.

The EGM for considering and, if thought fit, approving the Disposal and the Revision of Annual Caps will be held on Thursday, 2 November 2023 at 11:30 a.m.. Further details of the EGM will be set out in the notice of the EGM contained in the Circular.

CLOSURE OF REGISTER OF MEMBERS FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE EGM

The register of members of the Company will be closed from Friday, 27 October 2023 to Thursday, 2 November 2023 (both days inclusive) for the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM.

During such period of closure of the register of members, no transfer of the Shares will be registered. In order to be entitled 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 Thursday, 26 October 2023.

EXPECTED TIMETABLE

Set out below is the current expected timetable in relation to the EGM, the Disposal and payment of the Conditional Special Dividend:

Event	Hong Kong Time
Despatch date of the Composite Document and the accompanying form(s) of acceptance	Friday, 13 October 2023
Despatch date of the Circular and the notice of EGM	Friday, 13 October 2023
Latest time for lodging transfers of Shares to qualify for the entitlement to attend and vote at the EGM	4:30 p.m. on Thursday, 26 October 2023
Closure of the register of members of the Company for determining the entitlement to attend and vote at the EGM	from Friday, 27 October 2023 to Thursday, 2 November 2023 (both days inclusive)
Latest time for lodging forms of proxy in respect of the EGM	11:30 a.m. on Tuesday, 31 October 2023
Record date for determining the entitlement to attend and vote at the EGM	Thursday, 2 November 2023
EGM	11:30 a.m. on Thursday, 2 November 2023
Announcement of the results of the EGM published on the Stock Exchange's website	After 4:30 p.m. on Thursday, 2 November 2023
Intended Tender Date (acceptance of NWS Share Offer by the Group), thereafter the NWS Offers may become unconditional ^(Note 1)	Thursday, 9 November 2023
First NWS Share Offer Closing Date ^(Note 1)	Monday, 13 November 2023
NWS Final Dividend Record Date ^(Notes 1 and 2)	Thursday, 16 November 2023
Latest date for despatch of cheques for payment to the Group with respect to the valid acceptance of its tendered NWS Shares and completion of the Disposal, assuming the NWS Share Offer becomes or is declared unconditional in all respects on Thursday, 9 November 2023 ^(Note 1)	Monday, 20 November 2023
Last day of dealings in the Shares on a cum entitlement to the Conditional Special Dividend basis ^(Note 3)	Wednesday, 22 November 2023

Event	Hong Kong Time
First day of dealings in the Shares on an ex entitlement to the Conditional Special Dividend basis ^(Note 3)	Thursday, 23 November 2023
Latest time for lodging transfers of Shares to qualify for the entitlement to the Conditional Special Dividend ^(Note 3)	4:30 p.m. on Friday, 24 November 2023
Record date for the Conditional Special Dividend ^(Note 3)	Friday, 24 November 2023
Payment date for the Conditional Special Dividend ^(Note 3)	Wednesday, 20 December 2023

Note 1: In the event that the resolution for approving the Disposal is passed by the Independent Shareholders at the EGM, the Group intends to tender its acceptance of the NWS Share Offer in respect of 2,380,495,938 NWS Shares (representing 60.87% of the issued share capital of NWS as at date of this announcement) on Thursday, 9 November 2023, which is before the first NWS Share Offer Closing Date (being Monday, 13 November 2023).

Accordingly, it is expected that all Conditions will be satisfied or waived (where applicable), and the NWS Share Offer will become or be declared unconditional in all respects, on Thursday, 9 November 2023. Further details will be disclosed in the Composite Document.

Note 2: As disclosed in the NWS 2023 Annual Results Announcement, the NWS Board recommended the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share and the NWS Final Dividend Record Date for the NWS FY2023 Final Dividend is Thursday, 16 November 2023. Subject to the passing of the relevant resolution to approve the declaration of the NWS FY2023 Final Dividend at the NWS AGM 2023 to be held on Friday, 10 November 2023, it is expected that the NWS FY2023 Final Dividend will be paid on or about Thursday, 7 December 2023.

It is expected that any NWS Offer Shareholder (including the relevant members of the Group) who accepts the NWS Share Offer will still be entitled to the NWS FY2023 Final Dividend in respect of the NWS Offer Shares for which the NWS Share Offer is accepted provided he/she/it is the registered owner of those NWS Offer Shares on the NWS Final Dividend Record Date. The reason for this is explained in the following paragraph.

On the basis that (a) the declaration of the NWS FY2023 Final Dividend is approved at the NWS AGM 2023 and (b) the Group validly tenders its acceptance of the NWS Share Offer in respect of 2,380,495,938 NWS Shares on Thursday, 9 November 2023, share transfers in respect of all NWS Offer Shares validly tendered for acceptance under the NWS Share Offer will be completed on or after Friday, 17 November 2023, i.e. after the NWS Final Dividend Record Date (being Thursday, 16 November 2023), regardless of the date of acceptance, and all accepting NWS Offer Shareholders (except in respect of any NWS Offer Share the transfer documents of which are lodged with Tricor Standard Limited, the branch share registrar and transfer office in Hong Kong of NWS, for registration after the latest time for lodging transfer documents for registration for determining entitlement to the NWS FY2023 Final Dividend, being 4:30 p.m. on Wednesday, 15 November 2023 as stated in the NWS 2023 Annual Results Announcement) will be entitled to the NWS FY2023 Final Dividend.

Note 3: Payment of the Conditional Special Dividend is conditional upon completion of the Disposal.

Please note that the dates and times specified in the above timetable are subject to change. Further announcement(s) will be made in the event that there is any change to the above timetable.

DEFINITIONS

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

“2020 CTFE Master Services Agreement”	the master services agreement in relation to the CTFE Transactions entered into between CTFE and the Company on 24 April 2020 as disclosed in the announcement of the Company dated 24 April 2020, as supplemented by the Supplemental Agreement
“2020 NWS Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between NWS and the Company on 24 April 2020 as disclosed in the announcement of NWS dated 24 April 2020 and the circular of NWS dated 1 June 2020
“Board”	the board of Directors
“CCT Announcement”	the announcement dated 28 April 2023 issued by the Company in relation to, among others, the CTFE Master Services Agreement
“Circular”	the circular in relation to the Disposal and the Revision of Annual Caps to be despatched to the Shareholders on 13 October 2023
“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 issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 17)
“Composite Document”	the composite offer and response document dated 13 October 2023 to be jointly issued by the Offeror and NWS to the NWS Offer Shareholders and the NWS Optionholders in relation to the NWS Offers, including each of the letters, statements, appendices and notices in it, as may be amended or supplemented from time to time
“Conditional Special Dividend”	the conditional special dividend of HK\$1.59 per Share as declared by the Board as disclosed in the announcement of annual results of the Company for the year ended 30 June 2023 published on 29 September 2023, the payment of which is conditional upon completion of the Disposal

“CTFE Annual Caps”	the existing annual caps for the CTFE Transactions under the CTFE Master Services Agreement for each of the three financial years ending 30 June 2024, 2025 and 2026, details of which are described in the CCT Announcement
“CTFE Contracting Services”	the 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, 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
“CTFE Master Services Agreement”	the master services agreement in relation to the CTFE Transactions entered into between the Company and CTFE on 28 April 2023 as disclosed in the CCT Announcement
“CTFE Services”	has the meaning ascribed to it in the CCT Announcement
“CTFE Services Group”	CTFE, (a) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company, and/or (b) any other company in the equity capital of which CTFE and such other companies referred to in (a) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the 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, and for the purpose of the CTFE Master Services Agreement and this announcement, such term shall exclude members of the Group
“CTFE Transactions”	transactions between members of the CTFE Services Group (including, after completion of the Disposal, members of the NWS Group) and members of the Group in respect of provision of CTFE Services

“CTFE-NWS Master Services Agreement”	the master services agreement in relation to the provision of Operational Services entered into between NWS and CTFE on 28 April 2023 and has the meaning ascribed to the “New CTF Enterprises Master Services Agreement” in the NWS CCT Announcement
“Definitive Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the CTFE Services Group (including, after completion of the Disposal, member(s) of the NWS Group) and any member(s) of the Group from time to time in relation to any of the CTFE Transactions at any time during the term of the CTFE Master Services Agreement
“Directors”	the directors of the Company
“Disposal”	the Group’s disposal of all the NWS Shares owned by it, representing 60.87% of the issued NWS Shares as at the date of this announcement, as a result of its acceptance of the NWS Share Offer if the NWS Share Offer becomes or is declared unconditional in all respects
“EGM”	an extraordinary general meeting of the Company to be held on Thursday, 2 November 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the Disposal and the Revision of Annual Caps
“Financial Concepts Investment Limited”	Financial Concepts Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of NWS and therefore an indirect non-wholly-owned subsidiary of the Company prior to the completion of the Disposal
“Group”	the Company and its subsidiaries (including, for the avoidance of doubt, the NWS Group before completion of the Disposal)
“Independent Board Committee”	the independent board committee of the Company comprising of 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, being all the independent non-executive Directors, established by the Board pursuant to the Listing Rules to make a recommendation to the Independent Shareholders in respect of the Disposal and the Revision of Annual Caps

“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Disposal and the Revision of Annual Caps
“Independent Shareholders”	the Shareholders other than those who have (or who are LR associates of any person who has) a material interest in the Disposal or the Revision of Annual Caps (as the case may be) and will be required under the Listing Rules to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve Disposal or the Revision of Annual Caps
“Joint Announcement”	the joint announcement dated 26 June 2023 jointly issued by CTFE, the Offeror, the Company and NWS in relation to, among others, the NWS Offers
“NWS 2023 Annual Results Announcement”	the announcement of annual results of NWS for the year ended 30 June 2023 published on 29 September 2023
“NWS AGM 2023”	the annual general meeting of NWS to be held on Friday, 10 November 2023 for the purpose of, inter alia, considering and approving the declaration of the NWS FY2023 Final Dividend
“NWS Final Dividend Record Date”	the record date for the purpose of determining the entitlement of the shareholders of NWS to receive the NWS FY2023 Final Dividend, being Thursday, 16 November 2023, according to the NWS 2023 Annual Results Announcement
“NWS FY2023 Final Dividend”	the final dividend of HK\$0.31 per NWS Share proposed at the meeting of NWS Board held on 29 September 2023, which is expected to be paid on or about Thursday, 7 December 2023 (subject to the passing of the relevant resolution to approve the declaration of such dividend at the NWS AGM 2023) according to the NWS 2023 Annual Results Announcement
“NWS Master Services Agreement”	the master services agreement in relation to the provision of Operational Services entered into between NWS and the Company on 28 April 2023 as disclosed in the NWS CCT Announcement and the NWS CCT Circular
“NWS Offer Shareholder(s)”	the holders of the NWS Offer Shares

“NWS Option Offer”	the offer to be made by the Joint Financial Advisers on behalf of the Offeror to the NWS Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the NWS Options pursuant to the Composite Document
“NWS Share Offer”	the conditional voluntary general cash offer to be made by the Joint Financial Advisers on behalf of the Offeror to acquire all the issued shares of NWS (other than those already beneficially owned by the CTFH Group) pursuant to the Composite Document
“NWS Share Offer Closing Date”	Monday, 13 November 2023, being the date to be stated in the Composite Document as the first offer closing date of the NWS Share Offer or any subsequent offer closing date in the event that the NWS Share Offer is extended or revised in accordance with the Takeovers Code
“NWS-CTFE Annual Caps”	the annual caps set by NWS for the transactions under the CTFE-NWS Master Services Agreement for each of the three financial years ending 30 June 2024, 2025 and 2026, details of which are described in the NWS CCT Announcement and this announcement
“NWS-NWD Annual Caps”	the annual caps set by NWS for the transactions under the NWS Master Services Agreement for each of the three financial years ending 30 June 2024, 2025 and 2026, details of which are described in the NWS CCT Announcement, the NWS CCT Circular and this announcement
“Operational Services”	the services which are to arise or arise from the principal categories of services under the NWS Master Services Agreement or the CTFE-NWS Master Services Agreement (as the case may be), as more particularly set out in “New Master Services Agreements” in the NWS CCT Announcement and “New Master Services Agreements” in the letter from the NWS Board in the NWS CCT Circular
“Proposed Revised Annual Caps”	the proposed revised annual caps for the CTFE Transactions under the CTFE Master Services Agreement as described in this announcement
“Revision of Annual Caps”	the proposed revision of the annual caps in respect of the CTFE Transactions under the CTFE Master Services Agreement as described in this announcement
“Shareholders”	the holders of the shares in the capital of the Company
“Shares”	the shares in the capital of the Company

“Supplemental Agreement” the supplemental agreement entered into between CTFE and the Company on 5 November 2021 to supplement the 2020 CTFE Master Services Agreement by expanding the scope of services of the 2020 CTFE Master Services Agreement to cover mechanical, electrical and building services, as disclosed in the announcement of the Company dated 5 November 2021

“Tender Date” the date on which the Group tenders its acceptance of the NWS Share Offer to the Offeror

* *for identification purposes only*

WARNING: Completion of the NWS Share Offer (if made) will be subject to certain conditions being satisfied or waived. Accordingly, the Disposal may or may not proceed. Shareholders and holders of other securities of and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the Board of
New World Development Company Limited
(新世界發展有限公司)
Wong Man-Hoi
Company Secretary

Hong Kong, 12 October 2023

As the date of this announcement, (a) the executive directors of the Company are 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) the non-executive directors of the Company are Mr. Doo Wai-Hoi, William; Mr. Cheng Kar-Shing, Peter; Mr. Cheng Chi-Heng; and Mr. Cheng Chi-Ming, Brian; and (c) the independent non-executive directors of the Company are 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.