

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) MAJOR AND CONNECTED TRANSACTION —
DISPOSAL OF SHARES IN NWS HOLDINGS LIMITED**
**(2) REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED
TRANSACTIONS UNDER THE CTFE MASTER SERVICES AGREEMENT
AND**
(3) NOTICE OF EGM

Financial Adviser to the Company

**Goldman
Sachs**

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



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

A letter from the Board is set out on pages 24 to 58 of this circular. A letter from the Independent Board Committee is set out on pages 59 and 60 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 61 to 111 of this circular.

A notice convening the EGM to be held as a hybrid meeting at the principal meeting place of Meeting Room S224 (Harbour Road Entrance), Level 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 2 November 2023 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 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 to 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 Tuesday, 31 October 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.

13 October 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 Tuesday, 31 October 2023 at 11:30 a.m.) or at any adjournment thereof (as the case may be)

GUIDANCE FOR THE EGM

by scanning the QR code provided on the Notification Letter or visiting the designated URL (<https://spot-meeting.tricor.hk/#/222>). 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. 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 Wednesday, 1 November 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 a 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., Monday, 30 October 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 HKSCC Nominees Limited who would like to attend the EGM in person physically or online, they should consult directly with their banks, brokers, custodians or HKSCC Nominees Limited (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:

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| “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 |
| “2022 AGM” | the annual general meeting of the Company which was held on 22 November 2022 |
| “2022 AGM Circular” | the circular of the Company dated 26 October 2022 containing, inter alia, the notice of the 2022 AGM |
| “2023 Annual Results Announcement” | the announcement of annual results of the Company for the year ended 30 June 2023 published on 29 September 2023 |
| “Announcement Date” | 26 June 2023, being the date of the Joint Announcement |
| “associate” | has the meaning ascribed to it under Chapter 14A of the Listing Rules |
| “Board” | the board of Directors |
| “BOCI” | BOCI Asia Limited, being one of the Joint Financial Advisers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| “BOCI Group” | BOCI and persons controlling, controlled by or under the same control as BOCI |
| “CCT Announcement” | the announcement dated 28 April 2023 issued by the Company in relation to, among others, the CTFE Master Services Agreement |

DEFINITIONS

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| “Collective Control” | the collective control of Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy and Mrs. Sun Cheng Lai-Ha, Cecilia over each of CTFE and the Offeror by virtue of the majority interest collectively held by Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy and Mrs. Sun Cheng Lai-Ha, Cecilia in Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, which respectively hold approximately 48.98% and approximately 46.65% of the issued shares of CTFC, which holds approximately 81.03% of the issued shares of CTFH, which wholly-owns CTFE, which in turn wholly-owns the Offeror |
| “Companies Act” | the Companies Act 1981 (as amended) of Bermuda |
| “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 and 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, a copy of which is set out in Appendix III for reference purposes only, 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 described in the section headed “Conditional Special Dividend” of the letter from the Board of this circular |
| “Conditions” | the conditions to the NWS Share Offer, as set out in Section “8. Conditions to the NWS Offers” in the “Letter from the Joint Financial Advisers” in the Composite Document |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |

DEFINITIONS

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| “CTFC” | Chow Tai Fook Capital Limited, a company incorporated in the British Virgin Islands with limited liability. CTFC holds approximately 81.03% of CTFH as at the Latest Practicable Date |
| “CTFE” | Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability. CTFE is a beneficially wholly-owned subsidiary of CTFH |
| “CTFE Administrative Services” | the provision of office facilities, staff secondment, utilities and equipment support, administrative support and information technology system and other ancillary administrative services |
| “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 and in the letter from the Board of this circular |
| “CTFE Board” | the board of CTFE Directors |
| “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 Director(s)” | the director(s) of CTFE |
| “CTFE Group” | CTFE and its subsidiaries, including the Offeror |
| “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 |

DEFINITIONS

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| “CTFE Services” | the CTFE Administrative Services, the CTFE Contracting Services, the General and Rental Services, the Insurance, Medical and Health Care Services, the Project Management and Consultancy Services, and such other types of services as CTFE and the Company may agree upon from time to time in writing |
| “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, but excluding 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 |
| “CTFH” | Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands with limited liability. CTFH is the sole beneficial owner of CTFE |
| “CTFH Group” | CTFH and its subsidiaries, including the CTFE Group and CTFN. For the avoidance of doubt, the CTFH Group excludes the Group |
| “CTFN” | Chow Tai Fook Nominee Limited (周大福代理人有限公司), a company incorporated in Hong Kong with limited liability. CTFN is a subsidiary of CTFH |

DEFINITIONS

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| “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 approximately 60.87% of the issued NWS Shares as at the Latest Practicable Date (including 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, as at the Latest Practicable Date, representing approximately 0.076% of the issued NWS Shares as at the Latest Practicable Date), as a result of its acceptance of the NWS Share Offer if the NWS Share Offer becomes or is declared unconditional in all respects |
| “Dr. Adrian Cheng” | Dr. Cheng Chi-Kong, Adrian, a CTFE Director, an executive director of NWS and the executive vice-chairman, the chief executive officer and an executive Director of the Company. Dr. Adrian Cheng is the son of Dr. Henry Cheng, the brother of Mr. Brian Cheng, Mr. Christopher Cheng and Ms. Sonia Cheng, the nephew of Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy, Mr. William Doo Senior and Mrs. Sun Cheng Lai-Ha, Cecilia, and the cousin of Mr. Cheng Chi-Heng and Mr. William Doo Junior |

DEFINITIONS

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| “Dr. Henry Cheng” | Dr. Cheng Kar-Shun, Henry, a CTFE Director, the chairman and an executive director of NWS and the chairman and an executive Director of the Company. Dr. Henry Cheng, together with 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, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly owns CTFE, which is the sole shareholder of the Offeror. Dr. Henry Cheng is the father of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng and Ms. Sonia Cheng, the brother of Mr. Peter Cheng, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy, the brother-in-law of Mr. William Doo Senior, and the uncle of Mr. Cheng Chi-Heng and Mr. William Doo Junior |
| “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 |
| “Encumbrances” | any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and repurchase or sale-and-leaseback arrangement, rights of preemption or any other third party rights of any nature or any agreement for any of the same |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director |
| “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 |
| “FTLife Insurance” | FTLife Insurance Company Limited, an exempted company incorporated in Bermuda with limited liability, which is an indirect wholly-owned subsidiary of NWS. FTLife Insurance is principally engaged in the provision of diversified insurance and financial planning products and services to individuals and institutions |

DEFINITIONS

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| “General and Rental Services” | the provision of information technology, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, food processing, hiring, procurement and supply of plant, machinery, equipment and materials, property management and related accounting services, property sales and letting agency services, provision of car parking management and related services and rental and licensing of the rights to use properties, spare spaces, other 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, branding, marketing, loyalty and rewards program and promotion-related services and related services |
| “GFA” | gross floor area |
| “Greater Bay Area” | the Guangdong-Hong Kong-Macao Greater Bay Area, which comprises Hong Kong, Macau, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province of Mainland China |
| “Group” | the Company and its subsidiaries (including, for the avoidance of doubt, the NWS Group before completion of the Disposal) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKFRS” | Hong Kong Financial Reporting Standards |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |

DEFINITIONS

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| “HSBC” | The Hongkong and Shanghai Banking Corporation Limited, being the sole structuring adviser to CTFE and the Offeror in relation to the NWS Offers and one of the Joint Financial Advisers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) |
| “HSBC Group” | HSBC and persons controlling, controlled by or under the same control as HSBC |
| “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 (a) CTFE and the Relevant CTFE Subsidiaries, Dr. Henry Cheng, Mr. Peter Cheng and his spouse, Dr. Adrian Cheng, Ms. Sonia Cheng and Mr. Cheng Chi-Heng and (b) any other Shareholder who has (or who is an associate 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 for the approval of the Disposal and the Revision of Annual Caps respectively |

DEFINITIONS

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| “ING” | ING Bank N.V., being one of the Joint Financial Advisers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) |
| “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 |
| “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 |
| “Joint Financial Advisers” | the joint financial advisers to CTFE and the Offeror in relation to the NWS Offers, namely HSBC, BOCI and ING |
| “Last Full Trading Date” | 21 June 2023, being the last full trading day for NWS Shares and the Shares which ended before the publication of the Joint Announcement |
| “Last Trading Date” | 23 June 2023, being the last trading day for NWS Shares and the Shares which ended before the publication of the Joint Announcement, and the date on which trading of the NWS Shares and the Shares was halted pending the release of the Joint Announcement |
| “Latest Practicable Date” | 10 October 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 of Hong Kong Limited |
| “Macau” | the Macau Special Administrative Region of the People’s Republic of China |
| “Mainland China” | the People’s Republic of China, and for geographical references only, excludes Hong Kong, Macau and Taiwan |

DEFINITIONS

- “Mr. Brian Cheng” Mr. Cheng Chi-Ming, Brian, an executive director of NWS and a non-executive Director of the Company. Mr. Brian Cheng is the son of Dr. Henry Cheng, the brother of Dr. Adrian Cheng, Mr. Christopher Cheng and Ms. Sonia Cheng, the nephew of Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy, Mr. William Doo Senior and Mrs. Sun Cheng Lai-Ha, Cecilia, and the cousin of Mr. Cheng Chi-Heng and Mr. William Doo Junior
- “Mr. Cheng Chi-Heng” Mr. Cheng Chi-Heng, a CTFE Director and a non-executive Director of the Company. Mr. Cheng Chi-Heng is the son of Mr. Peter Cheng, the nephew of Dr. Henry Cheng, Mrs. Doo Cheng Sau-Ha, Amy, Mr. William Doo Senior and Mrs. Sun Cheng Lai-Ha, Cecilia, and the cousin of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Ms. Sonia Cheng and Mr. William Doo Junior
- “Mr. Christopher Cheng” Mr. Cheng Chi-Leong, Christopher, a CTFE Director and an executive director of NWS. Mr. Christopher Cheng is the son of Dr. Henry Cheng, the brother of Dr. Adrian Cheng, Mr. Brian Cheng and Ms. Sonia Cheng, the nephew of Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy, Mr. William Doo Senior and Mrs. Sun Cheng Lai-Ha, Cecilia, and the cousin of Mr. Cheng Chi-Heng and Mr. William Doo Junior
- “Mr. Peter Cheng” Mr. Cheng Kar-Shing, Peter, a CTFE Director, and a non-executive Director of the Company. Mr. Peter Cheng, together with Dr. Henry 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, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly-owns CTFE, which is the sole shareholder of the Offeror. Mr. Peter Cheng is the father of Mr. Cheng Chi-Heng, the brother of Dr. Henry Cheng, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy, the brother-in-law of Mr. William Doo Senior, and the uncle of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Ms. Sonia Cheng and Mr. William Doo Junior

DEFINITIONS

- “Mr. William Doo Junior” Mr. William Junior Guilherme Doo, a non-executive director of NWS. Mr. William Doo Junior is the son of Mr. William Doo Senior and Mrs. Doo Cheng Sau-Ha, Amy, the nephew of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai-Ha, Cecilia, and the cousin of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Ms. Sonia Cheng and Mr. Cheng Chi-Heng
- “Mr. William Doo Senior” Mr. Doo Wai-Hoi, William, the vice-chairman and a non-executive Director of the Company. Mr. William Doo Senior is the spouse of Mrs. Doo Cheng Sau-Ha, Amy, the father of Mr. William Doo Junior, the brother-in-law of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai-Ha, Cecilia, and the uncle of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Ms. Sonia Cheng and Mr. Cheng Chi-Heng
- “Mrs. Doo Cheng Sau-Ha, Amy” Mrs. Doo Cheng Sau-Ha, Amy, a CTFE Director. Mrs. Doo Cheng Sau-Ha, Amy, together with Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai-Ha, Cecilia, collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly-owns CTFE, which is the sole shareholder of the Offeror. Mrs. Doo Cheng Sau-Ha, Amy is the mother of Mr. William Doo Junior, the spouse of Mr. William Doo Senior, the sister of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai-Ha, Cecilia, and the aunt of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Ms. Sonia Cheng and Mr. Cheng Chi-Heng

DEFINITIONS

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| “Mrs. Sun Cheng Lai-Ha, Cecilia” | Mrs. Sun Cheng Lai-Ha, Cecilia, a CTFE Director. Mrs. Sun Cheng Lai-Ha, Cecilia, together with Dr. Henry Cheng, Mr. Peter Cheng 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, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly-owns CTFE, which is the sole shareholder of the Offeror. Mrs. Sun Cheng Lai-Ha, Cecilia is the sister of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Doo Cheng Sau-Ha, Amy, the sister-in-law of Mr. William Doo Senior and the aunt of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Ms. Sonia Cheng, Mr. Cheng Chi-Heng and Mr. William Doo Junior |
| “Ms. Sonia Cheng” | Ms. Cheng Chi-Man, Sonia, an executive Director of the Company. Ms. Sonia Cheng is the daughter of Dr. Henry Cheng, the sister of Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng, the niece of Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy, Mr. William Doo Senior and Mrs. Sun Cheng Lai-Ha, Cecilia, and the cousin of Mr. Cheng Chi-Heng and Mr. William Doo Junior |
| “Notification Letter” | the notification letter sent to the Shareholders by the Company on 13 October 2023 in relation to attending the EGM by electronic means |
| “NWCL” | New World China Land Limited, a wholly-owned subsidiary of the Company |
| “NWS” | NWS Holdings Limited (新創建集團有限公司*), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 00659) |
| “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 Board” | the board of NWS Directors |

DEFINITIONS

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| “NWS CCT Announcement” | the announcement of NWS dated 28 April 2023 in relation to the renewal of certain continuing connected transactions of NWS |
| “NWS CCT Circular” | the circular of NWS dated 5 June 2023 in relation to the renewal of certain continuing connected transactions of NWS |
| “NWS Directors” | the directors of NWS |
| “NWS Final Dividend Record Date” | the record date for the purpose of determining the entitlement of the NWS Shareholders 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 NWS Board meeting 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 Group” | NWS and its subsidiaries |
| “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 Shareholders” | the holders of the NWS Offer Shares |
| “NWS Offer Shares” | the NWS Shares which are subject to the NWS Share Offer |
| “NWS Offers” | the NWS Share Offer and the NWS Option Offer |
| “NWS Option Offer” | the offer 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 Optionholders” | the holders of the NWS Options |
| “NWS Options” | the share options, each relating to one NWS Share, granted and outstanding under the NWS Share Option Scheme from time to time, whether such options are vested or not |

DEFINITIONS

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| “NWS Share Offer” | the conditional voluntary general cash offer 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 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 Share Offer Price” | HK\$9.15 per NWS Offer Share |
| “NWS Share Option Scheme” | the share option scheme adopted by NWS on 23 November 2021 |
| “NWS Shareholders” | the holders of the NWS Shares |
| “NWS Shares” | the shares in the capital of NWS |
| “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 in the letter from the Board of this circular |
| “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 in the letter from the Board of this circular |
| “Offeror” | Century Acquisition Limited, a company incorporated in the British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of CTFE |
| “Offeror Board” | the board of directors of the Offeror |

DEFINITIONS

“Offeror Concert Parties”

the persons who are, or are presumed to be, acting in concert with the Offeror, as determined in accordance with the Takeovers Code (which, for the avoidance of doubt, excludes members of the HSBC Group and the BOCI Group which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code), including, for the avoidance of doubt:

- (a) CTFE, being the sole shareholder of the Offeror;
- (b) CTFH and CTFC, being the direct and indirect holding companies of CTFE;
- (c) CTFN, being a subsidiary of CTFH;
- (d) Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, which respectively hold approximately 48.98% and approximately 46.65% of CTFC and are therefore associated companies (within the meaning of the Takeovers Code) of the Offeror;
- (e) Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy and Mrs. Sun Cheng Lai-Ha, Cecilia, who collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited;
- (f) Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng, being close relatives (within the meaning of the Takeovers Code) of Dr. Henry Cheng;
- (g) Mr. Peter Cheng’s spouse, being a close relative (within the meaning of the Takeovers Code) of Mr. Peter Cheng;
- (h) Mr. William Doo Junior, being a close relative (within the meaning of the Takeovers Code) of Mrs. Doo Cheng Sau-Ha, Amy;
- (i) Mr. Chan Sau-Kit, Allan, who is a director of CTFH;
- (j) the Relevant CTFE Subsidiaries;
- (k) the Group; and

DEFINITIONS

(1) Mr. Ma Siu-Cheung, who is an executive Director of the Company

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| “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 |
| “Project Management and Consultancy Services” | the provision of project management and consultancy services by the relevant members of the Group to members of the CTFE Services Group in relation to the planning, design and construction of property projects developed or owned by members of the CTFE Services Group from time to time, including but not limited to (a) the provision of advices on design plans and development schedules; co-ordination with architects and consultants on the preparation of tender documents and drawings; monitoring the approval of necessary construction permits and certificates; (b) overseeing the overall construction including the construction progress and managing the daily operation of construction sites; certifying periodic payments to suppliers and contractors; preparation of cash flow projection; and (c) arranging for hand-over of the completed works complete with full technical documentation for future maintenance and operation; approving final payments to consultants; and co-ordination with consultants on the compilation of final accounts |
| “Proposed Revised Annual Caps” | the proposed revised annual caps for the CTFE Transactions under the CTFE Master Services Agreement upon completion of the Disposal |
| “Relevant CTFE Subsidiaries” | the subsidiaries of CTFE which hold 103,035,786 Shares, representing approximately 4.09% of the issued share capital of the Company, as at the Latest Practicable Date |
| “Relevant Period” | the period from 26 December 2022, being the date six months before the Announcement Date, up to and including the Latest Practicable Date |
| “Revision of Annual Caps” | the proposed revision of the annual caps in respect of the CTFE Transactions under the CTFE Master Services Agreement, which is conditional upon completion of the Disposal, as described in this circular |

DEFINITIONS

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| “RMB” | Renminbi, the lawful currency of Mainland China |
| “Services Group Master Services Agreement” | the master services agreement entered into between the Company and Mr. William Doo Senior on 28 April 2023 as disclosed in the CCT Announcement and the circular of the Company dated 7 June 2023 |
| “SFC” | the Securities and Futures Commission |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholders” | the holders of the Shares |
| “Shares” | the shares in the capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | has the meaning ascribed to it under the Listing Rules |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “Supplemental CCT Announcement” | the announcement dated 12 October 2023 issued by the Company in relation to, among others, the Revision of Annual Caps |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Tender Date” | the date on which the Group tenders its acceptance of the NWS Share Offer to the Offeror |
| “U.S.” | the United States of America, its territories and possessions, any State of the United States and the District of Columbia |

DEFINITIONS

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| “U.S. Business Days” | means any day, other than Saturday, Sunday or a U.S. federal holiday, and consists of the time period from 12:01 a.m. through 12:00 midnight Eastern time |
| “US\$” | United States dollars, the lawful currency of the U.S. |
| “%” | per cent. |

* *For identification purposes only*

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| EXPECTED TIMETABLE |
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The timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event that there is any change to the following timetable.

| Event | Hong Kong Time |
|---|--|
| Despatch date of the Composite Document and the accompanying form(s) of acceptance..... | Friday, 13 October 2023 |
| Despatch date of this 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 |

EXPECTED TIMETABLE

| Event | Hong Kong Time |
|---|--|
| 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 |
| 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 the Latest Practicable Date) on Thursday, 9 November 2023, which is before the first NWS Share Offer Closing Date (being Monday, 13 November 2023).

Accordingly, as disclosed in the Composite Document, 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. For details, see the section headed “8. Conditions to the NWS Offers” in the “Letter from the Joint Financial Advisers” 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.

EXPECTED TIMETABLE

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.



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, *GBM 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

13 October 2023

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION —
DISPOSAL OF SHARES IN NWS HOLDINGS LIMITED
(2) REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED
TRANSACTIONS UNDER THE CTFE MASTER SERVICES AGREEMENT
AND
(3) NOTICE OF EGM**

LETTER FROM THE BOARD

INTRODUCTION

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. Pursuant to the Composite Document, the NWS Share Offer is made by the Joint Financial Advisers on behalf of the Offeror.

As at the Latest Practicable Date, the Group held 2,380,495,938 NWS Shares, representing approximately 60.87% of the issued share capital of NWS as at the Latest Practicable Date and approximately 59.59% of the issued share capital of NWS as at the Latest Practicable Date 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 Latest Practicable Date. 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 Latest Practicable Date, and approximately 0.075% of the issued share capital of NWS as at the Latest Practicable Date 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 Latest Practicable Date) 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 Latest Practicable Date, and approximately 59.52% of the issued share capital of NWS as at the Latest Practicable Date 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 Latest Practicable Date) were owned by the Company and its wholly-owned subsidiaries. The Board considers that the NWS Share Offer (the acceptance of which would result in the Disposal if the NWS Share Offer becomes or is declared unconditional in all respects) should be put forward to the Independent Shareholders for their consideration and, if thought fit, approval at the EGM.

Your attention is also drawn to the terms and conditions of the NWS Share Offer as set out in the Composite Document, which has been despatched on the date of this circular. A summary of the material terms of the NWS Share Offer that are relevant to the Disposal are set out below to provide you with further information on the Disposal. The Group did not hold any NWS Option as at the Latest Practicable Date, and will not be granted any NWS Option as the eligible participants of the NWS Share Option Scheme are restricted to directors and employees of the NWS Group only. Accordingly, the NWS Option Offer, which is made to the NWS Optionholders, is not relevant to the Group. For references purpose only, a copy of the Composite Document (which may be amended or supplemented from time to time) is set out in Appendix III of this circular.

LETTER FROM THE BOARD

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 held approximately 45.24% of the total issued share capital of the Company as at the Latest Practicable Date and the Offeror is a wholly-owned subsidiary of CTFE, it also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Disposal is therefore subject to the approval of the Independent Shareholders at a general meeting of the Company.

Reference is also made to the Supplemental CCT Announcement. Upon completion of the Disposal, NWS will become a subsidiary of CTFE and therefore a connected person of the Company, and the transactions contemplated under the NWS Master Services Agreement 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 become members of the CTFE Services Group, the transactions contemplated under the NWS Master Services Agreement 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 no. 1 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. For the avoidance of doubt, in the event that the ordinary resolution no. 1 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 no. 2 for approving the Revision of Annual Caps is passed by the Independent Shareholders at the EGM.

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 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 text of the letter from the Independent Board Committee is set out on pages 59 to 60 of this circular and the text of the letter from the Independent Financial Adviser is set out on pages 61 to 111 of this circular.

The purpose of this circular is to provide you with, among other things, (a) information on the Disposal and the Revision of Annual Caps; (b) 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); (c) the views of and recommendations from the Independent Board Committee with respect to the Disposal and the Revision of Annual Caps; (d) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal

LETTER FROM THE BOARD

and the Revision of Annual Caps; and (e) the notice of EGM at which resolutions will be proposed to consider, and, if thought fit, approve the Disposal and the Revision of Annual Caps.

The expected timetable of relevant events is set out on pages 21 to 23 of this circular.

If you are also a NWS Shareholder, this circular is not, and should not be construed to be, a solicitation or request for dealings in respect of the securities of NWS. The Composite Document has been despatched to the NWS Shareholder for such purposes on the same date as this circular. A copy of the Composite Document is set out in Appendix III for reference purposes only.

The Company noted certain social media article published which contained allegations made under a pseudonym about an unnamed property development group that may imply the Company.

The Company provided clarification on the same date when it was made aware of this article on 25 August 2023. The Company also subsequently on 29 August 2023 highlighted that it had successfully obtained bank loans of over HK\$30 billion between March and June of this year, comprising HK\$22 billion refinanced loans and over HK\$8 billion new loans. All such loans were considered low-cost financing, with an interest rate of approximately 1.1% above the Hong Kong Interbank Offered Rate. In addition, the Company mentioned that its preferential interest rates for loans obtained in Mainland China was between 2.8% and 3.2%.

The Company has sought legal advice and took action in relation to those who circulate such untrue and unfounded statements and allegations.

TERMS OF THE NWS SHARE OFFER AND THE DISPOSAL

The NWS Share Offer is made by the Joint Financial Advisers on behalf of the Offeror, a wholly-owned subsidiary of CTFE, on the terms and conditions as set out in the Composite Document. A summary of the key terms and conditions of the NWS Share Offer is set out below. Please refer to Appendix III, which sets out a copy of the Composite Document (which may be amended or supplemented from time to time) for reference purposes only, for further details.

Subject to the satisfaction or waiver (where applicable) of the Conditions, the NWS Share Offer is made by the Joint Financial Advisers on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each NWS Offer Share HK\$9.15 in cash

The NWS Share Offer is extended to all holders of NWS Offer Shares, including the Company and other Offeror Concert Parties (other than the CTFH Group).

Save for the NWS FY2023 Final Dividend, if, after the Latest Practicable Date but before the NWS Share Offer Closing Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the NWS Shares, the Offeror reserves

LETTER FROM THE BOARD

the right to reduce the NWS Share Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the NWS Share Offer Price will be deemed to be a reference to the NWS Share Offer Price as so reduced. For the avoidance of doubt, assuming that the NWS Offers become unconditional, if any dividend and/or other distribution and/or other return of capital (save for the NWS FY2023 Final Dividend) is announced, declared or paid in respect of the NWS Shares on or after the NWS Share Offer Closing Date, NWS Offer Shareholders who accept the NWS Share Offer will not be entitled thereto.

According to the Composite Document, the NWS Board confirms that, as at the Latest Practicable Date, (i) save for the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share (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, the NWS Board had not announced or declared any dividend, distribution or other return of capital which remained unpaid; and (ii) save for the NWS FY2023 Final Dividend and the interim dividend (if any) of NWS for the six months ending 31 December 2023, the NWS Board did not intend to announce, recommend, declare and/or pay any dividend, distribution or other return of capital before the NWS Share Offer Closing Date or the lapse of the NWS Offers (as the case may be).

As stated in the NWS 2023 Annual Results Announcement and the Composite Document, 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 will be 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, it is expected that the NWS FY2023 Final Dividend will be paid on or about Thursday, 7 December 2023.

The Composite Document states that 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.

In the event that the ordinary resolution no. 1 for approving the Disposal will be 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 approximately 60.87% of the issued share capital of NWS as at the Latest Practicable Date) on Thursday, 9 November 2023, which is before the first NWS Share Offer Closing Date (being Monday, 13 November 2023). 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

LETTER FROM THE BOARD

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.

The NWS Share Offer Price was determined by the Offeror after taking into account, among other things, (a) the recent and historical trading prices of the NWS Shares, (b) the recent financial performance of the NWS Group and (c) the premium to historical trading prices of shares with reference to other voluntary general offer transactions in Hong Kong in recent years.

Comparisons of value

Closing prices of NWS Shares

The NWS Share Offer Price of HK\$9.15 represents:

- (a) a premium of 14.5% over the closing price of HK\$7.99 per NWS Share as quoted on the Stock Exchange immediately prior to the halt in the trading of the NWS Shares on the Last Trading Date;
- (b) a premium of 22.2% over the closing price of HK\$7.49 per NWS Share as quoted on the Stock Exchange on the Last Full Trading Date;
- (c) a premium of 23.6% over the average closing price of HK\$7.40 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Full Trading Date;
- (d) a premium of 24.0% over the average closing price of HK\$7.38 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Full Trading Date;
- (e) a premium of 30.9% over the average closing price of HK\$6.99 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Full Trading Date;
- (f) a premium of 32.1% over the average closing price of HK\$6.93 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Full Trading Date;
- (g) a premium of 34.4% over the average closing price of HK\$6.81 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Full Trading Date; and
- (h) a premium of 1.0% over the closing price of HK\$9.06 per NWS Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

Net asset value per NWS Share

The NWS Share Offer Price of HK\$9.15 represents:

- (a) a discount of 17.4% to the audited consolidated net asset value attributable to NWS Shareholders per NWS Share of HK\$11.07 as at 30 June 2022, based on the total number of issued NWS Shares as at 30 June 2022;
- (b) a discount of 9.9% to the unaudited consolidated net asset value attributable to NWS Shareholders per NWS Share of HK\$10.15 as at 31 December 2022, based on the total number of issued NWS Shares as at 31 December 2022; and
- (c) a discount of 10.0% to the audited consolidated net asset value attributable to NWS Shareholders per NWS Share of HK\$10.16 as at 30 June 2023, based on the total number of issued NWS Shares as at 30 June 2023.

Highest and lowest closing prices of NWS Shares

During the period of six months ended on and including the Last Full Trading Date, the highest closing price of NWS Shares as quoted on the Stock Exchange was HK\$7.56 per NWS Share on 1 February 2023 and the lowest closing price of NWS Shares as quoted on the Stock Exchange was HK\$6.46 per NWS Share on 31 May 2023.

During the Relevant Period, the highest closing price of NWS Shares as quoted on the Stock Exchange was HK\$9.06 per NWS Share on 10 October 2023 and the lowest closing price of NWS Shares as quoted on the Stock Exchange was HK\$6.46 per NWS Share on 31 May 2023.

Total Consideration under the Disposal

The NWS Share Offer, if accepted by the Group as to the NWS Offer Shares which the Group holds and the NWS Share Offer becomes or is declared unconditional in all respects, will result in the Disposal.

As at the Latest Practicable Date, the Group held 2,380,495,938 NWS Shares, representing approximately 60.87% of the issued share capital of NWS as at the Latest Practicable Date. 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 Latest Practicable Date) were 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, and (ii) the remaining 2,377,515,963 NWS Shares (representing approximately 60.79% of the issued NWS Shares as at the Latest Practicable Date) were owned by the Company and its wholly-owned subsidiaries. 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).

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Settlement of Consideration

Settlement of the consideration payable by the Offeror in respect of acceptances of the NWS Share Offer will be made as soon as possible and in any event no later than 7 business days after (a) the date on which the NWS Offers become or are declared unconditional in all respects or (b) the date of receipt of the complete and valid acceptance, whichever is the later. Assuming the Group has tendered its acceptance of the NWS Shares Offer and the NWS Offers have become unconditional on Thursday, 9 November 2023, the latest date for despatch of cheques for payment to the Group with respect to the valid acceptance of its tendered NWS Shares shall be Monday, 20 November 2023.

Conditions Precedent to the NWS Share Offer

The NWS Share Offer is subject to the satisfaction or waiver (where applicable) of the following Conditions:

- (a) the approval of the Disposal by the Independent Shareholders in accordance with the Listing Rules;
- (b) valid acceptances of the NWS Share Offer being received from the Group by 4:00 p.m. on the NWS Share Offer Closing Date (and not, where permitted, withdrawn) in respect of 2,380,495,938 NWS Shares (being the number of the NWS Shares held by the Group, representing approximately 60.88% of the issued share capital of NWS, as at the Announcement Date);
- (c) the NWS Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the NWS Share Offer Closing Date (save for any temporary suspension of trading of the NWS Shares pending any announcement in connection with the NWS Offers or other inside information) and no indication being received on or before the NWS Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the NWS Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (d) no event having occurred which would make any of the NWS Offers, the acquisition of any of the NWS Offer Shares or the cancellation of the NWS Options under the NWS Offers void, unenforceable or illegal, would prohibit the implementation of any of the NWS Offers or would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms;
- (e) all necessary consents in connection with the NWS Offers and/or (in the event that the Offeror were to exercise the right (if any) to acquire compulsorily those NWS Offer Shares not already beneficially owned or acquired by the CTFH Group) the possible withdrawal of the listing of the NWS Shares from the Stock Exchange which may be required under any existing contractual or other obligations of NWS having been obtained and remaining in effect;

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- (f) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the NWS Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms);
- (g) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the NWS Group to an extent which is material in the context of the NWS Group; and
- (h) save for any existing claim by NWS Group in respect of its six aircraft located in Russia or as otherwise disclosed by NWS on or before the Announcement Date, there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the NWS Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the NWS Group or in the context of the NWS Offers.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Condition (a)).

As at the Latest Practicable Date, save for Condition (e) which had been satisfied, none of the Conditions had been satisfied or waived (where applicable).

The NWS Option Offer is subject to and conditional upon the NWS Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions so as to cause the NWS Offers to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the NWS Offers.

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Pursuant to Rule 19.1 of the Takeovers Code, the Offeror shall issue an announcement stating whether the NWS Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the first NWS Share Offer Closing Date in accordance with the Takeovers Code. In the event that the NWS Offers have not become or are not declared unconditional on the first NWS Share Offer Closing Date, such announcement will state whether the NWS Offers have lapsed or have been revised or extended. If the NWS Offers are extended or revised, such announcement will either state the next NWS Share Offer Closing Date or, if the NWS Offers have become or been declared unconditional as to acceptances, include a statement that the NWS Offers will remain open until further notice. In the latter case, pursuant to Rule 15.3 of the Takeovers Code, at least fourteen (14) days' notice in writing must be given, before the NWS Offers are closed, to the NWS Offer Shareholders and the NWS Optionholders who have not accepted the relevant NWS Offers.

There is no obligation to extend the NWS Offers if the Conditions are not satisfied or waived (where applicable) by the first NWS Share Offer Closing Date or any subsequent NWS Share Offer Closing Date. Any revised NWS Offers must be kept open for at least 14 days after the date of the revised offer document.

Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the NWS Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date of the Composite Document. Accordingly, the latest time by which the Offeror can declare the NWS Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the date of the Composite Document, being Tuesday, 12 December 2023 (or such later date to which the Executive may consent). It follows that unless the NWS Share Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the NWS Offers will lapse at 7:00 p.m. on the 60th day after the date of the Composite Document, being Tuesday, 12 December 2023 (or such later date to which the Executive may consent).

Pursuant to Rule 15.7 of the Takeovers Code, except with the consent of the Executive, if any of the Conditions is not satisfied (or not waived, where applicable) by no later than 21 days after the first NWS Share Offer Closing Date or the date when the NWS Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the NWS Offers will lapse.

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As disclosed in the Composite Document, in the event that the ordinary resolution no. 1 for approving the Disposal is passed by the Independent Shareholders at the EGM and on the basis that 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, it is expected that the NWS Offers will become or be declared unconditional in all respects on Thursday, 9 November 2023 and the NWS Offers will be closed at 4:00 p.m. on Thursday, 23 November 2023 (being fourteen (14) days after Thursday, 9 November 2023), and the Offeror will issue an announcement in that respect on Thursday, 9 November 2023.

Public Float and Maintaining the Listing Status of NWS

As stated in “10. Public float and maintaining the listing status of NWS” in the “Letter from the Joint Financial Advisers” in the Composite Document, the Offeror intends to maintain the listing status of the NWS Shares on the Main Board of the Stock Exchange after the close of the NWS Offers, and does not intend to avail itself of any powers of compulsory acquisition under the Companies Act.

According to the Composite Document, the Stock Exchange has stated that (a) if, at the close of the NWS Share Offer, less than the minimum prescribed percentage applicable to NWS, being 25% of the issued NWS Shares, are held by the public; or (b) if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the NWS Shares; or (ii) that there are insufficient NWS Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the NWS Shares.

The directors of the Offeror and the NWS Directors have undertaken to the Stock Exchange that, in the event that the public float of NWS falls below 25% following the close of the NWS Offers, appropriate steps will be taken to ensure that NWS will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

Further Relevant Terms of the NWS Share Offer

Acceptance of the NWS Share Offer

The NWS Share Offer is subject to the term that acceptance of the NWS Share Offer by any person constitutes a warranty by such person to the Offeror that the NWS Shares sold by such person under the NWS Share Offer are sold free from all Encumbrances and together with all rights attaching to them as at the NWS Share Offer Closing Date or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the NWS Share Offer Closing Date (but excluding the right to receive the NWS FY2023 Final Dividend, see the section headed “Terms of the NWS Share Offer and the Disposal” in this letter from the Board).

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Hong Kong Stamp Duty

Seller's ad valorem stamp duty at a rate of 0.13% of the market value of the NWS Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the NWS Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant holder of NWS Offer Shares on acceptance of the NWS Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.13% of the market value of the NWS Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the NWS Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the NWS Shares which are validly tendered for acceptance under the NWS Share Offer.

REASONS FOR AND BENEFITS OF THE DISPOSAL

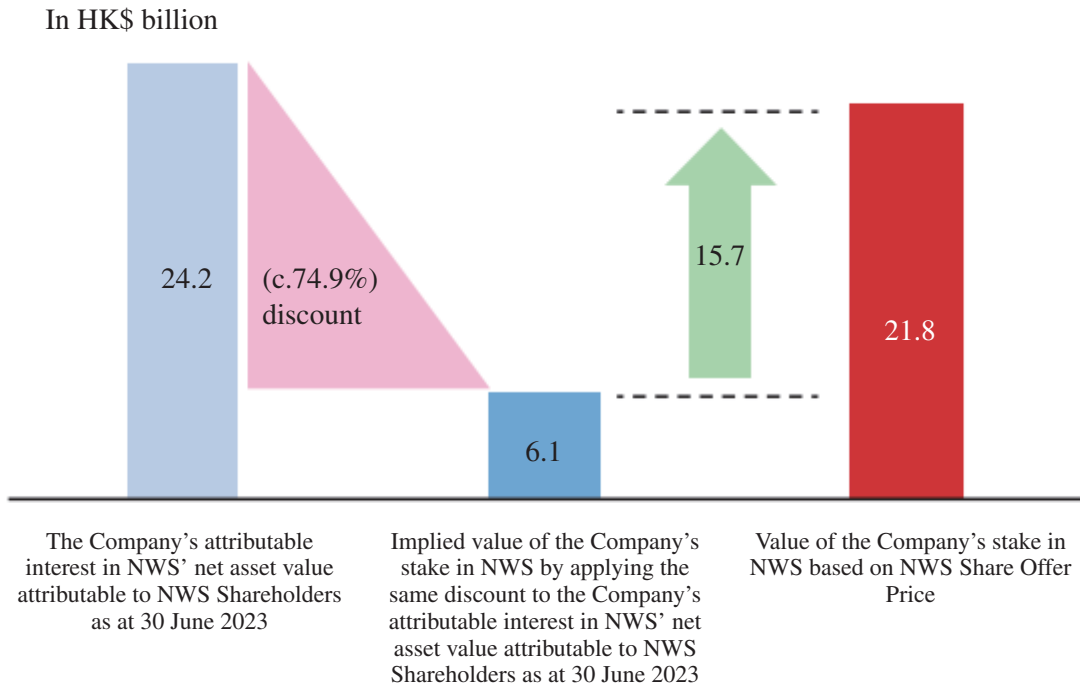
The Disposal is a significant corporate action that generates immediate value for Shareholders, repositions the Company around its higher-potential property businesses, and recycles capital by using the proceeds to pay down debts and fund the business. In the short-term, Shareholders will benefit from 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:

(a) Generates immediate value for Shareholders

The Disposal would generate immediate value for Shareholders by monetizing an asset at a substantial premium to its implied value and enabling the Company to pay a Conditional Special Dividend from the proceeds. Currently, the value of the Company's stake in NWS is subject to a holding company discount. On the Last Trading Date, the market capitalisation of the Company represented a discount of approximately 74.9% to the Group's consolidated net asset value attributable to Shareholders as at 30 June 2023, implying a value of about HK\$6,061 million for the Company's stake in NWS if the same discount is applied to the Company's attributable interest in NWS' net asset value attributable to NWS Shareholders. As the NWS Share Offer Price represents a discount of only approximately 10.0% to NWS' net asset value attributable to NWS Shareholders per NWS Share as at 30 June 2023, disposing of the Company's interest in NWS at the NWS Share Offer Price would realise a premium of approximately HK\$15,720 million, or approximately 259.4% over the implied value of the Company's stake in NWS as at the Last Trading Date.

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The Company will use a portion of the proceeds to pay the Conditional Special Dividend of approximately HK\$4,001.4 million (equivalent to HK\$1.59 per Share) as disclosed in the section headed “Conditional Special Dividend” under the letter from the Board of this circular.

(b) Immediately strengthens the Company's financial position

The Disposal allows the Company to recycle capital by disposing a mature asset that has little synergy with its property businesses. It immediately strengthens the Group's financial position by using most of the proceeds to retire certain high interest debts, including but not limited to repurchasing bonds which are trading below their par value, achieving leverage reduction and both cashflow and earnings accretion. While the overall average cost of debt of the Company in the financial year ended 30 June 2023 was 4.0%, the yield from the reduction of future interest expenses via the repayment of the aforesaid bank debt that carries a high interest under the current interest environment, or the implied yield from repurchasing bonds at their current price below par value, or a combination of both where appropriate, is above the current earnings yield for NWS (as at 30 June 2023) of around 6%, which underscores the financial logic of the Disposal.

In response to persistent high interest rates, the Company's management has stated its commitment to reducing the Company's financial leverage as part of its sound financial management. As previously disclosed by the Company, its plan to reduce its financial leverage comprises disposals of non-core assets, optimisation of its capital expenditure, treasury management and adjustment of its dividend payments.

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The Disposal is of strategic importance to the Group as it can facilitate a quick and proactive execution of the Group's established debt reduction strategy and accelerate deleveraging in response to the prolonged high interest rate environment. The use of the majority of the proceeds from the Disposal for repayment of existing borrowings and execution of bond and/or perpetual capital securities buyback programme of the Group (after the payment of the Conditional Special Dividend) can provide an immediate boost to earnings per Share through (i) reduction of future interest expenses via repayment of bank borrowings; (ii) reduction of future interest expenses via bond buyback; (iii) reduction of distribution to holders of perpetual capital securities; and (iv) recognition of profit upon buyback at a discounted price which at the same time provides liquidity to bondholders at a premium over market price. These actions will generate yield of above 6.8% for the Company, while the repayment of existing borrowings and bond buyback will help improve the net gearing ratio of the Group.

Improved cashflow and decreased debt should put the Group in a stronger position when setting the timing and negotiating the terms of future non-core assets disposals.

The Disposal would provide the Company with cash proceeds of approximately HK\$21,754.3 million, which will immediately strengthen the Company's financial position. As a result, based on the Group's latest published audited consolidated financial results, the Group's net gearing (as measured by consolidated net debt to total equity) as at 30 June 2023 would have decreased from around 49% to around 45% (before payout of the Conditional Special Dividend as disclosed in the section headed "Conditional Special Dividend" of the letter from the Board of this circular).

(c) Enhances the strategic focus of the Company on property development, property investment and property related businesses, and other related customer focused businesses

The Group's property development and investment businesses and the NWS Group's diversified industries businesses are currently appraised and assessed by the market using different valuation methodologies given their distinct earnings, cash flow and net asset value profiles. They also attract investors with different investment focuses.

The Disposal will address this discrepancy by making the Company's financial profile more reflective of the property business at a critical time. The Company is entering a "harvesting phase" in both its investment and development portfolios. The significant installed base of retail and residential projects of the Company is generating revenue and freeing cash for its remaining pipeline. Several projects are coming to fruition (for example, "11 SKIES" in Hong Kong and "K11 ECOAST" in Prince Bay Area, Nanshan, Shenzhen), lowering overall capital expenditures, and bringing in new streams of revenue.

The Company's substantial farmland holdings will be a key beneficiary of the Hong Kong Government's "Northern Metropolis Development Strategy". The Company currently owns an agricultural landbank of approximately 15 million sq. ft. located within the Northern Metropolis, which was acquired by the Company many years ago at a very low land cost, and now has a substantial commercial value.

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The Company can solidify value of its agricultural landbank resources via different means including (i) paying off land premium at a reduced standard rates in the new development areas to convert such land lots into property development landbank, coupled with the effect of uplift in domestic plot ratio to five to six times, to develop property development projects with high margin; (ii) setting up joint venture with strong partners (e.g. stated-owned enterprises or foreign investment funds, etc.) to jointly develop the property and monetize part of the Company's investment costs at an upward revalued market price; (iii) selling of land lots which have lower development potentials; (iv) receiving compensation from the Hong Kong Government for resumptions of land for infrastructure developments in new development areas and other areas, such as but not limited to San Tin, in the future; (v) participating in the Land Sharing Pilot Scheme or applying for re-zoning of land lots previously zoned under green belt or participating in "Single Site, Multiple Uses" initiative to increase the domestic plot ratio from zero to six times; and (vi) seeking re-zoning or upzoning of land lots for residential use to echo the Hong Kong Government's effort to increase housing supply.

Additionally, the Disposal improves the Company's growth outlook by bringing its future earnings and cash flow profile into greater alignment with its higher-growth projects. As stated in the 2023 Annual Results Announcement, the Company has been actively exploring strategic options for its various businesses in order to (i) unlock value of individual business units; (ii) sharpen the respective strategic focus of the Group companies; and (iii) maximise return for Shareholders.

Following the Disposal, the business portfolio and asset profile of the Group will be streamlined to enable the Company to focus mainly on higher-yielding investments that are aligned with its property development, property investment and property related businesses, and other relevant customer focused businesses in Hong Kong and Mainland China, such as its K11 portfolio, its farmland projects, its flagship residential developments, and the opening of Kai Tak Sports Park, among others.

(d) The NWS Share Offer Price represents an attractive exit premium for the Company

The NWS Share Offer Price, being HK\$9.15 per NWS Offer Share, represents a premium of approximately 22.2% over the closing price per NWS Share of HK\$7.49 on the Last Full Trading Date. It also represents a premium of approximately 32.1% and 34.4% over the average closing prices of approximately HK\$6.93 and approximately HK\$6.81 per NWS Share on the Stock Exchange for the 60 and 180 consecutive trading days up to and including the Last Full Trading Date, respectively.

During the two-year period ended on and including the Last Full Trading Date, the highest and lowest closing prices per NWS Share on the Stock Exchange were HK\$8.44 and HK\$5.57, respectively. The NWS Share Offer Price represents a premium of approximately 8.4% over the highest closing price in the above period.

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Since the Last Full Trading Date and until the Latest Practicable Date, the Hang Seng Index has dropped by approximately 8%, while the NWS Share Offer Price has been locked and provided a price ceiling as reference and support for the Shareholders. Assuming the undisturbed trading price per NWS Share also went down with the Hang Seng Index, the NWS Share Offer Price would represent a higher premium over such undisturbed trading price, as compared with the premium of 22.2% over the actual closing price of HK\$7.49 per NWS Share on the Last Full Trading Date.

In HK\$ per NWS share



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(e) An opportunity for the Company to monetise NWS Shares without adversely affecting the market price

The liquidity of NWS Shares has been at a low level over a long period of time. The average daily trading volume of NWS Shares for the 12 months preceding and including the Last Full Trading Date was approximately 1.6 million NWS Shares per day, representing only 0.04% of the total issued share capital of NWS as at the Last Full Trading Date and less than 0.12% of the public float of NWS as at the Last Full Trading Date. The low trading liquidity of NWS Shares makes it difficult for the Company to execute significant on-market disposals of NWS Shares without adversely affecting the market price of NWS Shares. The NWS Share Offer affords the Company an opportunity to realise its investments in NWS without such difficulty and receive a cash price significantly above the prevailing market price of the NWS Shares.

(f) The Company is unlikely to receive an alternative offer on more favourable terms or at all

For over two decades, CTFE has been a controlling shareholder of the Company and the Company has maintained majority voting control of NWS. Both the Company and NWS have been integral parts of CTFE's investment portfolio. This poses additional hurdles for a third party outside of the CTFE Group and the Group to make an offer for the NWS Offer Shares, as such third party would be unable to acquire statutory control of NWS unless the Group agrees to dispose of its controlling stake in NWS, which in turn would require approval from Shareholders (including the CTFE Group) under the Listing Rules. It is therefore unlikely that the Company would receive an alternative offer for the NWS Offer Shares, or if received one which is on terms which are more favourable than those of the NWS Share Offer.

Financial Effects of the Disposal

The Company will no longer hold any interest in NWS upon completion of the Disposal. NWS will cease to be a non-wholly-owned subsidiary of the Company and as such, it will cease to be a part of the Group, and the financial results of NWS will no longer be consolidated into the financial statements of the Company with effect from the date of completion of the Disposal.

It is estimated that, without considering the impact on the adoption of HKFRS 17 "Insurance Contracts" ("HKFRS 17") which had not become effective until 1 July 2023, the Company will record an unaudited consolidated total comprehensive loss of approximately HK\$2,435 million from the Disposal, which is calculated as the difference between the gross proceeds from the Disposal and the net assets of NWS attributable to the Company in the Company's audited consolidated financial statements as at 30 June 2023.

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HKFRS 17 and HKFRS 17 (Amendments) will be adopted by the Group in the financial year ending 30 June 2024 with effect from 1 July 2023. The adoption of HKFRS 17 is purely accounting driven which significantly reduces accounting mismatch between financial assets and insurance contract liabilities and introduces mechanism to adjust insurance contract liabilities considering market fluctuation from assets. Based on the financial position of NWS as at 30 June 2023, the Group preliminary estimates that the total equity of the Group's insurance business as at 30 June 2023 would increase with the transition to HKFRS 17 as a prior year adjustment, but the actual amount of increase is still subject to review and audit by independent auditor of the Company. The increase in total equity as at 30 June 2023 as a result of the adoption of HKFRS 17 would be included in the calculation of comprehensive loss upon the completion of the Disposal. Accordingly, such opening adjustment in total equity as a result of the adoption of HKFRS 17 would have no impact to the Group's net assets upon completion of the Disposal. In addition, the Company's consolidated income statement will recognise a loss as a result of the recycling of the cumulative loss previously recognised in fair value through other comprehensive income ("FVOCI") reserve upon the Disposal. Under the transition to HKFRS 17, the Group performed a detailed analysis for each class of its financial assets on 1 July 2023 and certain financial assets held under FTLife Insurance would be re-designated and reclassified from FVOCI to fair value through profit and loss but the effect of the re-designation of financial assets is still subject to review and audit by the independent auditor of the Company. In calculating the consolidated comprehensive loss, the same amount of cumulative loss to be recycled to the consolidated income statement would be reclassified from the FVOCI reserve to the consolidated comprehensive loss upon the Disposal, and accordingly, this would have no impact to the Group's net assets upon completion of the Disposal. The effects of the Disposal as a result of the adoption of HKFRS 17 as set out above are non-cash items.

Shareholders should note that the exact amount of the loss on the Disposal to be recorded in the consolidated income statement of the Company will be (a) subject to audit; (b) calculated based on the net assets of NWS attributable to the Company in the Company's consolidated financial statements as at the date of completion of the Disposal and the amount of the final gross proceeds; and (c) net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before the date of completion of the Disposal, and therefore may vary from the amount disclosed above.

Set out below is an illustration of how the financial information of the Group might be affected upon completion of the Disposal:

According to the audited consolidated financial statements of the Group as at 30 June 2023, the Group had total assets, total liabilities and equity of approximately HK\$616,483 million, HK\$347,992 million and HK\$268,491 million, respectively. Based on the gross proceeds that the Group (excluding Financial Concepts Investment Limited) will receive from the Disposal, the audited consolidated financial statements of the Group as at 30 June 2023 and the audited consolidated financial statements of the NWS Group as at 30 June 2023, the audited equity of the Group will decrease by approximately HK\$28,979 million, comprising mainly of drop in perpetual capital securities and non-controlling interests of HK\$10,354 million and HK\$15,928 million respectively, to approximately HK\$239,512 million, while the audited total assets of the Group will decrease by approximately HK\$138,275 million to

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approximately HK\$478,208 million and the audited total liabilities of the Group will decrease by approximately HK\$109,296 million to approximately HK\$238,696 million as a result of the completion of the Disposal.

Use of Proceeds

As at the Latest Practicable Date, 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 held 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 (see the section headed “Conditional Special Dividend” in this letter from the Board for details), 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).

CONDITIONAL SPECIAL DIVIDEND

As disclosed in the 2023 Annual Results Announcement, the Board has on 29 September 2023 declared the Conditional Special Dividend in the amount of HK\$1.59 per Share in cash, totalling approximately HK\$4,001.4 million. Payment of the Conditional Special Dividend is conditional upon completion of the Disposal, which in turn is conditional upon, among other things, the passing of ordinary resolution no. 1 by the Independent Shareholders at the EGM for approving the Disposal.

The Conditional Special Dividend (if made) is expected to be made on Wednesday, 20 December 2023 to all Shareholders whose name appear in the register of members of the Company at the close of business on Friday, 24 November 2023. In order to qualify for the Conditional Special Dividend, all transfer documents and the accompanying share certificates must be lodged for registration with the Company’s share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 24 November 2023. The last day for trading in Shares with entitlements to the Conditional Special Dividend is expected to be Wednesday, 22 November 2023.

The Conditional Special Dividend will be paid out of the proceeds from the Disposal. The Conditional Special Dividend will allow the Shareholders to immediately realise part of the value from their shareholdings in the Company.

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If the ordinary resolution no. 1 approving the Disposal is not passed by the Independent Shareholders at the EGM or if completion of the Disposal does not take place for any reason, the Conditional Special Dividend will not be paid to the Shareholders. Shareholders and holders of other securities of and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

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

The NWS 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.

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.

The CTFE Master Services Agreement

Reference is also made to the CCT Announcement, in which it was disclosed that:

- (a) CTFE is a substantial shareholder and therefore a connected person of the Company;
- (b) the Company and CTFE 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;
- (c) the CTFE Transactions under the CTFE Master Services Agreement constitute continuing connected transactions of the Company; and
- (d) as the highest applicable percentage ratio for the Company in respect of the maximum aggregate annual transaction values (i.e. the CTFE Annual Caps) for the transactions contemplated under the CTFE Master Services Agreement was more than 0.1% but less than 5%, the CTFE Master Services Agreement was subject to reporting, announcement and annual review requirements but was exempt from the independent shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules.

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As disclosed in the CCT Announcement, the CTFE Transactions shall be conducted:

- (a) in the ordinary and usual course of business of CTFE 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 CTFE Annual Caps), the applicable laws, the CTFE Master Services Agreement and the relevant Definitive Agreement.

The consideration for each Definitive Agreement will be determined in the following manner:

- (a) in respect of the General and Rental 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 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;

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(b) in respect of the CTFE Contracting Services:

- where the member(s) of the Group participates in a tender or quotation with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount or the recommended one with better technical knowhow and capability to complete the project in time and with quality, in accordance with the employer's tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation;
- where the engagement is through direct appointment by member(s) of the CTFE Services Group, the consideration will be on a cost-plus basis (which could be varied according to the scale or, if applicable, the unique nature of the project agreed to be undertaken by the Group) agreed with member(s) of the Group, which is in line with the basis for engagements by independent third parties for projects of similar nature and size;
- where a member of the CTFE 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 CTFE Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer; and
- 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 preapproved 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 CTFE Services Group are equal to or better than those offered by the independent service providers, the Group may probably award the contract to the CTFE Services Group. For projects which involve consideration of a substantial amount, the member(s) of the CTFE 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.

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- (c) in respect of the CTFE Administrative Services: the consideration will be fixed at a monthly fee based on the estimated amount of work to be done. The fee will be determined with reference to at least one market comparable obtained at the best endeavour of the parties from time to time;
- (d) in respect of the Project Management and Consultancy Services: the consideration will be fixed on the basis of cost plus a prevailing market rate which could be varied according to the size or, if applicable, the unique nature of the project management project and/or the extent of services required and will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis;
- (e) 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
- (f) in respect of the other CTFE Services: the consideration will be fixed at an amount with reference to the prevailing market rate compared to the relevant immediately expired Definitive Agreement(s). 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 terms in relation to the time and method of payment will be stated in the relevant Definitive Agreements and will be no less favourable to the Group than terms available to and/or from independent third parties.

The Revision of Annual Caps

Reference is made to the Supplemental CCT Announcement. Subject to the passing of the ordinary resolution no. 1 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 completion of the Disposal.

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Reference is also made to the NWS CCT Announcement, where it was disclosed that 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 avoidance of doubt, in the event that the ordinary resolution no. 1 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 no. 2 for approving the Revision of Annual Caps is passed by the Independent Shareholders at the EGM.

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 and the Supplemental 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 three financial years ended 30 June 2021, 2022 and 2023 were approximately HK\$639.8 million, HK\$1,049.4 million and HK\$1,668.2 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 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.

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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 no. 1 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.

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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 no. 1 by the Independent Shareholders 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.

Reasons for and benefits of 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.

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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.

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.

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- (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.

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 held 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.

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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 <i>HK\$ million</i> (audited) | 2022 <i>HK\$ million</i> (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.

As at the Latest Practicable Date, CTFE and the Relevant CTFE Subsidiaries together held approximately 45.24% of the total issued share capital of the Company. Therefore, the Offeror, being a wholly-owned subsidiary of CTFE, is a connected person of the Company under the Listing Rules and the Disposal also constitutes a connected transaction of 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. The ordinary resolution no. 1 will be proposed for approving the Disposal by the Independent Shareholders at the EGM.

As the highest applicable percentage ratio in respect of the Proposed Revised Annual Caps exceeds 5%, the Revision of Annual Caps will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The ordinary resolution no. 2 will be proposed for approving the Revision of Annual Caps by the Independent Shareholders at the EGM.

EGM

The Company will convene and hold the EGM as a hybrid meeting at the principal meeting place of Meeting Room S224 (Harbour Road Entrance), Level 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 2 November 2023 at 11:30 a.m. to consider and, if thought fit, approve the Disposal and the Revision of Annual Caps. A notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

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Any Shareholder with a material interest (as defined under the Listing Rules) in the Disposal and/or the Revision of Annual Caps will be required to abstain from voting on the relevant ordinary resolution(s) at the EGM for the approval of the Disposal and the Revision of Annual Caps respectively. As at the Latest Practicable Date:

- (a) CTFE and the Relevant CTFE Subsidiaries held 1,138,428,609 Shares (representing approximately 45.24% of the issued share capital of the Company). As (i) CTFE wholly-owns the Offeror; (ii) the Relevant CTFE Subsidiaries are associates of CTFE; and (iii) CTFE is a party to the CTFE Master Services Agreement, they have a material interest in the Disposal and the Revision of Annual Caps, and therefore, will be required to abstain from voting on ordinary resolution no. 1 at the EGM for approving the Disposal and on ordinary resolution no. 2 at the EGM for approving the Revision of Annual Caps;
- (b) (i) Dr. Henry Cheng was interested in 5,168,909 Shares (representing 0.21% of the issued share capital of the Company); (ii) Dr. Henry Cheng held 30,349,571 NWS Shares (representing 0.78% of the issued share capital of NWS) (directly and through his wholly-owned company) and 10,990,000 NWS Options, which are respectively subject to the NWS Share Offer; (iii) Dr. Henry Cheng is a CTFE Director, the chairman and an executive director of NWS and the chairman and an executive Director of the Company; and (iv) the Offeror is wholly-owned by CTFE, which 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, together with his family members (within the meaning of the Listing Rules), namely 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. Accordingly, each of the Offeror and CTFE is a majority-controlled company (within the meaning of the Listing Rules) and therefore an associate of Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy and Mrs. Sun Cheng Lai-Ha, Cecilia.

By virtue of (i) Dr. Henry Cheng's interests in NWS, CTFE and the Offeror; and (ii) the Offeror, which is Dr. Henry Cheng's associate, being a party to the Disposal, he has a material interest in the Disposal, and therefore, will be required to abstain from voting on ordinary resolution no. 1 at the EGM for approving the Disposal;

- (c) (i) Mr. Peter Cheng held 213,444 Shares (representing 0.01% of the issued share capital of the Company) and jointly held 141,641 Shares (representing 0.01% of the issued share capital of the Company) with his spouse; (ii) Mr. Peter Cheng held 7,120,097 NWS Shares (representing 0.18% of the issued share capital of NWS) (directly and through his wholly-owned company), and together with his spouse, jointly held 774,000 NWS Shares (representing 0.02% of the issued share capital of NWS), which are subject to the NWS Share Offer; (iii) Mr. Peter Cheng is a CTFE Director and a non-executive Director of the Company; and (iv) as set out in

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paragraph (b)(iv) above, each of the Offeror and CTFE is a majority-controlled company (within the meaning of the Listing Rules) and therefore an associate of, among others, Mr. Peter Cheng.

By virtue of (i) Mr. Peter Cheng's interests in NWS, CTFE and the Offeror; and (ii) the Offeror, which is Mr. Peter Cheng's associate, being a party to the Disposal, he has a material interest in the Disposal. By virtue of Mr. Peter Cheng's spouse's interests in NWS, she has a material interest in the Disposal. Both of Mr. Peter Cheng and his spouse will therefore be required to abstain from voting on ordinary resolution no. 1 at the EGM for approving the Disposal;

- (d) (i) Dr. Adrian Cheng was interested in 2,559,118 Shares (representing 0.10% of the issued share capital of the Company); and (ii) Dr. Adrian Cheng is a CTFE Director, an executive director of NWS and the executive vice-chairman, the chief executive officer and an executive Director of the Company. Dr. Henry Cheng is the father and therefore an associate of Dr. Adrian Cheng. As set out in paragraph (b)(iv) above, Dr. Henry Cheng, together with Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy and Mrs. Sun Cheng Lai-Ha, Cecilia, have Collective Control over CTFE and the Offeror. The Disposal is therefore capable of conferring upon Dr. Adrian Cheng's associate, namely Dr. Henry Cheng, an indirect benefit which is not available to other Shareholders.

By virtue of (i) Dr. Adrian Cheng's interest in NWS; and (ii) the Disposal being capable of conferring upon Dr. Adrian Cheng's associate, namely Dr. Henry Cheng, an indirect benefit which is not available to other Shareholders, he has a material interest in the Disposal, and therefore, will be required to abstain from voting on ordinary resolution no. 1 at the EGM for approving the Disposal;

- (e) (i) Ms. Sonia Cheng held 825,672 Shares (representing 0.03% of the issued share capital of the Company) and (ii) Ms. Sonia Cheng is an executive Director of the Company. Dr. Henry Cheng is the father and therefore an associate of Ms. Sonia Cheng. As set out in paragraph (b)(iv) above, Dr. Henry Cheng, together with Mr. Peter Cheng, Mrs. Doo Cheng Sau-Ha, Amy and Mrs. Sun Cheng Lai-Ha, Cecilia, have Collective Control over CTFE and the Offeror. By virtue of (i) the Disposal being capable of conferring upon Ms. Sonia Cheng's associate, namely Dr. Henry Cheng, an indirect benefit which is not available to other Shareholders; and (ii) CTFE being a party to the CTFE Master Services Agreement, Ms. Sonia Cheng has a material interest in the Disposal and will be required to abstain from voting on ordinary resolution no. 1 at the EGM for approving the Disposal;

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- (f) (i) Mr. Cheng Chi-Heng held 133,444 Shares (representing 0.01% of the issued share capital of the Company); and (ii) Mr. Cheng Chi-Heng is a CTFE Director and a non-executive Director of the Company. Mr. Peter Cheng is the father and therefore an associate of Mr. Cheng Chi-Heng. As set out in paragraph (b)(iv) above, Mr. Peter Cheng, together with Dr. Henry Cheng, Mrs. Doo Cheng Sau-Ha, Amy and Mrs. Sun Cheng Lai-Ha, Cecilia, have Collective Control over CTFE and the Offeror. By virtue of the Disposal being capable of conferring upon Mr. Cheng Chi-Heng's associate, namely Mr. Peter Cheng, an indirect benefit which is not available to other Shareholders, Mr. Cheng Chi-Heng has a material interest in the Disposal and therefore will be required to abstain from voting on ordinary resolution no. 1 at the EGM for approving the Disposal;
- (g) Mr. William Doo Junior's spouse held 10,000 Shares (representing 0.00% of the issued share capital of the Company). While Mrs. Doo Cheng Sau-Ha, Amy is the mother-in-law of Mr. William Doo Junior's spouse, Mrs. Doo Cheng Sau-Ha, Amy is not an associate of Mr. William Doo Junior's spouse. Also, none of CTFE, the Offeror, NWS, Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai-Ha, Cecilia is an associate of Mr. William Doo Junior's spouse. Mr. William Doo Junior's spouse does not have any interests in the shares of CTFE, the Offeror and NWS, is not a director of any of CTFE, the Offeror and NWS, and is not involved in, and has no influence over, the Disposal, the NWS Offers, and the CTFE Master Services Agreement. On this basis, the interest of Mr. William Doo Junior's spouse is aligned with the other Shareholders as a seller in the Disposal and as an Independent Shareholder in relation to the Revision of Annual Caps. Accordingly, Mr. William Doo Junior's spouse does not have a material interest in, and will not be required to abstain from voting on the ordinary resolutions at the EGM for approving the Disposal and the Revision of Annual Caps.

However, given (i) the Offeror, being a party to the Disposal, is a majority-controlled company (within the meaning of the Listing Rules) and therefore an associate of, among others, Mrs. Doo Cheng Sau-Ha, Amy; and (ii) the family relationship between Mrs. Doo Cheng Sau-Ha, Amy and Mr. William Doo Junior's spouse, Mr. William Doo Junior's spouse will voluntarily abstain from voting on ordinary resolution no. 1 at the EGM for approving the Disposal and on ordinary resolution no. 2 at the EGM for approving the Revision of Annual Caps; and

- (h) In view of the interests or deemed interests of Dr. Henry Cheng, Mr. Peter Cheng and his spouse, Dr. Adrian Cheng, Ms. Sonia Cheng and Mr. Cheng Chi-Heng as disclosed in paragraphs (a) to (f) above, each of them will voluntarily abstain from voting on ordinary resolution no. 2 at the EGM for approving the Revision of Annual Caps. Mr. William Doo Junior's spouse will also voluntarily abstain from voting on ordinary resolution no. 2 at the EGM for approving the Revision of Annual Caps.

LETTER FROM THE BOARD

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal or the Revision of Annual Caps that is required to abstain from voting on the resolutions to be proposed at the EGM to approve the Disposal and the Revision of Annual Caps.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into or binding upon such Shareholders who are required to abstain from voting on the resolutions to be proposed at the EGM to approve the Disposal and the Revision of Annual Caps; and (ii) no obligation or entitlement of such abstaining Shareholders as at the Latest Practicable Date, whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis.

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.

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 physically or online, 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 (excluding a public holiday) before the time appointed for holding of the EGM (i.e. not later than Tuesday, 31 October 2023 at 11:30 a.m.) or any adjournment thereof.

The register of members of the Company will be closed from Friday, 27 October 2023 to Thursday, 2 November 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 Thursday, 26 October 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.

LETTER FROM THE BOARD

RECOMMENDATIONS

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 as set out in this circular, the Directors (other than the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee in this 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.

Recommendations from the Independent Board Committee

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 Disposal and the Revision of Annual Caps.

Among the independent non-executive Directors, only one Director (namely, Mr. Lee Luen-Wai, John) has served as an independent non-executive Director for more than 9 years. As disclosed in the 2022 AGM Circular, Mr. Lee Luen-Wai, John has expressed objective views and given independent guidance to the Company over the years and the nomination committee of the Board considered his long service would not affect his exercise of independent judgment and was satisfied that he has the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director. He was re-elected by the Shareholders as an independent non-executive Director at the 2022 AGM.

LETTER FROM THE BOARD

The Board believes that the members of the Independent Board Committee, who have the expertise in, among other things, auditing/accounting, investment banking, government/regulatory and the real estate sectors, collectively possess the appropriate and required skills, qualification, experience, integrity and competence to fulfill its role in assessing the fairness and reasonableness of the terms of the Disposal and the Revision of Annual Caps and formulate their recommendations to Independent Shareholders, as well as monitoring the implementation of the CTFE Master Services Agreement and other continuing connected transactions of the Company. The Independent Board Committee has a diversified composition with a mixture of tenures amongst the independent non-executive Directors, with the more senior members providing solid understanding of the Group's operations and business and the recently appointed members bringing new perspectives to the Independent Board Committee.

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on pages 59 and 60 of this circular.

The Independent Board Committee, having taken into account the reasons for and the benefits of the Disposal and the Revision of Annual Caps, considers that the Disposal (although not being in the ordinary and usual course of business of the Group) is on normal commercial terms or better (as defined in the Listing Rules) and fair and reasonable and in the interests of the Group 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 and recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving the Disposal and the Revision of Annual Caps.

Recommendations from the Independent Financial Adviser

Somerley Capital Limited has been engaged as the independent financial adviser to the Independent Board Committee and the Independent Shareholders pursuant to Rule 14A.44 of the Listing Rules, in relation to the Disposal and the Revision of Annual Caps.

Your attention is drawn to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal and the Revision of Annual Caps set out on pages 61 to 111 of this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

13 October 2023

To the Independent Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION —
DISPOSAL OF SHARES IN NWS HOLDINGS LIMITED AND
(2) REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED
TRANSACTIONS UNDER THE CTFE MASTER SERVICES AGREEMENT**

We refer to the circular dated 13 October 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 Disposal and the Revision of Annual Caps, and to advise the Independent Shareholders as to whether, in our opinion, the Disposal is 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 the Revision of Annual Caps is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Disposal and the transactions contemplated thereunder and whether the Disposal and the transactions contemplated thereunder 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 whether the Revision of Annual Caps is fair and reasonable and in the interests of the Group 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 24 to 58 of the Circular which contains, among others, information on the Disposal and the Revision of Annual Caps as well as the letter from Independent Financial Adviser as set out on pages 61 to 111 of the Circular which contains its advice in respect of the Disposal and the Revision of Annual Caps.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the reasons for and the benefits of the Disposal and the Revision of Annual Caps, and the advice of the Independent Financial Adviser, we consider that the Disposal (although not being in the ordinary and usual course of business of the Group) is 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 that the Revision of Annual Caps is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Disposal and the Revision of Annual Caps.

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 full text of a letter of advice from Somerley Capital Limited prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal and the Revision of Annual Caps.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

13 October 2023

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

(1) MAJOR AND CONNECTED TRANSACTION — DISPOSAL OF SHARES IN NWS HOLDINGS LIMITED (2) REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE CTFE MASTER SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Disposal and the Revision of Annual Caps, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 13 October 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the letter from the Board, the Offeror Board, the Board and the NWS Board had jointly announced in the Joint Announcement dated 26 June 2023 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, intend 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). 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. Pursuant to the Composite Document, the NWS Share Offer is made by the Joint Financial Advisers on behalf of the Offeror. As at the Latest Practicable Date, the Group held 2,380,495,938 NWS Shares, representing approximately 60.87% of the issued share capital of NWS and approximately 59.59% of the issued share capital of NWS on a fully-diluted basis if new NWS Shares had been issued as a result of the exercise of all the NWS

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Options outstanding on the Latest Practicable Date. The Board considers that the NWS Share Offer (the acceptance of which would result in the Disposal if the NWS Share Offer becomes or is declared unconditional in all respects) should be put forward to the Independent Shareholders for their consideration and, if thought fit, approval at the EGM.

The Disposal constitutes a major transaction of the Company (“**NWD**”, together with its subsidiaries, “**NWD Group**”) under Chapter 14 of the Listing Rules. As CTFE and the Relevant CTFE Subsidiaries together held approximately 45.24% of the total issued share capital of the Company as at the Latest Practicable Date and the Offeror is a wholly-owned subsidiary of CTFE, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Disposal is therefore subject to the approval of the Independent Shareholders at a general meeting of the Company.

Upon completion of the Disposal, NWS will become a subsidiary of CTFE and therefore a connected person of the Company. The transactions contemplated under the NWS Master Services Agreement 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 become members of the CTFE Services Group, the transactions contemplated under the NWS Master Services Agreement will 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 completion of the Disposal. The Company therefore proposes that, subject to the passing of the resolution at the EGM by the Independent Shareholders to approve the Disposal and conditional upon 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.

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 Disposal and the Revision of Annual Caps. We, Somerley Capital Limited (“**Somerley**”), with the approval of the Independent Board Committee, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, the Offeror or CTFE, or their respective substantial shareholders or associates and accordingly we are considered eligible to give independent advice on the terms of the Disposal and the Revision of Annual Caps. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, CTFE or their respective substantial shareholders or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the past two years, Somerley acted as the independent financial adviser and issued an opinion letter contained in the circular dated 5 June 2023 published by FSE Lifestyle Services Limited (“**FSE**”, a connected person of the Company) in relation to continuing connected transactions (the “**Past Engagement**”). The Past Engagement was limited to providing independent advisory services to the independent board committee and independent shareholders of FSE pursuant to the Listing Rules. Under the Past Engagement, Somerley received normal professional fees from FSE. Except for the Past Engagement, Somerley has not acted as an independent financial adviser or financial adviser to the Company or its connected persons in the past two years. Notwithstanding the Past Engagement, as at the Latest Practicable Date, there were no relationships or interests between (i) Somerley and (ii) the Group, the Offeror, CTFH Group, and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (collectively, “**Management**”), which we have assumed are true, accurate and complete in all material aspects as at the date of the Circular or the Latest Practicable Date (as the case may be) and will remain so up to the time of the EGM. We have reviewed the annual reports of the Company and NWS for the year ended 30 June 2022, 2023 Annual Results Announcement and NWS 2023 Annual Results Announcement, the NWS Master Services Agreement, CTFE Master Services Agreement, and the information contained in the Circular. We have sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth, accuracy or completeness of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror, CTFE, and their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation on the Disposal and the Revision of Annual Caps, we have taken into account the following principal factors and reasons:

1. Information on the Group

The Company is incorporated in Hong Kong with limited liability and its Shares are listed on the Main Board of the Stock Exchange with a market capitalisation of approximately HK\$38 billion as at the Latest Practicable Date. As at the Latest Practicable Date, CTFE and the Relevant CTFE Subsidiaries together held approximately 45.24% of the total issued share capital of the Company.

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 Company and NWCL focus on property development and investment in Hong Kong and Mainland China respectively. The Company also holds a 74.99% interest in New World Department Store China Limited, the results of which are included in “Others” in Table 1 below.

The Group mainly holds the roads, construction, insurance, aviation and other businesses (details of which are set out in section 1.1 below) through NWS, in which the Company holds an approximately 60.87% equity interest as at the Latest Practicable Date. NWS, as a separate listed public company, has its own strategy and corporate objectives, which cannot be guaranteed always to align those of NWD.

1.1 Business segment performance

Set out below are the results of each business segment for the three years ended 30 June 2021 (FY2021), 2022 (FY2022) and 2023 (FY2023) (which are consolidated, i.e. including those of the NWS Group) as extracted from the Company’s annual report for FY2022 and 2023 Annual Results Announcement. We have discussed the financial performance of the Group with the Management and are advised that roads, aviation, construction and insurance segments as shown in Table 1 are materially held by NWS. Upon completion of the Disposal, the main businesses

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Group would be property development, property investment and hotel operations and its other businesses include department store, media and technology and other strategic businesses (which forms part of “Others” business segment below).

Table 1: Segment results analysis

| | FY2023 <i>(audited)</i> <i>HK\$ million</i> | FY2022 <i>(audited)</i> <i>HK\$ million</i> | FY2021 <i>(audited)</i> <i>HK\$ million</i> |
|---|--|--|--|
| Segment results⁽¹⁾⁽²⁾ | 14,550.6 | 13,835.4 | 14,190.5 |
| Property development | 8,706.2 | 8,983.9 | 9,351.4 |
| Property investment | 3,193.6 | 3,152.1 | 2,929.5 |
| Hotel operations | (443.9) | (885.3) | (1,186.0) |
| Sub-total | 11,455.9 | 11,250.7 | 11,094.9 |
| Roads | 1,938.4 | 2,163.3 | 2,448.9 |
| Construction | 360.0 | 934.4 | 947.5 |
| Insurance ⁽⁴⁾ | 1,978.6 | 418.5 | 723.4 |
| Aviation | 30.9 ⁽³⁾ | 511.6 | 504.7 |
| Sub-total | 4,307.9 | 4,027.8 | 4,624.5 |
| Others | (1,213.2)⁽³⁾ | (1,443.1) | (1,528.9) |

Notes:

- (1) Extracted from “Management discussion and analysis” section of the Company’s annual report for FY2022 and 2023 Annual Results Announcement and based on information provided by the Management.
- (2) The segment results include share of results of joint ventures and associated companies, but exclude change in fair value of investment properties.
- (3) Aviation business has been reclassified to under “Others” in 2023 Annual Results Announcement, and therefore figures under “Aviation” and “Others” in the above table are different from those disclosed in 2023 Annual Results Announcement.
- (4) After adding other gains/(losses), net and overlay approach adjustments on financial assets (as extracted from the Company’s annual reports for FY2021 and FY2022 and 2023 Annual Results Announcement) on top of the segment results, the sum for FY2021, FY2022 and FY2023 will be HK\$1,107.2 million, HK\$887.0 million and HK\$1,399.1 million respectively.

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Property development, property investment and hotel operations

As advised by the Management, the core businesses of the Group upon completion of Disposal will be property development, property investment and hotel operations (the “**NWD Core Businesses**”). Results of these segments, in aggregate, amounted to HK\$11,094.9 million, HK\$11,250.7 million and HK\$11,455.9 million, respectively, for FY2021, FY2022 and FY2023.

Property development — For FY2022, the segment results dipped by 3.9% to HK\$8,983.9 million as compared to HK\$9,351.4 million for FY2021, mainly due to a decrease in residential project completions in Hong Kong. For FY2023, the segment results continued to record a 3.1% decrease to HK\$8,706.2 million as compared to HK\$8,983.9 million in FY2022, mainly due to a decrease in residential project completions in Mainland China. However, property development remained by far the largest contributor to the segment results during the period.

Property investment — For FY2022, the segment results increased by 7.6% to HK\$3,152.1 million as compared to HK\$2,929.5 million for FY2021, largely benefitting from the improvement in the operational efficiency and occupancy rate of K11 MUSEA and K11 ATELIER King’s Road in Hong Kong and the Group’s K11 projects in Mainland China growing in maturity. For FY2023, the segment results maintained a similar level to that for FY2022.

Hotel operations — The segment loss narrowed by 25.4% from HK\$1,186.0 million for FY2021 to HK\$885.3 million for FY2022, and by 49.9% to HK\$443.9 million for FY2023, mainly due to improved performance of hotels in Hong Kong and Southeast Asia in FY2022 and a strong recovery in the hotel and tourism sector worldwide following the cancellation of COVID-19 related travelling restrictions in FY2023, including in South East Asia, Hong Kong and Mainland China where the Group operates, respectively.

Roads, construction, insurance and aviation

As advised by the Management, except for certain contracting and project management businesses, the remaining segments of the Group are materially held through NWS (the “**NWS Businesses**”) and have their own independent management and strategies. Majority of the results of the construction segment for FY2023 was contributed by NWS since those construction businesses under NWD (ex-NWS) which are mainly contracting and project management businesses in Mainland China are contributing negative segment results. Results of these segments, in aggregate, amounted to HK\$4,624.5 million, HK\$4,027.8 million and HK\$4,307.9 million, respectively, for FY2021, FY2022 and FY2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Roads — This segment recorded segment results of HK\$2,163.3 million for FY2022, representing a year-on-year decrease of 11.7% as compared to HK\$2,448.9 million for FY2021. This was mainly due to the containment measures rolled out by Mainland China government to stem the transmission of COVID-19 and decreased business activities caused by power shortage in various cities in the Mainland China which led to a reduction in the overall traffic flow and consequently toll revenue and a temporary partial prohibition of type 5 and 6 trucks using the Hangzhou Ring Road. The segment results continued to decrease by 10.4% to HK\$1,938.4 million in FY2023, mainly due to RMB depreciation and a challenging first half of FY2023 driven by the COVID-19 containment measures in the Mainland China and the 10% cut in toll fee for trucks by the Mainland government in the fourth quarter of 2022, which collectively negatively impacted the performance of the roads segment in FY2023.

Construction — The segment results decreased by 1.4% year-on-year to HK\$934.4 million for FY2022 as compared to HK\$947.5 million for FY2021, mainly due to the decline in the contribution from Wai Kee Holdings Limited following the partial disposal of the shares held by NWS in FY2021. It further decreased by 61.5% to HK\$360.0 million in FY2023, mainly due to the highly competitive environment driven by the reduction in project supply in the private sector and enhanced competition in the public sector.

Insurance — The segment results were HK\$418.5 million for FY2022, representing a year-on-year decline of 42.1% as compared to HK\$723.4 million for FY2021, mainly due to the change in product mix and increased selling, general and administrative expenses resulting in a much lower segment margin. In FY2023, a 372.8% increase in the segment results was registered, mainly due to the rebound in business performance, effective expense control, reduction in medical claims and change in valuation interest rate used in response to the increase in market interest rate, partially offset by the increase in expected credit loss related to certain bond investments in FY2023. After adding other gains/(losses), net and overlay approach adjustments on financial assets (as extracted from the Company's annual reports for FY2021 and FY2022 and 2023 Annual Results Announcement) on top of the segment results, the sum for FY2021, FY2022 and FY2023 will be HK\$1,107.2 million, HK\$887.0 million and HK\$1,399.1 million respectively and the year-on-year (decrease)/increase in FY2022 and FY2023 will be (19.9)% and 57.7% respectively.

Aviation — The segment profit was HK\$511.6 million for FY2022, up 1.4% as compared to HK\$504.7 million for FY2021, mainly due to the increase of mark-to-market gain on interest rate swap contracts offset by the decrease in share of rental income due to lease restructuring and airline bankruptcy. In December 2022, NWS completed the disposal of all its commercial aircraft leasing business, except for the six aircraft associated with Russian lessees. Therefore, only HK\$30.9 million was recorded as segment results for FY2023.

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Others

As advised by the Management, facilities management, logistics, and strategic investments which are held by NWS along with department store, media and technology and other strategic businesses held by NWD (ex-NWS) have been classified as “Others” segment of the Group, of which NWS contributed majority for FY2023. The “Others” segment, in aggregate, incurred losses of HK\$1,528.9 million, HK\$1,443.1 million and HK\$1,213.2 million for FY2021, FY2022 and FY2023, respectively.

1.2 Financial performance of NWD and NWS

Set out below are the profitability and dividends of NWD and NWS for FY2021, FY2022 and FY2023, as extracted from their annual reports for FY2022 and their annual results announcements for FY2023:

Table 2: Financial performance for FY2021, FY2022 and FY2023

| <i>HK\$ million</i> | NWD ⁽¹⁾ (A) | NWS ⁽¹⁾ (B) | NWD (ex-NWS) ⁽³⁾ (A)-(B) |
|--|---------------------------|---------------------------|---|
| <i>For FY2021</i> | | | |
| Profit for the year | 4,670.9 | 1,708.0 | 2,962.9 |
| Profit attributable to holders of perpetual capital securities | 2,282.6 | 583.1 | 1,699.5 |
| Net profit for the year⁽²⁾ | 2,388.3 | 1,124.9 | 1,263.4 |
| Dividend per Share (HK\$) | 2.06 | 0.59 | n.a. |
| <i>For FY2022</i> | | | |
| Profit for the year | 4,301.8 | 2,184.3 | 2,117.5 |
| Profit attributable to holders of perpetual capital securities | 2,377.2 | 583.1 | 1,794.1 |
| Net profit for the year⁽²⁾ | 1,924.6 | 1,601.2 | 323.4 |
| Dividend per Share (HK\$) | 2.06 | 0.61 | n.a. |
| <i>For FY2023</i> | | | |
| Profit for the year | 4,080.9 | 2,662.9 | 1,418.0 |
| Profit attributable to holders of perpetual capital securities | 2,540.1 | 612.0 | 1,928.1 |
| Net profit for the year⁽²⁾ | 1,540.8 | 2,050.9 | (510.1) |
| Dividend per Share (HK\$) | 0.76 | 0.61 | n.a. |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) Extracted from the financial statements of NWD's and NWS's annual reports for FY2022 and annual results announcements for FY2023.
- (2) It refers to profit for the year less profit attributable to holders of perpetual capital securities.
- (3) Calculated based on the exclusion of NWS's profit for the year, profit attributable to holders of perpetual capital securities and net profit for the year from those of NWD's without any other pro forma adjustments.

NWS contributed 36.6%, 50.8% and 65.3% of NWD's profit for FY2021, FY2022 and FY2023 respectively. NWD (ex-NWS) profit for the year would be HK\$1,418.0 million in FY2023, representing 34.7% of NWD. NWD (ex-NWS) recorded a net loss of HK\$510.1 million for FY2023, due to impairment of HK\$1,171 million and gross fair value write-down on investment properties of HK\$1,570 million at NWD (ex-NWS) level only, which are non-cash items.

NWD (ex-NWS) profitability has been on a decreasing trend from FY2021 to FY2023, resulting from continuously decreasing NWD's profitability. Shareholders should note that the above NWD (ex-NWS) profitability is only a simple subtraction of NWS's from NWD's, which has not considered the impairments and fair value adjustments made at NWD (ex-NWS) level only and should be subject to other pro forma adjustments upon completion of the Disposal.

NWD's investment properties, mainly K11 projects, are expected to continue to benefit from full border reopening and favourable measures introduced by National Development and Reform Commission of China to boost domestic consumption. NWCL exceeded its sales target for FY2023 reaching RMB15.1 billion and registered contracted sales for July-August 2023 representing 27.2% of FY2023 full year sales. Benefitting from recent favourable policies, NWD's residential properties, with premium branding, will continue to attract 'upgraders' looking for good quality properties in prime locations. The outlook for property markets is discussed in section 1.4 below. NWD has an agricultural landbank of 15 million sq ft located in Northern Metropolis, which has a substantial commercial value but a low book cost. NWD is currently exploring possibilities of realising the value of such landbank resources, details of which have been set out in the letter from Board.

NWD's dividends per Share were maintained for FY2021 and FY2022 at HK\$2.06 and decreased to HK\$0.76 (including the final dividend of HK\$0.30 which is subject to the Shareholders' approval at the forthcoming annual general meeting of the Company and for the avoidance of doubt, excluding the Conditional Special Dividend) for FY2023. Based on 2,380,495,938 NWS Shares held by the NWD Group as at 30 June 2021 and 2022 and the Latest Practicable Date, the total amount of dividends the Group received/receivable from NWS was/will be HK\$1,404.5 million, HK\$1,452.1 million and HK\$1,452.1 million (including the NWS FY2023 Final Dividend of HK\$0.31 which is subject to the shareholders' approval at the forthcoming NWS AGM 2023) for FY2021, FY2022 and FY2023, respectively, accounting for 27%, 28% and 76% of total amount of dividends NWD paid/payable to the Shareholders in the corresponding years respectively.

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1.3 Debt analysis

Set out below are the total borrowings and perpetual capital securities of NWD and NWS as at 30 June 2021, 2022 and 2023 as extracted from their annual reports for FY2022 and their annual results announcements for FY2023:

Table 3: Debts as at, and interest/distribution payment for the year ended, 30 June 2021, 2022 and 2023

| <i>HK\$ million</i> | NWD ⁽¹⁾ (A) | NWS ⁽¹⁾ (B) | NWD (ex-NWS) (A)-(B) ⁽⁵⁾ |
|--|---------------------------|---------------------------|---|
| <i>As at 30 June 2021</i> | | | |
| Consolidated total borrowings | 170,149.9 | 25,348.0 | 144,801.9 |
| Perpetual capital securities ⁽²⁾ | <u>48,938.2</u> | <u>10,528.5</u> | <u>38,409.7</u> |
| Total | <u>219,088.1</u> | <u>35,876.5</u> | <u>183,211.6</u> |
| Cash and bank balances and restricted bank balances⁽³⁾ | 61,955.1 | 10,804.6 | 51,150.5 |
| Net debt ⁽⁴⁾ | 108,194.8 | 14,543.4 | 93,651.4 |
| <i>For FY2021</i> | | | |
| Interest paid | 4,907.5 | 858.1 | 4,049.4 |
| Distribution made to holders of perpetual capital securities | <u>2,282.8</u> | <u>583.1</u> | <u>1,699.7</u> |
| Total | <u>7,190.3</u> | <u>1,441.2</u> | <u>5,749.1</u> |
| <i>As at 30 June 2022</i> | | | |
| Consolidated total borrowings | 186,559.4 | 23,590.9 | 162,968.5 |
| Perpetual capital securities ⁽²⁾ | <u>47,614.2</u> | <u>10,528.5</u> | <u>37,085.7</u> |
| Total | <u>234,173.6</u> | <u>34,119.4</u> | <u>200,054.2</u> |
| Cash and bank balances and restricted bank balances⁽³⁾ | 62,210.1 | 13,452.6 | 48,757.5 |
| Net debt ⁽⁴⁾ | 124,349.3 | 10,138.3 | 114,211.0 |

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| LETTER FROM THE INDEPENDENT FINANCIAL ADVISER |
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| <i>HK\$ million</i> | NWD ⁽¹⁾ (A) | NWS ⁽¹⁾ (B) | NWD (ex-NWS) (A)-(B) ⁽⁵⁾ |
|--|---------------------------|---------------------------|---|
| <i>For FY2022</i> | | | |
| Interest paid | 3,106.6 | 691.4 | 2,415.2 |
| Distribution made to holders of perpetual capital securities | <u>2,421.4</u> | <u>583.1</u> | <u>1,838.3</u> |
| Total | <u>5,528.0</u> | <u>1,274.5</u> | <u>4,253.5</u> |
| <i>As at 30 June 2023</i> | | | |
| Consolidated total borrowings | 185,273.8 | 23,796.9 | 161,476.9 |
| Perpetual capital securities ⁽²⁾ | <u>47,439.3</u> | <u>10,353.6</u> | <u>37,085.7</u> |
| Total | <u>232,713.1</u> | <u>34,150.5</u> | <u>198,562.6</u> |
| Cash and bank balances and restricted bank balances⁽³⁾ | 54,517.9 | 19,255.9 | 35,262.0 |
| Net debt ⁽⁴⁾ | 130,755.9 | 4,541.0 | 126,214.9 |
| <i>For FY2023</i> | | | |
| Interest paid | 6,531.7 | 853.0 | 5,678.7 |
| Distribution made to holders of perpetual capital securities | <u>2,584.9</u> | <u>656.8</u> | <u>1,928.1</u> |
| Total | <u>9,116.6</u> | <u>1,509.8</u> | <u>7,606.8</u> |

Notes:

1. Extracted from the financial statements of NWD's and NWS's annual reports and annual results announcement and based on information provided by the Management. A statement of indebtedness, guarantees and contingent liabilities as at 31 August 2023 is set out in paragraph 2 of Appendix I to this Circular.
2. Under the Company's accounting policies, perpetual capital securities with no maturity date and no contractual obligation to repay principal or to pay any distribution are classified as part of equity.
3. Majority of the cash and cash equivalents are dominated in RMB, HK\$ and US\$.
4. The aggregate of bank loans, other loans and fixed rate bonds and notes payable less cash and bank balances.
5. Calculated based on the exclusion of NWS's borrowings, perpetual capital securities, cash and cash equivalents, net debt, interest paid and distribution made to holders of perpetual capital securities from those of NWD's without any other pro forma adjustment.

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NWD's interest received and interest paid were HK\$3,378.7 million and HK\$4,907.5 million for FY2021, HK\$3,003.2 million and HK\$3,106.6 million for FY2022 and HK\$3,347.9 million and HK\$6,531.7 million for FY2023.

The consolidated total borrowings and perpetual capital securities of NWS accounted for 16.4%, 14.6% and 14.7% of those of NWD as at 30 June 2021, 2022 and 2023 respectively and the interest paid and the distribution made to holders of perpetual capital securities of NWS accounted for 20.0%, 23.1% and 16.6% of those of NWD for FY2021, FY2022 and FY2023 respectively. The consolidated total borrowings and the perpetual capital securities of NWD (ex-NWS) increased by 9.2% to HK\$200,054.2 million as at 30 June 2022 and the total interest paid and distribution made to holders of perpetual capital securities of NWD (ex-NWS) decreased to HK\$4,253.5 million for FY2022. Such decrease was mainly due to a drop in Hong Kong Interbank Offered Rate (“**HIBOR**”) and the repayment of high interest borrowings at the end of FY2021. As at 30 June 2023, the consolidated total borrowings and the perpetual capital securities of NWD (ex-NWS) maintained a similar level to that as at 30 June 2022, while the total interest paid and distribution made to holders of perpetual capital securities of NWD (ex-NWS) increased to HK\$7,606.8 million in FY2023 which was mainly due to a surge in HIBOR in FY2023, partially offset by bond buyback.

Shareholders should note that the above NWD (ex-NWS) debt analysis is only a simple subtraction of NWS's from NWD's, which should be subject to other pro forma adjustments upon completion of the Disposal.

Table 4: Net gearing ratio

| | 2023 | | | As at 30 June 2022 | | | 2021 | | |
|--|-------|------|-----------------------------|--------------------|-------|-----------------------------|-------|-------|-----------------------------|
| | NWD | NWS | NWD (ex-NWS) ⁽²⁾ | NWD | NWS | NWD (ex-NWS) ⁽²⁾ | NWD | NWS | NWD (ex-NWS) ⁽²⁾ |
| Net gearing ratio⁽¹⁾ | 48.7% | 9.0% | 57.8% | 43.2% | 18.8% | 48.8% | 35.6% | 24.9% | 38.1% |

Notes:

1. Extracted from the Company's or NWS's relevant annual report and annual results announcement or calculated based on the net debt divided by total equity.
2. The gearing ratios were calculated based on the exclusion of NWS's assets and liabilities as set out in balance sheet of NWS's annual reports for FY2021 and FY2022 or NWS 2023 Annual Results Announcement from those of NWD's without adjusting for the intragroup balances.

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Gearing ratio

The net gearing ratio of NWD as at 30 June 2021, 2022 and 2023 were 35.6%, 43.2% and 48.7%, respectively. The net gearing ratio of NWS as at 30 June 2021, 2022 and 2023 were 24.9%, 18.8% and 9.0%, respectively.

The net gearing ratio of NWD (ex-NWS) as at 30 June 2021, 2022 and 2023 were 38.1%, 48.8% and 57.8%, respectively. While NWS managed to reduce its gearing ratio by redemption of perpetual capital securities/notes and repayment of bank borrowings, NWD (ex-NWS) gearing ratio exhibited an increasing trend due to the overall depreciation of RMB against HK\$ over the last three years which resulted in a loss recognised in equity upon translation of non-current assets and liabilities of NWD (ex-NWS) in Mainland China from functional currency of RMB to the presentation currency of HK\$. As advised by the Management, despite the gearing ratios being relatively high, NWD's total capital expenditure, in particular for its property businesses, has been reducing over the past three years. Several of its major projects are entering into a final stage including 11 SKIES and K11 ECOAST in Shenzhen so that capital expenditure is expected to be significantly lower in FY2024. Together with the more disciplined land acquisition in view of the high interest rate environment, Management expects NWD's capital expenditure will continue to trend downwards.

Shareholders should note that NWD (ex-NWS) net gearing ratio is calculated based on its net debt in Table 3, which, in turn, is a simple subtraction of NWS's net debts from NWD's without taking into account any pro forma adjustments or the Disposal proceeds of HK\$21.8 billion. NWD (ex-NWS) net gearing ratio would decrease from 49% as at 30 June 2023 to 45% upon completion of the Disposal, more details of which are set out in section 5 below.

There has been an overall decline in the Group's cash and bank balances in the past three years. The Group's borrowings and other interest-bearing liabilities increased in FY2022 and were stable in FY2023. The Group's gearing ratios have increased correspondingly. In FY2021–FY2023, the Group completed the disposal of non-core assets worth about HK\$18.0 billion, HK\$13.9 billion and HK\$5.9 billion, respectively, including disposal of commercial and office buildings and carparks in Mainland China. Non-core asset disposals or other disposals, in our view, would be an efficient and effective way to deleverage and optimise the Group's capital expenditure. Further discussion on the reasons for and benefits of the Disposal is set out in section 3 below.

1.4 Prospects for the NWD Core Businesses

Property development and property investment are the two largest business segments of the NWD (ex-NWS) in terms of profitability. In general, both Hong Kong and Mainland China property markets have faced slow sales, declined sale prices and cautious buyers with a wait-and-see attitude, but core Tier 1 and Tier 2 cities have achieved a more resilient performance. Following the easing of the pandemic related restrictions, the retail market witnessed an upturn in the first half of 2023 and local governments are working hard to stabilise property markets.

Hong Kong

According to the “Hong Kong Office Retail Residential Report 1H 2023” (the “**Cushman HK Report**”) issued by Cushman & Wakefield (a global commercial real estate services firm), around 12,200 residential sales were transacted in Hong Kong in the 2nd quarter of 2023, representing a quarterly decrease of 13%. Residential prices declined 11.8% in May 2023 as compared to the September 2021 peak. Recently, some Hong Kong property developers have employed a competitive pricing strategy to enhance sales, which may put the residential price under further pressure. According to the Cushman HK Report, compared to the peak in April 2019, Hong Kong Grade A office rents had declined by 34.2% by June 2023. On the other hand, the return of tourists following the re-opening of Hong Kong-Mainland China border boosted retail sales in Hong Kong. The retail rents were up 1.4%–3.8% and major shopping districts’ vacancy rates dropped by 0%–2.9% to 5.3%–13.1% in the 2nd quarter of 2023 as compared to the previous quarter according to the Cushman HK Report.

In FY2023, Hong Kong government actively launched a series of land and housing supply initiatives, which included, among other things, the implementation of New Development Areas and New Town Extension project, the Northern Metropolis Development Strategy and Site Rezoning. As stated in the 2023 Annual Results Announcement, as at 30 June 2023, the Group had a landbank with a total attributable GFA of approximately 8.14 million sq ft in Hong Kong available for immediate development, of which approximately 3.37 million sq ft was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 16.36 million sq ft pending land use conversion in the New Territories, approximately 90% of which was located within the Northern Metropolis. Furthermore, the Hong Kong Monetary Authority in July 2023 has eased the mortgage rules for the first time since 2009 to make it easier for first-time homebuyers and those who want to upgrade to bigger flats.

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In addition, Hong Kong government has launched “Hello Hong Kong” campaign for tourists and distributed another round of consumption vouchers to local residents to further stimulate spending in the retail market. As stated in the 2023 Annual Results Announcement, both K11 MUSEA and K11 Art mall had recorded high occupancy rates in FY2023. K11 MUSEA recorded a year-on-year increase of 39% in sales mainly driven by luxury spending, popular F&B offerings and cultural activities, with total footfall amounted to over 24 million, representing a year-on-year increase of 22% in FY2023. K11 Art Mall maintained the overall occupancy rate at around 100% with over 40% sales growth, and its footfall surged to new highs since opening.

Mainland China

For Mainland China, according to the “China Residential Market Report 2022” (the “**Cushman China Report**”) issued by Cushman & Wakefield, the total floor area of new residential units sold and the average residential sales price in 2022 were down 26.8% and 2.0% year-on-year, respectively. The performances of core Tier 1 and Tier 2 cities were more resilient. Among the 70 Mainland China cities studied by Cushman & Wakefield in the Cushman China Report, the only 15 cities which registered month-on-month increases in their new home prices in December 2022 were mostly core Tier 1 and Tier 2 cities. Shaped by soft leasing demand and continuing supply, according to the “Greater China Top Office Supply/Demand Trends (March 2023)” report issued by Cushman & Wakefield, the Grade A office rents in some core markets of Mainland China including Beijing, Guangzhou and Shenzhen registered decreases of 3.5%–6.0% year-on-year at the end of 4th quarter of 2022. Mainland China dropped its zero-Covid curbs in early 2023, which has increased both consumer footfall in shopping malls and population movements across provinces. According to the data released by PRC National Bureau of Statistics, the gross domestic product (“**GDP**”) from retail and wholesale increased by 7% year-on-year in the 1st half of 2023. According to “Greater China Retail Supply/Demand Trends (August 2023)” report issued by Cushman & Wakefield, with the overall improvement in consumer sentiment, the average first floor asking rent in Shanghai’s overall prime retail property market rose by 0.5% quarter-on-quarter and the average rental level of Guangzhou and Shenzhen remained solid in the 2nd quarter of 2023. As stated in the 2023 Annual Results Announcement, with the unique brand positioning of K11 under the Group, K11 Art Malls owned or managed by the Group in Mainland China have reported an excellent sales performance. In particular, Shanghai K11 recorded over 100% year-on-year increase in both sales and footfall in the second half of FY2023 and its occupancy rate recovered to 91% after the pandemic.

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In view of the sluggish market sentiment, Mainland China government has eased the curbs on property market and introduced policies to improve financing environment (including easing the debt financing and equity financing requirements for property developers) and to stabilise property developers' cash flow. In April 2023, NWCL, the flagship Mainland China property arm of the Group, successfully issued its first onshore commercial mortgage-backed securities on the Shenzhen Stock Exchange with an issue size of RMB1 billion. Recently, Mainland China has stepped up its support of property market by easing mortgage rules and extending tax refunds for home buyers with the aim to revitalise residential property market. The Group has most of its property projects located in the core Tier 1 and Tier 2 cities in the Greater Bay Area and Yangtze River Delta. The Group has announced that NWCL has exceeded its contracted sales target of RMB15 billion for FY2023. With high quality projects and a strong presence in prime locations, the Group has benefitted from favorable policies stimulating upgrading demand, with RMB5.0 billion contracted sales made between July to September 2023. Please also refer to the more detailed description of the Group's property development projects and property investment under "Financial and Trading Prospects of the Group" in paragraph 4 of Appendix I to the Circular.

1.5 Prospects for the NWS Businesses

NWS has a diversified business portfolio consisting of construction, toll roads and insurance as the core business segments and facilities management, logistics and strategic investment as the strategic business segments. The three core business segments accounted for more than 95% of the NWS Group's revenue for FY2023.

Benefitting from favourable local government policies, the number of new tender invitations, especially construction projects from Hong Kong Government and government related institutions, is likely to continue to rise. According to the Chief Executive's 2022 Policy Address released by Hong Kong Government, Hong Kong Government will take various measures to alleviate the housing shortage issue including but not limited to (i) increasing overall public housing production by 50% to 158,000 units in the next five years; (ii) streamlining statutory and administrative procedures for land production; and (iii) developing brownfield sites for more land supply. However, at the same time, the labour shortfall and rising raw material and labour costs have squeezed the profit margin of Hong Kong constructors. According to a survey conducted by Hong Kong Construction Association in April 2023, the supply of construction labour fell short of demand by around 13.6%. According to the Census and Statistics of Department of Hong Kong, on a year-on-year basis, the average daily wages of certain workers engaged in public sector construction projects and average wholesale prices of selected building materials increased by 0.4%–2.4% and 1.6%–5.7% in the 1st quarter of 2023. Hong Kong construction industry has been exploring ways to alleviate those issues including adoption of new construction technologies such as Modular Integrated Construction (MiC) to reduce costs and labour importation schemes to increase labour supply. As stated in NWS 2023

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Annual Results Announcement, the overall attributable operating profit of the construction segment decreased by 18% year-on-year to HK\$745.5 million due to a lower gross margin recognised.

Hong Kong insurance industry was heavily affected by COVID-19 related curbs on Mainland China visitors' cross-border travels from the beginning of 2020. Following the re-opening of the Mainland China-Hong Kong border, according to the data released by Hong Kong Insurance Authority, the new business premiums derived from Mainland China visitors in the 1st quarter of 2023 reached 75% of the pre-pandemic level in 1st quarter of 2019. As stated in NWS 2023 Annual Results Announcement, strong pent-up demand released from Mainland China visitors after the border reopened spurred the noticeable growth in FTLife Insurance's overall annual premium equivalent in the second half of FY2023, which surged by 162% year-on-year to HK\$1,841 million and almost doubled that of pre-COVID-19 level (second half of FY2019). Assuming it will take time for Mainland China's economy to resume its pre-pandemic momentum, uncertainties still exist in the future growth of Hong Kong insurance industry, which significantly relies on Mainland China visitors' spending power.

NWS's toll roads are located in Mainland China so their performances will be influenced by Mainland China economy. As stated in the NWS 2023 Annual Results Announcement, RMB depreciation and a challenging first half of FY2023 driven by the COVID-19 containment measures in Mainland China and the 10% cut in toll fee for trucks by Mainland China government in the fourth quarter of 2022, collectively negatively impacted the performance of the road segment in FY2023. According to data released by PRC National Bureau of Statistics, after lifting the COVID-19 related restrictions, Mainland China's economy registered positive year-on-year growth of 5.0% and 4.8% in the 1st quarter and 2nd quarter of 2023 respectively. The GDP from transport achieved an over 11% increase in the first two quarters of 2023 on a year-on-year basis. However, some economic headwinds faced by Mainland China weigh on its future economic growth, including the increased public and private debt and fading rebound from the ease of COVID-19 restrictions, which call for a more effective stimulus from Mainland China government to steer the economy through those challenges. Ongoing Sino-US tension may also be a dampening factor. As stated in the NWS 2023 Annual Results Announcement, excluding the impact of RMB depreciation, underlying attributable operating profit of the road segment in FY2023 declined by 4% year-on-year. The overall average concession period of NWS's road portfolio as at 30 June 2023 is approximately 11 years. Although currently NWS's road segment contributes relatively stable income, its future growth may depend on whether NWS can successfully replenish its road portfolio or extend the concession periods of the toll roads upon their expiries.

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2. Principal terms of the NWS Share Offer

Subject to the satisfaction or waiver (where applicable) of the Conditions, the NWS Share Offer is made by the Joint Financial Advisers on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each NWS Offer Share HK\$9.15 in cash

The NWS FY2023 Final Dividend of HK\$0.31 per NWS Share for FY2023 has been declared by NWS as set out in the NWS 2023 Annual Results Announcement. The record date for the NWS FY2023 Final Dividend is 16 November 2023. Although the expected date for the Company to lodge acceptance of the NWS Share Offer is 9 November 2023, transfer of ownership will only be completed on or after 17 November 2023, i.e. after the record date for NWS FY2023 Final Dividend. On this basis, the Company is entitled to receive and retain the NWS FY2023 Final Dividend amounting to approximately HK\$738 million, which is expected to be paid on or about Thursday, 7 December 2023. This will be the case whether or not the Disposal is approved and completed.

Save for the NWS FY2023 Final Dividend, if, after the Latest Practicable Date but before the NWS Share Offer Closing Date, any other dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the NWS Shares, the Offeror reserves the right to reduce the NWS Share Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital. In such case, any reference in the Joint Announcement, the Composite Document or any other announcement or document to the NWS Share Offer Price will be deemed to be a reference to the NWS Share Offer Price as so reduced. For the avoidance of doubt, assuming that the NWS Offers become unconditional, if any dividend and/or other distribution and/or other return of capital (save for the NWS FY2023 Final Dividend) is announced, declared or paid in respect of the NWS Shares on or after the NWS Share Offer Closing Date, NWS Offer Shareholders who accept the NWS Share Offer will not be entitled thereto.

Based on the Joint Announcement, the NWS Share Offer Price was determined by the Offeror after taking into account, among other things, (i) the recent and historical trading prices of the NWS Shares, (ii) the recent financial performance of the NWS Group and (iii) the premium to historical trading prices of shares with reference to the voluntary general offer transactions in Hong Kong in recent years.

The Group does not hold any NWS Options so the NWS Option Offer is not relevant to the Group.

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Major Conditions Precedent to the NWS Offers

The NWS Share Offer is subject to the satisfaction or waiver (where applicable) of among others, the following Conditions:

- (a) the approval of the Disposal by the Independent Shareholders in accordance with the Listing Rules;
- (b) valid acceptance of the NWS Share Offer being received from the Group by 4:00 p.m. on the NWS Share Offer Closing Date (and not, where permitted, withdrawn) in respect of 2,380,495,938 NWS Shares (being the number of the NWS Shares held by the Group, representing 60.88% of the issued share capital of NWS, as at Announcement Date); and
- (c) all necessary consents in connection with the NWS Offers which may be required under any existing contractual or other obligations of NWS having been obtained and remaining in effect.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Condition (a)). As at the Latest Practicable Date, the Offeror was not aware of any consent required under Condition (c) other than consents from the contract parties under certain existing operational agreements entered into by the NWS Group in its ordinary course of business and save for Condition (c) which had been satisfied, none of the Conditions had been satisfied or waived (where applicable).

Further details of the Conditions are contained in the letter from the Board of the Circular.

Offeror's intention to maintain the listing status of NWS

In the joint announcement issued by CTFE, NWS and the Offeror on 31 August 2023 and in the Composite Document, CTFE and the Offeror updated the NWS Shareholders and potential investors of NWS that 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. In the event that the public float of NWS falls below 25% following the close of the NWS Offers, appropriate steps will be taken to ensure that NWS will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

Further information relating the NWS Share Offer is contained in the letter from the Board of the Circular and the Composite Document attached as Appendix III.

3. Reasons for and benefits of the Disposal and use of proceeds

3.1. Reasons for and benefits of the Disposal

The reasons for and benefits of the Disposal are set out in the letter from the Board in this Circular.

As disclosed in the letter from the Board, the Management believes that 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 debt 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 stabilisation. 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:

Immediately strengthen the Company's financial position

In response to persistent high interest rates, the Management has stated its commitment to reducing the Company's financial leverage as part of sound financial management. As previously disclosed by the Company, its plan to reduce its financial leverage comprises disposals of non-core assets, optimisation of its capital expenditure, treasury management and adjustment of its dividend payments. As set out in the letter from the Board, the Disposal allows the Company to recycle capital by disposing of a mature asset that has little synergy with its property businesses. It immediately strengthens the Group's financial position by using majority of the proceeds to retire certain high interest debt, including but not limited to repurchasing of bonds which are trading below their par value, achieving leverage reduction and both cashflow and earnings accretion. While the overall average cost of debt of the Company in FY2023 was 4.0%, the yield from the reduction of future interest expenses via the repayment of the aforesaid bank debt that carries a high interest under the current interest environment, or the implied yield from repurchasing bonds at their current price below par value, or a combination of both where appropriate, is above the current earnings yield for NWS (as at 30 June 2023) of around 6%, which underscores the financial logic of the Disposal.

Management considers the Disposal is of strategic importance to the Group as it can facilitate a quick and proactive execution of the Group's established debt reduction strategy and accelerate deleveraging in response to the prolonged high interest rate environment. The use of the majority of the proceeds from the Disposal for repayment of existing borrowings and execution of bond and/or perpetual capital securities buyback programme of the Group (after the payment of the Conditional Special Dividend) can provide an immediate boost to earnings per Share through reduction in current and future interest expenses and

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distribution to holders of perpetual capital securities via repayment of bank borrowings and bond buyback as well as recognition of profit upon buyback at a discounted price (which at the same time provides liquidity to bondholders at a premium over market price). These actions will generate yield of above 6.8% for the Company, while the repayment of existing borrowings and bond buyback will help improve the net gearing ratio of the Group.

The Disposal would provide the Company with cash proceeds of approximately HK\$21,754.3 million upfront, with no adjustments, contingencies, representations or warranties. This is a very ‘clean’ exit opportunity for the Group to receive an amount immediately which exceeds 50% of NWD’s market capitalisation as at the Latest Practicable Date and is equivalent to approximately 15 times the FY2023 dividend received and receivable from NWS. In addition, the Company is entitled to retain the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share, amounting to approximately HK\$738 million. These receipts will immediately strengthen the Company’s financial position. Assuming the Disposal had been completed on 30 June 2023, based on the Company’s assessment, the Group’s net gearing (as measured by consolidated net debt to total equity) as at 30 June 2023 would have decreased from around 49% to around 45% (before payout of the Conditional Special Dividend as disclosed in the section headed “Conditional Special Dividend” in the letter from the Board). Improved cashflow and decreased debt should put the Group in a stronger position when setting the timing and negotiating the terms of future non-core assets disposals.

Generate immediate value for Shareholders

The Disposal would generate immediate value for Shareholders by monetising an asset at a substantial premium to its implied value and enabling the Company to pay a Conditional Special Dividend from proceeds, details of which have been disclosed in the section headed “Conditional Special Dividend” in the letter from the Board. Currently, the value of the Company’s stake in NWS is subject to a holding company discount as the NWS Share Price on the Last Full Trading Date represented a discount of 26.3% to NWS net asset value attributable to NWS Shareholders (the “NWS NAV”) per NWS Share of HK\$10.16 as at 30 June 2023. Given the NWS Share Offer Price represents a premium of 30.0% over the average closing price of HK\$7.04 per NWS Share for a year up to and including the Last Full Trading Date, the NWS Share Offer Price narrows the discount to approximately 10.0% to the NWS NAV per NWS Share as at 30 June 2023.

The NWS NAV does not provide for the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share, which NWD will be entitled to receive. The NWS NAV after having adjusted for the NWS FY2023 Final Dividend would be HK\$9.85 per NWS Share, on which basis, the discount of the NWS Share Offer Price to such adjusted NWS NAV would be 7.1%.

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The Company is unlikely to receive an alternative offer on more favourable terms or at all

For over two decades, CTFE has been a controlling shareholder of the Company and the Company has maintained majority voting control of NWS. Both the Company and NWS have been integral parts of CTFE's investment portfolio. This poses additional hurdles for a third party outside of the CTFE Group and the Group to make an offer for the NWS Offer Shares, as such third party would be unable to acquire statutory control of NWS unless the Group agrees to dispose of its controlling stake in NWS, which in turn would require approval from Shareholders (including the CTFE Group) under the Listing Rules. It is therefore unlikely that the Company would receive an alternative offer for the NWS Offer Shares, or if received one which is on terms which are more favourable than those of the NWS Share Offer.

3.2. Use of proceeds

As at the Latest Practicable Date, 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 held 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, around 15 times the FY2023 dividends received and receivable from NWS. For avoidance of doubt, this amount does not include 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. A Conditional Special Dividend of approximately HK\$4,001.4 million, equivalent to HK\$1.59 per Share, will be paid by NWD. See the section headed "Conditional Special Dividend" in the letter from the Board for details.

Based on our discussion with the Management, the majority of the remaining gross proceeds arising from the Disposal is expected to be used for repayment of existing borrowings and execution of bond and/or perpetual capital securities buyback programme to improve costs 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). On this basis, we concur with the Management's view that it can facilitate a quick and proactive execution of the Group's established debt reduction strategy and accelerate deleveraging in response to the prolonged high interest rate environment.

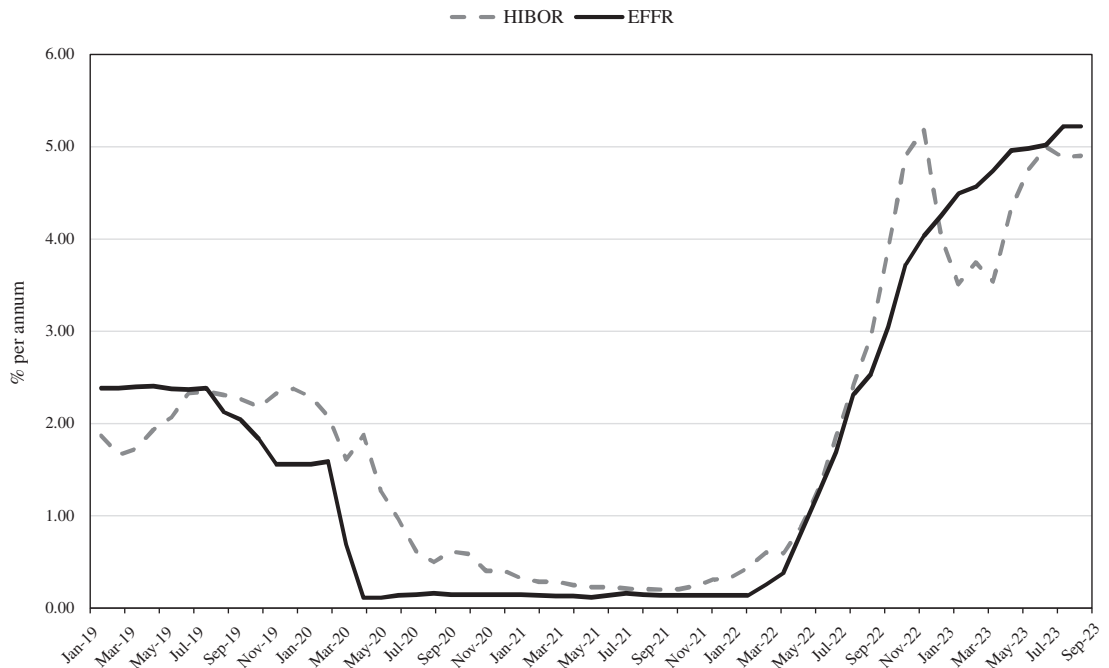
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3.3. Comments on the Group (ex-NWS)’s borrowings

The Group’s indebtedness as at 31 August 2023 is set out in Appendix I to this Circular.

Over the past five years, the NWD (ex-NWS) aggregate amount of total borrowing and perpetual capital securities had been on an increasing trend until FY2022. As at 30 June 2023, NWD (ex-NWS) had maintained the total borrowings and perpetual capital securities at almost the same levels as those as at 30 June 2022. However, total interest/distribution paid for FY2023 was HK\$3.4 billion higher than that paid for FY2022 because of the increase in interest rates. The Group’s borrowings were arranged on both floating rate and fixed rate basis. Set out below are the US effective federal funds rate (the “**EFFR**”) movement and the 3-month HIBOR movement since the beginning of 2019:

Figure 1: EFFR and 3-month HIBOR in 2019–2023



Source: US Federal Reserve and Hong Kong Monetary Authority

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Since March 2022, US Federal Reserve raised the target fed rates 11 consecutive times. As shown in the above figure, both the EFFR and the 3-month HIBOR commenced their uptrend in March 2022 and rose sharply towards the end of 2022, remaining at a high level at the present time. HIBOR is strongly influenced by the US interest rates through the anchor of the currency peg. Comments from the US Federal Reserve suggest that US interest rates may have reached, or be close to, a peak for this cycle. However, there also seems a policy of “higher for longer” being adopted by US monetary authorities. Against this background, NWCL, in April 2023, issued 3.50% (lower than those of NWD’s bonds and notes dominated in HK\$ and US\$) senior asset-backed securities with principal amount of RMB1 billion which are listed on the Shenzhen Stock Exchange and NWS, in May 2023, issued 3.90% panda bonds with the principal amount of RMB1.5 billion. Management has also committed to reduce the Group’s financial leverage as part of its prudent financial management. The Group plans to reduce its financial leverage by various means, including disposals of non-core assets, optimisation of capital expenditure, treasury management and adjustment of its dividend payments.

It should also be borne in mind that persistent high interest rates may also be accompanied by a tightening of the credit markets in general. For example, traditional funding by the banks and the bond markets may be constrained. In response, the Group has proactively taken measures to maintain a diversified and balanced debt profile and financing structure and has been working towards increasing the fixed-rate debt ratio to 60% by employing hedging tools and onshore financing. As stated in the 2023 Annual Results Announcement, the Group has used interest swaps to hedge part of the Group’s underlying interest rate exposure. As at 30 June 2023, the Group had outstanding interest rate swaps in the amounts of HK\$29,170.9 million, RMB4,500.0 million (equivalent to approximately HK\$4,864.9 million) and US\$20.0 million (equivalent to approximately HK\$156.0 million). In view of the lower interest rates in the PRC, both NWD and NWS had been looking to debt financing onshore but there is no timetable for further amounts to be raised.

In the past three years, NWD (ex-NWS) cash position dropped from HK\$51.2 billion as at 30 June 2021 to HK\$35.3 billion as at 30 June 2023. The Company reduced its interim dividend to HK\$0.46 per Share for FY2023 from HK\$0.56 per Share for FY2022 and its final dividend to HK\$0.30 per Share for FY2023 from HK\$1.5 per Share for FY2022.

As discussed in the section 3.1 above, the NWS Share Offer provides an opportunity for the Company to encash its investment in NWS at approximately HK\$21.8 billion upfront, with no adjustments, contingencies, representations or warranties. In addition, the Company is entitled to retain the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share, amounting to approximately HK\$738 million.

CTFE’s majority control over the Company and NWS makes it difficult for a third party to make an alternative offer for NWS. Under the current persistent high interest rate environment, the Disposal, in our view, is a prudent measure which enables the Company to receive significant cash proceeds not only for repayment of

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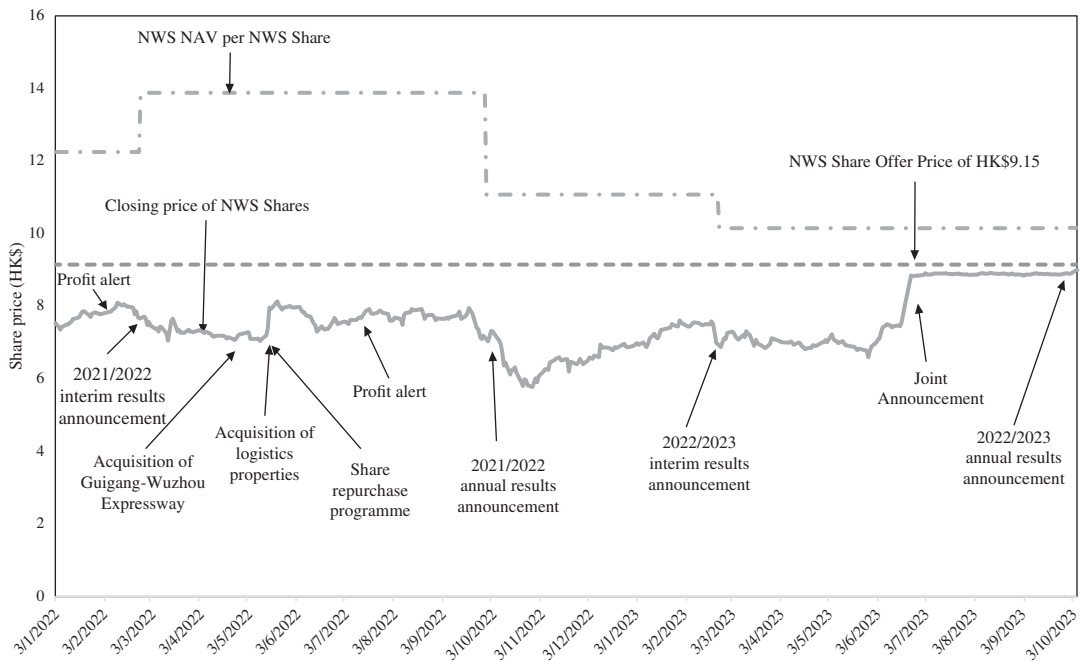
existing borrowings and development of its businesses but also for payment of a Conditional Special Dividend of approximately HK\$4,001.4 million or HK\$1.59 per Share to Shareholders. In our view, this strikes a reasonable balance in the use of proceeds.

4. Evaluation of the NWS Share Offer Price

4.1. NWS Share price performance

Set out below is a chart of the closing prices of NWS Shares during the period from 1 January 2022 to the Latest Practicable Date (the “**Review Period**”). Given that the Review Period starting from 1 January 2022 to the Latest Practicable Date, which covers the recent interest rate hikes as discussed in section 3.3 above, is considered to be sufficient to provide a general overview of the recent market performance of the NWS Shares, we consider this period to be fair and representative for comparison of the historical NWS Share performance with the NWS Share Offer Price and NWS NAV per NWS Share:

Figure 2: NWS Share price performance compared to the NWS Share Offer Price and NWS NAV per NWS Share



Source: Bloomberg and website of the Stock Exchange.

During the Review Period, the closing prices of the NWS Shares have been consistently lower than the NWS Share Offer Price as well as the NWS NAV per NWS Share.

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From January 2022 to September 2022, the closing prices of the NWS Shares generally moved between HK\$7.00 and HK\$8.00. After the profit alert was announced on 31 January 2022, the NWS Share price climbed from around HK\$7.70 to HK\$8.10. The NWS Share price then gradually weakened to around HK\$7.00. In April and May 2022, NWS announced the acquisition of the Guigang-Wuzhou Expressway and six premium logistics properties in Chengdu and Wuhan respectively. In addition, on 17 May 2022, NWS announced a share repurchase programme to repurchase NWS Shares up to a value of US\$300 million. Following the release of those announcements, the NWS Share price rebounded significantly to reach HK\$8.13 on 23 May 2022. The NWS Share declined from late September 2022 to hit its low for the Review Period of HK\$5.57 on 31 October 2022, hampered by the poor capital market sentiment towards persistent high interest rates. The NWS Share price gradually recovered and ranged between HK\$6.50 and HK\$7.50, before increasing sharply since early June 2023. We have discussed this increase with the Management and, save for the Joint Announcement, they are unaware of any reason for this.

Following the Joint Announcement, we consider the NWS Share price has been largely influenced by the NWS Share Offer Price of HK\$9.15 per NWS Share. The NWS Share closed at HK\$9.06 as at the Latest Practicable Date. The NWS Share Offer Price of HK\$9.15 per NWS Share represents a premium of 1.0% over the closing NWS Share price on the Latest Practicable Date. The Hang Seng Index has fallen by approximately 8% since Last Full Trading Date and until Latest Practicable Date. In a falling market, the NWS Share Offer may be considered as a good opportunity for the Group to dispose of the NWS Shares at a fixed cash price.

In summary, a comparison of the NWS Share Offer Price of HK\$9.15 per NWS Share with the recent closing prices of the NWS Shares is set out as follows:

Table 5: NWS Share price comparison

| | Closing/average closing price | Premium represented by the NWS Share Offer Price ⁽²⁾ |
|---------------------------------|----------------------------------|--|
| Last Full Trading Date | 7.49 | 22.2% |
| 5 trading days ⁽¹⁾ | 7.40 | 23.6% |
| 10 trading days ⁽¹⁾ | 7.38 | 24.0% |
| 30 trading days ⁽¹⁾ | 6.99 | 30.9% |
| 60 trading days ⁽¹⁾ | 6.93 | 32.1% |
| 90 trading days ⁽¹⁾ | 7.01 | 30.5% |
| 180 trading days ⁽¹⁾ | 6.81 | 34.4% |
| One year ⁽¹⁾ | 7.04 | 30.0% |
| Review Period | 7.48 | 22.4% |
| Latest Practicable Date | 9.06 | 1.0% |

Source: Bloomberg

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Notes:

1. Up to and including the Last Full Trading Date.
2. Subject to rounding differences.

The NWS Share Offer Price represents a premium ranging between 22.2%–34.4% over the closing/average closing NWS Share price on the Last Full Trading Date and during 5-day, 10-day, 30-day, 60-day, 90-day, 180-day and one-year period prior to and including the Last Full Trading Date.

We consider these premiums represented by the NWS Share Offer Price over closing prices of NWS Shares are significant.

NWS NAV per NWS Share increased from HK\$11.86 to HK\$12.63 after the release of the interim results announcement for the six months ended 31 December 2021, and then exhibited a decreasing trend to hit HK\$10.16 as at the Latest Practicable Date, based on the balance sheet set out in the NWS 2023 Annual Results Announcement and the total number of issued NWS Shares as at 30 June 2023. The NWS Shares traded at discounts to NWS NAV per NWS Share ranging from 26.2%–50.0% and at narrower discounts ranging 10.8% to 21.3% subsequent to the Last Full Trading Date until the Latest Practicable Date. The NWS Share Offer Price of HK\$9.15 per NWS Share represents a discount of 10.0% to the NWS NAV per NWS Share. The NWS FY2023 Final Dividend is not provided for in NWS's balance sheet as at 30 June 2023 and if it were, the NWS NAV per NWS Share would be reduced to HK\$9.85, implying an adjusted discount of 7.1% represented by the NWS Share Offer Price to NWS NAV per NWS Share after deducting the NWS FY2023 Final Dividend. These discounts are significantly less than the historical discounts of the closing prices of NWS Shares throughout the pre-Joint Announcement Review Period.

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4.2. Recent takeover transactions

Since the Disposal involves the sale of a 60.87% controlling interest in NWS, we have reviewed the control premium which should be applicable to the Disposal.

Voluntary general offers

Given (i) the possible Disposal of a 60.87% controlling stake in NWS arises in response to the conditional voluntary general cash offer for the NWS Shares not owned by the CTFH Group made by CTFE; (ii) 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 (iii) the NWS Share Offer Price was determined after taking into account, among others, the premium over historical trading prices of shares with reference to the voluntary general offer transactions in Hong Kong in recent years, we have reviewed the premiums over/discount to closing/average closing prices of the offeree companies over various periods as represented by the offer prices (the “**Offer Price Premiums/Discounts**”) of successful voluntary general offers which (i) issued offer documents during the period from 1 January 2021 to the Last Full Trading Date; (ii) involved increasing the interests of the offeror(s) and its/their concert parties in the offeree companies from below 50% before the offers to over 50% after the offers; and (iii) did not lead to privatisation of the offeree companies. A total of four successful voluntary general offers have been identified based on the aforementioned criteria, which, are, in our view, fair and representative, the summary of which and their Offer Price Premiums/Discounts and the premiums over/discounts to the net asset value of the offeree companies represented by the offer prices (the “**NAV Premiums/Discounts**”) have been set out below:

Table 6: Voluntary general offers

| Date of the offer document | Company name | Premium over/discount to the average closing price prior to and including the last trading day | | | | | | | NAV Premiums/Discounts ^(Note) |
|----------------------------|---|--|---------------|----------------|----------------|----------------|----------------|-----------------|--|
| | | Last trading day | 5-trading day | 10-trading day | 30-trading day | 60-trading day | 90-trading day | 180-trading day | |
| 16 September 2022 | Cash Financial Services Group Limited (510) | 25.4% | 58.7% | 49.4% | 33.2% | 41.3% | 45.5% | 16.2% | (71.0)% |
| 21 May 2021 | Qinqin Foodstuffs Group (Cayman) Company Limited (1583) | (3.0)% | (2.9)% | (3.7)% | (5.0)% | (5.9)% | (5.5)% | (5.1)% | 4.2% |
| 20 May 2021 | The Sincere Company Limited (244) | 12.4% | 24.5% | 28.2% | 43.0% | 46.4% | 53.5% | 61.7% | 602.7% |
| 26 March 2021 | Eminence Enterprises Limited (616) | 23.5% | 22.2% | 21.1% | 24.1% | 32.3% | 44.0% | 39.7% | (84.6)% |
| | Highest | 25.4% | 58.7% | 49.4% | 43.0% | 46.4% | 53.5% | 61.7% | 602.7% |
| | Lowest | (3.0)% | (2.9)% | (3.7)% | (5.0)% | (5.9)% | (5.5)% | (5.1)% | (84.6)% |
| | Average | 14.6% | 25.7% | 23.7% | 23.8% | 28.5% | 34.4% | 28.1% | 112.8% |

Source: website of the Stock Exchange

Note: The NAV Premiums/Discounts have been extracted from the respective offer documents of those voluntary general offers.

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The premiums of 22.2%–34.4% represented by the NWS Share Offer Price over the closing/average closing price of the NWS Shares over various periods during pre-Joint Announcement Review Period fall within the Offer Price Premiums/Discounts represented by the above voluntary general offer prices, which range from (5.9)% to 61.7%. Out of the four recent voluntary general offers, two are pitched at substantial NAV Discounts, at (71.0)%–(84.6)%, which indicates that NAV Discounts are not ruled out in taking control of companies.

Notifiable transactions

Furthermore, we have reviewed the control premiums adopted in independent valuation reports included in the notifiable transaction circulars published by Hong Kong listed companies in the past twelve months prior to the Joint Announcement. These, in our view, reflect recent market practice in adoption of control premiums for valuation purposes. The control premiums adopted and disclosed in recent circulars can be summarised as follows:

Table 7: Control premiums adopted by valuers in notifiable transactions

| Circular date | Company name (stock code) | Description of the transaction | Stake acquired/ disposed | Valuation method | Control premium |
|------------------|---|---|--|--|-----------------|
| 9 June 2023 | Zonqing Environmental Limited (1855) | Major and connected acquisition | 87.5% | Market approach | 28.0% |
| 25 May 2023 | New Huo Technology Holdings Limited (1611) | Major transaction in relation to disposal | 100% | Market approach | 26.0% |
| 9 May 2023 | Cash Financial Services Group Limited (510) | Major and connected transaction | 51.0% | Market approach | 24.4% |
| 26 April 2023 | China Resources Medical Holdings Company Limited (1515) | Major and connected acquisitions | 76.1%, 100.0% and 80.0% in three target companies respectively | Market approach | 28.7% |
| 3 April 2023 | Moody Technology Holdings Limited (1400) | Very substantial acquisition | 80.95% | Market approach | 28.2% |
| 31 March 2023 | CR Construction Group Holdings Limited (1582) | Major and connected acquisition | 100% | Market approach | 27.6% |
| 22 March 2023 | New Silkroad Culturaltainment Limited (472) | Major and connected acquisition | 100% | Market approach | 22.9% |
| 27 February 2023 | China Shuifa Singyes Energy Holdings Limited (750) | Major and connected acquisition | 51% | Combination of income approach and cost approach | 20.0% |
| 24 February 2023 | China Kangda Food Company Limited (834) | Major and connected transaction in relation to disposal | 70.0286% | Cost approach | 25.0% |
| 23 December 2022 | CT Vision S.L. (International) Holdings Limited (994) | Major transaction in relation to disposal | 100% | Market approach | 27.4% |

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| Circular date | Company name (stock code) | Description of the transaction | Stake acquired/ disposed | Valuation method | Control premium |
|-------------------|---|--|-----------------------------|--|-----------------|
| 16 December 2022 | Huabang Technology Holdings Limited (3638) | Major acquisition | 100% | Market approach | 26.5% |
| 31 October 2022 | Beijing Gas Blue Sky Holdings Limited (6828) | Major and connected acquisition | 100% | Market approach | 31.0% |
| 26 October 2022 | Shunfeng International Clean Energy Limited (1165) | Very substantial disposal | 100% | Income approach | 27.2% |
| 15 September 2022 | China Huarong Asset Management Co., Ltd (2799) | Major transaction in relation to disposal | 76.79% | Market approach | 12.99% |
| 31 August 2022 | Tesson Holdings Limited (1201) | Major transaction in relation to disposal | 100% | Combination of income approach and cost approach | 10.0% |
| 2 August 2022 | International Alliance Financial Leasing Co., Ltd. (1563) | Extreme and connected transaction in relation to acquisition | 70% | Market approach | 33.9% |
| | | | | Highest | 33.9% |
| | | | | Lowest | 10.0% |
| | | | | Average | 25.0% |

Source: “Control Premium & Discount for Lack of Marketability Study (Issue 3 — July 2023)” issued by Moore Hong Kong (a member firm of Moore Global Network Limited which is a global accounting and consulting network) and website of the Stock Exchange.

The control premiums adopted and disclosed in the circulars issued by Hong Kong listed companies in the past twelve months show a relatively high degree of consistency, ranging from 10.0% to 33.9% with an average of 25.0%. The premiums of 22.2%–34.4% represented by the NWS Share Offer Price of HK\$9.15 per NWS Share over the closing/average closing NWS Share price on the Last Full Trading Date and during 5-day, 10-day, 30-day, 60-day, 90-day, 180-day and one-year period prior to and including the Last Full Trading Date are consistent with the control premiums adopted by independent professional valuers for other Hong Kong listed companies.

4.3. Cross-check of the value of NWS based on sum-of-parts valuation

As a further cross check, we have also performed an assessment on the value of NWS Group based on the sum of value of its (i) construction business; (ii) toll road business; (iii) insurance business; and (iv) other strategic businesses and corporate items. We consider this an appropriate approach to the valuation of NWS, recognizing that it is a conglomerate holding largely unrelated businesses which are managed separately. We also consider this methodology is suitable to measure a company with business segments in industries that have different valuation characteristics like NWS.

(i) Construction business

Given the asset-light nature of the construction business, the price-to-earnings ratio (the “**P/E ratio**”) is considered appropriate in the context of valuation of the NWS Group’s construction segment. We have selected companies (the “**Construction Comparable Companies**”) which (i) are listed and currently traded on the Main Board of the Stock Exchange; (ii) provide comprehensive construction services comparable to the NWS Group; (iii) generated more than 50% of their revenue from provision of comprehensive construction services in Hong Kong which exceeded HK\$1 billion (compared to NWS’s construction segment of HK\$19.6 billion for FY2023) in their last financial year; and (iv) were profitable in the last financial year. Set out below are our findings based on the aforementioned criteria:

Table 8: Construction Comparable Companies

| Construction Comparable Company | Stock code | P/E Ratio^(Note) |
|---|-------------------|-----------------------------------|
| Yau Lee Holdings Limited | 406 | 12.53 |
| Asia Allied Infrastructure Holdings Limited | 711 | 8.72 |
| SFK Construction Holdings Limited | 1447 | 14.52 |
| CR Construction Group Holdings Limited | 1582 | 3.76 |
| Able Engineering Holdings Limited | 1627 | 4.25 |
| | Highest | 14.52 |
| | Lowest | 3.76 |
| | Average | 8.76 |

Source: website of AAstock and website of the Stock Exchange

Note: P/E Ratio is calculated based on the respective Construction Comparable Company’s market capitalisation on 26 June 2023, being its last trading day before the release of the Joint Announcement, divided by its latest disclosed trailing twelve-month profit attributable to its shareholders.

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The segment profit of NWS’s construction business attributable to the NWS Shareholders for FY2023 is HK\$485.5 million, which has been adjusted for certain corporate and non-operating items (excluding the net gain/(loss) on disposal of projects and redemption of senior notes) allocated in proportion to the segment operating profits among different business segments. Based on the P/E Ratios of the Construction Comparable Companies, the value of NWS’s construction business would range from HK\$1,824.8 million to HK\$7,051.3 million. Adopting the average P/E Ratio, the valuation would be HK\$4,251.3 million.

(ii) Toll road business

Having considered that (i) toll road companies normally have a portfolio of toll roads with different concession right expiry dates and thus their income pattern varies; and (ii) the value of the concession rights attached to the toll roads is normally subject to annual review in accordance with the relevant accounting policies, we are of the view that the price-to-book value (the “**P/B Ratio**”) is appropriate to cross check NWS’s toll road business. We have selected companies (the “**Toll Road Comparable Companies**”) which (i) are listed and currently traded on the Main Board of the Stock Exchange; (ii) operate toll road business comparable to the NWS Group’s; (iii) generated more than 90% of their revenue from operation of toll road business in Mainland China which exceeded HK\$1 billion (compared to NWS’s toll road segment of HK\$2.7 billion for FY2023) in their last financial year; and (iv) were profitable in the last financial year. Set out below are our findings based on the aforementioned criteria:

Table 9: Toll Road Comparable Companies

| Toll Road Comparable Company | Stock code | P/B Ratio ^(Note) |
|---|----------------|-----------------------------|
| Shenzhen Investment Holdings Bay Area Development Company Limited | 737 | 1.07 |
| Anhui Expressway Company Limited | 995 | 0.95 |
| Yuxiu Transport Infrastructure Limited | 1052 | 0.49 |
| | Highest | 1.07 |
| | Lowest | 0.49 |
| | Average | 0.84 |

Source: website of AAstock and website of the Stock Exchange

Note: P/B Ratio is calculated based on the respective Toll Road Comparable Company’s market capitalisation on 26 June 2023, being its last trading day before the release of the Joint Announcement, divided by its latest disclosed net assets attributable to its shareholders.

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The segment net assets of NWS's toll road business attributable to the NWS Shareholders as at 30 June 2023 is HK\$17,698.0 million, after having adjusted for non-controlling interests as NWS's principal non-wholly-owned subsidiaries are related to toll roads. Based on the P/B Ratios of the Toll Road Comparable Companies, the value of NWS's toll road business would range from HK\$8,672.0 million to HK\$18,936.9 million. Adopting the average of P/B ratio, the valuation would be HK\$14,807.3 million.

(iii) Insurance business

Embedded value is an actuarially determined estimate of the economic value of an insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. Price-to-embedded value method (the “**P/EV Ratio**”) is a commonly adopted method of measuring the value and profitability of an insurance company. We have selected companies (the “**Insurance Comparable Companies**”) which (i) are listed and currently traded on the Main Board of the Stock Exchange; (ii) operate general insurance business; (iii) generated more than 50% of their revenue from provision of insurance services in Hong Kong which ranged from HK\$1 billion to HK\$100 billion (compared to NWS's insurance segment of HK\$21.0 billion for FY2023) in their last financial year; and (iv) were profitable in the last financial year. Set out below are our findings based on the aforementioned criteria:

Table 10: Insurance Comparable Companies

| Insurance Comparable Company | Stock code | P/EV Ratio ⁽¹⁾ |
|---------------------------------|----------------|---------------------------|
| Yunfeng Financial Group Limited | 376 | 0.23 |
| Manulife Financial Corporation | 945 | 0.70 |
| Asia Financial Holdings Ltd. | 662 | n.a. ⁽²⁾ |
| | Highest | 0.70 |
| | Lowest | 0.23 |
| | Average | 0.46 |

Source: website of AAstock and website of the Stock Exchange

Notes:

1. The P/EV Ratio is calculated based on the respective Insurance Comparable Company's market capitalisation on 26 June 2023, being its last trading day before the release of the Joint Announcement, divided by its latest disclosed embedded value.
2. Asia Financial Holdings Ltd. did not disclose its embedded value in its latest financial reports/announcement.

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The embedded value of NWS's insurance business as disclosed in the NWS's annual results announcement for FY2023 is HK\$19,300 million. Based on the P/EV Ratios of the Insurance Comparable Companies, the value of NWS's insurance business would range from HK\$4,449.8 million to HK\$13,432.2 million. Adopting the average P/EV Ratios of the Insurance Comparable Companies, the value of NWS's insurance business would be HK\$8,941.0 million.

(iv) Strategic businesses and corporate items

The remaining businesses of the NWS Group including facilities management, aviation, logistics, and strategic investments are classified as the NWS Group's strategic businesses due to, as advised by the Management, their relatively smaller revenues and profits as compared to the core businesses as discussed above.

Facilities management segment includes venue management (i.e. Hong Kong Convention and Exhibition Centre and Shenyang New World Expo), hospital management (i.e. Gleneagles Hospital Hong Kong) and Free Duty outlets. Based on the information provided by the Management, we noted that the venue management accounts for 61% of the revenue and 73% of net assets under the facilities management segment. We have searched for sales and purchase of venue management business located in Mainland China or Hong Kong which took place in the past 12 months from the website of MergerMarket (a M&A market intelligence service provider) and have identified one comparable deal with the implied P/B Ratio of 0.9. As advised by the Company, the net asset value of NWS's venue management under the facilities management segment is approximately HK\$2,038.4 million as at 30 June 2023. Based on the implied P/B ratio of the comparable deal, the value of NWS's venue management under the facilities management segment is HK\$1,834.6 million. As such, the value of NWS's facilities management segment would be HK\$2,592.4 million, being the sum of the value of venue management of HK\$1,834.6 million and net asset value of the remaining businesses under the facilities management segment of HK\$757.8 million as at 30 June 2023 as provided by the Company.

As disclosed in the 2023 Annual Results Announcement and as advised by the Management, the Group has completed the disposal of the entire commercial aircraft leasing business in December 2022 and the remaining assets of the aviation segment are related to six aircraft associated with Russian lessees. In FY2021, FY2022 and FY2023, the aviation segment recorded no revenue. As advised by the Management, the logistics assets, principally the six logistics properties in Chengdu and Wuhan acquired in May 2022 and 90% stake in a premium logistics property in Suzhou acquired in February 2023, and the strategic investment portfolio consisting of shares, bonds and other financial assets have been fairly valued as at 30 June 2023 and reflected in the latest financial results. The corporate items, as advised by the Management, are items

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that are unable to be allocated to particular business segments and held under corporate office, such as the headquarter office properties, corporate cash and bank balances, corporate bank borrowings and deferred tax. Given the aforementioned assets either generate no revenue or are fairly stated in the balance sheet of the NWS Group, we consider their values have been largely reflected by their respective book value of HK\$12,985.5 million as at 30 June 2023 as set out in the NWS FY2023 Annual Results Announcement.

(v) Perpetual capital securities

We have discussed with the Management and were advised that the proceeds from issue of the perpetual capital securities by the NWS Group were not specifically for use in particular business segments but are under centralised treasury management. On this basis, the sum-of-the-parts value of NWS is arrived at based on the assessed values of each of its business segments after one-off deduction of the value of perpetual capital securities of HK\$10,353.6 million as at 30 June 2023 as disclosed in the NWS FY2023 Annual Results Announcement.

A summary of the sum-of-parts of the NWS Group's value is set out below:

Table 11: Sum-of-parts of the NWS Group's value

| | Highest value <i>HK\$ million</i> | Lowest value <i>HK\$ million</i> | Average value <i>HK\$ million</i> |
|--|--------------------------------------|-------------------------------------|--------------------------------------|
| (i) Construction business | 7,051.3 | 1,824.8 | 4,251.3 |
| (ii) Toll road business | 18,936.9 | 8,672.0 | 14,807.3 |
| (iii) Insurance business | 13,432.2 | 4,449.8 | 8,941.0 |
| (iv) Strategic businesses and corporate items | 15,577.9 | 15,577.9 | 15,577.9 |
| Sub-total ^(Note) | 54,998.3 | 30,524.5 | 43,577.5 |
| (v) Perpetual capital securities | (10,353.6) | (10,353.6) | (10,353.6) |
| Sum-of-parts value for 100% of NWS (the "Sum-of-Parts Value") | 44,644.7 | 20,170.9 | 33,223.9 |

Note: due to rounding, the figures may not add up to the sub-total.

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The sum of values of NWS's core businesses and strategic businesses and corporate items, based on the above analysis, ranges from HK\$30,524.5 million to HK\$54,998.3 million with an average of HK\$43,577.5 million. After the one-off deduction of the perpetual capital securities, the Sum-of-Parts Value attributable to the NWS Shareholders would range from HK\$20,170.9 million to HK\$44,644.7 million with an average of HK\$33,223.9 million.

Based on the total number of NWS Shares in issue as at the Latest Practicable Date, the value of the NWS Group implied by the NWS Share Offer Price of HK\$9.15 per NWS Share is HK\$35.8 billion. This falls within the range of and is higher than the average of the Sum-of-Parts Value of HK\$33.2 billion attributable to the NWS Shareholders.

Shareholders should note that although we consider the basis of sum-of-parts valuation seems useful to provide a broad overview of conglomerates such as NWS, unallocated items on the financial statements require assumptions to build a complete model and value for each segment. The difficulty in compiling a fair number of comparables, like NWS's insurance and facilities management segments, and selecting comparable companies with the same business lines as NWS's business segments, can require broad assumptions to be used, which causes the sum-of-parts valuation range to be wide.

5. Financial effects of the Disposal on the Group

Upon Completion of the Disposal, the Company will no longer hold any interest in NWS, which will cease to be a non-wholly-owned subsidiary of the Company. Accordingly, the financial results of NWS will no longer be consolidated into the financial statements of the Company with effect from the date of completion of the Disposal.

Net debt and gearing

The net debt and gearing ratio of the Group as at 30 June 2023 were approximately HK\$130.8 billion and 49% respectively. Upon completion of the Disposal and before payment of the Conditional Special Dividend, the net debt of the Group is expected to decrease and the pro forma gearing of the Group as at 30 June 2023 would be approximately 45%, strengthening the financial position of the Group.

Cash and cash equivalents

The cash and cash equivalents as at 30 June 2023 were HK\$54.5 billion. Upon completion of the Disposal and payment of the Conditional Special Dividend of approximately HK\$4,001.4 million, there will be an increase of HK\$17.8 billion in the Group's cash and cash equivalents.

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Earnings

There will be no contribution to NWD earnings from NWS in the future after completion of the Disposal. However, Management estimates that with the completion of major projects, 50% of earnings will be recurrent by 2026.

It is estimated that, without considering the impact on the adoption of HKFRS 17 “Insurance Contracts” (“**HKFRS 17**”) which had not become effective until 1 July 2023, the Company will record an unaudited consolidated total comprehensive loss of approximately HK\$2,435 million from the Disposal, which is calculated as the difference between the gross proceeds from the Disposal and the net assets of NWS attributable to the Company in the Company’s audited consolidated financial statements as at 30 June 2023.

HKFRS 17 and HKFRS 17 (Amendments) will be adopted by the Group in the financial year ending 30 June 2024 with effect from 1 July 2023. The adoption of HKFRS 17 is purely accounting driven which significantly reduces accounting mismatch between financial assets and insurance contract liabilities and introduces mechanism to adjust insurance contract liabilities considering market fluctuation from assets. Based on the financial position of NWS as at 30 June 2023, the Group preliminarily estimates that the total equity of the Group’s insurance business as at 30 June 2023 would increase with the transition to HKFRS 17 as a prior year adjustment, but the actual amount of increase is still subject to review and audit by independent auditor of the Company. The increase in total equity as at 30 June 2023 as a result of the adoption of HKFRS 17 would be included in the calculation of comprehensive loss upon the completion of the Disposal. Accordingly, such opening adjustment in total equity as a result of the adoption of HKFRS 17 would have no impact to the Group’s net assets upon completion of the Disposal. In addition, the Company’s consolidated income statement will recognise a loss as a result of the recycling of the cumulative loss previously recognised in fair value through other comprehensive income (“**FVOCI**”) reserve upon the Disposal. Under the transition to HKFRS 17, the Group performed a detailed analysis for each class of its financial assets on 1 July 2023 and certain financial assets held under FTLife Insurance would be re-designated and reclassified from FVOCI to fair value through profit and loss but the effect of the re-designation of financial assets is still subject to review and audit by independent auditor of the Company. In calculating the consolidated comprehensive loss, the same amount of cumulative loss to be recycled to consolidated income statement would be reclassified from the FVOCI reserve to the consolidated comprehensive loss upon the Disposal, and accordingly, this would have no impact to the Group’s net assets upon completion of the Disposal. The effects of the Disposal as a result of the adoption of HKFRS 17 as set out above are non-cash items.

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Shareholders should note that the exact amount of the loss on the Disposal to be recorded in the consolidated income statement of the Company will be (a) subject to audit; (b) calculated based on the net assets of NWS attributable to the Company in the Company's consolidated financial statements as at the date of completion of the Disposal and the amount of the final gross proceeds; and (c) net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before the date of completion of the Disposal, and therefore may vary from the amount disclosed above.

Financial position

Set out below is a summary of the financial effects of the Disposal as extracted from the letter from Board and the 2023 Annual Results Announcement:

Table 12: Financial effects of the Disposal

| <i>HK\$ million</i> | Before completion of the Disposal | Changes | After completion of the Disposal |
|------------------------------|--|----------------|---|
| Total assets | 616,483 | (138,275) | 478,208 |
| Total liabilities | 347,992 | (109,296) | 238,696 |
| Equity | 268,491 | (28,979) | 239,512 |
| Perpetual capital securities | 47,439 | (10,354) | 37,085 |
| Non-controlling interests | 25,000 | (15,928) | 9,072 |
| Net asset value | 196,052 | (2,697) | 193,355 |

Based on the gross proceeds that the Group (excluding Financial Concepts Investment Limited) will receive from the Disposal, the audited consolidated financial statements of the Group as at 30 June 2023 and the audited consolidated financial statements of the NWS Group as at 30 June 2023, the audited equity of the Group will decrease by approximately HK\$28,979 million, comprising mainly of drop in perpetual capital securities and non-controlling interests of HK\$10,354 million and HK\$15,928 million respectively, to approximately HK\$239,512 million. The audited total assets of the Group will decrease by approximately HK\$138,275 million to approximately HK\$478,208 million and the audited total liabilities of the Group will decrease by approximately HK\$109,296 million to approximately HK\$238,696 million as a result of the completion of the Disposal.

As a result, upon completion of the Disposal, the net assets of the Group as at 30 June 2023 would decrease by approximately HK\$2.7 billion to HK\$193.4 billion (equivalent to HK\$76.8 per Share), mainly due to the recognition of the loss on Disposal of approximately HK\$2.4 billion.

6. Revision of Annual Caps

Reference is 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. On the same date, NWS also entered into the CTFE-NWS Master Services Agreement with CTFE for the continuing connected transactions between them for the same period, which has been announced but is not required to seek independent shareholders' approval. For the major terms of the NWS Master Services Agreement and the CTFE-NWS Master Services Agreement, please refer to the section headed "New Master Services Agreements — 1. New CTF Enterprises Master Services Agreement and 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 Board of the NWS CCT Circular.

Reference is also made to the CCT Announcement. As CTFE is a substantial shareholder and therefore a connected person of the Company, the CTFE Transactions under the CTFE Master Services Agreement entered into between NWD and CTFE on 28 April 2023 in respect of the provision of the CTFE Services between the NWD Group and the CTFE Services Group for a term of 3 years from 1 July 2023 to 30 June 2026 constitute continuing connected transactions of the Company. As the highest applicable percentage ratio for the Company in respect of the maximum aggregate annual transaction values (i.e. the CTFE Annual Caps) for the transactions contemplated under the CTFE Master Services Agreement was more than 0.1% but less than 5%, the CTFE Master Services Agreement was subject to reporting, announcement and annual review requirements but was exempt from the independent shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules. For 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.

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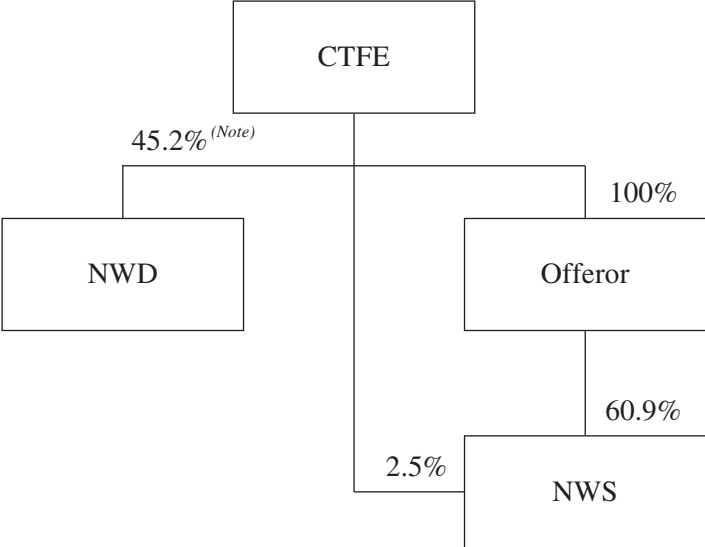
Background and reasons for the Revision of Annual Caps

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.

Subject to the passing of the ordinary resolution no.1 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. Set out below is the simplified shareholding chart involving CTFE, NWD and NWS upon completion of the Disposal.

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Figure 3: Simplified group chart of NWS and NWD upon completion of the Disposal



Note: comprising the total shareholding in NWD of CTFE and the Relevant CTFE Subsidiaries.

Upon completion of the Disposal, the transactions contemplated under the NWS Master Services Agreement 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 completion of the Disposal. Furthermore, 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.

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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.

Further details of the reasons for the Revision of the Annual Caps are set out in the letter from the Board.

Basis of the Revision of Annual Caps and our discussion

As set out in the letter from the Board, 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 (FY2024), 2025 (FY2025) and 2026 (FY2026) and (ii) deducting the NWS-CTFE Annual Caps (where, in respect of FY2024, 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 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 completion of the Group's disposal of its equity interest in Hip Seng Construction Group Limited (“**Hip Seng**”) (which is principally engaged in the provision of building construction services) in June 2023 and for the potential engagement of the NWS Group for the provision of CTFE Contracting Services to the Group instead; and (iv) the inclusion of buffer of 8% for the Proposed Revised Annual Cap for FY2024 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 FY2026 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. For (i) and (ii) above, the adjusted value of the

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annual caps of the transactions between NWD and CTFE (“**Adjusted Previous Annual Caps**”) as a result of the change in shareholding structure of CTFE, NWD and NWS as set out in Figure 3 is calculated as follows:

Table 13: Adjusted Previous Annual Caps

| <i>(HK\$ million)</i> | CTFE Annual Caps | plus: NWS-NWD Annual Caps | less: NWS-CTFE Annual Caps | Adjusted Previous Annual Caps |
|-----------------------|---------------------|---------------------------------|----------------------------------|-------------------------------------|
| FY2024 | 2,398.2 | 1,297.0 | 311.5 ^(Note) | 3,383.7 |
| FY2025 | 2,395.1 | 2,283.0 | 711.0 | 3,967.1 |
| FY2026 | 2,321.9 | 2,623.0 | 763.0 | 4,181.9 |

Note: It refers to 50% of the NWS-CTFE Annual Cap for FY2024 based on the assumption that completion of the Disposal will take place by the end of 2023.

A comparison between (i) the Adjusted Previous Annual Caps and (ii) the Proposed Revised Annual Caps, for each of FY2024, FY2025 and FY2026 is set out as follows:

Table 14: Comparison between Adjusted Previous Annual Caps and Proposed Revised Annual Caps

| <i>(HK\$ million)</i> | Adjusted Previous Annual Caps | Proposed Revised Annual Caps |
|-----------------------|----------------------------------|---------------------------------|
| FY2024 | 3,383.7 | 3,087.7 |
| FY2025 | 3,967.1 | 3,538.0 |
| FY2026 | 4,181.9 | 3,887.3 |

We have reviewed the calculation of the Proposed Revised Annual Caps as provided by the Company and have discussed with the Management on the differences between the Adjusted Previous Annual Caps and the Proposed Revised Annual Caps. Based on the discussion, it is noted that the adjustments have been made to Adjusted Previous Annual Caps before arriving at the Proposed Revised Annual Caps after taking into consideration that (i) completion of the disposal of Hip Seng by the Group took place in June 2023; (ii) the transaction amounts between NWS and CTFE under the CTFE-NWS Master Services Agreement shall be accounted for under the CTFE Annual Caps before completion of the Disposal and the expenses incurred for NWS’s contracting business, largely depending on the project schedule, are not evenly distributed throughout a year and therefore exclusion of the transaction amounts between CTFE and NWS under the CTFE-NWS Master Services Agreement by 50% would possibly result in the actual transaction amount exceeding the Proposed Revised Annual Caps; and (iii) potential additional demand for NWD’s contracting services from CTFE Services Group in FY2026.

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For (i), the transaction amounts of HK\$540 million in FY2024, HK\$717 million in FY2025 and HK\$811 million in FY2026 under the CTFE Annual Caps which would have been expected to incur are no longer needed as Hip Seng was disposed by NWD in June 2023. However, after such disposal, it is expected that NWD might engage NWS for such contracting services instead. On this basis, the transaction amounts of HK\$540 million in FY2024, HK\$429 million in FY2025 and HK\$495 million in FY2026 have been deducted to arrive at the Proposed Revised Annual Caps.

For (ii), as advised by the Management, the transaction amounts with respect to services other than certain contracting services between CTFE and NWS for FY2024 have been reduced by 50% based on the assumption that completion of the Disposal will take place by the end of 2023 as the transaction amounts between CTFE and NWS during the period from 1 July 2023 to date of completion of the Disposal should be accounted for under the CTFE Annual Caps. As regards contracting services rendered by CTFE to NWD, the expenses incurred, which depends on the completion schedule of the construction projects, are not evenly distributed throughout a year, it is impracticable to estimate such portion by a certain percentage. Management therefore provided a buffer, which represents 8% of Proposed Revised Annual Cap for FY2024, to allow for any fluctuations of such transaction amounts.

For (iii), the Management has discussed with the relevant business units which revisited and/or re-forecasted the projection and made a minor adjustment on the provision of contracting services to CTFE, accounting for 5% of the relevant Proposed Revised Annual Cap, to capture the possible business opportunity in FY2026.

Having considered (i) the Proposed Revised Annual Caps were principally arrived at based on the shareholding changes among CTFE, NWD and NWS upon completion of the Disposal and the previous annual caps set by NWD or NWS (as the case may be) for which the relevant announcement and/or independent shareholders' approval requirements, where applicable, under the Listing Rules have been complied; (ii) the adjustments are made in accordance with the circumstances of NWD (i.e. disposal of Hip Seng by NWD in June 2023 and, as a result, NWD might need certain services from NWS instead and the slight increase in the projected potential business opportunities in FY2026); and (iii) a buffer has been allowed for provision of contracting services between NWS and CTFE for FY2024 as completion of construction projects varies, we consider the Proposed Revised Annual Caps to be fair and reasonable.

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Internal control procedures

As set out in the letter from the Board, to ensure that the CTFE Master Services Agreement 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.

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- (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.

To assess whether the internal control procedures of the Group are sufficient, we have reviewed 5 randomly selected sample CTFE Transactions which we consider to be fair and representative samples given they have covered all types of CTFE Services provided in the past three years and noted that the Group has implemented appropriate internal control procedures including tender assessment, internal approval and fee monitoring procedures to ensure the CTFE Transactions would be conducted on normal commercial terms. In addition, we have reviewed circulars in relation to continuing connected transactions released by other Hong Kong listed companies (the "**Similar Circulars**") and noted that the internal control procedures adopted by the Group as stated above are similar to those disclosed in the Similar Circulars. Given that (i) the terms of the CTFE Transactions were no less favourable than those with independent third parties for similar services; (ii) those internal control procedures adopted by the Group are similar to those adopted by other Hong Kong listed companies; and (iii) the independent non-executive Directors and the auditors of the Group will, pursuant to Chapter 14A, review, among other matters, whether continuing connected transactions are conducted on normal commercial terms, we are of the view that adequate internal control procedures have been in place to monitor the CTFE Transactions contemplated under the CTFE Master Services Agreement.

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DISCUSSION

Of the various points raised in our letter, we would like to draw Independent Shareholders' attention in particular to the following:

After the Disposal, the Group would be repositioned around the high potential NWD Core Businesses

The NWD Core Businesses are principally engaged in property development, property investment and hotel businesses in Hong Kong and Mainland China. The Company is focused on growing its Mainland China property business in the core Tier 1 and Tier 2 cities in the Greater Bay Area and Yangtze River Delta. The prospects for the NWD Core Businesses are set out in Section 1.4 above and in Appendix I to the Circular. Despite some headwinds facing property markets in Hong Kong and Mainland China, the Company sees a number of positive developments, particularly in the retail sector in Hong Kong and Mainland China and the residential sector in Mainland China Tier 1 and Tier 2 cities. In addition, governments and monetary authorities have introduced measures which should help to stabilise property markets in due course.

NWS principally holds the Group's interests in toll roads, construction and insurance. Consequently, NWD would in effect exit these segments if the Disposal is completed. NWS's prospects are discussed in Section 1.5 above and CTFE's policies for NWS if its offer succeeds are set out in the Composite Document.

At a group level, NWS has been a significant contributor to NWD's results, an analysis of which (ex NWS) is set out in Table 2. NWS contributed 65.3% of NWD's consolidated (i.e. including NWS) profit for FY2023. Dividends received by NWD from NWS in FY2021–FY2022 account for approximately 25%–28% of the dividends NWD has paid to its own shareholders. For FY2023, NWD reset its regular dividend from HK\$2.06 for FY2022 to HK\$0.76 for FY2023 to improve financial flexibility resulting in NWS's dividend contribution accounting for 76% of NWD's dividend. Despite these contributions, the Board of NWD considers that its stake in NWS is a mature asset with little synergy with NWD's main property development and investment business. Following the Disposal, the business portfolio of the Group will be streamlined and allow the Company to focus on higher yielding projects such as its K11 portfolio and its flagship residential projects, among others.

The Disposal is in line with Management's debt reduction strategy

In financial terms, the central question for Independent Shareholders is whether NWD should monetise its shares in NWS, realising approximately HK\$21.8 billion now to fund the Conditional Special Dividend and to reduce debt and support the 'harvesting phase' described by the Company, or to retain its NWS Shares and continue to receive future dividends to assist recurring cash flow over a number of years.

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Over the past five years, the Group's aggregate borrowing and perpetual capital securities, excluding NWS, have been on an increasing trend. As at 30 June 2023, the Group (excluding NWS) had maintained the total borrowings and perpetual capital securities slightly lower than those as at 30 June 2022. NWD's capital and operating expenditure have been reducing over the past three years with several large-scale projects entering a final stage. NWD's capital expenditure in FY2023, at about HK\$24 billion, was about one-third below the FY2022 level, reflecting Management's more disciplined capital expenditure deployment policy which is expected to continue. Management considers NWD's total capital expenditure for FY2024 will be significantly lower. Despite the measures, total interest/distribution paid for FY2023 was HK\$3.4 billion higher than that paid for FY2022. In other words, the Group's interest burden has increased by HK\$3.4 billion since interest rates started to surge in FY2023, as illustrated in Figure 1. The increasingly high interest rates have impacted the Group's financial position with cash and bank balances decreasing by HK\$7.4 billion in FY2021–FY2023. In response, the Management has stated its commitment to reducing the Company's financial leverage. For example, NWD has issued onshore bonds carrying interest rates significantly lower than the offshore ones. The current earnings yield for NWS of around 6%, based on its FY2023 earnings and the Offer Price of HK\$9.15 per Share, is lower than the interest rate on debt (above 6%) which the Group plans to retire with the proceeds from the Disposal.

In view of the elevated interest rates and no clear visibility on when they may peak or moderate, we consider Management's policy is prudent. A 'higher for longer' interest rate environment may also be accompanied by tightening credit availability. Consequently, in these circumstances, we consider it creates more flexibility to take a substantial lump sum in cash now rather than to receive it as dividends over a prolonged period.

The NWS Group invests in and operates a range of businesses predominantly in Hong Kong and Mainland China which generate considerable operating profits. However, NWS is a separately listed public company with its own objectives, strategies and uses for its cash flow. The Group cannot utilize the cash and other assets held by NWS directly. The NWS Share Offer provides NWD with the opportunity to encash its investment in NWS, deleverage and pay a Conditional Special Dividend. The Disposal proceeds of HK\$21.8 billion represent approximately 15 times the total dividend payment received from NWS for FY2023.

Management has confirmed its commitment not to conduct any rights issue/equity issuance in the foreseeable future even if the Disposal is not completed.

The consideration is significant and without strings

The Disposal proceeds of approximately HK\$21.8 billion are receivable entirely in cash without any adjustments. They represent over 50% of the market capitalisation of NWD at the Latest Practicable Date, 13.3% of the sum of the total borrowings and perpetual capital securities of the NWD (ex-NWS), net of cash and 2.9 times total interest and distribution payments of NWD (ex-NWS) for FY2023. They are expected to be receivable in full within 7 business days following the NWS Share Offer becoming

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

unconditional, with the Company's acceptance being the main remaining condition. The Company has this opportunity to sell its interests in NWS without, for example, carrying out a sell-side process subject to due diligence and signing sale and purchase documentation which normally contains contingencies, representations and warranties. In other words, this creates the chance for a very 'clean' exit for the Company.

An alternative offer on more favourable terms (or at all) is unlikely given CTFE has been a controlling shareholder of the Company for many years and the Company has maintained majority voting control over NWS.

The NWS Share Offer Price, at a fixed price in a weak market, is fair and reasonable viewed against recent NWS Share market prices and the implied control premium and our Sum-of-Parts Value

The NWS Share Offer Price of HK\$9.15 per NWS Share represents a premium of 22.2%-34.4% over various periods in last 12 months prior to the Joint Announcement. It is also higher than all the closing prices of the NWS Shares during the Review Period, as set out in Table 5. Since the Last Full Trading Date and until the Latest Practicable Date, the Hang Seng Index has declined by about 8%. So the NWS Share Offer provides the opportunity to sell at a fixed cash price in a generally weak market.

As the Disposal involves the selling of a 60.87% controlling stake in NWS, we consider a premium over the market price is appropriate. The premiums at which recent voluntary general offers have been pitched since 1 January 2021 are set out in Table 6. The average premiums over the same periods as calculated for the NWS Share Offer range from 14.6% to 34.4%. As a cross check, we have also reviewed the control premiums adopted by independent professional valuers in respect of Hong Kong listed company M&A transactions, which range from 10.0% to 33.9%. On this basis, we consider the NWS Share Offer Price of HK\$9.15 per NWS Share incorporates a reasonable control premium.

As a further cross-check, we have carried out our own sum-of-parts analysis to assess the value of the NWS Group. The conglomerate nature of the NWS Group with an unusual combination of businesses makes it difficult to identify a close comparable for NWS as a whole. A sum-of-parts valuation, based chiefly on the rating of the listed comparables or transaction comparables to each of NWS's individual business segments, provides, in our opinion, a cross-check to the consideration receivable under the Disposal. Our Sum-of-Parts Value for 100% of NWS has a relatively wide range, from HK\$20.2 billion to HK\$44.6 billion with an average of HK\$33.2 billion, and is accordingly a rather broad measure. The value of 100% of NWS at the NWS Share Offer Price of HK\$35.8 billion falls within the range of, and is higher than the average of, the Sum-of-Parts Value.

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Financial effects of the Disposal on the Group

The Disposal proceeds of HK\$21.8 billion are approximately 10.0% below the net assets attributable to NWD's stake in NWS of HK\$24.2 billion as at 30 June 2023, or 7.1% below if allowance is made for the NWS FY2023 Final Dividend. Accordingly, without considering the impact of the adoption of HKFRS 17 (which is to be adopted by the Group on 1 July 2023), NWD will record an estimated one-off non-cash comprehensive loss of approximately HK\$2.4 billion and a decrease in net asset value of HK\$2.7 billion on completion of the Disposal. It is preliminarily estimated that the total equity of the Group's insurance business would increase with the transition to HKFRS 17, but the actual amount of increase is still subject to review and audit. The discounts to NWS NAV are significantly smaller than those represented by the closing prices of the NWS Shares during the pre-Joint Announcement Review Period as illustrated in Figure 2. NAV Discounts are also seen in 2 out of 4 voluntary general offers we have reviewed. On this basis, we consider the discount to NAV in the range of 7.1%–10.0% to be acceptable.

Going forward, the results of NWS, which are relatively stable, will no longer be consolidated into NWD's results and NWD will cease to receive NWS's dividends, currently running at HK\$0.61 per NWS share annually. However, the progress of NWD's major investment projects, such as the double digit growth in K11's FY2023 revenue and results and recovery of hotel operations following the end of 3-year global travel restriction in January 2023, should continue to boost NWD's recurrent income and increasingly offset the lack of contribution from NWS. Management has guided that NWD's recurring business will contribute 50% of profit by 2026.

Conditional Special Dividend

As disclosed in the 2023 Annual Results Announcement, assuming the Disposal is completed, the Board has on 29 September 2023 declared the Conditional Special Dividend in the amount of HK\$1.59 per Share in cash, totalling approximately HK\$4,001.4 million. This amounts to roughly 20% of the Disposal proceeds. In our view, this is a significant return to Shareholders, exceeding the total dividends in FY2023, and strikes an appropriate balance between providing shareholders with an immediate direct reward and retaining cash for the Company's purposes. Provided the Disposal is completed, the record date and payment date for the Conditional Special Dividend are expected to be on 24 November 2023 and 20 December 2023.

If the resolution approving the Disposal is not passed by Independent Shareholders at the EGM or if completion of the Disposal does not take place for any reason, the Conditional Special Dividend will not be paid.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revision of Annual Caps

The Revision of Annual Caps is needed for a technical reason. The Company has annual caps for transactions with CTFE while NWS also has annual caps for transactions with each of the Company and CTFE, all of them having become effective on 1 July 2023 for a term of 3 years. At such time, NWS was a non-wholly owned subsidiary, not a connected person, of the Company. Upon completion of the Disposal, NWS will become a subsidiary of CTFE and therefore a connected person of the Company. CTFE has been a substantial Shareholder and a connected person of the Company for many years. On this basis, the annual caps for the transactions between the Company and CTFE as enlarged by those between the Company and NWS need Independent Shareholders' approval. Management has updated the latest actual or estimated transaction amounts between the Company on one hand and CTFE and NWS on the other to arrive at the Proposed Revised Annual Caps. On this basis, we consider the Proposed Revised Annual Caps to be largely a question of mathematics, with no new question of principle involved.

OPINION AND RECOMMENDATION

Having taken into account the principal factors and reasons set out in our letter, we consider that (i) although not conducted in the ordinary and usual course of business of the Group, the Disposal is on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole; and (ii) the Proposed Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned 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 ordinary resolutions to be proposed at the EGM to approve the Disposal and the Revision of Annual Caps respectively.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
M. N. Sabine
Chairman

Mr. M. N. Sabine is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over forty years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Financial Reports

The audited consolidated financial statements of the Group for the two financial years ended 30 June 2021 and 2022 are disclosed in the annual reports of the Company for each of financial years ended 30 June 2021 and 30 June 2022 respectively, and the audited consolidated financial results of the Group for the financial year ended 30 June 2023 are disclosed in the 2023 Annual Results Announcement. All of the above financial statements have been published on the websites of the Company (www.nwd.com.hk) and the website of the Stock Exchange (www.hkexnews.hk) and can be accessed by the direct hyperlinks below:

- (i) in respect of the audited consolidated financial statements of the Group for the year ended 30 June 2021 set out on pages 146 to 276 in the annual report of the Company for the year ended 30 June 2021:

https://cms.nwd.com.hk/downloadIR/report/185/NWD%20FY2021%20Annual%20Report_E_0.pdf;

- (ii) in respect of the audited consolidated financial statements of the Group for the year ended 30 June 2022 set out on pages 168 to 300 in the annual report of the Company for the year ended 30 June 2022:

https://cms.nwd.com.hk/downloadIR/report/193/EW00017_0.pdf; and

- (iii) in respect of the 2023 Annual Results Announcement:

[https://cms.nwd.com.hk/downloadIR/1249/E-NWD%20Announcement%20English%200623%20\(Final\)_0.pdf](https://cms.nwd.com.hk/downloadIR/1249/E-NWD%20Announcement%20English%200623%20(Final)_0.pdf)

2. INDEBTEDNESS

Borrowings and other indebtedness

At the close of business on 31 August 2023, being the most recent practicable date for the purpose of this statement of indebtedness, the Group had outstanding borrowings and other interest-bearing liabilities and lease liabilities of approximately HK\$190,419.8 million, details of which are set out as follows:

| | <i>HK\$ million</i> |
|--|---------------------|
| Bank loans | |
| Secured | 32,316.9 |
| Unsecured | 109,230.0 |
| Other unsecured loans | 5.1 |
| Fixed rate bonds and notes payable | 38,569.7 |
| Loans from non-controlling shareholders, unsecured | 4,912.5 |
| Financing received under a financial reinsurance arrangement | 183.1 |
| Cash collateral received for cross currency swap and forward starting interest rate swap contracts | 24.8 |
| Lease liabilities | 5,177.7 |
| | <hr/> |
| Total | <u>190,419.8</u> |

Bank loans of approximately HK\$32,316.9 million were secured by certain of the Group's investment properties, property, plant and equipment, right-of-use assets, properties under development and properties held for sale. Bank loans, fixed rate bonds and notes payable of approximately HK\$56,608.9 million were classified as current liabilities on 31 August 2023.

Financial guarantee and contingent liabilities

At the close of business on 31 August 2023, the Group's financial guarantee contracts were as follows:

| | <i>HK\$ million</i> |
|--|-------------------------------|
| Mortgage facilities for certain purchasers of properties (<i>Note</i>) | 2,388.3 |
| Guarantees for credit facilities granted to | |
| — Joint ventures | 12,091.2 |
| — Associated companies | <u>1,520.0</u> |
| Total | <u><u>15,999.5</u></u> |

Note:

At the close of business on 31 August 2023, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group. The outstanding mortgage loans under these guarantees amounted to approximately HK\$2,388.3 million. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 August 2023, the Group did not have any material debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group including internally generated funds and the current available facilities, the renewal of loan facilities upon maturity as planned, and the effects of the Disposal, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As a result of the Disposal, 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.

Property Development

The Group believes that developers focusing on high-quality projects in Hong Kong and Mainland China will benefit from new opportunities under the new market conditions.

Hong Kong's residential market has seen softening prices and reduction in transaction volume affected by the US Fed rate and Hong Kong interest rate hikes. According to public data from the Land Registry of Hong Kong, the number of first-hand residential property sale and purchase agreements in Hong Kong recorded a 17% year-on-year decline in the agreements for primary sale and purchase of residential building units and a 26% year-on-year drop in the consideration of such agreements from July 2022 to June 2023.

The Group will successively launch a number of major residential projects in phases and provide over 3,000 units, including the four projects developed by its consortium at Kai Tak area in East Kowloon, the Phase V development project of "THE SOUTHSIDE" atop Wong Chuk Hang MTR Station and the project of the original State Theatre in North Point. The Group will also continuously solicit sales for its grade-A office projects including remaining units at NCB Innovation Centre and project at Wing Hong Street and King Lam Street, Cheung Sha Wan.

In Mainland China, the NWCL group has extensive experience in property development in Beijing, Wuhan, Shenyang, Tianjin, Shanghai, Guangzhou, Shenzhen and the Pearl River Delta region and has expanded into other major cities in the Mainland China including Changsha, Foshan, Anshan, Langfang, Yiyang, Ningbo, Jinan, Qingyuan, and Huizhou. Development of the NWCL group's properties usually entails seven phases: land acquisition, project planning, financing, design, project construction, pre-sales and sales, and after-sales services. The Group's property business in the Mainland China is mainly concentrated in core cities like Shenzhen and Guangzhou and cities located in certain important economic clusters. There are abundant saleable resources of more than RMB57 billion from the Greater Bay Area and the Yangtze River Delta in the financial year ending 30 June 2024 and beyond, with the current major projects including Shenzhen Longgang 188, Shenzhen Guangqiao, Shenzhen Xili, Guangzhou Hanxi, Hangzhou Arts Centre (commercial portion), etc.

Property Investment

Following the trend of decentralisation in Hong Kong, the Group's strategic penetration in non-traditional business districts is getting close to harvest time. Cheung Sha Wan, a district with well-developed infrastructure in support of its closer connection with the Greater Bay Area, as well as its new regional positioning, will become a new hot-spot for young generation.

On the Hong Kong retail front, with all pandemic restrictions lifted and border reopened with Mainland China, the Group is actively monitoring market trends with prompt response. K11 Art Mall will continue to recruit more popular restaurants and trendy hotspot stores which will continue to draw the attention from “Gen Z”, so as to attract visitors and the registration of new members on the Group’s loyalty programme — “KLUB11”.

Regarding K11 MUSEA, the Group is dedicated to pioneering the harmonious blend of art, culture and commerce for creating a unique and innovative experience for customers. With the border reopened with Mainland China, the Group will capitalise on the synergy effects with the Avenue of Stars and the Victoria Dockside to attract more visitors. The Group will also enhance K11 MUSEA as the top destination for talent cultivation and culture dissemination, by introducing pop-up stores to increase footfall and further optimising its brand mix.

The Group’s mega landmark project “11 SKIES” in Hong Kong which is located close to the airport and the Hong Kong-Zhuhai-Macau Bridge, covering 3.8 million square feet of GFA, will serve as a new landmark in the Greater Bay Area, featuring seamless connection to the expanded Terminal 2 of the Hong Kong International Airport. Certain areas of three grade-A office towers have been completed and commenced operation in the current year as planned, with targeted tenants from financial and wealth management and healthcare services sectors as well as enterprises which plan to expand their business into the Greater Bay Area.

In Mainland China, “K11 ECOAST” is the first K11 flagship project located in Prince Bay Area, Nanshan, Shenzhen. The project has a total GFA of 228,500 sq. m, and includes a K11 Art Mall, K11 HACC multi-purpose art space, K11 ATELIER office building and Promenade. K11 ECOAST will serve as a new cultural and retail waterfront landmark and a pioneer in circular economy in the Greater Bay Area, promoting new cultural and retail development in the area. In addition, the reform and brand upgrade of K11 Guangzhou is aiming to create another new high-end landmark in Guangzhou. Shenyang K11 Select will introduce cosmetics brands, women’s fashion and apparel brands to enrich its portfolio, and focus on brand positioning and products. Shanghai K11 will drive foot traffic and sales through popular exhibitions, and will diversify rental income and venue income through broadening revenue streams and reducing expenditure. Moreover, aiming at Gen Z, several K11 projects in Mainland China and Hong Kong have accurately positioned Gen Z to create an Instagram-worthy spot to gather and check in for the trendy “Gen Z” shoppers.

5. NO 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 2023, being the date to which the latest published audited consolidated financial results of the Group were made up.

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 for Securities Transactions by Directors of Listed Issuers (“**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

(I) Long positions in shares

| | Number of shares | | | | Approximate % of shareholding as at the Latest Practicable Date |
|---|-----------------------|------------------------|---------------------------|------------|---|
| | Personal interests | Spouse interests | Corporate interests | Total | |
| The Company (Ordinary shares) | | | | | |
| Dr. Henry Cheng | 5,168,909 | — | — | 5,168,909 | 0.21 |
| Dr. Adrian Cheng | 2,559,118 | — | — | 2,559,118 | 0.10 |
| Mr. Peter Cheng | 213,444 | 141,641 ⁽¹⁾ | — | 355,085 | 0.01 |
| Mr. Cheng Chi-Heng | 133,444 | — | — | 133,444 | 0.01 |
| Ms. Sonia Cheng | 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. Sonia Cheng | 92,000 | — | — | 92,000 | 0.01 |
| NWS (Ordinary shares of HK\$1.00 each) | | | | | |
| Dr. Henry Cheng | 18,349,571 | — | 12,000,000 ⁽²⁾ | 30,349,571 | 0.78 |
| Mr. William Doo Senior | — | 5,800,000 | — | 5,800,000 | 0.15 |
| Mr. Peter Cheng | 656,870 | 774,000 ⁽¹⁾ | 6,463,227 ⁽³⁾ | 7,894,097 | 0.20 |
| Sun Legend Investments Limited (Ordinary shares) | | | | | |
| Mr. Peter Cheng | — | — | 9,500,500 ⁽⁴⁾ | 9,500,500 | 50.00 |

Notes:

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

(II) Long positions in share options*NWS*

| Name of Director | Date of grant | Exercisable period <i>(Note)</i> | Number of NWS Options | Exercise price per share <i>(HK\$)</i> |
|-------------------|---------------|--|--------------------------|--|
| Dr. Henry Cheng | 25 July 2022 | (1) | 10,990,000 | 7.83 |
| Dr. Adrian Cheng | 25 July 2022 | (1) | 5,495,000 | 7.83 |
| Mr. Ma Siu-Cheung | 25 July 2022 | (1) | 7,693,000 | 7.83 |
| Mr. Brian Cheng | 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 granted were vested on 25 August 2022 and are exercisable from 25 August 2022 to 24 July 2032;
 - (ii) 15% of the share options granted were vested on 25 July 2023 and are exercisable from 25 July 2023 to 24 July 2032;
 - (iii) 20% of the share options granted 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 granted 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. William Doo Senior | — | 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. William Doo Senior | — | 34,600,000 | — | 34,600,000 | 2.69 |
| Mr. Peter Cheng | 4,500,000 | 1,000,000 ⁽¹⁾ | — | 5,500,000 | 0.43 |
| | <u>4,500,000</u> | <u>35,600,000</u> | <u>—</u> | <u>40,100,000</u> | |

Note:

(1) These debentures were jointly held by Mr. Peter Cheng and his spouse.

(iii) 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. William Doo Senior | — | 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. William Doo Senior | — | 87,875,000 | 10,000,000 ⁽¹⁾ | 97,875,000 | 2.08 |
| Mr. Peter Cheng | 5,500,000 | — | — | 5,500,000 | 0.12 |
| Mr. Ip Yuk-Keung, Albert | — | 750,000 ⁽²⁾ | — | 750,000 | 0.02 |
| Ms. Lo Wing-Sze, Anthea | 250,000 | — | — | 250,000 | 0.01 |
| | <u>5,750,000</u> | <u>88,625,000</u> | <u>10,000,000</u> | <u>104,375,000</u> | |

Notes:

- (1) These debentures were beneficially owned by a company which was wholly owned by Mr. William Doo Senior.
- (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. William Doo Senior | — | 78,000,000 ⁽¹⁾ | — | 78,000,000 | 0.30 |
| Mr. Ip Yuk-Keung, Albert | — | 3,900,000 ⁽²⁾ | — | 3,900,000 | 0.01 |
| | — | 81,900,000 | — | 81,900,000 | |

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. Henry Cheng Mr. Peter Cheng | Cheng Yu Tung Family (Holdings) Limited ("CYTFH") |
| Dr. Henry Cheng Mr. Peter Cheng | Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") |
| Dr. Henry Cheng Mr. Peter Cheng | CTFC |
| Dr. Henry Cheng Dr. Adrian Cheng Mr. Peter Cheng Mr. Cheng Chi-Heng | CTFH |
| Dr. Henry Cheng Dr. Adrian Cheng Mr. Peter Cheng Mr. Cheng Chi-Heng | CTFE |

4. INTERESTS IN ASSETS OF THE GROUP

Dr. Henry Cheng, Mr. William Doo Senior, Dr. Adrian Cheng, Mr. Peter Cheng, Mr. Cheng Chi-Heng, Ms. Sonia Cheng and Mr. Brian Cheng 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 2023:

lease agreements regarding rental of properties between members of the CTFE Group and members of the Group, the transactions under which form part of the transactions contemplated under the CTFE Master Services Agreement.

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 2023, being the date to which the latest published audited consolidated financial results 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⁾ | — | 1,138,428,609 | 1,138,428,609 | 45.24 |
| CYTFH-II ⁽²⁾ | — | 1,138,428,609 | 1,138,428,609 | 45.24 |
| CTFC(3) ⁽³⁾ | — | 1,138,428,609 | 1,138,428,609 | 45.24 |
| CTFH ⁽⁴⁾ | — | 1,138,428,609 | 1,138,428,609 | 45.24 |
| CTFE ⁽⁵⁾ | 1,035,392,823 | 103,035,786 | 1,138,428,609 | 45.24 |

| Name | Number of shares/underlying shares | | | Approximate % of shareholding as at the Latest Practicable Date |
|-----------------|------------------------------------|---|----------------------------|--|
| | Beneficial interests | Interests of controlled corporation | Total | |
| BlackRock, Inc. | — | 175,576,891 | 175,576,891 ⁽⁶⁾ | 6.98 |

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. | — | 610,000 | 610,000 ⁽⁷⁾ | 0.02 |

Notes:

- (1) CYTFH held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) CYTFH-II held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
- (4) CTFH held 100% direct interest in CTFE and was 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 4,543,000 underlying shares through its holding of certain cash settled unlisted derivatives.
- (7) The interests included interest in 474,000 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. 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. Henry Cheng | CTFE group of companies | Property investment and development, hotel operations and healthcare investment | Director |
| | FSE Lifestyle Services Limited 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 |

| 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. William Doo Senior | 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 |
| | Fung seng 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 |
| | Dr. Adrian Cheng | Cheung Hung Development (Holdings) Limited | Property investment and development |
| CTFE group of companies | | Property investment and development, hotel operations and healthcare investment | Director |
| Mr. Peter Cheng | 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 |

| 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 | |
| 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 |
| 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 (as defined in the Listing Rules) had interest in any business apart from the business of the Group, which was considered to compete or was 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.

8. INTERESTS IN CONTRACTS OR ARRANGEMENTS

Save for contracts amongst group companies and save for Mr. William Doo Senior who is a party to the 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.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date, and are or may be material:

- (i) the shareholders' agreement dated 29 September 2022 and entered into between Noble Rich Holdings Limited ("**Noble Rich**", an indirect wholly-owned subsidiary of the Company), Skyresh Investment (Singapore) Pte. Limited (the "**JV Partner**"), Eastern City International Limited (the "**JV Co**"), Marina Sun Limited (a direct wholly-owned subsidiary of the JV Co) and Bonson Holdings Limited (an indirect wholly-owned subsidiary of the JV Co), pursuant to which Noble Rich and the JV Partner agreed to establish a joint venture in the JV Co, the holding company of a piece of land located at Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong for construction and development into a commercial complex (the "**Development**"), in which Noble Rich shall own 49% and the JV Partner shall own 51%;
- (ii) the subscription agreement dated 29 September 2022 and entered into between the JV Co, Noble Rich and the JV Partner pursuant to which the JV Partner agreed to subscribe for, and the JV Co agreed to allot and issue to the JV Partner, 510 new ordinary shares in the JV Co, representing 51% of the enlarged issued share capital of the JV Co, for the consideration of approximately HK\$3,078.8 million as part of the formation of the joint venture contemplated under the shareholders' agreement referred to in (i) above;
- (iii) the put option agreement dated 29 September 2022 and entered into between the JV Partner (as option grantee), Noble Rich and the Company (both as option grantors) and the JV Co, pursuant to which, upon the occurrence of certain triggering event (including without limitation, the breach of undertaking by Noble Rich on the procurement of the issuance of certificate of compliance and the pre-sale consent by the Lands Department in relation to the Development by 30 June 2024), the JV Partner may exercise the put option where the JV Partner shall sell, and Noble Rich shall purchase, all (but not some) of the shares of the JV Co owned by the JV Partner as at the date of the relevant option exercise notice, at the aggregate amount of (a) as at the relevant time of determination, the aggregate cumulative amount paid by the JV Partner for its investment in the JV Co; and (b) twelve per cent. (12%) on the investment amount made by the JV Partner mentioned in (a) above;

- (iv) the deed of guarantee dated 29 September 2022 executed by the Company in favour of the JV Partner, pursuant to which the Company guarantees to the JV Partner, among others, the punctual performance of the obligations (including any payment obligation) of Noble Rich under the relevant transaction documents including but not limited to the agreements in paragraphs (i), (ii) and (iii) above;
- (v) the equity, dividend receivable and creditor's rights transfer agreement dated 26 April 2022 entered into between NWS (Guangdong) Investment Co. Ltd.* (新創建(廣東)投資有限公司) (“**NWS (Guangdong)**”, an indirect wholly-owned subsidiary of NWS and hence an indirect subsidiary of the Company), Shenzhen Logan Infrastructure Investment Consultancy Co., Ltd* (深圳市龍光基業投資諮詢有限公司) (“**Logan Infrastructure**”), Logan Transport Group Co., Ltd* (龍光交通集團有限公司) (“**Logan Transport**”) and Guangxi Logan Guiwu Expressway Co., Ltd* (廣西龍光貴梧高速公路有限公司) (“**Guangxi Logan Guiwu**”), which was terminated by the termination agreement dated 5 September 2022 between the same parties;
- (vi) the equity interest and creditor's rights transfer agreement dated 5 September 2022 entered into between NWS (Guangdong), Logan Transport and Guangxi Logan Guiwu, pursuant to which NWS (Guangdong) conditionally agreed to acquire and Logan Transport conditionally agreed to sell (a) 40% of the equity interest in Guangxi Logan Guiwu at a consideration of approximately RMB1,634.9 million and (b) the non-interest bearing creditor's rights of Logan Transport against Guangxi Logan Guiwu in relation to a loan repayable by Guangxi Logan Guiwu to Logan Transport in the amount of approximately RMB220.7 million as at 5 September 2022 at a consideration of approximately RMB220.7 million; and
- (vii) the dividend receivable transfer agreement dated 5 September 2022 entered into between Logan Infrastructure, Logan Transport, Guangxi Logan Guiwu and NWS (Guangdong), pursuant to which NWS (Guangdong) conditionally agreed to acquire, and Logan Infrastructure conditionally agreed to sell the non-interest bearing dividend declared but unpaid by Guangxi Logan Guiwu for the year ended 31 December 2021 and receivable by Logan Infrastructure in the amount of approximately RMB46.8 million as at 5 September 2022 at a consideration of approximately RMB46.8 million.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in the section “10. Material Litigation” under Appendix IV of the Composite Document in relation to the material litigation of the NWS Group, none of the members of the Group (including the NWS Group) was engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

* For identification purposes only

11. EXPERT

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

| Name | Qualification |
|--------------------------|---|
| 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 |

As at the Latest Practicable Date, the Independent Financial Adviser 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 Independent Financial Adviser did not have any interest, directly or indirectly, in any assets which since 30 June 2023, the date to which the latest published audited consolidated financial results 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.

12. CONSENT

Each of Somerley Capital Limited, Goldman Sachs (Asia) L.L.C., HSBC, BOCI, ING, UBS AG Hong Kong Branch and Quam Capital Limited 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 in this circular.

13. 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.
- (c) The company secretary of the Company is Mr. Wong Man-Hoi, a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 1994. Mr. Wong obtained his Bachelor of Science (Engineering) degree from the University of Hong Kong in 1981, Bachelor of Laws degree from the University of London in 1990 and passed the Solicitors’ Final Examination of the Law Society of England and Wales in 1992.

14. 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 14 days from the date of this circular:

- (a) the Composite Document and the accompanying form of acceptance for the NWS Share Offer;
- (b) the CTFE Master Services Agreement;
- (c) the NWS Master Services Agreement;
- (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 Independent Financial Adviser 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) the written consents referred to in the section of “12. Consent” in this Appendix II.

The following is a copy of the Composite Document dated 13 October 2023 and jointly issued by the Offeror and NWS to the NWS Offer Shareholders and the NWS Optionholders in relation to the NWS Offers, which is reproduced in this Appendix III for reference purposes only.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the NWS Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in NWS Holdings Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s), or the licensed securities dealer or registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the NWS Offers. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

The NWS Offers are being made for the securities of an exempted company incorporated in Bermuda with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the U.S. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the U.S.



Chow Tai Fook Enterprises Limited
(incorporated in Hong Kong with limited liability)
Century Acquisition Limited
(incorporated in the British Virgin Islands with limited liability)



新創建 NWS
新創建集團有限公司
NWS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(stock code: 00659)

COMPOSITE DOCUMENT

**CONDITIONAL VOLUNTARY GENERAL CASH OFFERS BY
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED,
BOCI ASIA LIMITED AND ING BANK N.V. ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF NWS (OTHER THAN THOSE
ALREADY BENEFICIALLY OWNED BY THE CTFH GROUP) AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF NWS**

**Sole Structuring Adviser and
Joint Financial Adviser to
CTFE and the Offeror**



**The Hongkong and Shanghai
Banking Corporation Limited**

**Joint Financial Adviser to
CTFE and the Offeror**



BOCI ASIA LIMITED

BOCI Asia Limited

**Joint Financial Adviser
to CTFE and the Offeror**



ING Bank N.V.

Financial Adviser to NWS



UBS AG Hong Kong Branch

Independent Financial Adviser to NWS



Quam Capital Limited

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A "Letter from the Joint Financial Advisers" containing, among other things, the details of the terms and conditions of the NWS Offers is set out on pages 15 to 39 of this Composite Document. A "Letter from the NWS Board" is set out on pages 40 to 49 of this Composite Document. A "Letter from the NWS IBC" containing the NWS IBC's recommendations to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders in respect of the NWS Offers is set out on pages 50 to 52 of this Composite Document. A "Letter from the NWS IFA" containing the NWS IFA's advice and recommendations to the NWS IBC in respect of the NWS Offers is set out on pages 53 to 82 of this Composite Document.

The procedures for acceptance and settlement of the NWS Offers are set out in "Appendix I — Further Terms of the NWS Offers" and "Appendix V — Form of NWS Option Offer Letter" to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptance of the NWS Share Offer should be received by the Registrar and acceptance of the NWS Option Offer should be received by the company secretary of NWS by no later than 4:00 p.m. on Monday, 13 November 2023, being the first NWS Share Offer Closing Date, or such later time(s) and/or date(s) as the Offeror may determine and announce, in accordance with the Takeovers Code. The NWS Offer Shareholders and the NWS Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements. See "Important Notices" on pages ii to v of this Composite Document.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in "15. Overseas NWS Offer Shareholders and NWS Optionholders" in the "Letter from the Joint Financial Advisers" in this Composite Document before taking any action. It is the responsibility of any overseas NWS Offer Shareholders and overseas NWS Optionholders wishing to take any action in relation to the NWS Share Offer and the NWS Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of all governmental, exchange control or other consents, the compliance with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes payable by such overseas NWS Offer Shareholders or overseas NWS Optionholders in respect of the acceptance of the NWS Offers (as applicable) in such jurisdiction. The overseas NWS Offer Shareholders and the overseas NWS Optionholders are advised to seek professional advice on deciding whether to accept the NWS Offers (as applicable).

This Composite Document is issued jointly by CTFE, the Offeror and NWS. The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

* For identification purpose only

13 October 2023

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IMPORTANT NOTICES**IMPORTANT NOTICES TO ALL NWS OFFER SHAREHOLDERS AND NWS OPTIONHOLDERS**

The following information is important for all NWS Offer Shareholders and NWS Optionholders.

You are urged to read this entire Composite Document, including the appendices, and the Form(s) of Acceptance carefully.

- *NWS Share Offer Price:* HK\$9.15 in cash per NWS Offer Share.
- *NWS Option Offer Price:* HK\$1.32 per NWS Option.
- *How to accept the NWS Offers:* Please return the duly completed and signed **WHITE** Form of NWS Share Offer Acceptance and the relevant documents to the Registrar (for the NWS Share Offer) and/or the **PINK** Form of NWS Option Offer Acceptance and the relevant documents (if applicable) to the company secretary of NWS (for the NWS Option Offer).
- *Deadline for acceptance:* The NWS Offers will close for acceptance at 4:00 p.m. on Monday, 13 November 2023 (the first NWS Share Offer Closing Date), unless otherwise revised or extended.

For details, please refer to “Appendix I — Further Terms of the NWS Offers” to this Composite Document.

- *Settlement:* Payments in cash will be made no later than seven (7) Business Days after the later of: (i) the date on which the NWS Offers become or are declared unconditional in all respects, or (ii) the date of receipt of your valid acceptance of the relevant NWS Offer.

ENQUIRIES CONCERNING ADMINISTRATIVE MATTERS

Please call the customer service hotline of the Registrar, Tricor Standard Limited, at +852 2980 1333 between 9:00 a.m. and 5:00 p.m. on Mondays to Fridays, excluding Hong Kong public holidays, if you have any enquiries concerning administrative matters, such as dates, documentation and procedures relating to the NWS Share Offer.

The hotline cannot and will not provide advice on the merits of the NWS Offers or give financial or legal advice. If you are in any doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

IMPORTANT NOTICES**NOTICE TO U.S. HOLDERS OF NWS SECURITIES**

The NWS Offers are being made for the securities of an exempted company incorporated in Bermuda with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the U.S. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the U.S. The NWS Offers will be made in the U.S. pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the NWS Offers will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the NWS Offers by a U.S. holder of NWS Shares and/or NWS Options, respectively, may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of NWS Shares and/or NWS Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the NWS Offers.

U.S. holders of NWS Shares, NWS Options and NWS ADSs may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror and NWS is located in a country outside the U.S. and some or all of their respective officers and directors may be residents of a country other than the U.S.. U.S. holders of NWS Shares and NWS Options may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of NWS Shares and NWS Options may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, NWS Shares outside of the U.S., other than pursuant to the NWS Share Offer, before or during the period in which the NWS Share Offer remains open for acceptance. To the extent permissible under applicable laws and regulations, including Rule 14e-5 under the U.S. Exchange Act, and in accordance with normal Hong Kong practice, HSBC, BOCI and some of their respective affiliates may continue to act as exempt principal traders and exempt fund managers (as recognised by the SFC) in the NWS Shares and any securities that are immediately convertible into, exchangeable for or exercisable for NWS Shares. These purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and the Takeovers Code and to the extent required by Rule 14e-5(b) of the U.S. Exchange Act, is made outside the U.S.. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the websites of the SFC and the Stock Exchange at <https://www.sfc.hk> and <https://www.hkexnews.hk>, respectively.

IMPORTANT NOTICES**NOTICE TO SINGAPORE HOLDERS OF NWS SECURITIES**

This Composite Document is for the exclusive use by NWS Offer Shareholders and NWS Optionholders solely for the purposes of assessing the NWS Offers and should not be used other than in connection with such purpose.

This Composite Document has not been lodged with or registered by the Monetary Authority of Singapore, does not constitute an offer or invitation for the sale or purchase of securities in Singapore and shall not form the basis of any contract for the issue or sale of securities in Singapore.

NOTICE TO U.K. HOLDERS OF NWS SECURITIES

In the United Kingdom, this is a one-off exempt communication under Article 28 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains certain “forward-looking statements”. These statements are based on the current expectations of the management of CTFE, the Offeror and/or NWS (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Composite Document include statements about the expected effects of the NWS Offers, the expected timing and scope of the NWS Offers and all other statements in this Composite Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the NWS Offers, as well as additional factors, such as general, social, economic and political conditions in the countries in which the relevant entity operates or other countries which have an impact on the relevant company’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the relevant company operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the relevant company operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the relevant company operates, regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases such as the novel coronavirus or the outbreak or escalation of war or hostilities. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

IMPORTANT NOTICES

All forward-looking statements attributable to CTFE, the Offeror and/or NWS (as the case may be) or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date.

Any forward-looking statement contained in this Composite Document based on past or current trends and/or activities of the relevant company should not be taken as a representation that such trends or activities will continue in the future. No statement in this Composite Document is intended to be a profit forecast or to imply that the earnings of the relevant company for the current year or future years will necessarily match or exceed its historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of CTFE, the Offeror and/or NWS, and their respective advisers, expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

| |
|---------------------------|
| EXPECTED TIMETABLE |
|---------------------------|

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event that there is any change to the following timetable.

| Event | Hong Kong Times and Dates |
|---|--|
| Date of this Composite Document and the accompanying Form(s) of Acceptance..... | Friday, 13 October 2023 |
| Opening date of the NWS Offers..... | Friday, 13 October 2023 |
| NWD EGM..... | 11:30 a.m. on Thursday, 2 November 2023 |
| Expected date on which the NWS Offers will become or be declared unconditional in all respects (<i>Note 2</i>)..... | Thursday, 9 November 2023 |
| First NWS Share Offer Closing Date (<i>Notes 1 and 2</i>)..... | Monday, 13 November 2023 |
| Latest time for acceptance of the NWS Offers on the first NWS Share Offer Closing Date (<i>Note 3</i>)..... | 4:00 p.m. on Monday, 13 November 2023 |
| Announcement of the results of the NWS Offers as at the first NWS Share Offer Closing Date, on the websites of: | |
| • the Stock Exchange..... | no later than 7:00 p.m. on Monday, 13 November 2023 |
| • NWS..... | no later than 8:00 p.m. on Monday, 13 November 2023 |
| NWS Final Dividend Record Date (<i>Notes 2 and 7</i>)..... | Thursday, 16 November 2023 |
| Completion of share transfers in respect of all NWS Offer Shares validly tendered for acceptance under the NWS Share Offer, assuming that the NWS Offers become or are declared unconditional in all respects on Thursday, 9 November 2023 (<i>Notes 2 and 7</i>)..... | on or after Friday, 17 November 2023 |
| Latest date for despatch of cheques for payment of the amounts due under the NWS Offers in respect of valid acceptances received by Thursday, 9 November 2023, assuming that the NWS Offers become or are declared unconditional in all respects on Thursday, 9 November 2023 (<i>Notes 2 and 4</i>)..... | Monday, 20 November 2023 |

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| EXPECTED TIMETABLE |
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Latest date for despatch of cheques for payment
of the amounts due under the NWS Offers
in respect of valid acceptances received
on the first NWS Share Offer Closing Date
(being Monday, 13 November 2023),
assuming that the NWS Offers become
or are declared unconditional in all respects on
Thursday, 9 November 2023 (*Notes 2 and 4*) Wednesday, 22 November 2023

Latest time and date for acceptance of the NWS Offers
assuming that the NWS Offers become or are declared
unconditional in all respects on
Thursday, 9 November 2023 (*Notes 2 and 5*) 4:00 p.m.
on Thursday, 23 November 2023

Latest date for despatch of cheques for payment
of the amounts due under the NWS Offers
in respect of valid acceptances received
on Thursday, 23 November 2023,
assuming that the NWS Offers become
or are declared unconditional in all respects
on Thursday, 9 November 2023 (*Notes 2 and 4*) Monday, 4 December 2023

Expected date of payment of
the NWS FY2023 Final Dividend (*Note 7*)..... on or about
Thursday, 7 December 2023

Latest time and date by which the NWS Offers
can become or be declared unconditional
as to acceptances (*Note 6*) 7:00 p.m.
on Tuesday, 12 December 2023

Notes:

- (1) In order to comply with the Takeovers Code (which requires the NWS Offers to be open for acceptance for at least 21 days) and the relevant U.S. regulations (which require the NWS Offers to be open for acceptance for at least twenty (20) U.S. Business Days), the NWS Offers will close for acceptances at 4:00 p.m. on Monday, 13 November 2023 unless the Offeror revises or extends the NWS Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the NWS Offers until such date as it may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). In the event that the NWS Offers have not become or are not declared unconditional on the first NWS Share Offer Closing Date, the Offeror will issue an announcement stating whether the NWS Offers have lapsed or have been revised or extended. If the NWS Offers are extended or revised, the announcement of such extension or revision will either state the next NWS Share Offer Closing Date or, if the NWS Offers have become or been declared unconditional as to acceptances, include a statement that the NWS Offers will remain open until further notice. In the latter case at least fourteen (14) days' notice in writing must be given, before the NWS Offers are closed, to the NWS Offer Shareholders and the NWS Optionholders who have not accepted the relevant NWS Offers. There is no obligation to extend the NWS Offers if the Conditions are not satisfied or waived (where applicable) by the first NWS Share Offer Closing Date or any subsequent NWS Share Offer Closing Date. Any revised NWS Offers must be kept open for at least fourteen (14) days after the date of the revised offer document.

EXPECTED TIMETABLE

- (2) As disclosed in the NWD Circular, in the event that the resolution for approving the NWD Disposal is passed by the Independent NWD Shareholders at the NWD EGM, the NWD 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 the Latest Practicable Date) on Thursday, 9 November 2023.

Accordingly, it is expected that all Conditions will be satisfied or waived (where applicable), and the NWS Offers will become or be declared unconditional in all respects, on Thursday, 9 November 2023. For details, please see “8. Conditions to the NWS Offers” in the “Letter from the Joint Financial Advisers” section of this Composite Document.

- (3) If you wish to accept the NWS Offers you should ensure your duly completed and signed Form(s) of Acceptance and the relevant documents (if applicable) arrive at the Registrar (for the NWS Share Offer) or the company secretary of NWS (for the NWS Option Offer) not later than the prescribed time. If you choose to deliver the documents by post you should consider the timing requirements for postage.

Beneficial owners of the NWS Offer Shares who hold their NWS Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant and who wish to accept the NWS Share Offer should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures and any deadline set by HKSCC Nominees Limited.

All acceptances, instructions, authorisations and undertakings given by the NWS Offer Shareholders in the **WHITE** Form of NWS Share Offer Acceptance and by the NWS Optionholders in the **PINK** Form of NWS Option Offer Acceptance shall be irrevocable except as permitted under the Takeovers Code.

- (4) Payment of the consideration (after deducting the seller’s ad valorem stamp duty) for the NWS Offer Shares in respect of which the NWS Share Offer is accepted will be posted by ordinary post to the NWS Offer Shareholders who accept the NWS Share Offer at their own risk, and payment of the consideration for the NWS Options surrendered for cancellation under the NWS Option Offer will be delivered to the office of NWS in Hong Kong at 21st Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong for collection or further handling by NWS (as the case may be). Payment will be made as soon as possible, but in any event no later than seven (7) Business Days after the later of (i) the date on which the NWS Offers become or are declared unconditional in all respects; and (ii) the date of receipt by the Registrar (in respect of the NWS Share Offer) or the company secretary of NWS (in respect of the NWS Option Offer) of all the relevant documents to render each acceptance under the relevant NWS Offers complete and valid in accordance with the Takeovers Code, this Composite Document and the relevant accompanying Form(s) of Acceptance.
- (5) Pursuant to Rule 15.3 of the Takeovers Code, where the NWS Offers become or are declared unconditional (whether as to acceptances or in all respects), they should remain open for acceptances for not less than fourteen (14) days thereafter.
- (6) In accordance with Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the NWS Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date of this Composite Document. Accordingly, unless the NWS Share Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the NWS Offers will lapse at 7:00 p.m. on Tuesday, 12 December 2023. In accordance with Rule 15.7 of the Takeovers Code, except with the consent of the Executive, if any one of the Conditions is not satisfied (or not waived, where applicable) by no later than 21 days after the first NWS Share Offer Closing Date or the date when the NWS Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the NWS Offers will lapse.
- (7) As disclosed in the 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.

EXPECTED TIMETABLE

It is expected that any NWS Offer Shareholder 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 NWD 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 the Registrar 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 2023 Annual Results Announcement) will be entitled to the NWS FY2023 Final Dividend.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE NWS OFFERS AND/OR THE LATEST DATE FOR DESPATCH OF CHEQUES

If a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or “extreme conditions” caused by a super typhoon as announced by the Government of Hong Kong is/are in force, in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the NWS Offers and/or the latest date for despatch of cheques for the amounts due under the NWS Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the NWS Offers will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques will remain on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the NWS Offers and/or the latest date for despatch of cheques for the amounts due under the NWS Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the NWS Offers will be rescheduled to 4:00 p.m. on the following Business Day and/or the latest date for despatch of cheques will be rescheduled to the following Business Day.

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| DEFINITIONS |
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In this Composite Document, the following terms have the meanings set out below, unless the context requires otherwise:

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| “2021 Annual Report” | means the annual report of NWS for the year ended 30 June 2021 dated 30 September 2021 and published on 20 October 2021; |
| “2021 Financial Statements” | means the audited consolidated financial statements of the NWS Group for the year ended 30 June 2021; |
| “2022 Annual Report” | means the annual report of NWS for the year ended 30 June 2022 dated 30 September 2022 and published on 19 October 2022; |
| “2022 Financial Statements” | means the audited consolidated financial statements of the NWS Group for the year ended 30 June 2022; |
| “2023 Annual Results Announcement” | means the announcement of annual results of NWS for the year ended 30 June 2023 published on 29 September 2023; |
| “Announcement Date” | means 26 June 2023, being the date of the Joint Announcement; |
| “associate” | has the meaning ascribed to it under the Takeovers Code; |
| “BOCI” | means BOCI Asia Limited, being one of the Joint Financial Advisers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO; |
| “BOCI Group” | means BOCI and persons controlling, controlled by or under the same control as BOCI, including Bank of China (Hong Kong) Limited, being one of the lending banks under the Offer Facility; |
| “Business Day” | has the meaning ascribed to it under the Takeovers Code; |
| “CCASS” | means the Central Clearing and Settlement System established and operated by HKSCC; |

DEFINITIONS

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| “Collective Control” | means the collective control of Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Doo Cheng Sau Ha, Amy and Mrs. Sun Cheng Lai Ha, Cecilia over each of CTFE and the Offeror by virtue of the majority interest collectively held by Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Doo Cheng Sau Ha, Amy and Mrs. Sun Cheng Lai Ha, Cecilia in Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, which respectively hold approximately 48.98% and approximately 46.65% of the issued shares of CTFC, which holds approximately 81.03% of the issued shares of CTFH, which wholly-owns CTFE, which in turn wholly-owns the Offeror; |
| “Companies Act” | means the Companies Act 1981 (as amended) of Bermuda; |
| “Composite Document” | means this composite offer and response document dated 13 October 2023 and jointly issued by CTFE, the Offeror and NWS to the NWS Shareholders and the NWS Optionholders in accordance with the Takeovers Code in relation to the NWS Offers; |
| “Conditions” | means the conditions to the NWS Share Offer, as set out in “8. Conditions to the NWS Offers” in the “Letter from the Joint Financial Advisers” in this Composite Document; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules; |
| “CTFC” | means Chow Tai Fook Capital Limited, a company incorporated in the British Virgin Islands with limited liability. CTFC holds approximately 81.03% of CTFH as at the Latest Practicable Date; |
| “CTFE” | means Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability. CTFE is a beneficially wholly-owned subsidiary of CTFH; |
| “CTFE Board” | means the board of CTFE Directors; |
| “CTFE Director(s)” | means the director(s) of CTFE; |
| “CTFE Group” | means CTFE and its subsidiaries, including the Offeror; |
| “CTFH” | means Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands with limited liability. CTFH is the sole beneficial owner of CTFE; |

DEFINITIONS

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| “CTFH Group” | means CTFH and its subsidiaries, including the CTFE Group and CTFN. For the avoidance of doubt, the CTFH Group excludes the NWD Group; |
| “CTFN” | means Chow Tai Fook Nominee Limited (周大福代理人有限公司), a company incorporated in Hong Kong with limited liability. CTFN is a subsidiary of CTFH; |
| “Disinterested NWS Optionholders” | means the holders of NWS Options who are not Offeror Concert Parties; |
| “Disinterested NWS Shareholders” | means the holders of the Disinterested NWS Shares; |
| “Disinterested NWS Shares” | means NWS Shares other than those owned by the Offeror or any of the Offeror Concert Parties. For the avoidance of doubt, the Disinterested NWS Shares include any NWS Offer Shares held by any member of the HSBC Group, the BOCI Group or the ING Group for and on behalf of any non-discretionary investment client who is not an Offeror Concert Party; |
| “Dr. Adrian Cheng” | means Dr. Cheng Chi Kong, Adrian, a CTFE Director, an executive director of NWS and the executive vice-chairman, the chief executive officer and an executive director of NWD. Dr. Adrian Cheng is the son of Dr. Henry Cheng, the brother of Mr. Brian Cheng and Mr. Christopher Cheng, the nephew of Mr. Peter Cheng, Mrs. Doo Cheng Sau Ha, Amy and Mrs. Sun Cheng Lai Ha, Cecilia, and the cousin of Mr. William Doo Junior and Ms. Elaine Doo; |
| “Dr. Henry Cheng” | means Dr. Cheng Kar Shun, Henry, a CTFE Director, the chairman and an executive director of NWS and the chairman and an executive director of NWD. Dr. Henry Cheng, together with 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, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly-owns CTFE, which is the sole shareholder of the Offeror. Dr. Henry Cheng is the father of Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng, the brother of Mr. Peter Cheng, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy, and the uncle of Mr. William Doo Junior and Ms. Elaine Doo; |

DEFINITIONS

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| “Encumbrances” | means any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement, rights of pre-emption or any other third party rights of any nature or any agreement for any of the same; |
| “Executive” | means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director; |
| “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 NWD prior to the completion of the NWD Disposal. As at the Latest Practicable Date, Financial Concepts Investment Limited directly owned 2,979,975 NWS Shares, representing approximately 0.076% of the issued share capital of NWS; |
| “Form(s) of Acceptance” | means the WHITE Form of NWS Share Offer Acceptance and/or the PINK Form of NWS Option Offer Acceptance; |
| “Form of NWS Option Offer Acceptance” | means the PINK form of acceptance and cancellation in respect of the NWS Option Offer accompanying this Composite Document; |
| “Form of NWS Share Offer Acceptance” | means the WHITE form of acceptance and transfer in respect of the NWS Share Offer accompanying this Composite Document; |
| “HK\$” | means Hong Kong dollars, the lawful currency of Hong Kong; |
| “HKSCC” | means Hong Kong Securities Clearing Company Limited; |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “HSBC” | means The Hongkong and Shanghai Banking Corporation Limited, being the sole structuring adviser to CTFE and the Offeror in relation to the NWS Offers, one of the Joint Financial Advisers and one of the lending banks under the Offer Facility, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong); |

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| DEFINITIONS |
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| “HSBC Group” | means HSBC and persons controlling, controlled by or under the same control as HSBC; |
| “Independent NWD Shareholders” | means the NWD Shareholders other than (a) CTFE and the Relevant CTFE Subsidiaries, Dr. Henry Cheng, Mr. Peter Cheng and his spouse, Dr. Adrian Cheng, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi Heng, who will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the NWD EGM to approve the NWD Disposal as a major transaction and a connected transaction of NWD under Chapters 14 and 14A of the Listing Rules, on the bases as set out in “24. NWD EGM” in the Joint Announcement; and (b) any other NWD Shareholder who has (or who is a LR associate of any person who has) a material interest in the NWD Disposal and will be required under the Listing Rules to abstain from voting on the same resolution; |
| “ING” | means ING Bank N.V., being one of the Joint Financial Advisers and (acting through its Hong Kong Branch) one of the lending banks under the Offer Facility, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong); |
| “ING Group” | means ING and persons controlling, controlled by or under the same control as ING; |
| “Joint Announcement” | means the announcement dated 26 June 2023 jointly issued by CTFE, the Offeror, NWD and NWS in relation to, among others, the NWS Offers; |
| “Joint Financial Advisers” | means the joint financial advisers to CTFE and the Offeror in relation to the NWS Offers, namely HSBC, BOCI and ING; |
| “Last Full Trading Date” | means 21 June 2023, being the last full trading day for NWS Shares and NWD Shares which ended before the publication of the Joint Announcement; |
| “Last Trading Date” | means 23 June 2023, being the last trading day for NWS Shares and NWD Shares which ended before the publication of the Joint Announcement, and the date on which trading of the NWS Shares and NWD Shares was halted pending the release of the Joint Announcement; |

DEFINITIONS

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| “Latest Practicable Date” | means 10 October 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document; |
| “Listing Rules” | means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “LR associate” | has the meaning ascribed to “associate” under Chapter 14A of the Listing Rules; |
| “Mainland China” | means the People’s Republic of China, and for geographical references only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan; |
| “Mr. Brian Cheng” | means Mr. Cheng Chi Ming, Brian, an executive director of NWS and a non-executive director of NWD. Mr. Brian Cheng is the son of Dr. Henry Cheng, the brother of Dr. Adrian Cheng and Mr. Christopher Cheng, the nephew of Mr. Peter Cheng, Mrs. Doo Cheng Sau Ha, Amy and Mrs. Sun Cheng Lai Ha, Cecilia, and the cousin of Mr. William Doo Junior and Ms. Elaine Doo; |
| “Mr. Christopher Cheng” | means Mr. Cheng Chi Leong, Christopher, a CTFE Director and an executive director of NWS. Mr. Christopher Cheng is the son of Dr. Henry Cheng, the brother of Dr. Adrian Cheng and Mr. Brian Cheng, the nephew of Mr. Peter Cheng, Mrs. Doo Cheng Sau Ha, Amy and Mrs. Sun Cheng Lai Ha, Cecilia, and the cousin of Mr. William Doo Junior and Ms. Elaine Doo; |
| “Mr. Peter Cheng” | means Mr. Cheng Kar Shing, Peter, a CTFE Director, and a non-executive director of NWD. Mr. Peter Cheng, together with Dr. Henry 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, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly-owns CTFE, which is the sole shareholder of the Offeror. Mr. Peter Cheng is the brother of Dr. Henry Cheng, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy, and the uncle of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Mr. William Doo Junior and Ms. Elaine Doo; |

DEFINITIONS

- “Mr. William Doo Junior” means Mr. William Junior Guilherme Doo, a non-executive director of NWS. Mr. William Doo Junior is the son of Mrs. Doo Cheng Sau Ha, Amy, the brother of Ms. Elaine Doo, the nephew of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai Ha, Cecilia, and the cousin of Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng;
- “Mrs. Doo Cheng Sau Ha, Amy” means Mrs. Doo Cheng Sau Ha, Amy, a CTFE Director. Mrs. Doo Cheng Sau Ha, Amy, together with Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai Ha, Cecilia, collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly-owns CTFE, which is the sole shareholder of the Offeror. Mrs. Doo Cheng Sau Ha, Amy is the mother of Mr. William Doo Junior and Ms. Elaine Doo, the sister of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai Ha, Cecilia, and the aunt of Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng;
- “Mrs. Sun Cheng Lai Ha, Cecilia” means Mrs. Sun Cheng Lai Ha, Cecilia, a CTFE Director. Mrs. Sun Cheng Lai Ha, Cecilia, together with Dr. Henry Cheng, Mr. Peter Cheng 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, which respectively hold approximately 48.98% and approximately 46.65% of CTFC, which holds approximately 81.03% of CTFH, which in turn wholly-owns CTFE, which is the sole shareholder of the Offeror. Mrs. Sun Cheng Lai Ha, Cecilia is the sister of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Doo Cheng Sau Ha, Amy, and the aunt of Dr. Adrian Cheng, Mr. Brian Cheng, Mr. Christopher Cheng, Mr. William Doo Junior and Ms. Elaine Doo;
- “Ms. Elaine Doo” means Ms. Elaine Doo, the daughter of Mrs. Doo Cheng Sau Ha, Amy, the sister of Mr. William Doo Junior, the niece of Dr. Henry Cheng, Mr. Peter Cheng and Mrs. Sun Cheng Lai Ha, Cecilia, and the cousin of Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng;
- “NWD” means 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: 00017);

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| “NWD Circular” | means the circular dated 13 October 2023 issued by NWD in relation to the NWD Disposal; |
| “NWD Disposal” | means NWD Group’s disposal of all the NWS Shares owned by it (including all the 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 NWD, as at the Latest Practicable Date), representing not less than 50% of the issued NWS Shares, as a result of its acceptance of the NWS Share Offer, which is a major transaction and a connected transaction of NWD under the Listing Rules; |
| “NWD EGM” | means the extraordinary general meeting of NWD for the Independent NWD Shareholders to consider and, if thought fit, approve, among others, the NWD Disposal as a major transaction and a connected transaction of NWD under the Listing Rules, which is convened to be held on Thursday, 2 November 2023 at 11:30 a.m. as disclosed in the NWD Circular; |
| “NWD Group” | means NWD and its subsidiaries (including, for the avoidance of doubt, the NWS Group before completion of the NWD Disposal); |
| “NWD Shareholders” | means the holders of the NWD Shares; |
| “NWD Shares” | means the shares in the capital of NWD; |
| “NWS” | means NWS Holdings Limited (新創建集團有限公司*), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 00659); |
| “NWS ADSs” | means the American depositary shares (each representing 10 NWS Shares); |
| “NWS AGM 2023” | means the annual general meeting of NWS to be held on Friday, 10 November 2023 for the purpose of considering, inter alia, the NWS FY2023 Final Dividend; |
| “NWS Board” | means the board of NWS Directors; |
| “NWS Directors” | means the directors of NWS; |
| “NWS Final Dividend Record Date” | means the record date for the purpose of determining the entitlement of the NWS Shareholders to receive the NWS FY2023 Final Dividend, being Thursday, 16 November 2023, according to the 2023 Annual Results Announcement; |

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| DEFINITIONS |
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| “NWS FY2023 Final Dividend” | means the final dividend of HK\$0.31 per NWS Share proposed at the NWS Board meeting 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 2023 Annual Results Announcement; |
| “NWS Group” | means NWS and its subsidiaries; |
| “NWS IBC” | means the independent board committee of NWS established by the NWS Board to make a recommendation to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders in respect of the NWS Share Offer and the NWS Option Offer, respectively. Such independent board committee comprises all the non-executive NWS Directors (except Mr. William Doo Junior) and all the independent non-executive NWS Directors, namely Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Wai Chi Grace Fung, Mr. Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms. Ng Yuen Ting, Yolanda; |
| “NWS IFA” or “Quam Capital” | means Quam Capital Limited, the independent financial adviser to the NWS IBC on the NWS Offers and a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO; |
| “NWS Offer Period” | has the meaning ascribed to “offer period” under the Takeovers Code, which commenced on 26 June 2023, being the Announcement Date, and which will end on the date on which (i) the NWS Offers are closed for acceptances or (ii) the NWS Offers lapse; |
| “NWS Offer Shareholders” | means the holders of the NWS Offer Shares; |
| “NWS Offer Shares” | means the NWS Shares which are subject to the NWS Share Offer; |
| “NWS Offers” | means the NWS Share Offer and the NWS Option Offer; |
| “NWS Option Offer” | means the offer being 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; |

DEFINITIONS

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| “NWS Option Offer Letter” | means the letter dated 13 October 2023 issued by the Joint Financial Advisers on behalf of the Offeror to the NWS Optionholders in accordance with the Takeovers Code in relation to the NWS Option Offer in the form set out in Appendix V to this Composite Document; |
| “NWS Option Offer Price” | means the “see-through” price at which the NWS Option Offer is made, being the NWS Share Offer Price minus the exercise price of the relevant NWS Option. The NWS Option Offer Price for the 83,636,850 NWS Options outstanding as at the Latest Practicable Date (the exercise price of which is HK\$7.83 per NWS Share) is HK\$1.32 per NWS Option. For details, please see “5. The NWS Option Offer and the NWS Option Offer Price” in the “Letter from the Joint Financial Advisers” in this Composite Document; |
| “NWS Optionholders” | means the holders of the NWS Options; |
| “NWS Options” | means the share options, each relating to one NWS Share, granted and outstanding under the NWS Share Option Scheme from time to time, whether such options are vested or not; |
| “NWS Share Charge” | means the share charge dated 26 June 2023 granted by the Offeror, CTFE and CTFN to Bank of China (Hong Kong) Limited (as security trustee for and on behalf of the lenders of the Offer Facility) in respect of NWS Shares from time to time held or acquired by any of them to secure the Offer Facility; |
| “NWS Share Offer” | means the conditional voluntary general cash offer being 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). For the avoidance of doubt, the NWS Share Offer is not addressed to holders of NWS ADSs, and NWS ADSs may not be tendered into the NWS Share Offer. For details, please see “2. The NWS Share Offer” and “6. Arrangement with regard to NWS ADS” in the “Letter from the Joint Financial Advisers” in this Composite Document; |
| “NWS Share Offer Closing Date” | means Monday, 13 November 2023, being 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 Share Offer Price” | means HK\$9.15 per NWS Offer Share; |

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| “NWS Share Option Scheme” | means the share option scheme adopted by NWS on 23 November 2021; |
| “NWS Shareholders” | means the holders of the NWS Shares; |
| “NWS Shares” | means the shares in the capital of NWS; |
| “Offer Facility” | means the external debt financing obtained by the Offeror for the purpose of financing a portion of the cash required for the NWS Offers, pursuant to a facility agreement dated 26 June 2023 entered into among the Offeror as borrower, CTFE as guarantor and HSBC (in its capacity as lending bank), Bank of China (Hong Kong) Limited and ING (acting through its Hong Kong Branch) as original lenders; |
| “Offeror” | means Century Acquisition Limited, a company incorporated in the British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of CTFE; |
| “Offeror Board” | means the board of Offeror Directors; |
| “Offeror Concert Parties” | means the persons who are, or are presumed to be, acting in concert with the Offeror, as determined in accordance with the Takeovers Code (which, for the avoidance of doubt, excludes members of the HSBC Group and the BOCI Group which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code), including, for the avoidance of doubt: <ul style="list-style-type: none"> (a) CTFE, being the sole shareholder of the Offeror; (b) CTFH and CTFC, being the direct and indirect holding companies of CTFE; (c) CTFN, being a subsidiary of CTFH; (d) Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, which respectively hold approximately 48.98% and approximately 46.65% of CTFC and are therefore associated companies (within the meaning of the Takeovers Code) of the Offeror; |

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| DEFINITIONS |
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- (e) Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Doo Cheng Sau Ha, Amy and Mrs. Sun Cheng Lai Ha, Cecilia, who collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited;
- (f) Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng, being close relatives (within the meaning of the Takeovers Code) of Dr. Henry Cheng;
- (g) Mr. Peter Cheng's spouse, being a close relative (within the meaning of the Takeovers Code) of Mr. Peter Cheng;
- (h) Mr. William Doo Junior, being a close relative (within the meaning of the Takeovers Code) of Mrs. Doo Cheng Sau Ha, Amy;
- (i) Mr. Chan Sau Kit, Allan, who is a director of CTFH;
- (j) the Relevant CTFE Subsidiaries;
- (k) the NWD Group; and
- (l) Mr. Ma Siu Cheung, who is an executive director of NWD;

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| “Offeror Directors” | means the directors of the Offeror; |
| “percentage ratio” | has the meaning ascribed to it under the Listing Rules; |
| “Pre-Conditions” | means the pre-conditions to the NWS Offers, as set out in “7. Pre-Conditions to the NWS Offers” in the Joint Announcement. On 6 October 2023, CTFE, the Offeror and NWS jointly announced that all Pre-Conditions had been satisfied. For details, please see the joint announcement dated 6 October 2023 jointly issued by CTFE, the Offeror and NWS; |
| “public” | has the meaning ascribed to it under the Listing Rules; |
| “Registrar” | means Tricor Standard Limited, the branch share registrar and transfer office in Hong Kong of NWS; |
| “Relevant CTFE Subsidiaries” | means the subsidiaries of CTFE which hold 103,035,786 NWD Shares, representing approximately 4.09% of the issued share capital of NWD, as at the Latest Practicable Date; |

DEFINITIONS

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| “Relevant Period” | means the period from 26 December 2022, being the date six months before the Announcement Date, up to and including the Latest Practicable Date; |
| “SFC” | means the Securities and Futures Commission; |
| “SFO” | means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Stock Exchange” | means The Stock Exchange of Hong Kong Limited; |
| “subsidiary” | has the meaning ascribed to it under the Listing Rules; |
| “Takeovers Code” | means the Hong Kong Code on Takeovers and Mergers; |
| “UBS” | means UBS AG (acting through its Hong Kong Branch), being the financial adviser to NWS in relation to the NWS Offers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO. UBS AG is incorporated in Switzerland with limited liability; |
| “U.K.” | means the United Kingdom; |
| “U.S.” | means the United States of America, its territories and possessions, any State of the United States and the District of Columbia; |
| “U.S. Business Day(s)” | means any day, other than Saturday, Sunday or a U.S. federal holiday, and consists of the time period from 12:01 a.m. through 12:00 midnight Eastern time; |
| “U.S. Exchange Act” | means the U.S. Securities Exchange Act of 1934, as amended; and |
| “%” | means per cent. |

* For identification purpose only

DEFINITIONS

1. Except as otherwise specified, all times and dates contained in this Composite Document and the accompanying Form(s) of Acceptance refer to Hong Kong times and dates.
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this Composite Document are included for the purposes of information and identification only and should not be regarded as an official English translation of such Chinese names or words or official Chinese translation of such English names or words, respectively.
4. Reference to the singular in this Composite Document and the accompanying Form(s) of Acceptance includes the plural and vice versa, unless the context otherwise requires.
5. Reference to one gender in this Composite Document and the accompanying Form(s) of Acceptance is a reference to all or any genders.
6. References to any appendix, paragraph and sub-paragraph in this Composite Document are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
7. References to any statute or statutory provision in this Composite Document include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
8. The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

LETTER FROM THE JOINT FINANCIAL ADVISERS



The Hongkong and Shanghai
Banking Corporation Limited



BOCI Asia Limited



ING Bank N.V.

13 October 2023

To the NWS Offer Shareholders and the NWS Optionholders

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY GENERAL CASH OFFERS BY
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED,
BOCI ASIA LIMITED AND ING BANK N.V. ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF NWS (OTHER THAN THOSE
ALREADY BENEFICIALLY OWNED BY THE CTFH GROUP) AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF NWS**

1. INTRODUCTION

Reference is made to the Joint Announcement, which stated that the Joint Financial Advisers, on behalf of the Offeror, subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, would make a conditional voluntary general cash offer to acquire all the issued shares of NWS not already beneficially owned by the CTFH Group and to cancel all the outstanding share options of NWS.

On 6 October 2023, CTFE, the Offeror and NWS jointly announced that all Pre-Conditions had been satisfied.

The Joint Financial Advisers, on behalf of the Offeror, a wholly-owned subsidiary of CTFE, are making the NWS Share Offer and the NWS Option Offer.

This letter sets out, among other things, details of the terms of the NWS Offers, the reasons for and benefits of the NWS Offers, the intention of the Offeror with regard to the NWS Group and information on CTFE and the Offeror. Further details of the terms of the NWS Offers are set out in “Appendix I — Further Terms of the NWS Offers” to the Composite Document of which this letter forms part, and in the accompanying Form(s) of Acceptance. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The NWS Offer Shareholders and the NWS Optionholders are strongly advised to consider carefully the information contained in the “Letter from the NWS Board”, the “Letter from the NWS IBC”, the “Letter from the NWS IFA”, the appendices which form part of the Composite Document, the accompanying Form(s) of Acceptance and (for NWS Optionholders) the NWS Option Offer Letter (the form of which is set out in “Appendix V — Form of NWS Option Offer Letter” to the Composite Document).

LETTER FROM THE JOINT FINANCIAL ADVISERS**2. THE NWS SHARE OFFER**

The NWS Share Offer is being made by the Joint Financial Advisers on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each NWS Offer Share..... HK\$9.15 in cash

Save for the NWS FY2023 Final Dividend, if, after the Latest Practicable Date but before the NWS Share Offer Closing Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the NWS Shares, the Offeror reserves the right to reduce the NWS Share Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the NWS Share Offer Price will be deemed to be a reference to the NWS Share Offer Price as so reduced (and the NWS Option Offer Price shall be reduced accordingly). For the avoidance of doubt, assuming that the NWS Offers become unconditional, if any dividend and/or other distribution and/or other return of capital (save for the NWS FY2023 Final Dividend) is announced, declared or paid in respect of the NWS Shares on or after the NWS Share Offer Closing Date, NWS Offer Shareholders who accept the NWS Share Offer will not be entitled thereto.

It is stated in the “Letter from the NWS Board” that, as at the Latest Practicable Date, (i) save for the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share (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), the NWS Board had not announced or declared any dividend, distribution or other return of capital which remained unpaid; and (ii) save for the NWS FY2023 Final Dividend and the interim dividend (if any) for the six months ending 31 December 2023, the NWS Board did not intend to announce, recommend, declare and/or pay any dividend, distribution or other return of capital before the NWS Share Offer Closing Date or the lapse of the NWS Offers (as the case may be).

The NWS Share Offer Price was determined by the Offeror after taking into account, among other things, (i) the recent and historical trading prices of the NWS Shares, (ii) the recent financial performance of the NWS Group and (iii) the premium to historical trading prices of shares with reference to other voluntary general offer transactions in Hong Kong in recent years.

Please refer to “3. NWS Share Offer Price” and “19. Reasons for and benefits of the NWS Offers” in this letter for comparisons between the NWS Share Offer Price and historical trading prices of NWS Shares or the historical net asset value per NWS Share.

For the avoidance of doubt, the NWS Offer Shares include the NWS Shares owned by the NWD Group and other Offeror Concert Parties (other than the CTFH Group).

LETTER FROM THE JOINT FINANCIAL ADVISERS**3. NWS SHARE OFFER PRICE**

The NWS Share Offer Price of HK\$9.15 per NWS Offer Share under the NWS Share Offer represents:

- (a) a premium of 1.0% over the closing price of HK\$9.06 per NWS Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of 14.5% over the closing price of HK\$7.99 per NWS Share as quoted on the Stock Exchange immediately prior to the halt in the trading of the NWS Shares on the Last Trading Date;
- (c) a premium of 22.2% over the closing price of HK\$7.49 per NWS Share as quoted on the Stock Exchange on the Last Full Trading Date;
- (d) a premium of 23.6% over the average closing price of HK\$7.40 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Full Trading Date;
- (e) a premium of 24.0% over the average closing price of HK\$7.38 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Full Trading Date;
- (f) a premium of 30.9% over the average closing price of HK\$6.99 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Full Trading Date;
- (g) a premium of 32.1% over the average closing price of HK\$6.93 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Full Trading Date;
- (h) a premium of 34.4% over the average closing price of HK\$6.81 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Full Trading Date;
- (i) a discount of 17.4% to the audited consolidated net asset value attributable to NWS Shareholders per NWS Share of HK\$11.07 as at 30 June 2022, based on the total number of issued NWS Shares as at 30 June 2022;
- (j) a discount of 9.9% to the unaudited consolidated net asset value attributable to NWS Shareholders per NWS Share of HK\$10.15 as at 31 December 2022, based on the total number of issued NWS Shares as at 31 December 2022; and
- (k) a discount of 10.0% to the audited consolidated net asset value attributable to NWS Shareholders per NWS Share of HK\$10.16 as at 30 June 2023, based on the total number of issued NWS Shares as at 30 June 2023.

LETTER FROM THE JOINT FINANCIAL ADVISERS

4. HIGHEST AND LOWEST CLOSING PRICES OF NWS SHARES

During the period of six months ended on and including the Last Full Trading Date, the highest closing price of NWS Shares as quoted on the Stock Exchange was HK\$7.56 per NWS Share on 1 February 2023 and the lowest closing price of NWS Shares as quoted on the Stock Exchange was HK\$6.46 per NWS Share on 31 May 2023.

During the Relevant Period, the highest closing price of NWS Shares as quoted on the Stock Exchange was HK\$9.06 per NWS Share on 10 October 2023 and the lowest closing price of NWS Shares as quoted on the Stock Exchange was HK\$6.46 per NWS Share on 31 May 2023.

5. THE NWS OPTION OFFER AND THE NWS OPTION OFFER PRICE

As at the Latest Practicable Date, there were 83,636,850 NWS Options entitling the NWS Optionholders to subscribe for an aggregate of 83,636,850 NWS Shares at an exercise price of HK\$7.83 per NWS Share. The exercise of such NWS Options in full would result in the issue of 83,636,850 new NWS Shares, representing 2.14% of the issued share capital of NWS as at the Latest Practicable Date and 2.09% of the enlarged issued share capital of NWS.

In accordance with Rule 13 of the Takeovers Code, the Joint Financial Advisers, on behalf of the Offeror, are making an appropriate offer to all the NWS Optionholders for the cancellation of every NWS Option, whether vested or unvested, by way of the NWS Option Offer.

Under the NWS Option Offer, in accordance with Rule 13 of the Takeovers Code, the NWS Optionholders are being offered the NWS Option Offer Price (which is the “see-through” price, being the NWS Share Offer Price minus the exercise price of the relevant NWS Option) in cash for the cancellation of each NWS Option they hold, whether vested or unvested. The table below sets out the exercise price and the corresponding “see-through” price for the 83,636,850 NWS Options outstanding as at the Latest Practicable Date:

| NWS Option exercise price per NWS Share (HK\$) | NWS Option Offer Price per NWS Option based on the NWS Share Offer Price of HK\$9.15 per NWS Offer Share (HK\$) | Number of NWS Options (each carrying the right to subscribe for one new NWS Share) |
|--|--|---|
| 7.83 | 1.32 ⁽¹⁾ | 83,636,850 ⁽²⁾ |

LETTER FROM THE JOINT FINANCIAL ADVISERS*Notes:*

- (1) If the NWS Share Offer Price is subsequently adjusted (please see “2. The NWS Share Offer” in this letter for the circumstances under which the NWS Share Offer Price may be reduced), such that the exercise price of any NWS Option will be equal to or greater than the NWS Share Offer Price (i.e. the “see-through” price will be zero or negative), the NWS Option Offer Price will be a nominal amount of HK\$0.01 for every 100 NWS Options (or, if lesser, any part thereof), under Rule 13 of the Takeovers Code.
- (2) The vesting dates and the exercise periods of these 83,636,850 NWS Options are as follows:
 - (i) 12,315,280 NWS Options were vested on 25 August 2022 and are exercisable from 25 August 2022 to 24 July 2032;
 - (ii) 12,352,130 NWS Options were vested on 25 July 2023 and are exercisable from 25 July 2023 to 24 July 2032;
 - (iii) 16,848,410 NWS Options shall be vested on 25 July 2024 and become exercisable from 25 July 2024 to 24 July 2032; and
 - (iv) the remaining 42,121,030 NWS Options shall be vested on 25 July 2025 and become exercisable from 25 July 2025 to 24 July 2032.

Further information on the NWS Option Offer is set out in the NWS Option Offer Letter to the NWS Optionholders, which is being despatched on the same date as the despatch of the Composite Document.

If any NWS Option is exercised in accordance with the terms of the NWS Share Option Scheme, any NWS Shares issued prior to the close of the NWS Share Offer as a result of such exercise will be subject to the NWS Share Offer.

As the Offeror would have control (as defined in the Takeovers Code) of NWS after completion of the NWD Disposal, pursuant to the rules of the NWS Share Option Scheme the NWS Optionholders shall be entitled to exercise any NWS Option (whether or not it has vested at the relevant time) in whole or in part at any time within the period of six (6) months after completion of the NWD Disposal, and to the extent that it has not been so exercised, any NWS Option shall lapse upon the expiry of such six-month period, provided that if, during such six-month period, the Offeror becomes entitled to exercise rights of compulsory acquisition of NWS Shares pursuant to Section 103 of the Companies Act and gives notice in writing to any NWS Offer Shareholders that it intends to exercise such rights, the NWS Options shall remain exercisable until 14 days from the date of such notice and, to the extent that they have not been exercised, shall thereupon lapse. As stated in “10. Public float and maintaining the listing status of NWS” in this letter, the Offeror intends to maintain the listing status of NWS Shares 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.

LETTER FROM THE JOINT FINANCIAL ADVISERS**6. ARRANGEMENT WITH REGARD TO NWS ADS**

As at 9 October 2023 (being the latest practicable date for ascertaining the number of NWS ADSs traded in the U.S. prior to the printing of this Composite Document, due to the time difference between the U.S. and Hong Kong), there were 3,911,076,849 NWS Shares in issue, including 416,880 NWS Shares (representing 0.01% of the issued share capital of NWS) represented by the 41,688 NWS ADSs.

The NWS Share Offer is not addressed to holders of NWS ADSs, and NWS ADSs may not be tendered into the NWS Share Offer. Each NWS ADS represents 10 NWS Shares deposited with Deutsche Bank Trust Company Americas, the depositary bank appointed by NWS. Holders of NWS ADSs who wish to participate in the NWS Share Offer may contact the depositary bank to withdraw the underlying NWS Shares in accordance with the normal NWS ADSs cancellation process, which may then be tendered into the NWS Share Offer. Holders of NWS ADSs should contact the depositary bank in case they have questions in relation to this process.

7. PRE-CONDITIONS TO THE NWS OFFERS

As stated in the Joint Announcement, the making of the NWS Offers was subject to the satisfaction or waiver (where applicable) of the Pre-Conditions. On 6 October 2023, CTFE, the Offeror and NWS jointly announced that all Pre-Conditions had been satisfied.

8. CONDITIONS TO THE NWS OFFERS

The NWS Share Offer is subject to the satisfaction or waiver (where applicable) of the following Conditions:

- (a) the approval of the NWD Disposal by the Independent NWD Shareholders in accordance with the Listing Rules;
- (b) valid acceptances of the NWS Share Offer being received from the NWD Group by 4:00 p.m. on the NWS Share Offer Closing Date (and not, where permitted, withdrawn) in respect of 2,380,495,938 NWS Shares (being the number of the NWS Shares held by the NWD Group, representing 60.88% of the issued share capital of NWS, as at the Announcement Date);
- (c) the NWS Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the NWS Share Offer Closing Date (save for any temporary suspension of trading of the NWS Shares pending any announcement in connection with the NWS Offers or other inside information) and no indication being received on or before the NWS Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the NWS Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (d) no event having occurred which would make any of the NWS Offers, the acquisition of any of the NWS Offer Shares or the cancellation of the NWS Options under the NWS Offers void, unenforceable or illegal, would prohibit the implementation of any

LETTER FROM THE JOINT FINANCIAL ADVISERS

of the NWS Offers or would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms;

- (e) all necessary consents in connection with the NWS Offers and/or (in the event that the Offeror were to exercise the right (if any) to acquire compulsorily those NWS Offer Shares not already beneficially owned or acquired by the CTFH Group) the possible withdrawal of the listing of the NWS Shares from the Stock Exchange which may be required under any existing contractual or other obligations of NWS having been obtained and remaining in effect;
- (f) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the NWS Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms);
- (g) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the NWS Group to an extent which is material in the context of the NWS Group; and
- (h) save for any existing claim by the NWS Group in respect of its six aircraft located in Russia or as otherwise disclosed by NWS on or before the Announcement Date, there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the NWS Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the NWS Group or in the context of the NWS Offers.

LETTER FROM THE JOINT FINANCIAL ADVISERS

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Condition (a)).

In respect of Condition (a), as disclosed in the NWD Circular, the NWD EGM is convened to be held on Thursday, 2 November 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, approving, among others, the NWD Disposal, and the announcement on the poll results of the NWD EGM will be published by NWD on the Stock Exchange's website after 4:30 p.m. on Thursday, 2 November 2023.

In respect of Condition (b), as disclosed in the NWD Circular, in the event that the resolution for approving the NWD Disposal is passed by the Independent NWD Shareholders at the NWD EGM, the NWD 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 the Latest Practicable Date) on Thursday, 9 November 2023.

As at the Latest Practicable Date, save for Condition (e) which had been satisfied, none of the Conditions had been satisfied or waived (where applicable).

The NWS Option Offer is subject to and conditional upon the NWS Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions so as to cause the NWS Offers to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the NWS Offers.

Pursuant to Rule 19.1 of the Takeovers Code, the Offeror shall issue an announcement stating whether the NWS Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the first NWS Share Offer Closing Date in accordance with the Takeovers Code. In the event that the NWS Offers have not become or are not declared unconditional on the first NWS Share Offer Closing Date, such announcement will state whether the NWS Offers have lapsed or have been revised or extended. If the NWS Offers are extended or revised, such announcement will either state the next NWS Share Offer Closing Date or, if the NWS Offers have become or been declared unconditional as to acceptances, include a statement that the NWS Offers will remain open until further notice. In the latter case, pursuant to Rule 15.3 of the Takeovers Code, at least fourteen (14) days' notice in writing must be given, before the NWS Offers are closed, to the NWS Offer Shareholders and the NWS Optionholders who have not accepted the relevant NWS Offers.

LETTER FROM THE JOINT FINANCIAL ADVISERS

There is no obligation to extend the NWS Offers if the Conditions are not satisfied or waived (where applicable) by the first NWS Share Offer Closing Date or any subsequent NWS Share Offer Closing Date. Any revised NWS Offers must be kept open for at least fourteen (14) days after the date of the revised offer document.

Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the NWS Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date of this Composite Document. Accordingly, the latest time by which the Offeror can declare the NWS Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the date of this Composite Document, being Tuesday, 12 December 2023 (or such later date to which the Executive may consent). It follows that unless the NWS Share Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the NWS Offers will lapse at 7:00 p.m. on the 60th day after the date of this Composite Document, being Tuesday, 12 December 2023 (or such later date to which the Executive may consent).

Pursuant to Rule 15.7 of the Takeovers Code, except with the consent of the Executive, if any one of the Conditions is not satisfied (or not waived, where applicable) by no later than 21 days after the first NWS Share Offer Closing Date or the date when the NWS Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the NWS Offers will lapse.

On the basis that the NWD Group validly tenders its acceptance of the NWS Share Offer in respect of 2,380,495,938 NWS Shares on Thursday, 9 November 2023, it is expected that the NWS Offers will become or be declared unconditional in all respects on Thursday, 9 November 2023 and the NWS Offers will be closed at 4:00 p.m. on Thursday, 23 November 2023 (being fourteen (14) days after Thursday, 9 November 2023), and the Offeror will issue an announcement in this respect on Thursday, 9 November 2023.

WARNING: Completion of the NWS Share Offer is subject to the Conditions being satisfied or, where applicable, waived. Additionally, completion of the NWS Option Offer is subject to and conditional upon the NWS Share Offer becoming or being declared unconditional in all respects. Accordingly, the NWS Offers may or may not become unconditional. Shareholders and holders of options and other securities of and potential investors in NWS should therefore exercise caution when dealing in the securities of NWS. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

LETTER FROM THE JOINT FINANCIAL ADVISERS**9. VALUE OF THE NWS OFFERS**

As at the Latest Practicable Date, there were (a) 3,911,076,849 NWS Shares in issue; (b) 3,792,029,925 NWS Offer Shares (representing 96.96% of the issued share capital of NWS as at the Latest Practicable Date); and (c) 83,636,850 NWS Options entitling the NWS Optionholders to subscribe for an aggregate of 83,636,850 NWS Shares at an exercise price of HK\$7.83 per NWS Share.

On the assumption that before the close of the NWS Share Offer the number of NWS Shares will not change (whether by way of any exercise of the NWS Options or otherwise) and the number of NWS Options will not change, there will be 3,792,029,925 NWS Offer Shares (representing 96.96% of the issued share capital of NWS as at the Latest Practicable Date) and 83,636,850 NWS Options, the value of the NWS Share Offer will be approximately HK\$34,697 million and the total amount required to satisfy the cancellation of all NWS Options will be approximately HK\$110 million. On this basis, in aggregate, the NWS Offers will be valued at approximately HK\$34,807 million.

On the assumption that before the close of the NWS Share Offer the number of NWS Options will not change and all NWS Options will be exercised, NWS will have to issue 83,636,850 new NWS Shares, representing 2.14% of the issued share capital of NWS as at the Latest Practicable Date and 2.09% of the enlarged issued share capital of NWS. On this basis and on the assumption that the number of NWS Shares will otherwise not change, there will be 3,875,666,775 NWS Offer Shares (including the new NWS Shares issued as a result of the exercise of the NWS Options) (representing 97.02% of the enlarged share capital of NWS) and the value of the NWS Share Offer will be approximately HK\$35,462 million. In this case, no amount will be payable by the Offeror under the NWS Option Offer.

10. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF NWS

The Offeror intends to maintain the listing status of the NWS Shares 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.

The Stock Exchange has stated that (a) if, at the close of the NWS Share Offer, less than the minimum prescribed percentage applicable to NWS, being 25% of the issued NWS Shares, are held by the public; or (b) if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the NWS Shares; or (ii) that there are insufficient NWS Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the NWS Shares.

The Offeror Directors and (as noted from the “Letter from the NWS Board” in the Composite Document) the NWS Directors have undertaken to the Stock Exchange that, in the event that the public float of NWS falls below 25% following the close of the NWS Offers, appropriate steps will be taken to ensure that NWS will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

LETTER FROM THE JOINT FINANCIAL ADVISERS**11. NWS IBC AND NWS IFA**

According to the “Letter from the NWS Board” in the Composite Document:

- (a) the NWS Board has established the NWS IBC, comprising Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Wai Chi Grace Fung, Mr. Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms. Ng Yuen Ting, Yolanda, to make a recommendation to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders as to whether the NWS Offers are, or are not, fair and reasonable and as to acceptance; and
- (b) Quam Capital, with the approval of the NWS IBC, has been appointed as the NWS IFA to advise the NWS IBC in connection with the NWS Offers.

12. SHAREHOLDING STRUCTURE OF NWS

According to “Appendix IV — General Information of the NWS Group” to the Composite Document, (i) as at the Latest Practicable Date, the authorised share capital of NWS was HK\$6,000,000,000 divided into 6,000,000,000 NWS Shares and the issued share capital of NWS was HK\$3,911,076,849 divided into 3,911,076,849 NWS Shares; (ii) as at 9 October 2023 (being the latest practicable date for ascertaining the number of NWS ADSs traded in the U.S. prior to the printing of this Composite Document, due to the time difference between the U.S. and Hong Kong), 416,880 NWS Shares (representing 0.01% of the issued share capital of NWS) were represented by 41,688 NWS ADSs; and (iii) save for the NWS Options and the NWS ADSs, NWS did not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into NWS Shares.

LETTER FROM THE JOINT FINANCIAL ADVISERS

The table below sets out the shareholding structure of NWS (a) as at the Latest Practicable Date; and (b) as at the Latest Practicable Date had all the NWS Options been exercised on or before the Latest Practicable Date:

| | As at the Latest Practicable Date | | As at the Latest Practicable Date had all the NWS Options been exercised on or before the Latest Practicable Date | |
|---|-----------------------------------|--|---|--|
| | No. of NWS Shares | As a percentage of the issued share capital of NWS | No. of NWS Shares | As a percentage of the issued share capital of NWS |
| Offeror | 0 | 0.00% | 0 | 0.00% |
| Offeror Concert Parties whose NWS Shares do not form part of the NWS Offer Shares nor the Disinterested NWS Shares: | | | | |
| — CTFE (other than through the NWD Group) (Note 1) | 97,034,424 | 2.48% | 97,034,424 | 2.43% |
| — CTFN (Note 2) | 22,012,500 | 0.56% | 22,012,500 | 0.55% |
| Offeror Concert Parties whose NWS Shares form part of the NWS Offer Shares and do not form part of the Disinterested NWS Shares: | | | | |
| — NWD Group (Note 3) | 2,380,495,938 | 60.87% | 2,380,495,938 | 59.59% |
| — Dr. Henry Cheng (Notes 4 and 5) | 30,349,571 | 0.78% | 41,339,571 | 1.03% |
| — Mr. Peter Cheng and his spouse (Notes 4 and 6) | 7,894,097 | 0.20% | 7,894,097 | 0.20% |
| — Mrs. Doo Cheng Sau Ha, Amy (Note 4) | 5,800,000 | 0.15% | 5,800,000 | 0.15% |
| — Mr. Chan Sau Kit, Allan (Note 7) | 403,264 | 0.01% | 403,264 | 0.01% |
| — Mr. William Doo Junior (Notes 4 and 8) | 128,869 | 0.00% | 898,169 | 0.02% |
| — Ms. Elaine Doo (Notes 4 and 9) | 25,274,033 | 0.65% | 25,274,033 | 0.63% |
| — Dr. Adrian Cheng (Notes 4 and 10) | 0 | 0.00% | 5,495,000 | 0.14% |
| — Mr. Brian Cheng (Notes 4 and 11) | 0 | 0.00% | 6,868,750 | 0.17% |
| — Mr. Christopher Cheng (Notes 4 and 12) | 0 | 0.00% | 6,868,750 | 0.17% |
| — Mr. Ma Siu Cheung (Note 13) | 0 | 0.00% | 7,693,000 | 0.19% |
| — HSBC Group (Note 14) | 0 | 0.00% | 0 | 0.00% |
| — BOCI Group (Note 14) | 1,661,315 | 0.04% | 1,661,315 | 0.04% |
| — ING Group (Note 14) | 74,119 | 0.00% | 74,119 | 0.00% |
| Aggregate number of NWS Shares held by the Offeror and the Offeror Concert Parties | 2,571,128,130 | 65.74% | 2,609,812,930 | 65.33% |

LETTER FROM THE JOINT FINANCIAL ADVISERS

| | As at the Latest Practicable Date | | As at the Latest Practicable Date had all the NWS Options been exercised on or before the Latest Practicable Date | |
|--|-----------------------------------|---------------------------------|---|---------------------------------|
| | No. of NWS Shares | As a percentage of | No. of NWS Shares | As a percentage of |
| | | the issued share capital of NWS | | the issued share capital of NWS |
| Holders of Disinterested NWS Shares | | | | |
| <i>NWS Directors who are holders of Disinterested NWS Shares</i> | | | | |
| — Mr. Lam Wai Hon, Patrick (Note 15) | 1,453,815 | 0.04% | 1,453,815 | 0.04% |
| — Mr. Ho Gilbert Chi Hang | 0 | 0.00% | 7,418,250 | 0.19% |
| — Mr. To Hin Tsun, Gerald | 0 | 0.00% | 769,300 | 0.02% |
| — Mr. Dominic Lai | 0 | 0.00% | 769,300 | 0.02% |
| — Mr. Shek Lai Him, Abraham | 0 | 0.00% | 1,648,500 | 0.04% |
| — Mr. Lee Yiu Kwong, Alan | 0 | 0.00% | 1,648,500 | 0.04% |
| — Mrs. Oei Wai Chi Grace Fung | 0 | 0.00% | 1,648,500 | 0.04% |
| — Mr. Wong Kwai Huen, Albert | 0 | 0.00% | 1,648,500 | 0.04% |
| — Professor Chan Ka Keung, Ceajer | 0 | 0.00% | 1,648,500 | 0.04% |
| <i>Other Disinterested NWS Shareholders</i> | 1,338,494,904 | 34.22% | 1,366,247,604 | 34.20% |
| Aggregate number of Disinterested NWS Shares | 1,339,948,719 | 34.26% | 1,384,900,769 | 34.67% |
| Total number of NWS Shares | 3,911,076,849 | 100.00% | 3,994,713,699 | 100.00% |
| Total number of NWS Offer Shares | 3,792,029,925 | 96.96% | 3,875,666,775 | 97.02% |

Notes:

- As at the Latest Practicable Date, CTFE, a subsidiary of CTFH, held 97,034,424 NWS Shares (representing 2.48% of the issued share capital of NWS), which do not form part of the NWS Offer Shares.

As at the Latest Practicable Date, CTFE and the Relevant CTFE Subsidiaries held approximately 45.24% of the issued shares of NWD and were accordingly deemed to have an interest in the 2,380,495,938 NWS Shares (representing 60.87% of the issued share capital of NWS) in which NWD is interested in or deemed to be interested in under Part XV of the SFO. All these 2,380,495,938 NWS Shares form part of the NWS Offer Shares. For the avoidance of doubt, NWD is not a subsidiary of CTFE.

- As at the Latest Practicable Date, CTFN, a subsidiary of CTFH, held 22,012,500 NWS Shares (representing 0.56% of the issued share capital of NWS).

As at the Latest Practicable Date, save for the 97,034,424 NWS Shares held by CTFE and the 22,012,500 NWS Shares held by CTFN (which aggregate to 119,046,924 NWS Shares, representing 3.04% of the issued share capital of NWS), the CTFH Group does not hold any NWS Shares (other than through NWD). For the avoidance of doubt, NWD is not a subsidiary of CTFH and is not a member of the CTFH Group.

- As at the Latest Practicable Date, CTFE and the Relevant CTFE Subsidiaries held approximately 45.24% of the issued shares of NWD. Members of the NWD Group are accordingly associated companies of CTFE and the Offeror, and are presumed to be acting in concert with the Offeror in relation to NWS under class 1 of the definition of “acting in concert” under the Takeovers Code.

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4. The Offeror is wholly-owned by CTFE, which 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, together with his close relatives (within the meaning of the Takeovers Code), namely Mr. Peter Cheng, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy have Collective Control over CTFE and the Offeror. Each of Dr. Henry Cheng, Mr. Peter Cheng, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy are therefore presumed to be acting in concert with the Offeror in relation to NWS under class 8 of the definition of “acting in concert” under the Takeovers Code.

On the above basis, (i) Dr. Adrian Cheng, Mr. Brian Cheng and Mr. Christopher Cheng, as the sons and therefore close relatives of Dr. Henry Cheng; (ii) Mr. Peter Cheng’s spouse, Ms. Li Syn Kay, Abbie, as a close relative of Mr. Peter Cheng; and (iii) Mr. William Doo Junior and Ms. Elaine Doo, as the son and the daughter and therefore close relatives of Mrs. Doo Cheng Sau Ha, Amy, are also presumed to be acting in concert with the Offeror in relation to NWS under class 8 of the definition of “acting in concert” under the Takeovers Code.

5. As at the Latest Practicable Date, Dr. Henry Cheng (i) beneficially held 18,349,571 NWS Shares (representing 0.47% of the issued share capital of NWS) and through his wholly-owned company, Dragon Noble Group Limited, held 12,000,000 NWS Shares (representing 0.31% of the issued share capital of NWS), which aggregate to 30,349,571 NWS Shares (representing 0.78% of the issued share capital of NWS); and (ii) held 10,990,000 NWS Options. Dr. Henry Cheng is the chairman and an executive director of NWS and the chairman and an executive director of NWD.
6. As at the Latest Practicable Date, Mr. Peter Cheng (i) beneficially held 656,870 NWS Shares (representing 0.02% of the issued share capital of NWS); (ii) wholly-owned PECC Investment Corporations S.A., which in turn wholly-owned B.G. & Partners Limited, which directly held 6,463,227 NWS Shares (representing 0.17% of the issued share capital of NWS); and (iii) jointly held 774,000 NWS Shares (representing 0.02% of the issued share capital of NWS) with his spouse, Ms. Li Syn Kay, Abbie, which aggregate to 7,894,097 NWS Shares (representing 0.20% of the issued share capital of NWS). Mr. Peter Cheng is a non-executive director of NWD.
7. Mr. Chan Sau Kit, Allan is a director of CTFH, which indirectly wholly-owns the Offeror. Mr. Chan Sau Kit, Allan is therefore presumed to be acting in concert with the Offeror in relation to NWS under class 2 of the definition of “acting in concert” under the Takeovers Code.
8. As at the Latest Practicable Date, Mr. William Doo Junior held (i) 128,869 NWS Shares (representing 0.00% of the issued share capital of NWS) (through his wholly-owned company, Brilliant Gain Company Limited) and (ii) 769,300 NWS Options. Mr. William Doo Junior is a non-executive director of NWS.
9. As at the Latest Practicable Date, Ms. Elaine Doo wholly-owned Freedom Crown Holdings Limited, which wholly-owned Financial Gain Holdings Ltd., which in turn directly held 25,274,033 NWS Shares (representing 0.65% of the issued share capital of NWS).
10. As at the Latest Practicable Date, Dr. Adrian Cheng held 5,495,000 NWS Options and was not interested in any NWS Shares. Dr. Adrian Cheng is an executive director of NWS and the executive vice-chairman, the chief executive officer and an executive director of NWD.
11. As at the Latest Practicable Date, Mr. Brian Cheng held 6,868,750 NWS Options and was not interested in any NWS Shares. Mr. Brian Cheng is an executive director of NWS and a non-executive director of NWD.
12. As at the Latest Practicable Date, Mr. Christopher Cheng held 6,868,750 NWS Options and was not interested in any NWS Shares. Mr. Christopher Cheng is an executive director of NWS.
13. Mr. Ma Siu Cheung is both (i) an executive director and the chief executive officer of NWS and (ii) an executive director of NWD. As NWD is an associated company (within the meaning of the Takeovers Code) of the Offeror and is therefore presumed to be acting in concert with the Offeror in relation to NWS under class 1 of the definition of “acting in concert” under the Takeovers Code, Mr. Ma Siu Cheung is also considered as an Offeror Concert Party.

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14. HSBC, BOCI and ING are the Joint Financial Advisers to CTFE and the Offeror in respect of the NWS Offers. Accordingly, (i) HSBC and relevant members of the HSBC Group, (ii) BOCI and relevant members of the BOCI Group and (iii) ING and relevant members of the ING Group which hold NWS Shares (or options, warrants or derivatives in respect of them) are presumed to be acting in concert with the Offeror in relation to NWS in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of NWS Shares (or options, warrants or derivatives in respect of them) held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code and also excluding NWS Shares (or options, warrants or derivatives in respect of them) held on behalf of non-discretionary investment clients of the HSBC Group, the BOCI Group and the ING Group, respectively).
15. Mr. Lam Wai Hon, Patrick is an alternate director to Mr. William Doo Junior in his capacity as a non-executive director of NWS. As at the Latest Practicable Date, Mr. Lam Wai Hon, Patrick was interested in 1,453,815 NWS Shares (representing 0.04% of the issued share capital of NWS) and was not interested in any NWS Options.

13. EFFECT OF ACCEPTING THE NWS SHARE OFFER

The NWS Share Offer is subject to the term that acceptance of the NWS Share Offer by any person constitutes a warranty by such person to the Offeror that the NWS Shares sold by such person under the NWS Share Offer are sold free from all Encumbrances and together with all rights attaching to them as at the NWS Share Offer Closing Date or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the NWS Share Offer Closing Date.

As disclosed in the 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, 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 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.

As disclosed in the NWD Circular, in the event that the resolution for approving the NWD Disposal is passed by the Independent NWD Shareholders at the NWD EGM, the NWD 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 the Latest Practicable Date) on Thursday, 9 November 2023. On the basis that (a) the declaration of the NWS FY2023 Final Dividend is approved at the NWS AGM 2023 and (b) the NWD 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 the Registrar for registration after the latest time for lodging transfer documents

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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 2023 Annual Results Announcement) will be entitled to the NWS FY2023 Final Dividend.

WARNING: For the avoidance of doubt, assuming that the NWS Offers become unconditional, if any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the NWS Shares (save for the NWS FY2023 Final Dividend) on or after the NWS Share Offer Closing Date, NWS Offer Shareholders who accept the NWS Share Offer will not be entitled thereto. Please also see “20. Intentions of the Offeror with regard to the NWS Group” in this letter for the Offeror’s intention with regard to the dividend policy of NWS.

14. HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at a rate of 0.13% of the market value of the NWS Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the NWS Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant holder of NWS Offer Shares on acceptance of the NWS Share Offer. The Offeror will bear its own portion of buyer’s ad valorem stamp duty at the rate of 0.13% of the market value of the NWS Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the NWS Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the NWS Shares which are validly tendered for acceptance under the NWS Share Offer.

No stamp duty is payable on the cancellation of any NWS Option.

15. OVERSEAS NWS OFFER SHAREHOLDERS AND NWS OPTIONHOLDERS

The making of the NWS Offers to NWS Offer Shareholders or, as the case may be, NWS Optionholders who, in either case, are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws or regulations of the relevant jurisdictions. The making of the NWS Offers to such NWS Offer Shareholders and NWS Optionholders and their acceptances of the NWS Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions and it is the responsibility of each of such NWS Offer Shareholders and NWS Optionholders who wishes to accept the NWS Share Offer or, as the case may be, the NWS Option Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of all governmental, exchange control or other consents, the compliance with all necessary formalities or legal or regulatory requirements and the payment by such NWS Offer Shareholder or NWS Optionholder of any transfer or other taxes for which he/she/it is liable in respect of his/her/its acceptance of the NWS Share Offer or, as the case may be, the NWS Option Offer in such jurisdiction.

As at the Latest Practicable Date, there were seven NWS Offer Shareholders whose addresses as shown in the register of members of NWS were outside Hong Kong (namely, Mainland China, Taiwan, Singapore and the U.K.) and 21 NWS Optionholders whose addresses as shown in the list of NWS Optionholders were outside Hong Kong (namely,

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Mainland China and the U.K.), which held in aggregate 1,524,915 NWS Shares (representing approximately 0.04% of the issued share capital of NWS) and 2,172,000 NWS Options (representing approximately 2.60% of the total number of NWS Options), respectively. The Offeror Directors had been advised by the local counsel in the aforementioned jurisdictions that there is no restriction under the laws or regulations of the respective jurisdictions against extending the NWS Offers or despatching this Composite Document (and in the case of the overseas NWS Optionholders, the NWS Option Offer Letter) to such overseas NWS Offer Shareholders and overseas NWS Optionholders (as the case may be). Accordingly, the NWS Offers will be extended to and this Composite Document (and in the case of the overseas NWS Optionholders, the NWS Option Offer Letter) will be despatched to the overseas NWS Offer Shareholders and overseas NWS Optionholders (as the case may be).

Any acceptance of the NWS Offers by any NWS Offer Shareholder or NWS Optionholder will be deemed to constitute a representation and warranty from such NWS Offer Shareholder or, as the case may be, NWS Optionholder to CTFE, the Offeror, NWS and their respective advisers, including the Joint Financial Advisers, that all the laws and regulations of the relevant jurisdictions have been complied with and that the NWS Share Offer can be accepted by such NWS Offer Shareholder, or, as the case may be, the NWS Option Offer can be accepted by such NWS Optionholder, lawfully under the laws and regulations of the relevant jurisdiction. NWS Offer Shareholders and NWS Optionholders should consult their professional advisers if in doubt.

16. SETTLEMENT OF CONSIDERATION

Settlement of the consideration in respect of an acceptance of the NWS Offers will be made as soon as possible and in any event no later than seven (7) Business Days after (a) the date on which the NWS Offers become or are declared unconditional in all respects or (b) the date of receipt of the complete and valid acceptance, whichever is the later.

For details, please see “2. Settlement under the NWS Offers” in “Appendix I — Further Terms of the NWS Offers” to the Composite Document.

No fraction of a cent will be payable and the amount of consideration payable to an NWS Offer Shareholder who accepts the NWS Share Offer or an NWS Optionholder who accepts the NWS Option Offer will be rounded down to the nearest cent.

17. INFORMATION ON CTFE AND THE OFFEROR

CTFE is a company incorporated in Hong Kong with limited liability. The CTFE Group is principally engaged in investment holding. As at the Latest Practicable Date, CTFE was beneficially wholly-owned by CTFH, which was held as to approximately 81.03% by CTFC, which was 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.

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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.

18. INFORMATION ON THE NWS GROUP

Your attention is drawn to “Information on the NWS Group” in the “Letter from the NWS Board” in the Composite Document for information on the NWS Group.

19. REASONS FOR AND BENEFITS OF THE NWS OFFERS

The principal reasons for and benefits of the NWS Offers (as considered by the Offeror) for NWD, all NWS Shareholders (including NWD), the NWS Group and CTFE are set out below:

For NWS Shareholders***For NWD only******(a) Immediately strengthen NWD’s financial position***

In response to persistent high interest rates, NWD’s management has stated its commitment to reducing NWD’s financial leverage as part of its sound financial management. As previously disclosed by NWD, its plan to reduce its financial leverage comprises disposals of non-core assets, optimisation of its capital expenditure, treasury management and adjustment of its dividend payments.

The NWD Disposal would provide NWD with cash proceeds of approximately HK\$21,754 million (which for the avoidance of doubt, does not include an amount of approximately HK\$27.3 million to be received by Financial Concepts Investment Limited (an indirect wholly-owned subsidiary of NWS and therefore an indirect non-wholly-owned subsidiary of NWD prior to the completion of the NWD Disposal, which directly owned 2,979,975 NWS Shares, representing approximately 0.076% of the issued share capital of NWS, as at the Latest Practicable Date), in which NWD will cease to have any equity interest upon completion of the NWD Disposal), which will immediately strengthen NWD’s financial position. Assuming the NWD Disposal had been completed on 30 June 2023, based on the Offeror’s assessment, NWD Group’s net gearing (as measured by consolidated net debt to total equity) would have decreased from around 49% to around 45% (before payout of the special dividend as disclosed in “21. Conditional Special Dividend” in the Joint Announcement).

(b) Enhance the strategic focus of NWD on property development, property investment and property related businesses, and other relevant customer focused businesses

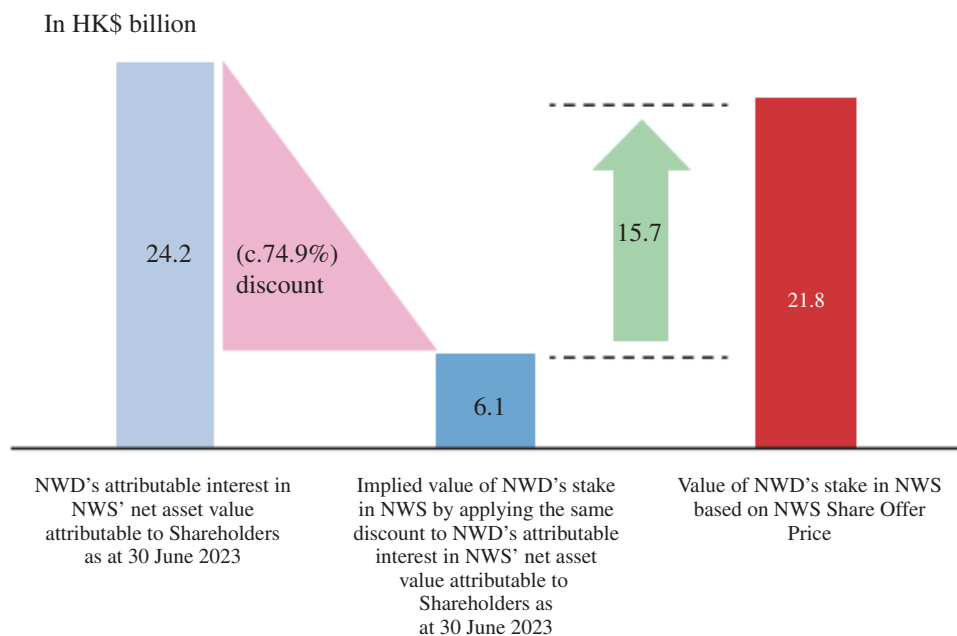
The NWD Group’s property development and investment businesses and the NWS Group’s diversified industries businesses are currently appraised and assessed by the market using different valuation methodologies given their distinct earnings, cash flow and net asset value profiles. They also attract investors with different investment focuses.

LETTER FROM THE JOINT FINANCIAL ADVISERS

As stated in NWD's announcements of interim results for the six months ended 31 December 2022 and annual results for the year ended 30 June 2023, NWD has been actively exploring strategic options for its various business in order to sharpen the respective strategic focuses of its group companies. Following the NWD Disposal, the business portfolio and asset profile of the NWD Group will be streamlined to enable NWD to focus mainly on property development, property investment and property related businesses, and other relevant customer focused businesses in Hong Kong and Mainland China.

(c) *Unlock value for NWD Shareholders*

The NWD Disposal would unlock value for NWD Shareholders. Currently, the value of NWD's stake in NWS is subject to a holding company discount. On the Last Trading Date, the market capitalisation of NWD represented a discount of approximately 74.9% to the NWD Group's consolidated net asset value attributable to NWD Shareholders as at 30 June 2023, implying a value of about HK\$6,061 million for NWD's stake in NWS if the same discount is applied to NWD's attributable interest in NWS net asset value attributable to NWS Shareholders. As the NWS Share Offer Price represents a discount of only approximately 10.0% to NWS net asset value attributable to NWS Shareholders per NWS Share as at 30 June 2023, disposing of NWD's interest in NWS at the NWS Share Offer Price would realise a premium of approximately HK\$15,720 million, or approximately 259.4% over the implied value of NWD's stake in NWS as at the Last Trading Date.



LETTER FROM THE JOINT FINANCIAL ADVISERS

*For all NWS Shareholders (including NWD)**(a) The NWS Share Offer Price represents an attractive exit premium*

The NWS Share Offer Price, being HK\$9.15 per NWS Offer Share, represents a premium of approximately 22.2% over the closing price per NWS Share of HK\$7.49 on the Last Full Trading Date. It also represents a premium of approximately 32.1% and 34.4% over the average closing prices of approximately HK\$6.93 and approximately HK\$6.81 per NWS Share on the Stock Exchange for the 60 and 180 consecutive trading days up to and including the Last Full Trading Date, respectively.

During the two-year period ended on and including the Last Full Trading Date, the highest and lowest closing prices per NWS Share on the Stock Exchange were HK\$8.44 and HK\$5.57, respectively. The NWS Share Offer Price represents a premium of approximately 8.4% over the highest closing price in the above period.

In HK\$ per NWS share

*(b) An opportunity for NWS Offer Shareholders to monetise NWS Shares without adversely affecting the market price*

The liquidity of NWS Shares has been at a low level over a long period of time. The average daily trading volume of NWS Shares for the 12 months preceding and including the Last Full Trading Date was approximately 1.6 million NWS Shares per day, representing only 0.04% of the total issued share capital of NWS as at the Last Full Trading Date and less than 0.12% of the public float of NWS as at the Last Full Trading Date. The low trading liquidity of NWS Shares makes it difficult for holders of the NWS

LETTER FROM THE JOINT FINANCIAL ADVISERS

Offer Shares to execute significant on-market disposals of NWS Shares without adversely affecting the market price of NWS Shares. The NWS Share Offer affords NWS Offer Shareholders an opportunity to realise their investments in NWS without such difficulty and receive a cash price significantly above the prevailing market price of the NWS Shares.

(c) *NWS Offer Shareholders are unlikely to receive an alternative offer on more favourable terms or at all*

For over two decades, CTFE has been a controlling shareholder of NWD and NWD has maintained majority voting control of NWS. Both NWD and NWS have been integral parts of CTFE's investment portfolio. This poses additional hurdles for a third party outside of the CTFE Group and the NWD Group to make an offer for the NWS Offer Shares, as such third party would be unable to acquire statutory control of NWS unless the NWD Group agrees to dispose of its controlling stake in NWS, which in turn would require approval from NWD Shareholders (including the CTFE Group) under the Listing Rules. It is therefore unlikely that NWS Offer Shareholders would receive an alternative offer for the NWS Offer Shares, or if received one which is on terms which are more favourable than those of the NWS Share Offer.

For the NWS Group***Enhance financial flexibility***

Given NWS is a subsidiary of NWD, the current capital structure and financial policy of NWS are subject to that of NWD. Upon completion of the NWD Disposal, NWS will cease to be a subsidiary of NWD and will therefore enjoy greater financial flexibility to optimise its capital structure and improve its cost of capital, including the pursuing of financing or re-financing opportunities at more favourable terms should they become available to NWS.

For CTFE

CTFE is interested in the NWS Group indirectly through its approximately 45.24% shareholding in NWD, which holds 60.87% of NWS, as at the Latest Practicable Date, and CTFE intends, through the NWS Offers, to increase its interest in the NWS Group with the Offeror (wholly-owned by CTFE) becoming a direct controlling shareholder of NWS.

20. INTENTIONS OF THE OFFEROR WITH REGARD TO THE NWS GROUP

As stated in "10. Public float and maintaining the listing status of NWS" in this letter, the Offeror intends to maintain the listing status of the NWS Shares 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.

LETTER FROM THE JOINT FINANCIAL ADVISERS

As at the Latest Practicable Date, it was the intention of the Offeror that, subject to the results of the Review (as defined below), after the close of the NWS Offers, (i) there will not be significant changes in the management and continued employment of the employees of the NWS Group; (ii) the NWS Group will continue with its existing businesses; and (iii) no major changes will be introduced to the existing operations or business of the NWS Group (including any redeployment of fixed assets of the NWS Group) other than in its ordinary course of business.

The Offeror will, following the close of the NWS Offers, conduct a review (“**Review**”) of, among others, the business operations and strategies, asset portfolio, financial position and dividend policy of the NWS Group, with a view to optimising the business plans and strategies for the future business development of the NWS Group and creating further value for NWS Shareholders.

Subject to the results of the Review and in compliance with all applicable legal and regulatory requirements, the Offeror intends to explore opportunities together with the NWS Board to:

- (i) rationalise and develop a sustainable and balanced financing strategy focused on the financial conditions and needs of the NWS Group with a view to optimising its capital structure, which may include proactively pursuing financing and re-financing opportunities that may be available to the NWS Group following the NWD Disposal;
- (ii) increase NWS’ total dividend payout. NWS is currently committed to delivering a sustainable and progressive dividend policy which aims to steadily increase or at least maintain the Hong Kong dollar amount of the total ordinary dividend per share in respect of each financial year. Subject to the results of the Review, the Offeror intends to request the NWS Board to maximise the total dividend payout of NWS by paying special dividends in addition to ordinary dividends, subject to compliance with applicable legal and regulatory requirements, approval by the NWS Board and NWS Shareholders where required, and taking into account the financial performance (such as the capital structure, cash flow and liquidity position) and future funding needs of the NWS Group, the prevailing economic and market conditions and any other relevant matters that may impact the business or financial performance of the NWS Group; and
- (iii) proactively optimise the NWS Group’s business and asset portfolio. In line with NWS’ strategy to crystallise value from its business portfolio to achieve sustainable long term growth, prudent risk management and value for all stakeholders, the NWS Group has made certain investments and disposed of certain non-core businesses and investments in recent years. For instance, in the last three years, the NWS Group acquired a 40% interest in Guigang-Wuzhou Expressway (貴港至梧州高速公路) and seven logistics warehouses in Chengdu, Wuhan and Suzhou, and disposed of the aircraft leasing platform owned by Goshawk Aviation Limited, NWS Transport Services Limited, SUEZ NWS Limited and 廈門集裝箱碼頭集團有限公司 (Xiamen Container Terminal Group Co., Ltd.), to name a few. The Offeror intends that NWS should proactively further this strategy and continuously monitor the composition of

LETTER FROM THE JOINT FINANCIAL ADVISERS

its business and asset portfolio, including identifying and realising its investments in assets which no longer complement the future business development of the NWS Group or where the disposal will enhance the value to its shareholders. The Offeror believes that this would enable the NWS Group to better focus its resources on its core businesses, optimise its asset portfolio and returns to its shareholders, and enhance corporate efficiency in the long run.

21. CONFIRMATION OF FINANCIAL RESOURCES

On the assumption that the number of NWS Options will not change after the Latest Practicable Date and all NWS Options will be exercised before the close of the NWS Share Offer, NWS will have to issue 83,636,850 new NWS Shares, representing 2.14% of the issued share capital of NWS as at the Latest Practicable Date and 2.09% of the enlarged issued share capital of NWS. On this basis and on the assumption that the number of NWS Shares will otherwise not change before the NWS Share Offer Closing Date, there will be 3,875,666,775 NWS Offer Shares, the value of the NWS Share Offer will be approximately HK\$35,462 million and no amount will be payable by the Offeror under the NWS Option Offer. On this basis and taking into account the buyer's ad valorem stamp duty payable by the Offeror (based on the market value of the NWS Offer Shares at the closing price of NWS Shares on the Last Full Trading Date), the maximum amount of cash required to implement the NWS Offers would be approximately HK\$35,508 million.

The funds required by the Offeror to satisfy the consideration payable under the NWS Offers will be financed by a combination of its existing cash resources and the Offer Facility. The Offeror currently expects to repay the Offer Facility with its working capital, which will include, among others, any dividends and distributions which may be received from NWS following the NWS Offers. In this regard, the Offeror, which will become a controlling shareholder of NWS following the NWS Offers, intends to request the NWS Board to maximise the total dividend payout of NWS by paying special dividends in addition to ordinary dividends, subject to the factors as set out in "20. Intentions of the Offeror with regard to the NWS Group" in this letter.

HSBC, being one of the Joint Financial Advisers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the NWS Offers in accordance with their respective terms.

22. TAXATION AND INDEPENDENT ADVICE

NWS Offer Shareholders and NWS Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the NWS Offers. It is emphasised that none of CTFE, the Offeror, NWS or the Joint Financial Advisers nor any of their respective directors, officers or associates and any other person involved in the NWS Offers, accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their accepting or not accepting the NWS Offers.

LETTER FROM THE JOINT FINANCIAL ADVISERS**23. FURTHER TERMS OF THE NWS OFFERS**

Please see “Appendix I — Further Terms of the NWS Offers” and “Appendix V — Form of NWS Option Offer Letter” to the Composite Document for further terms of the NWS Offers.

24. LISTING RULES IMPLICATIONS OF THE NWS OFFERS FOR NWD

The NWS Share Offer is subject to the satisfaction or waiver (where applicable) of, among other Conditions, the Condition that valid acceptances of the NWS Share Offer are received in respect of 2,380,495,938 NWS Shares (being the number of NWS Shares held by the NWD Group, representing 60.88% of the issued share capital of NWS, as at the Announcement Date). For details, please see Condition (b) in “8. Conditions to the NWS Offers” in this letter. As at the Latest Practicable Date, the NWD Group continued to hold 2,380,495,938 NWS Shares (representing 60.87% of the issued share capital of NWS).

Therefore, the NWD Disposal, if it proceeds, will be a disposal by the NWD Group of all of its NWS Shares. As disclosed in “19. Possible major transaction and connected transaction of NWD” in the Joint Announcement, (a) as the highest applicable percentage ratio for NWD in respect of the NWD Disposal exceeds 25% but is less than 75%, the NWD Disposal constitutes a major transaction for NWD under Chapter 14 of the Listing Rules; (b) CTFE is a connected person of NWD under the Listing Rules and the NWD Disposal constitutes a connected transaction for NWD under Chapter 14A of the Listing Rules; and (c) the NWD Disposal is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapters 14 and 14A of the Listing Rules.

The NWD Circular containing, amongst other things, details of the NWS Offers and the NWD Disposal and the notice of the NWD EGM to be held to consider, and if thought fit, to approve the NWD Disposal as a major transaction and a connected transaction of NWD under Chapters 14 and 14A of the Listing Rules is being despatched to the NWD Shareholders on or around the date of the Composite Document.

25. GENERAL

To ensure equality of treatment of all NWS Offer Shareholders, those NWS Offer Shareholders who hold the NWS Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the NWS Offer Shares whose investments are registered in nominee names to accept the NWS Share Offer, it is essential that they provide instructions of their intentions with regard to the NWS Share Offer to their nominees.

All documents and cheques for payment to the NWS Offer Shareholders who accept the NWS Share Offer will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of NWS or, in the case of joint NWS Offer Shareholders, to the NWS Offer Shareholder whose name appears first in the register of members of NWS, as applicable.

LETTER FROM THE JOINT FINANCIAL ADVISERS

All documents to the NWS Optionholders and cheques for payment in respect of the NWS Options surrendered for cancellation will be delivered to the office of NWS in Hong Kong at 21st Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong for collection by the NWS Optionholders. None of CTFE, the Offeror, NWS, the Joint Financial Advisers or the Registrar nor any of their respective directors, officers or associates and any other person involved in the NWS Offers, will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

26. ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the NWS Board”, the “Letter from the NWS IBC” (including the recommendations by the NWS IBC as set out on page 51 of the Composite Document), the “Letter from the NWS IFA” (including the recommendation by the NWS IFA as set out on page 81 of the Composite Document), the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of the Composite Document.

Yours faithfully,
For and on behalf of

**The Hongkong and Shanghai
Banking Corporation Limited**

Edmond Tin
*Managing Director,
Head of Hong Kong Investment
Banking Coverage*

BOCI Asia Limited

Kin Chung Lui
Director

ING Bank N.V.

Shaw Ming Chia
Director

Andrew Lau
Director

LETTER FROM THE NWS BOARD



新創建 NWS

新創建集團有限公司*

NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 00659)

Executive directors:

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

Non-executive directors:

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

Independent non-executive directors:

Mr. Shek Lai Him, Abraham
 Mr. Lee Yiu Kwong, Alan
 Mrs. Oei Wai Chi Grace Fung
 Mr. Wong Kwai Huen, Albert
 Professor Chan Ka Keung, Ceajer
 Ms. Ng Yuen Ting, Yolanda

Registered office:

Clarendon House,
 2 Church Street,
 Hamilton, HM11,
 Bermuda

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

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

13 October 2023

To the NWS Offer Shareholders and the NWS Optionholders:

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY GENERAL CASH OFFERS BY
 THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED,
 BOCI ASIA LIMITED AND ING BANK N.V. ON BEHALF OF THE OFFEROR
 TO ACQUIRE ALL THE ISSUED SHARES OF NWS (OTHER THAN THOSE
 ALREADY BENEFICIALLY OWNED BY THE CTFH GROUP) AND
 TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF NWS**

* For identification purpose only

LETTER FROM THE NWS BOARD**1. INTRODUCTION**

We refer to the Joint Announcement, which stated that the Joint Financial Advisers, on behalf of the Offeror, subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, would make a conditional voluntary general cash offer to acquire all the issued shares of NWS not already beneficially owned by the CTFH Group and to cancel all the outstanding share options of NWS. For the avoidance of doubt, the NWS Offer Shares include the NWS Shares owned by the NWD Group and other Offeror Concert Parties (other than the CTFH Group).

The making of the NWS Offers was subject to the satisfaction or waiver (where applicable) of the Pre-Conditions and on 6 October 2023, CTFE, the Offeror and NWS jointly announced that the Pre-Conditions had been satisfied.

The purpose of the Composite Document (of which this letter forms part) is to provide you with, among other things: (i) further information relating to the NWS Offers (including the expected timetable and terms of the NWS Offers); (ii) the letter from the Joint Financial Advisers containing, among other things, details of the NWS Offers; (iii) the letter from the NWS IBC to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders containing its recommendations in respect of the NWS Offers; and (iv) the letter from the NWS IFA containing its advice to the NWS IBC in relation to the NWS Offers.

Terms used in this letter shall have the same meaning as those defined in the Composite Document unless the context otherwise requires.

2. NWS IBC AND NWS IFA

The NWS Board has established the NWS IBC, comprising Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Wai Chi Grace Fung, Mr. Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms. Ng Yuen Ting, Yolanda, to make a recommendation to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders as to whether the NWS Offers are, or are not, fair and reasonable and as to the acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, the NWS IBC is required to comprise all the non-executive NWS Directors who have no direct or indirect interest in the NWS Offers other than as holders of the NWS Shares and/or the NWS Options. Mr. William Doo Junior is presumed to be acting in concert with the Offeror in relation to NWS under class 8 of the definition of “acting in concert” under the Takeovers Code (for details, please refer to Note 4 to the shareholding table of NWS under the section headed “12. Shareholding Structure of NWS” in the “Letter from the Joint Financial Advisers” of the Composite Document). Mr. William Doo Junior is accordingly regarded as being interested in the NWS Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the NWS IBC. All of the other non-executive NWS Directors and all the independent non-executive NWS Directors are members of the NWS IBC.

LETTER FROM THE NWS BOARD

Quam Capital has, with the approval of the NWS IBC, been appointed as the NWS IFA to advise the NWS IBC in connection with the NWS Offers.

Quam Capital has advised the NWS IBC that it is of the opinion that the terms of the NWS Offers are fair and reasonable so far as the Disinterested NWS Shareholders and Disinterested NWS Optionholders are concerned, and accordingly, it recommends the NWS IBC to advise the Disinterested NWS Shareholders to accept the NWS Share Offer and the Disinterested NWS Optionholders to accept the NWS Option Offer. The NWS IBC, having been so advised, considers that the terms of the NWS Offers are fair and reasonable insofar as the Disinterested NWS Shareholders and the Disinterested NWS Optionholders are concerned, and accordingly, recommends the Disinterested NWS Shareholders to accept the NWS Share Offer and the Disinterested NWS Optionholders to accept the NWS Option Offer.

The full texts of the “Letter from the NWS IBC” addressed to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders and the “Letter from the NWS IFA” addressed to the NWS IBC are set out in the Composite Document. You are advised to read both letters and the additional information contained in the appendices to the Composite Document carefully before taking any action in respect of the NWS Offers.

3. THE NWS OFFERS

As set out in the “Letter from the Joint Financial Advisers” on pages 15 to 39 of the Composite Document, the Joint Financial Advisers, on behalf of the Offeror, are making (i) the NWS Share Offer; and (ii) the NWS Option Offer. For the avoidance of doubt, the NWS Offer Shares include the NWS Shares owned by the NWD Group and other Offeror Concert Parties (other than the CTFH Group).

NWS Share Offer

The NWS Share Offer is being made by the Joint Financial Advisers on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each NWS Offer Share..... HK\$9.15 in cash

NWS Option Offer

In accordance with Rule 13 of the Takeovers Code, the Joint Financial Advisers, on behalf of the Offeror, are making an appropriate offer to all the NWS Optionholders for the cancellation of every NWS Option, whether vested or unvested, by way of the NWS Option Offer.

LETTER FROM THE NWS BOARD

Under the NWS Option Offer, in accordance with Rule 13 of the Takeovers Code, the NWS Optionholders are being offered the NWS Option Offer Price (which is the “see-through” price, being the NWS Share Offer Price minus the exercise price of the relevant NWS Option) in cash for the cancellation of each NWS Option they hold, whether vested or unvested. The table below sets out the exercise price and the corresponding “see-through” price for the 83,636,850 NWS Options outstanding as at the Latest Practicable Date:

| NWS Option exercise price per NWS Share (HK\$) | NWS Option Offer Price per NWS Option based on the NWS Share Offer Price of HK\$9.15 per NWS Offer Share (HK\$) | Number of NWS Options (each carrying the right to subscribe for one new NWS Share) |
|---|---|--|
| 7.83 | 1.32 | 83,636,850 |

Further details of the terms of the NWS Offers can be found in the “Letter from the Joint Financial Advisers”, “Appendix I — Further Terms of the Offer” and “Appendix V — Form of NWS Option Offer Letter” to the Composite Document and the accompanying Form(s) of Acceptance.

The NWS Board confirms that, as at the Latest Practicable Date, (i) save for the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share (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), the NWS Board had not announced or declared any dividend, distribution or other return of capital which remained unpaid; and (ii) save for the NWS FY2023 Final Dividend and the interim dividend (if any) for the six months ending 31 December 2023, the NWS Board did not intend to announce, recommend, declare and/or pay any dividend, distribution or other return of capital before the NWS Share Offer Closing Date or the lapse of the NWS Offers (as the case may be).

4. ARRANGEMENT WITH REGARD TO NWS ADS

The NWS Share Offer is not addressed to holders of NWS ADSs, and NWS ADSs may not be tendered into the NWS Share Offer. Each NWS ADS represents 10 NWS Shares deposited with Deutsche Bank Trust Company Americas, the depositary bank appointed by NWS. Holders of NWS ADSs who wish to participate in the NWS Share Offer may contact the depositary bank to withdraw the underlying NWS Shares in accordance with the normal NWS ADSs cancellation process, which may then be tendered into the NWS Share Offer. Holders of NWS ADSs should contact the depositary bank in case they have questions in relation to this process.

LETTER FROM THE NWS BOARD**5. CONDITIONS TO THE NWS OFFERS**

The NWS Offers are subject to the satisfaction or waiver (where applicable) of the following Conditions:

- (a) the approval of the NWD Disposal by the Independent NWD Shareholders in accordance with the Listing Rules;
- (b) valid acceptances of the NWS Share Offer being received from the NWD Group by 4:00 p.m. on the NWS Share Offer Closing Date (and not, where permitted, withdrawn) in respect of 2,380,495,938 NWS Shares (being the number of the NWS Shares held by the NWD Group, representing 60.88% of the issued share capital of NWS, as at the Announcement Date);
- (c) the NWS Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the NWS Share Offer Closing Date (save for any temporary suspension of trading of the NWS Shares pending any announcement in connection with the NWS Offers or other inside information) and no indication being received on or before the NWS Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the NWS Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (d) no event having occurred which would make any of the NWS Offers, the acquisition of any of the NWS Offer Shares or the cancellation of the NWS Options under the NWS Offers void, unenforceable or illegal, would prohibit the implementation of any of the NWS Offers or would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms;
- (e) all necessary consents in connection with the NWS Offers and/or (in the event that the Offeror were to exercise the right (if any) to acquire compulsorily those NWS Offer Shares not already beneficially owned or acquired by the CTFH Group) the possible withdrawal of the listing of the NWS Shares from the Stock Exchange which may be required under any existing contractual or other obligations of NWS having been obtained and remaining in effect;
- (f) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the NWS Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms);

LETTER FROM THE NWS BOARD

- (g) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the NWS Group to an extent which is material in the context of the NWS Group; and
- (h) save for any existing claim by NWS Group in respect of its six aircraft located in Russia or as otherwise disclosed by NWS on or before the Announcement Date, there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the NWS Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the NWS Group or in the context of the NWS Offers.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Condition (a)).

In respect of Condition (a), as disclosed in the NWD Circular, the NWD EGM will be held on Thursday, 2 November 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, approving, among others, the NWD Disposal, and the announcement on the poll results of the NWD EGM will be published by NWD on the Stock Exchange's website after 4:30 p.m. on Thursday, 2 November 2023.

In respect of Condition (b), as disclosed in the NWD Circular, in the event that the resolution for approving the NWD Disposal is passed by the Independent NWD Shareholders at the NWD EGM, the NWD 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 the Latest Practicable Date) on Thursday, 9 November 2023.

As at the Latest Practicable Date, save for Condition (e) which had been satisfied, none of the Conditions had been satisfied or waived (where applicable).

The NWS Option Offer is subject to and conditional upon the NWS Share Offer becoming or being declared unconditional in all respects.

Further details of the NWS Offers including, among others, the expected timetable, the conditions, terms and procedures of acceptance of the NWS Offers, are set out in the "Letter from the Joint Financial Advisers", "Appendix I — Further Terms of the NWS Offers" and "Appendix V — Form of NWS Option Offer Letter" to the Composite Document and the accompanying Form(s) of Acceptance.

LETTER FROM THE NWS BOARD

WARNING: Completion of the NWS Share Offer is subject to the Conditions being satisfied or, where applicable, waived. Additionally, completion of the NWS Option Offer is subject to and conditional upon the NWS Share Offer becoming or being declared unconditional in all respects. Accordingly, the NWS Offers may or may not become unconditional. Shareholders and holders of options and other securities of and potential investors in NWS should therefore exercise caution when dealing in the securities of NWS. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

6. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF NWS

According to “10. Public float and maintaining the listing status of NWS” in the “Letter from the Joint Financial Advisers” in the Composite Document, the NWS Board understands that the Offeror intends to maintain the listing status of the NWS Shares 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.

The Stock Exchange has stated that (a) if, at the close of the NWS Share Offer, less than the minimum prescribed percentage applicable to NWS, being 25% of the issued NWS Shares, are held by the public; or (b) if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the NWS Shares; or (ii) that there are insufficient NWS Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the NWS Shares.

The NWS Directors and (as noted from the “Letter from the Joint Financial Advisers” in the Composite Document) the Offeror Directors have undertaken to the Stock Exchange that, in the event that the public float of NWS falls below 25% following the close of the NWS Offers, appropriate steps will be taken to ensure that NWS will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

7. EFFECT OF ACCEPTING THE NWS SHARE OFFER

Your attention is drawn to “13. Effect of accepting the NWS Share Offer” in the “Letter from the Joint Financial Advisers” in the Composite Document for the effect of accepting the NWS Share Offer.

As disclosed in the 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, 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 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.

LETTER FROM THE NWS BOARD

On the basis that (a) the declaration of the NWS FY2023 Final Dividend is approved at the NWS AGM 2023 and (b) the NWD 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 the Share Registrar 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 2023 Annual Results Announcement) will be entitled to the NWS FY2023 Final Dividend.

WARNING: For the avoidance of doubt, assuming that the NWS Offers become unconditional, if any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the NWS Shares (save for the NWS FY2023 Final Dividend) on or after the NWS Share Offer Closing Date, NWS Offer Shareholders who accept the NWS Share Offer will not be entitled thereto. Please also see “20. Intentions of the Offeror with regard to the NWS Group” in the “Letter from the Joint Financial Advisers” in the Composite Document for the Offeror’s intention with regard to the dividend policy of NWS.

8. INFORMATION OF 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.

Financial and general information of the NWS Group are set out in “Appendix II — Financial Information of the NWS Group” and “Appendix IV — General Information of the NWS Group” to the Composite Document.

9. INFORMATION ON CTFE AND THE OFFEROR

Your attention is drawn to “17. Information on CTFE and the Offeror” in the “Letter from the Joint Financial Advisers” and “Appendix III — General Information of CTFE and the Offeror” in the Composite Document for information on CTFE and the Offeror.

10. INTENTIONS OF THE OFFEROR REGARDING THE NWS GROUP

Your attention is drawn to “20. Intentions of the Offeror with regard to the NWS Group” in the “Letter from the Joint Financial Advisers” in the Composite Document for information on the intentions of the Offeror regarding the NWS Group. The NWS Board notes such intentions and is open to working with the Offeror in conducting a Review of the NWS Group and exploring opportunities to optimise the NWS Group’s business and asset portfolio, capital structure and returns to its shareholders.

LETTER FROM THE NWS BOARD

11. INTENTIONS OF THE NWS DIRECTORS ON THE ACCEPTANCE OF THE NWS OFFERS

As at the Latest Practicable Date, the following NWS Directors had the following interests in NWS Shares and NWS Options:

| Name of NWS Director | No. of NWS Shares | No. of NWS Options |
|---|----------------------|-----------------------|
| NWS Directors whose NWS Shares form part of the NWS Offer Shares and do not form part of the Disinterested NWS Shares: | | |
| Dr. Henry Cheng (<i>Note 1</i>) | 30,349,571 | 10,990,000 |
| Mr. William Doo Junior (<i>Note 2</i>) | 128,869 | 769,300 |
| Dr. Adrian Cheng | 0 | 5,495,000 |
| Mr. Brian Cheng | 0 | 6,868,750 |
| Mr. Christopher Cheng | 0 | 6,868,750 |
| Mr. Ma Siu Cheung | 0 | 7,693,000 |
| NWS Directors who are holders of Disinterested NWS Shares: | | |
| Mr. Lam Wai Hon, Patrick (<i>Note 3</i>) | 1,453,815 | 0 |
| Mr. Ho Gilbert Chi Hang | 0 | 7,418,250 |
| Mr. To Hin Tsun, Gerald | 0 | 769,300 |
| Mr. Dominic Lai | 0 | 769,300 |
| Mr. Shek Lai Him, Abraham | 0 | 1,648,500 |
| Mr. Lee Yiu Kwong, Alan | 0 | 1,648,500 |
| Mrs. Oei Wai Chi Grace Fung | 0 | 1,648,500 |
| Mr. Wong Kwai Huen, Albert | 0 | 1,648,500 |
| Professor Chan Ka Keung, Ceajer | 0 | 1,648,500 |

Notes:

- As at the Latest Practicable Date, Dr. Henry Cheng (i) beneficially held 18,349,571 NWS Shares (representing 0.47% of the issued share capital of NWS) and through his wholly-owned company, Dragon Noble Group Limited, held 12,000,000 NWS Shares (representing 0.31% of the issued share capital of NWS), which aggregate to 30,349,571 NWS Shares (representing 0.78% of the issued share capital of NWS); and (ii) held 10,990,000 NWS Options.
- As at the Latest Practicable Date, Mr. William Doo Junior held (i) 128,869 NWS Shares (representing 0.00% of the issued share capital of NWS) (through his wholly-owned company, Brilliant Gain Company Limited) and (ii) 769,300 NWS Options.
- Mr. Lam Wai Hon, Patrick is an alternate director to Mr. William Doo Junior in his capacity as a non-executive director of NWS. As at the Latest Practicable Date, Mr. Lam Wai Hon, Patrick was interested in 1,453,815 NWS Shares (representing 0.04% of the issued share capital of NWS) and was not interested in any NWS Options.

LETTER FROM THE NWS BOARD

Your attention is drawn to “12. Shareholding Structure of NWS” in the “Letter from the Joint Financial Advisers” in the Composite Document for further details of the shareholding structure of NWS.

The above NWS Directors have indicated their intentions with respect to the NWS Offers as follows:

- (a) each of Dr. Henry Cheng, Mr. William Doo Junior and Mr. Lam Wai Hon, Patrick intends to accept the NWS Share Offer and the NWS Option Offer; and
- (b) all other NWS Directors intend to accept the NWS Option Offer.

12. ADDITIONAL INFORMATION

You are advised to read the “Letter from the Joint Financial Advisers” and “Appendix I — Further Terms of the NWS Offers” in the Composite Document and the accompanying Form(s) of Acceptance for further information relating to the NWS Offers, information on taxation and the acceptance and settlement procedures of the NWS Offers. Your attention is also drawn to the additional information contained in the appendices to the Composite Document.

13. RECOMMENDATIONS

Your attention is drawn to (a) the “Letter from the NWS IBC” to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders containing its recommendations with respect of the NWS Offers; and (b) the “Letter from the NWS IFA” containing its advice to the NWS IBC in relation to the NWS Offers and the principal factors and reasons considered by the NWS IFA in arriving at its recommendations. You are advised to read both letters and the remainder of the Composite Document carefully before taking any action in respect of the NWS Offers.

In considering what action to take in connection with the NWS Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board of
NWS HOLDINGS LIMITED
Tang Wai Yau
Company Secretary

LETTER FROM THE NWS IBC

**新創建 NWS****新創建集團有限公司***
NWS HOLDINGS LIMITED*(incorporated in Bermuda with limited liability)***(stock code: 00659)**

13 October 2023

To the Disinterested NWS Shareholders and the Disinterested NWS Optionholders:

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY GENERAL CASH OFFERS BY
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED,
BOCI ASIA LIMITED AND ING BANK N.V. ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF NWS (OTHER THAN THOSE
ALREADY BENEFICIALLY OWNED BY THE CTFH GROUP) AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF NWS**

INTRODUCTION

We refer to the Composite Document dated 13 October 2023 in respect of the NWS Offers jointly issued by CTFE, the Offeror and NWS, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter have the same meanings as that defined in the Composite Document.

We have been appointed by the NWS Board as members of the NWS IBC to consider, among other things, the terms of the NWS Offers and to make a recommendation as to whether, in our opinion, the terms of the NWS Offers are fair and reasonable insofar as the Disinterested NWS Shareholders and Disinterested NWS Optionholders are concerned, and as to the acceptance or not of the NWS Offers.

* For identification purpose only

LETTER FROM THE NWS IBC

Quam Capital Limited has been appointed as the NWS IFA with our approval to advise and make recommendations to the NWS IBC in respect of the terms of the NWS Offers and as to acceptance of the NWS Offers. Details of its advice and recommendations and the principal factors and reasons which it has considered before arriving at such recommendations, are set out in the “Letter from the NWS IFA” in the Composite Document.

We also wish to draw your attention to the “Letter from the NWS Board”, “Letter from the Joint Financial Advisers” and the additional information set out in the Composite Document.

We, as members of the NWS IBC, have declared that we are independent and do not have any conflict of interest in respect of the NWS Offers and are therefore able to consider the terms of the NWS Offers and make recommendations accordingly to the Disinterested NWS Shareholders and Disinterested NWS Optionholders. Mr. William Doo Junior is presumed to be acting in concert with the Offeror in relation to NWS under class 8 of the definition of “acting in concert” under the Takeovers Code (for details, please refer to note 4 to the shareholding table of NWS under “12. Shareholding Structure of NWS” in the “Letter from the Joint Financial Advisers” of the Composite Document). Mr. William Doo Junior is accordingly regarded as being interested in the NWS Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the NWS IBC.

RECOMMENDATIONS

Having considered the terms of the NWS Offers and the letter of advice and recommendations from the NWS IFA, we concur with the view of the NWS IFA and consider that:

- (a) the terms of the NWS Share Offer are fair and reasonable insofar as the Disinterested NWS Shareholders are concerned, and we recommend the Disinterested NWS Shareholders to accept the NWS Share Offer; and
- (b) the terms of the NWS Option Offer are fair and reasonable insofar as the Disinterested NWS Optionholders are concerned, and we recommend the Disinterested NWS Optionholders to accept the NWS Option Offer.

The Disinterested NWS Shareholders and Disinterested NWS Optionholders are recommended to read the full text of the “Letter from the NWS IFA” set out in the Composite Document.

Notwithstanding our recommendations, the Disinterested NWS Shareholders and Disinterested NWS Optionholders should consider carefully the terms of the NWS Offers. In any case, the Disinterested NWS Shareholders and Disinterested NWS Optionholders are reminded that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives.

LETTER FROM THE NWS IBC

The Disinterested NWS Shareholders and Disinterested NWS Optionholders who intend to accept the NWS Offers are also reminded to closely monitor the market price and the liquidity of the NWS Shares during the NWS Offer Period and may, having regard to their own circumstances and investment objectives, (i) for Disinterested NWS Shareholders, consider selling the NWS Shares in the open market instead of accepting the NWS Share Offer if the net proceeds from the sale of such NWS Shares in the open market would be higher than that receivable under the NWS Share Offer; and (ii) for Disinterested NWS Optionholders, consider exercising the NWS Options and selling the underlying NWS Shares in the open market, instead of accepting the NWS Option Offer, if the net proceeds from selling the underlying NWS Shares in the open market from exercising of the NWS Options is higher than that receivable under the NWS Option Offer.

The Disinterested NWS Shareholders and Disinterested NWS Optionholders should closely monitor the business development of the NWS Group and the intentions of the Offeror when there is more information available in this regard.

If in doubt, the Disinterested NWS Shareholders and Disinterested NWS Optionholders should consult their own professional advisers for professional advice. In addition, Disinterested NWS Shareholders and Disinterested NWS Optionholders who wish to accept the NWS Offers are recommended to read and consider carefully the procedures for accepting the NWS Offers detailed in “Appendix I — Further Terms of the NWS Offers” to the Composite Document and the accompanying Form(s) of Acceptance.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
NWS Holdings Limited

**Mr. To Hin Tsun,
Gerald**
*Non-executive
Director*

Mr. Dominic Lai
*Non-executive
Director*

**Mr. Shek Lai Him,
Abraham**
*Independent Non-
executive Director*

**Mr. Lee Yiu Kwong,
Alan**
*Independent Non-
executive Director*

**Mrs. Oei Wai Chi
Grace Fung**
*Independent Non-
executive Director*

**Mr. Wong Kwai
Huen, Albert**
*Independent Non-
executive Director*

**Professor Chan Ka
Keung, Ceajer**
*Independent Non-
executive Director*

**Ms. Ng Yuen Ting,
Yolanda**
*Independent Non-
executive Director*

LETTER FROM THE NWS IFA

Set out below is the text of a letter received from Quam Capital, the independent financial adviser to the NWS IBC in respect of the NWS Offers for the purpose of inclusion in this Composite Document.

13 October 2023

To the NWS IBC

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

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY GENERAL CASH OFFERS BY
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED,
BOCI ASIA LIMITED AND ING BANK N.V. ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF NWS (OTHER THAN THOSE
ALREADY BENEFICIALLY OWNED BY THE CTFH GROUP) AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF NWS**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the NWS IBC in respect to the NWS Offers. Details of the NWS Offers are set out in the Letter from the Joint Financial Advisers contained in the Composite Document dated 13 October 2023 (the “**Letter from the Joint Financial Advisers**”), of which this letter forms part. Unless otherwise stated, terms defined in the Composite Document have the same meanings in this letter.

According to the Joint Announcement dated 26 June 2023, the Offeror, a wholly-owned subsidiary of CTFE, firmly intends, subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, to make a conditional voluntary general cash offer to acquire all the issued shares of NWS not already beneficially owned by the CTFH Group and to cancel all the outstanding share options of NWS. For the avoidance of doubt, the NWS Offer Shares include the NWS Shares owned by the NWD Group and other Offeror Concert Parties (other than the CTFH Group).

On 6 October 2023, CTFE, the Offeror and NWS jointly announced that the Pre-Conditions had been satisfied.

LETTER FROM THE NWS IFA**THE NWS IBC AND THE NWS IFA**

The NWS IBC, comprising Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Wai Chi Grace Fung, Mr. Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms. Ng Yuen Ting, Yolanda, has been established to make a recommendation to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders as to whether the NWS Offers are, or are not, fair and reasonable and as to the acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, the NWS IBC is required to comprise all the non-executive NWS Directors who have no direct or indirect interest in the NWS Offers other than as holders of the NWS Shares and/or the NWS Options. Mr. William Doo Junior is presumed to be acting in concert with the Offeror in relation to NWS under class 8 of the definition of “acting in concert” under the Takeovers Code. Mr. William Doo Junior is accordingly regarded as being interested in the NWS Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the NWS IBC. All of the other non-executive NWS Directors and all the independent non-executive NWS Directors are members of the NWS IBC.

We have been appointed by the NWS Board with the approval of the NWS IBC in relation to the NWS Offers, where our role is to advise the NWS IBC with an independent opinion and recommendation as to whether the NWS Offers are fair and reasonable as far as the Disinterested NWS Shareholders and the Disinterested NWS Optionholders are concerned, and whether the Disinterested NWS Shareholders and the Disinterested NWS Optionholders should accept the NWS Offers.

As at the Latest Practicable Date, we did not have any relationships with or interests in NWS, the Offeror, or any of their respective controlling shareholders and any party acting, or presumed to be acting, in concert with any of them, and accordingly, are qualified to give independent advice to the NWS IBC. Save for our appointment as the independent financial adviser to the NWS IBC, we did not act as a financial adviser to NWS and the Offeror in the past two years prior to the Latest Practicable Date. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the NWS IBC, no arrangement exists whereby we shall receive any other fees or benefits from NWS or the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR ADVICE

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information provided by the NWS Directors and the management of NWS (the “**NWS Management**”); (iii) the opinions expressed by and the representations of the NWS Directors and the NWS Management; and (iv) our review of the relevant public information, including but not limited to the historical share prices, financial results or reports and other announcements of NWS. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are

LETTER FROM THE NWS IFA

true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the NWS Directors and the NWS Management and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the NWS Directors and the NWS Management. Should there be any material changes to the statements, information and/or representation affecting our opinion after the Latest Practicable Date, the Disinterested NWS Shareholders and Disinterested NWS Optionholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

We have reviewed, among others, (i) NWS's annual results announcement for the year ended 30 June 2023 (the "**FY2023 Annual Results Announcement**"); (ii) NWS's annual report for the year ended 30 June 2022 (the "**FY2022 Annual Report**"); and (iii) the Joint Announcement. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinions expressed by the NWS Directors and the NWS Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position, financial forecast or future prospects of the NWS Group.

PRINCIPAL TERMS OF THE NWS OFFERS

The NWS Share Offer

The NWS Share Offer is being made by the Joint Financial Advisers on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each NWS Offer Share..... HK\$9.15 in cash

Save for the NWS FY2023 Final Dividend, if, after the Latest Practicable Date but before the NWS Share Offer Closing Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the NWS Shares, the Offeror reserves the right to reduce the NWS Share Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the NWS Share Offer Price will be deemed to be a reference to the NWS Share Offer Price as so reduced (and the NWS Option Offer Price shall be reduced accordingly). For the avoidance of doubt, assuming that the NWS Offers become unconditional, if any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the NWS Shares on or after the NWS Share Offer Closing Date, NWS Offer Shareholders who accept the NWS Share Offer will not be entitled thereto.

As at the Latest Practicable Date, (i) save for the NWS FY2023 Final Dividend of HK\$0.31 per NWS Share (which is expected to be paid on or about 7 December 2023, subject to the passing of the relevant resolution at the annual general meeting of NWS to be held on

LETTER FROM THE NWS IFA

10 November 2023), the NWS Board had not announced or declared any dividend, distribution or other return of capital which remained unpaid; and (ii) save for the NWS FY2023 Final Dividend and the interim dividend (if any) for the six months ending 31 December 2023, the NWS Board did not intend to announce, recommend, declare and/or pay any dividend, distribution or other return of capital before the NWS Share Offer Closing Date or the lapse of the NWS Offers (as the case may be).

The NWS Option Offer

As at the Latest Practicable Date, there were 83,636,850 NWS Options, entitling the NWS Optionholders to subscribe for an aggregate of 83,636,850 NWS Shares at an exercise price of HK\$7.83 per NWS Share. The exercise of such NWS Options in full would result in the issue of 83,636,850 new NWS Shares, representing 2.14% of the issued share capital of NWS as at the Latest Practicable Date and 2.09% of the enlarged issued share capital of NWS.

In accordance with Rule 13 of the Takeovers Code, the Joint Financial Advisers, on behalf of the Offeror, are making an appropriate offer to all the NWS Optionholders for the cancellation of every NWS Option, whether vested or unvested, by way of the NWS Option Offer.

Under the NWS Option Offer, in accordance with Rule 13 of the Takeovers Code, the NWS Optionholders are being offered the NWS Option Offer Price (which is the “see-through” price, being the NWS Share Offer Price minus the exercise price of the relevant NWS Option) in cash for the cancellation of each NWS Option they hold, whether vested or unvested. The table below sets out the exercise price and the corresponding “see-through” price for the 83,636,850 NWS Options outstanding as at the Latest Practicable Date:

| NWS Option exercise price per NWS Share (HK\$) | NWS Option Offer Price per NWS Option based on the NWS Share Offer Price of HK\$9.15 per NWS Offer Share (HK\$) | Number of NWS Options (each carrying the right to subscribe for one new NWS Share) |
|--|--|---|
| 7.83 | 1.32 | 83,636,850 |

Further information on the NWS Option Offer is set out in the NWS Option Offer Letter to the NWS Optionholders, which is being despatched as part of the Composite Document.

If any NWS Option is exercised in accordance with the terms of the NWS Share Option Scheme, any NWS Shares issued prior to the close of the NWS Share Offer as a result of such exercise will be subject to the NWS Share Offer.

As the Offeror would have control (as defined in the Takeovers Code) of NWS after completion of the NWS Disposal, pursuant to the rules of the NWS Share Option Scheme, the NWS Optionholders shall be entitled to exercise any NWS Option (whether or not it has vested at the relevant time) in whole or in part at any time within the period of six (6) months after completion of the NWS Disposal, and to the extent that it has not been so exercised, any NWS

LETTER FROM THE NWS IFA

Option shall lapse upon the expiry of such six-month period, provided that if, during such six month period, the Offeror becomes entitled to exercise rights of compulsory acquisition of NWS Shares pursuant to Section 103 of the Companies Act and gives notice in writing to any NWS Offer Shareholders that it intends to exercise such rights, the NWS Options shall remain exercisable until 14 days from the date of such notice and, to the extent that they have not been exercised, shall thereupon lapse. As stated in “10. Public float and maintaining the listing status of NWS” in the “Letter from the Joint Financial Advisers”, the Offeror intends to maintain the listing status of the NWS Shares 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.

Conditions of the NWS Offers

The NWS Share Offer is subject to the satisfaction or waiver (where applicable) of the following Conditions:

- (a) the approval of the NWD Disposal by the Independent NWD Shareholders in accordance with the Listing Rules;
- (b) valid acceptances of the NWS Share Offer being received from the NWD Group by 4:00 p.m. on the NWS Share Offer Closing Date (and not, where permitted, withdrawn) in respect of 2,380,495,938 NWS Shares (being the number of the NWS Shares held by the NWD Group, representing 60.88% of the issued share capital of NWS, as at the Announcement Date);
- (c) the NWS Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the NWS Share Offer Closing Date (save for any temporary suspension of trading of the NWS Shares pending any announcement in connection with the NWS Offers or other inside information) and no indication being received on or before the NWS Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the NWS Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (d) no event having occurred which would make any of the NWS Offers, the acquisition of any of the NWS Offer Shares or the cancellation of the NWS Options under the NWS Offers void, unenforceable or illegal, would prohibit the implementation of any of the NWS Offers or would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms;
- (e) all necessary consents in connection with the NWS Offers and/or (in the event that the Offeror were to exercise the right (if any) to acquire compulsorily those NWS Offer Shares not already beneficially owned or acquired by the CTFH Group) the possible withdrawal of the listing of the NWS Shares from the Stock Exchange which may be required under any existing contractual or other obligations of NWS having been obtained and remaining in effect;

LETTER FROM THE NWS IFA

- (f) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the NWS Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the NWS Offers or their implementation in accordance with their respective terms);
- (g) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the NWS Group to an extent which is material in the context of the NWS Group; and
- (h) save for any existing claim by the NWS Group in respect of its six aircraft located in Russia or as otherwise disclosed by NWS on or before the Announcement Date, there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the NWS Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the NWS Group or in the context of the NWS Offers.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Condition (a)).

In respect of Condition (a), as disclosed in the NWD Circular, the NWD EGM will be held on Thursday, 2 November 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, approving, among others, the NWD Disposal, and the announcement on the poll results of the NWD EGM will be published by NWD on the Stock Exchange's website after 4:30 p.m. on Thursday, 2 November 2023.

In respect of Condition (b), as disclosed in the NWD Circular, in the event that the resolution for approving the NWD Disposal is passed by the Independent NWD Shareholders at the NWD EGM, the NWD 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 the Latest Practicable Date) on Thursday, 9 November 2023.

As at the Latest Practicable Date, save for Condition (e) which had been satisfied, none of the Conditions had been satisfied or waived (where applicable).

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The NWS Option Offer is subject to and conditional upon the NWS Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions so as to cause the NWS Offers to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the NWS Offers.

Pursuant to Rule 19.1 of the Takeovers Code, the Offeror shall issue an announcement stating whether the NWS Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the first NWS Share Offer Closing Date in accordance with the Takeovers Code. In the event that the NWS Offers have not become or are not declared unconditional on the first NWS Share Offer Closing Date, such announcement will state whether the NWS Offers have lapsed or have been revised or extended. If the NWS Offers are extended or revised, such announcement will either state the next NWS Share Offer Closing Date or, if the NWS Offers have become or been declared unconditional as to acceptances, include a statement that the NWS Offers will remain open until further notice. In the latter case, pursuant to Rule 15.3 of the Takeovers Code, at least fourteen (14) days' notice in writing must be given, before the NWS Offers are closed, to the NWS Offer Shareholders and the NWS Optionholders who have not accepted the relevant NWS Offers.

There is no obligation to extend the NWS Offers if the Conditions are not satisfied or waived (where applicable) by the first NWS Share Offer Closing Date or any subsequent NWS Share Offer Closing Date. Any revised NWS Offers must be kept open for at least fourteen (14) days after the date of the revised offer document.

Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the NWS Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date of this Composite Document. Accordingly, the latest time by which the Offeror can declare the NWS Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the date of the Composite Document, being Tuesday, 12 December 2023 (or such later date to which the Executive may consent). It follows that unless the NWS Share Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the NWS Offers will lapse at 7:00 p.m. on the 60th day after the date of this Composite Document, being Tuesday, 12 December 2023 (or such later date to which the Executive may consent).

Pursuant to Rule 15.7 of the Takeovers Code, except with the consent of the Executive, if any one of the Conditions is not satisfied (or not waived, where applicable) by no later than 21 days after the first NWS Share Offer Closing Date or the date when the NWS Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the NWS Offers will lapse.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of 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 businesses predominantly in Hong Kong and the Mainland. Its operating businesses include toll roads, construction, insurance, logistics and facilities management.

1.1 Financial Information of the NWS Group

Set out below is a summary of the audited consolidated financial information of NWS Group for the years ended 30 June 2021 (“FY2021”), 2022 (“FY2022”) and 2023 (“FY2023”) respectively, which has been extracted from the FY2022 Annual Report and the FY2023 Annual Results Announcement.

| | FY2021 HK\$'million (restated and audited) | FY2022 HK\$'million (audited) | FY2023 HK\$'million (audited) |
|--|---|-------------------------------------|-------------------------------------|
| Revenue | 28,197.3 | 31,138.6 | 45,213.8 |
| Cost of sales | (24,406.1) | (27,609.3) | (40,011.1) |
| Other income and gains, net | 1,948.5 | 966.6 | 1,487.4 |
| Selling and marketing expenses | (969.0) | (1,290.9) | (1,906.7) |
| General and administrative expenses | (1,810.6) | (1,918.2) | (2,043.4) |
| Overlay approach adjustments on financial assets | (1,270.6) | 1,845.9 | 687.5 |
| Operating profit | 1,689.5 | 3,132.7 | 3,427.5 |
| Finance costs | (838.7) | (760.1) | (938.2) |
| Share of results of associated companies | 311.6 | 340.5 | 176.8 |
| Share of results of joint ventures | 1,280.6 | (254.9) | 754.1 |
| Profit before income tax | 2,443.0 | 2,458.2 | 3,420.2 |
| Income tax expenses | (691.2) | (576.2) | (757.3) |
| Profit from continuing operations | 1,751.8 | 1,882.0 | 2,662.9 |
| (Loss)/profit from discontinued operations | (43.8) | 302.3 | — |
| Profit for the year | 1,708.0 | 2,184.3 | 2,662.9 |
| — Attributable to NWS Shareholders | 1,113.5 | 1,586.8 | 2,026.7 |
| — Attributable to perpetual capital securities holders | 583.1 | 583.1 | 612.0 |
| — Attributable to non-controlling interests | 11.4 | 14.4 | 24.2 |

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| | FY2021 <i>HK\$'million</i> <i>(restated</i> <i>and audited)</i> | FY2022 <i>HK\$'million</i> <i>(audited)</i> | FY2023 <i>HK\$'million</i> <i>(audited)</i> |
|---|---|--|--|
| Revenue by segments | | | |
| Roads | 3,033.2 | 2,717.5 | 2,731.8 |
| Construction | 15,114.1 | 15,240.9 | 19,638.5 |
| Insurance | 9,640.6 | 12,373.6 | 20,988.2 |
| Logistics | — | 11.8 | 139.5 |
| Facilities management | 409.4 | 794.8 | 1,715.0 |
| Strategic investments | — | — | 0.8 |
| Total | 28,197.3 | 31,138.6 | 45,213.8 |
| | FY2021 <i>HK\$'million</i> <i>(restated</i> <i>and audited)</i> | FY2022 <i>HK\$'million</i> <i>(audited)</i> | FY2023 <i>HK\$'million</i> <i>(audited)</i> |
| Attributable operating profit/(loss) by segments | | | |
| Continuing operations | | | |
| Roads | 1,807.5 | 1,709.9 | 1,532.8 |
| Aviation (<i>Note 1</i>) | 496.0 | 511.5 | — |
| Construction | 972.0 | 912.2 | 745.5 |
| Insurance | 971.7 | 1,074.9 | 1,204.5 |
| Logistics | 663.0 | 592.6 | 752.0 |
| Facilities management | (649.3) | (409.5) | (61.9) |
| Strategic investments | 739.4 | (141.7) | (75.7) |
| Sub-total | 5,000.3 | 4,249.9 | 4,097.2 |
| Discontinued operations (<i>Note 2</i>) | | | |
| Environment | 244.3 | 121.0 | — |
| Transport | 4.8 | — | — |
| Sub-total | 249.1 | 121.0 | — |
| Total | 5,249.4 | 4,370.9 | 4,097.2 |

Note 1: The absence of attributable operating profit from aviation segment for FY2023 was due to the reclassification of substantially all of its interest in the commercial aircraft leasing platform as assets held for sale by Goshawk Aviation Limited in May 2022. The disposal was completed in December 2022.

Note 2: The results of transport and environment segments were presented separately as discontinued operations with the disposal of the entire transport business and substantially all the environment business since FY2021.

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| | As at 30 June | | |
|--|---|-----------------------------------|-----------------------------------|
| | 2021 HK\$'million (restated and audited) | 2022 HK\$'million (audited) | 2023 HK\$'million (audited) |
| Total assets | 152,572.9 | 148,770.8 | 161,974.3 |
| mainly represented by: | | | |
| — Financial assets at FVOCI | 44,787.3 | 41,583.8 | 43,174.3 |
| — Joint ventures | 10,806.0 | 15,413.5 | 17,773.3 |
| — Cash and bank balances | 10,804.6 | 13,452.6 | 19,255.9 |
| — Intangible concession rights | 14,355.6 | 13,081.9 | 13,306.4 |
| — Financial assets at FVPL | 13,023.7 | 12,955.4 | 15,002.6 |
| — Trade, premium and other receivables | 15,162.2 | 14,217.1 | 9,176.1 |
| — Investments related to unit- linked contracts | 10,770.2 | 8,649.2 | 8,940.1 |
| Total liabilities | 94,118.9 | 94,883.7 | 111,833.2 |
| mainly represented by: | | | |
| — Insurance and investment contract liabilities | 42,502.8 | 48,204.4 | 62,268.7 |
| — Borrowings and other interest- bearing liabilities | 25,348.0 | 23,590.9 | 23,796.9 |
| — Trade, other payables and payables to policyholders | 11,333.2 | 10,403.1 | 12,790.8 |
| — Liabilities related to unit-linked contracts | 10,770.2 | 8,645.1 | 8,936.5 |
| Net assets | 58,454.0 | 53,887.1 | 50,141.1 |
| represented by: | | | |
| — Shareholders' funds | 47,913.4 | 43,308.5 | 39,736.7 |
| — Perpetual capital securities | 10,528.5 | 10,528.5 | 10,353.6 |
| — Non-controlling interests | 12.1 | 50.1 | 50.8 |

FY2022 as compared with FY2021

The NWS Group recorded an increase in revenue of approximately 10.4% from HK\$28,197.3 million for FY2021 to HK\$31,138.6 million for FY2022. The revenue increase was mainly due to the increase in revenue from (i) insurance segment by approximately 28.3% from HK\$9,640.6 million for FY2021 to HK\$12,373.6 million for FY2022; and (ii) facilities management segment by approximately 94.1% from HK\$409.4 million for FY2021 to HK\$794.8 million for FY2022. The increased revenue contributed from insurance segment was attributable to FTLife Insurance with its increased effort in enhancing the product mix and exploring new distribution

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channel to penetrate domestic customers, which has mitigated the negative impact from COVID-19 variants during FY2022. On the other hand, the increased revenue generated from facilities management segment was mainly due to the improved performance of Hong Kong Convention and Exhibition Centre (“**HKCEC**”) operation. While the resurgence of COVID-19 disrupted HKCEC’s business in the third quarter of FY2022, its operating performance continued to recover in the last quarter of FY2022 following the relaxation of social-distancing measures in Hong Kong.

The revenue increase in the above segments was offset by the decrease in revenue from roads segment by approximately 10.4% from HK\$3,033.2 million for FY2021 to HK\$2,717.5 million for FY2022. This was mainly due to the containment measures rolled out by the government in the Mainland as a result of the outbreak of COVID-19 variants in the Mainland in the second half of FY2022, which has led to a reduction in overall traffic flow and toll revenue of the roads, as well as the negative impact from power crunch in various cities in the Mainland and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road during FY2022. The revenue from construction segment remained relatively stable at HK\$15,114.1 million and HK\$15,240.9 million in FY2021 and FY2022 respectively.

The NWS Group recorded total attributable operating profit (“**AOP**”) of reportable segments of HK\$4,370.9 million for FY2022, representing a decrease of approximately 16.7% compared with FY2021. Such decrease was mainly attributable to the attributable operating loss (“**AOL**”) of HK\$141.7 million contributed by strategic investments segment for FY2022 as compared with AOP of HK\$739.4 million recorded for FY2021; and the decrease in AOP from (i) roads segment by approximately 5.4% from HK\$1,807.5 million for FY2021 to HK\$1,709.9 million for FY2022; (ii) construction segment by approximately 6.2% from HK\$972.0 million for FY2021 to HK\$912.2 million for FY2022; (iii) logistics segment by approximately 10.6% from HK\$663.0 million for FY2021 to HK\$592.6 million for FY2022; and (iv) environment segment by approximately 50.5% from HK\$244.3 million for FY2021 to HK\$121.0 million for FY2022.

The AOL recorded by strategic investments segment in FY2022 was due to the lack of significant net fair value gain from certain investments, the recognition of net fair value loss and expected credit loss provision on a few investments as a result of the downturn in global markets, as well as the negative impact of global economic slowdown on the operating environment of certain businesses within the segment. The decrease in AOP from roads segment was due to the decrease in overall traffic flow and toll revenue as explained above. For construction segment, while the segment revenue remained relatively stable, its AOP decreased in FY2022 due to the decline in AOP contribution from Wai Kee Holdings Limited (“**Wai Kee**”), following the partial disposal of the shares held by the NWS Group in FY2021. For logistics segment, its decrease in AOP in FY2022 was mainly due to the disposal of equity interest in Xiamen Container Terminal Group Co. (“**XCTG**”) during FY2022. If XCTG was excluded, AOP from logistics segment increased by approximately 5% for FY2022 as compared with FY2021, which was mainly due to an increased

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demand for the warehouse space of ATL Logistics Centre. The decrease in AOP from environment segment was mainly due to the disposal of interests in Chongqing Derun Environment Co., Ltd and interests in SUEZ NWS Limited during FY2021 and FY2022.

The decrease in AOP of the NWS Group contributed by the above segments was partly offset by (i) the increase in AOP from insurance segment by approximately 10.6% from HK\$971.7 million for FY2021 to HK\$1,074.9 million for FY2022; and (ii) the decrease in AOL from facilities management segment by approximately 36.9% from HK\$649.3 million for FY2021 to HK\$409.5 million for FY2022. The increase in AOP from insurance segment was mainly due to the increase in segment revenue as explained above together with efforts in controlling expenses. The reduction in AOL of the facilities management segment was mainly due to the continuous narrowing of loss of the businesses within the segment, including the operations of Gleneagles Hospital Hong Kong (“**GHK Hospital**”), HKCEC and retail of duty free products business. The narrowing of loss was mainly contributed by the (a) strong revenue growth of the GHK Hospital driven by the growth in the number of outpatients by 26% and inpatients by 14% in FY2022; (b) the increase in revenue from HKCEC as explained above; and (c) the narrowing of AOL of duty free products business due to the increase in AOP from the outlet at Hong Kong-Zhuhai-Macao Bridge and positive contribution from other new business initiatives such as pop-up stores at shopping malls as well as the e-commerce website, together with efforts in cost saving.

Despite the decrease in total AOP in FY2022, the profit for the year of the NWS Group increased by approximately 27.9% to HK\$2,184.3 million for FY2022 as compared to HK\$1,708.0 million in FY2021. This was mainly due to (i) the considerable reduction in non-operating losses mainly related to the remeasurement loss, impairments and provisions; and (ii) the increase in net gain arising from the disposals of projects, partial redemption of senior notes and fair value change of certain derivative financial instruments.

FY2023 as compared with FY2022

The NWS Group recorded an increase in revenue of approximately 45.2% from HK\$31,138.6 million for FY2022 to HK\$45,213.8 million for FY2023. The revenue increase was mainly due to the increase in revenue from (i) construction segment by approximately 28.9% from HK\$15,240.9 million for FY2022 to HK\$19,638.5 million for FY2023; (ii) insurance segment by approximately 69.6% from HK\$12,373.6 million for FY2022 to HK\$20,988.2 million for FY2023; and (iii) facilities management segment by approximately 115.8% from HK\$794.8 million for FY2022 to HK\$1,715.0 million for FY2023. The increased revenue contributed from construction segment was attributable to significant work progress from certain sizeable projects during FY2023. The increase in revenue from insurance segment was mainly attributable to the solid demand from local customers and strong pent-up demand released from Mainland visitors after border reopened. For the facilities management segment, the increase in revenue was mainly due to the business

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performance of HKCEC and Free Duty has been gaining momentum since the reopening of the border between Hong Kong and the Mainland. HKCEC registered an increase in number of events and total patronage for FY2023 and Free Duty's outlets at Lok Ma Chau and Lo Wu reopened in January and February 2023 respectively. The revenue from roads segment remained relatively stable at HK\$2,717.5 million and HK\$2,731.8 million for FY2022 and FY2023 respectively.

The NWS Group recorded total AOP of reportable segments of HK\$4,097.2 million for FY2023, representing a decrease of approximately 6.3% compared with FY2022. Such decrease was mainly attributable to the decline in AOP from (i) roads segment by approximately 10.4% from HK\$1,709.9 million for FY2022 to HK\$1,532.8 million for FY2023; (ii) construction segment by approximately 18.3% from HK\$912.2 million for FY2022 to HK\$745.5 million for FY2023; (iii) aviation segment from HK\$511.5 million for FY2022 to nil for FY2023; and (iv) environment segment from HK\$121.0 million for FY2022 to nil for FY2023. The decline in AOP from roads segment for FY2023 was due to RMB depreciation as well as the drop in traffic flow and toll revenue in the first half of FY2023 owing to the containment measures against COVID-19 and the reduction in toll fee by 10% for trucks in the fourth quarter of 2022 in the Mainland. The fall in contribution from the construction segment for FY2023 was largely due to the loss attributable to the NWS Group's interest held in Wai Kee. The absence of AOP contributions from both aviation and environment segments was due to the disposal/discontinuation of the respective businesses.

The decrease in AOP of the NWS Group contributed by the above segments was partly offset by (i) the increase in AOP from insurance segment by approximately 12.1% from HK\$1,074.9 million for FY2022 to HK\$1,204.5 million for FY2023; (ii) the increase in AOP from logistics segment by approximately 26.9% from HK\$592.6 million for FY2022 to HK\$752.0 million for FY2023; (iii) the decrease in AOL from facilities management segment by approximately 84.9% from HK\$409.5 million for FY2022 to HK\$61.9 million for FY2023; and (iv) the decrease in AOL from strategic investments segment by approximately 46.6% from HK\$141.7 million for FY2022 to HK\$75.7 million for FY2023. The increase in AOP from insurance segment was mainly due to the increase in segment revenue as explained above together with efforts in controlling expenses, change in valuation interest rate partially offset by the increase in expected credit loss provision on bond investments. The increase in AOP from logistics segment was mainly due to the inclusion of fresh contributions from the logistics properties acquired near the end of FY2022 and in FY2023. The reduction in AOL of the facilities management segment was mainly due to (a) the turnaround of HKCEC business as a result of strong rebound in business performance as discussed above; (b) the turnaround of duty-free products business due to the resumption of operation of the outlets at Lok Ma Chau and Lo Wu upon the reopening of the two borders in early 2023 and the remarkable performance of the outlet at Hong Kong-Zhuhai-Macao Bridge; and (c) further reduction in AOL of GHK Hospital.

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Despite of the decrease in total AOP in FY2023, the profit for the year of the NWS Group increased by approximately 21.9% to HK\$2,662.9 million for FY2023 as compared to HK\$2,184.3 million for FY2022. This was mainly due to the considerable reduction in non-operating losses in relation to remeasurement loss, impairments and provisions for FY2023 as compared with FY2022.

Financial position

As at 30 June 2023, total assets of the NWS Group was HK\$161,974.3 million, which was mainly consisted of (i) financial assets at FVOCI of HK\$43,174.3 million; (ii) cash and bank balances of HK\$19,255.9 million; and (iii) joint ventures of HK\$17,773.3 million.

As at 30 June 2023, total liabilities of the NWS Group was HK\$111,833.2 million, which was mainly consisted of (i) insurance and investment contract liabilities of HK\$62,268.7 million; (ii) borrowings and other interest-bearing liabilities of HK\$23,796.9 million; and (iii) trade, other payables and payables to policyholders of HK\$12,790.8 million. Net debt balance amounted to HK\$4,541.0 million and net gearing ratio was 9% as at 30 June 2023.

The audited consolidated net assets of the NWS Group attributable to the NWS Shareholders amounted to HK\$39,736.7 million as at 30 June 2023. Based on 3,910,482,349 issued NWS Shares as at 30 June 2023, the net asset value attributable to the NWS Shareholders per NWS Share would be approximately HK\$10.16.

1.2 Historical dividend payout of NWS

According to the FY2023 Annual Results Announcement, NWS is committed to delivering a sustainable and progressive dividend policy. The aim of its dividend policy is to steadily increase or at least maintain the Hong Kong dollar value of ordinary dividend per NWS Share annually. The prospective dividend growth, however, remains dependent upon the financial performance and future funding needs of NWS. Subject to the financial performance of NWS, the NWS Board expects to pay two dividends each financial year.

For FY2021, an interim dividend of HK\$0.29 per NWS Share and a final dividend of HK\$0.30 per NWS Share were paid respectively, which represent a total dividend of HK\$0.59 per NWS Share and an annual dividend payout ratio of 207%. For FY2022, an interim dividend of HK\$0.30 per NWS Share and a final dividend of HK\$0.31 per NWS Share were paid respectively, which represent a total dividend of HK\$0.61 per NWS Share and an annual dividend payout ratio of 150%. For FY2023, an interim dividend of HK\$0.30 per NWS Share was paid and a final dividend of HK\$0.31 per NWS Share has been declared, which represent a total dividend of HK\$0.61 per NWS Share and an annual dividend payout ratio of approximately 118%.

Given the existing dividend policy of NWS, the Disinterested NWS Shareholders may continue to be entitled to receive a steady dividend payout from NWS if they retain the NWS Shares in full or in part. Based on the NWS Share Offer Price of HK\$9.15 per NWS Offer Share and the total dividend declared by NWS in the past twelve months prior

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to the Latest Practicable Date of HK\$0.61 per NWS Share, the implied dividend yield of NWS Share Offer is approximately 6.7%. Further analysis on the implied dividend yield is set out in section 3.5 below.

1.3 Outlook of the NWS Group

With reference to the FY2023 Annual Results Announcement, while there remain uncertainties around geopolitical tension, escalated interest rate and weakening economic outlook in various key developed countries, the NWS Management is positive on the outlook of the NWS Group's businesses, in view of the expected recovery of Mainland economy as well as the improvement of the business environment in Hong Kong following the reopening of border. As the NWS Group's portfolio optimization is substantially complete, roads, construction, insurance, logistics and facilities management businesses will be regarded as the focuses of the NWS Group going forward.

For roads segment, its prospect is underpinned by the Mainland Government's incentives to boost car purchases and logistics industry growth. According to the NWS Management, the NWS Group will continue to scout for new investment opportunities in the Mainland in the areas with optimistic growth prospects, and also consider other means such as acquiring remaining stakes of existing roads and putting in further capital to expand existing roads, so as to enrich its roads portfolio and extend the overall average remaining concession period of the portfolio.

For construction segment, the expected increase in land supply from the Hong Kong Government in view of the resolution to ease housing shortage in Hong Kong and the development of Northern Metropolis will underpin the positive outlook of the construction sector in Hong Kong. While labour shortage in the construction sector has been contributing to the cost pressures of construction players in Hong Kong, the Hong Kong Government has introduced a plan to import up to 12,000 workers in a bid to alleviate the manpower shortfall in the industry. According to NWS Management, the NWS Group is also implementing various initiatives such as digitalization in its projects to further improve its efficiency and productivity, which facilitate the mitigation of cost pressures.

For insurance segment, the NWS Management is of the view that the solid demand from Mainland visitors and demand driven by the rising awareness of risk management in terms of healthcare protection and asset diversification as well as the pursuance of higher return will remain as the key drivers of the insurance industry in Hong Kong and FTLife Insurance. FTLife Insurance will innovate its product offerings in an effort to stand out from the keen competition in Hong Kong.

For logistics segment, as driven by the support from the Mainland Government on the logistics sector as well as the economic development, it is expected that the logistics sector in the Mainland will remain resilient. According to NWS Management, the NWS Group will continue to search for new investment opportunities in this sector so as to expand its portfolio of logistics properties.

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For facilities management segment, the NWS Management expects continuous improvement in the three businesses within the segment. The return of international exhibitions and conventions, helped by the ramp up of international capacity of airlines, is anticipated to continue to propel the recovery of HKCEC. For GHK Hospital, the continuous improvement in business performance will be underpinned by further enrichment of service offerings and expansion of network for meeting the demand for quality healthcare services. For duty-free business, its growth will be driven by the expected further improvement of border traffic between Hong Kong and the Mainland.

Overall, based on the financial results above, we are of the view that the NWS Group has remained resilient with its diversified businesses amid the COVID-19 pandemic with relatively stable profit from continuing operations recorded during FY2021 and FY2022, and recorded an improvement for FY2023 amid the economic recovery in the second half of FY2023 following COVID-19 subsidies and the reopening of border between Hong Kong and the Mainland. While the business performance of the NWS Group may continue to improve in the short-term following the expected recovery of economy in the Mainland and Hong Kong, we expect the business performance of the NWS Group will remain steady in the long-term.

2. Background information of the Offeror**2.1 The Offeror and its controlling shareholders**

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.

CTFE is a company incorporated in Hong Kong with limited liability. The CTFE Group is principally engaged in investment holding. As at the Latest Practicable Date, CTFE is beneficially wholly-owned by CTFH, which is held as to 81.03% by CTFC, which is in turn held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to 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.

As mentioned in the Letter from the Joint Financial Advisers, CTFE has been a controlling shareholder of NWD and NWD has maintained majority voting control of NWS for over two decades. Both NWD and NWS have been integral parts of CTFE's investment portfolio. This poses additional hurdles for a third party outside of the CTFE Group and the NWD Group to make an offer for the NWS Offer Shares, as such third party would be unable to acquire statutory control of NWS unless the NWD Group agrees to dispose of its controlling stake in NWS, which in turn would require approval from NWD Shareholders (including the CTFE Group) under the Listing Rules.

LETTER FROM THE NWS IFA**2.2 The Offeror's intention in relation to NWS**

As at the Latest Practicable Date, it is the intention of the Offeror that, subject to the results of the Review (as defined below), after the close of the NWS Offers, (i) there will not be significant changes in the management and continued employment of the employees of the NWS Group; (ii) the NWS Group will continue with its existing businesses; and (iii) no major changes will be introduced to the existing operations or business of the NWS Group (including any redeployment of fixed assets of the NWS Group) other than in its ordinary course of business.

The Offeror will, following the close of the NWS Offers, conduct a review (“**Review**”) of, among others, the business operations and strategies, asset portfolio, financial position and dividend policy of the NWS Group, with a view to optimising the business plans and strategies for the future business development of the NWS Group and creating further value for NWS Shareholders.

According to the Letter from the Joint Financial Advisers, subject to the results of the Review and in compliance with all applicable legal and regulatory requirements, the Offeror intends to explore opportunities together with the NWS Board to:

- (i) rationalise and develop a sustainable and balanced financing strategy focused on the financial conditions and needs of the NWS Group with a view to optimising its capital structure, which may include proactively pursuing financing and re-financing opportunities that may be available to the NWS Group following the NWD Disposal;
- (ii) increase NWS' total dividend payout. NWS is currently committed to delivering a sustainable and progressive dividend policy which aims to steadily increase or at least maintain the Hong Kong dollar amount of the total ordinary dividend per share in respect of each financial year. Subject to the results of the Review, the Offeror intends to request the NWS Board to maximise the total dividend payout of NWS by paying special dividends in addition to ordinary dividends, subject to compliance with applicable legal and regulatory requirements, approval by the NWS Board and NWS Shareholders where required, and taking into account the financial performance (such as the capital structure, cash flow and liquidity position) and future funding needs of the NWS Group, the prevailing economic and market conditions and any other relevant matters that may impact the business or financial performance of the NWS Group; and
- (iii) proactively optimise the NWS Group's business and asset portfolio. In line with NWS' strategy to crystallise value from its business portfolio to achieve sustainable long term growth, prudent risk management and value for all stakeholders, the NWS Group has made certain investments and disposed of certain non-core businesses and investments in recent years. For instance, in the last three years, the NWS Group acquired a 40% interest in Guigang-Wuzhou Expressway (貴港至梧州高速公路) and seven logistics warehouses in Chengdu, Wuhan and Suzhou, and disposed of the aircraft leasing platform owned by Goshawk Aviation Limited, NWS Transport Services Limited, SUEZ NWS

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Limited and XCTG to name a few. The Offeror intends that NWS should proactively further this strategy and continuously monitor the composition of its business and asset portfolio, including identifying and realising its investments in assets which no longer complement the future business development of the NWS Group or where the disposal will enhance the value to its shareholders. The Offeror believes that this would enable the NWS Group to better focus its resources on its core businesses, optimise its asset portfolio and returns to its shareholders, and enhance corporate efficiency in the long run.

The Disinterested NWS Shareholders and Disinterested NWS Optionholders should note that the Offeror's intentions regarding the NWS Group's strategies and policies above, including any amendments on the dividend payout policies which may potentially increase the dividend payout, will be subject to the Review outcome, relevant legal and regulatory requirements and/or the assessment by the NWS Board, among others, following the close of the NWS Offers.

2.3 Listing status of NWS

Pursuant to Section 103(1) of the Companies Act, the holders of not less than 95% of the issued NWS Shares may give a notice of compulsory acquisition to the remaining NWS Shareholders of the intention to acquire their NWS Shares on the terms set out in the notice. When such notice of compulsory acquisition is given, such holders will be entitled and bound to acquire the NWS Shares of the remaining NWS Shareholder(s) unless any remaining NWS Shareholder applies to the Court for an appraisal of the value of the NWS Shares to be purchased from him/her/it, provided that such holders offer the same terms to all holders of the NWS Shares whose acquisition is involved. If the Offeror acquires further NWS Shares (whether pursuant to the NWS Share Offer or otherwise) such that the CTFH Group holds not less than 95% of the issued NWS Shares, the Offeror will be entitled to give such notice of compulsory acquisition.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise NWS by means of the NWS Share Offer and the use of the compulsory acquisition right under the Companies Act, such right may only be exercised if, in addition to satisfying the requirements imposed by the Companies Act, acceptances of the NWS Share Offer in respect of the Disinterested NWS Shares and purchases of the Disinterested NWS Shares made by the Offeror and the Offeror Concert Parties during the period of four (4) months after the posting of the Composite Document amount to not less than 90% of the Disinterested NWS Shares.

Accordingly, if (a) the level of acceptances of the NWS Share Offer (or the Offeror's holding of the total issued share capital of NWS) reaches the prescribed threshold under Section 103(1) of the Companies Act; and (b) not less than 90% of the Disinterested NWS Shares are validly tendered for acceptance during the period of four (4) months after the posting of the Composite Document, the Offeror will be entitled to exercise its right under Section 103(1) of the Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those NWS Offer Shares not already beneficially owned or acquired by the CTFH Group, and may, but is not obliged to, exercise such right.

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According to the Letter from the Joint Financial Advisers and as disclosed in the joint announcement dated 31 August 2023, the Offeror intends to maintain the listing status of the NWS Shares 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. In the event that the public float of NWS falls below 25% following the close of the NWS Offers, appropriate steps will be taken to ensure that NWS will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

The Stock Exchange has stated that (a) if, at the close of the NWS Share Offer, less than the minimum prescribed percentage applicable to NWS, being 25% of the issued NWS Shares, are held by the public; or (b) if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the NWS Shares; or (ii) that there are insufficient NWS Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the NWS Shares.

3. NWS Share Offer Price***3.1 NWS Share Offer Price comparison***

According to the Letter from the Joint Financial Advisers, the NWS Share Offer Price was determined by the Offeror after taking into account, among other things, (i) the recent and historical trading prices of the NWS Shares, (ii) the recent financial performance of the NWS Group and (iii) the premium to historical trading prices of shares with reference to other voluntary general offer transactions in Hong Kong in recent years.

The NWS Share Offer Price of HK\$9.15 per NWS Offer Share under the NWS Share Offer represents:

- (i) a premium of 14.5% over the closing price of HK\$7.99 per NWS Share as quoted on the Stock Exchange immediately prior to the halt in the trading of the NWS Shares on the Last Trading Date;
- (ii) a premium of 22.2% over the closing price of HK\$7.49 per NWS Share as quoted on the Stock Exchange on the Last Full Trading Date;

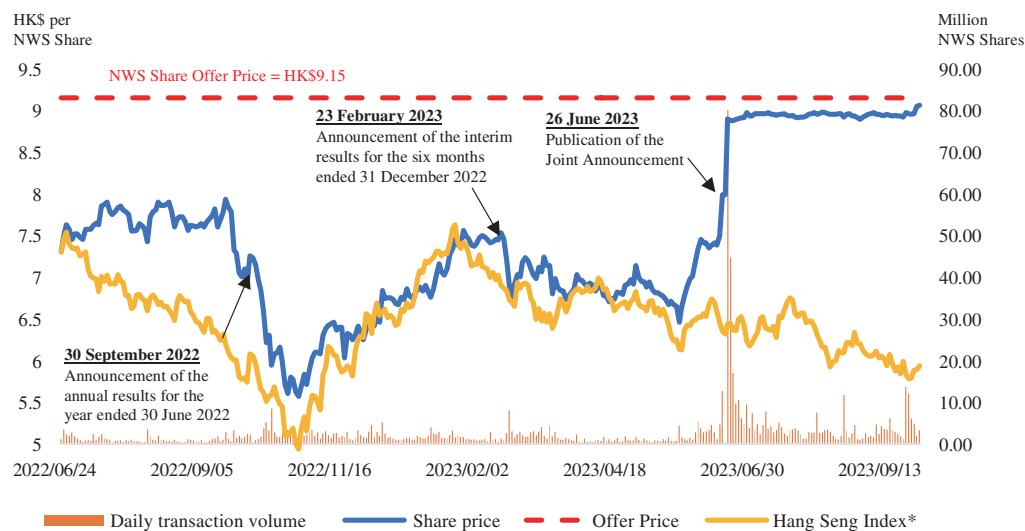
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- (iii) a premium of 23.6% over the average closing price of HK\$7.40 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Full Trading Date;
- (iv) a premium of 24.0% over the average closing price of HK\$7.38 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the ten trading days immediately prior to and including the Last Full Trading Date;
- (v) a premium of 30.9% over the average closing price of HK\$6.99 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Full Trading Date;
- (vi) a premium of 32.1% over the average closing price of HK\$6.93 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Full Trading Date;
- (vii) a premium of 34.4% over the average closing price of HK\$6.81 per NWS Share, being the average closing price of NWS Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Full Trading Date;
- (viii) a premium of 1.0% over the closing price of HK\$9.06 per NWS Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (ix) a discount of 9.9% to the audited consolidated net asset value attributable to NWS Shareholders per NWS Share of HK\$10.16 as at 30 June 2023, based on the total number of issued NWS Shares as at 30 June 2023.

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3.2 Analysis of historical price performance of NWS Shares

Set out below is the movement of the closing price of the NWS Shares and Hang Seng Index from 24 June 2022 to the Last Trading Date (i.e. 23 June 2023), being approximately 12 months period, and up to the Latest Practicable Date (the “**Review Period**”). We consider the length of such period is sufficient and representative to provide a general overview of the recent market performance of the NWS Shares, which reflects the prevailing market sentiment for conducting a reasonable comparison between the closing prices of the NWS Shares and the NWS Share Offer Price.



Source: the website of the Stock Exchange (www.hkex.com.hk)

Note: Hang Seng Index is rebased to the closing price of NWS Shares as at 24 June 2022

The NWS Shares were closed below the NWS Share Offer Price at all times during the Review Period. From the beginning of the Review Period until the Last Trading Date, the closing price of the NWS Shares fluctuated within the range of HK\$5.57 (31 October 2022) and HK\$7.99 (23 June 2023), and the NWS Share Offer Price represents a premium of approximately 30.0% over the average closing price during such period of HK\$7.04 per NWS Shares. From the day when the trading of NWS Shares resumed on 27 June 2023 until the Latest Practicable Date, the closing share price increased and fluctuated within a range of HK\$8.88 and HK\$9.06, which was likely to be associated with the market response to the NWS Share Offer. There is no assurance that the closing price of the NWS Shares will remain at the current level or continue to rise if the NWS Share Offer closes or lapses for any reason.

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From the beginning of the Review Period in late June 2022 to 22 September 2022, the closing price of the NWS Shares remained relatively stable between approximately HK\$7.30 to HK\$7.93 per NWS Share. After that, the closing price of the NWS Shares recorded a decline until end October 2022, which was generally in line with the decreasing trend of Hang Seng Index during the same period. After reaching the low of HK\$5.57 per NWS Share on 31 October 2022, the closing price of the NWS Shares exhibited a rebound until mid-February 2023, which was also generally in line with the movement of Hang Seng Index. On 23 February 2023, NWS announced the interim results for the six months ended 31 December 2022, which recorded a decrease in profit as compared with the corresponding period during the previous year, and then the closing price of NWS Shares exhibited a mild descending trend until reaching HK\$6.46 per NWS Share on 31 May 2023 and subsequently rebounded generally in line with the market until the Last Trading Date.

Save as disclosed above, we did not notice any other announcements of NWS during the Review Period which may have correlation to the share price movement shown in the chart above.

3.3 Trading volume analysis

The table below sets out the average daily trading volume of the NWS Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the NWS Shares as compared to the total number of issued NWS Shares and the number of Disinterested NWS Shares.

| Period/month | Total trading volume (number of NWS Shares) | Number of trading days (days) | Average daily trading volume (number of NWS Shares) (Note 1) | Approximate percentage of average daily trading volume to total number of issued NWS Shares (Note 2) | Approximate percentage of average daily trading volume to the number of Disinterested NWS Shares (Note 3) |
|---|---|----------------------------------|---|---|--|
| 2022 | | | | | |
| June (starting from 24 June 2022) | 11,307,182 | 5 | 2,261,436 | 0.06% | 0.17% |
| July | 21,314,414 | 20 | 1,065,721 | 0.03% | 0.08% |
| August | 19,998,154 | 23 | 869,485 | 0.02% | 0.06% |
| September | 24,523,919 | 21 | 1,167,806 | 0.03% | 0.09% |
| October | 55,227,200 | 20 | 2,761,360 | 0.07% | 0.21% |
| November | 45,544,114 | 22 | 2,070,187 | 0.05% | 0.15% |
| December | 38,008,570 | 20 | 1,900,429 | 0.05% | 0.14% |
| 24 June 2022 to 31 December 2022 | 215,923,553 | 131 | 1,648,271 | 0.04% | 0.12% |

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| Period/month | Total trading volume (number of NWS Shares) | Number of trading days (days) | Average daily trading volume (number of NWS Shares) (Note 1) | Approximate percentage of average daily trading volume to total number of issued NWS Shares % | Approximate percentage of average daily trading volume to the number of Disinterested NWS Shares % |
|---|---|----------------------------------|---|--|---|
| 2023 | | | | | |
| January | 34,349,695 | 18 | 1,908,316 | 0.05% | 0.14% |
| February | 33,110,384 | 20 | 1,655,519 | 0.04% | 0.12% |
| March | 46,194,284 | 23 | 2,008,447 | 0.05% | 0.15% |
| April | 12,643,536 | 17 | 743,737 | 0.02% | 0.06% |
| May | 21,746,309 | 21 | 1,035,539 | 0.03% | 0.08% |
| June | 203,249,070 | 21 | 9,678,527 | 0.25% | 0.72% |
| July | 94,768,209 | 20 | 4,738,410 | 0.12% | 0.35% |
| August | 69,588,611 | 23 | 3,025,592 | 0.08% | 0.23% |
| September | 50,984,423 | 19 | 2,683,391 | 0.07% | 0.20% |
| October (up to and including the Latest Practicable Date) | 41,318,668 | 6 | 6,886,445 | 0.18% | 0.51% |
| 1 January 2023 to the Latest Practicable Date | 607,953,189 | 188 | 3,233,794 | 0.08% | 0.24% |
| 24 June 2022 to the Latest Practicable Date | 823,876,742 | 319 | 2,582,686 | 0.07% | 0.19% |

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. Based on total number of NWS Shares in issue at the respective period or month end.
3. Based on the number of NWS Shares in issue at the respective period or month end, less the number of NWS Shares held by the Offeror or any of the Offeror Concert Parties as at the Latest Practicable Date.

As illustrated in the above table, the average daily trading volume was low for each month/period during the Review Period, with a range from approximately 743,737 NWS Shares to approximately 9,678,527 NWS Shares, representing approximately 0.02% to 0.25% over the total number of NWS Shares in issue as at the end of the respective month/period, and approximately 0.06% to 0.72% of the total number of Disinterested NWS Shares as at the Latest Practicable Date. We noted that the higher average daily volume for June and July 2023, which we believe that the increase in trading volume of

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the NWS Shares was possibly due to the market reaction to the publication of Joint Announcement. The improvement of liquidity of the NWS Shares indicated that, without the NWS Share Offer, the NWS Shares were generally illiquid in the open market and that the higher level of trading volume may not be sustainable after the NWS Offer Period.

In view of the above, the NWS Share Offer provides an opportunity for Disinterested NWS Shareholders to realize their investment in NWS for cash regardless of the number of NWS Shares they hold without exerting downward pressure on the market price of the NWS Shares.

3.4 Analysis of the historical NWS Share price to net asset value attributable to the NWS Shareholders

The NWS Share Offer Price of HK\$9.15 per NWS Share represents a discount of approximately 9.9% to the audited consolidated net asset value of the NWS Group attributable to NWS Shareholders (“NAV”) per NWS Share as at 30 June 2023. In assessing the NWS Share Offer Price compared against the NAV, set out below is a table illustrating the historical NWS Share prices against the published NAV for the 12-month period before the Last Trading Date:

| | NAV per NWS Share (Note 1) (HK\$) | Average NWS Share closing price (HK\$) | Highest NWS Share closing price (HK\$) | Lowest NWS Share closing price (HK\$) | Approximate discount of average NWS Share closing price to NAV per NWS Share | Approximate discount of highest NWS Share closing price to NAV per NWS Share | Approximate discount of lowest NWS Share closing price to NAV per NWS Share |
|--|--|---|---|--|--|--|---|
| From 24 June 2022 to 29 September 2022 <i>(i.e. the period immediately before annual results announcement for FY2022 was published)</i> | 13.88 | 7.65 | 7.93 | 7.00 | 44.9% | 42.9% | 49.6% |
| From 30 September 2022 to 22 February 2023 <i>(i.e. the period immediately before the interim results announcement for FY2023 was published)</i> | 11.07 | 6.68 | 7.56 | 5.57 | 39.7% | 31.7% | 49.7% |
| From 23 February 2023 to 23 June 2023 <i>(i.e. the period up to the Last Trading Date)</i> | 10.15 | 6.97 | 7.99 | 6.46 | 31.5% | 21.3% | 36.4% |

Source: the website of the Stock Exchange (www.hkex.com.hk)

Note:

1. The latest published audited or unaudited NAV attributable to NWS Shareholders for respectively period.

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With reference to the table above, we noted that the NWS Shares had been traded at a substantial discount to the NAV at all times during the 12-month period before the Last Trading Date ranging from approximately 21.3% to 49.7%, which was steeper as compared with the discount to NAV represented by the NWS Share Offer Price. It can also be seen that the trading price of the NWS Shares did not correlate with the changes of the NAV. This may indicate that investors might not have valued the NWS Shares based solely on the value of the NWS's net assets and the NWS Shareholders may not be able to realise their investments in the NWS Shares through an on-market transaction at a price equal or similar to the NAV per NWS Share.

Accordingly, in assessing the NWS Share Offer Price, it would only be appropriate to consider the discount represented by the NWS Share Offer Price to the NAV per NWS Share, in conjunction with other factors including but not limited to the financial performance and business prospects of NWS and more particularly, the comparison of the NWS Offer Price to the historical and prevailing NWS Share prices, which are more relevant from the perspective of NWS Shareholders in considering the return from their investments in the NWS Shares.

3.5 Comparables analysis

In order to assess the fairness and reasonableness of the NWS Share Offer Price, we took into consideration the reference to price-to-earnings (“**P/E**”) ratio and price-to-book (“**P/B**”) ratio, which are commonly used benchmarks in assessing the valuation of a company.

Based on the NWS Share Offer Price and 3,911,076,849 NWS Shares in issue as at the Latest Practicable Date, the implied market capitalisation of NWS under the NWS Share Offer would be approximately HK\$35.8 billion.

NWS is a conglomerate with diversified principal businesses in various industries including roads, construction, insurance, logistics, facilities management and strategic investments. By taking into account the business nature and market capitalization of NWS, we have identified comparable companies with the selection criteria including (i) companies being listed on the Main Board of the Stock Exchange; (ii) companies being conglomerates with diversified principal businesses in various industries; and (iii) companies with market capitalisation over HK\$20 billion as at the Latest Practicable Date.

Based on the above selection criteria, we identified five comparable stocks (the “**Comparables**”) as presented in the table below. These five stocks, together with NWS, also represent the constituent stocks of the “Hang Seng Composite Industry Index — Conglomerates” with market capitalization over HK\$20 billion as at the Latest Practicable Date. We consider the Comparables, which represents an exhaustive list of stocks based on the above, to be fair and representative samples for comparison purpose.

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Disinterested NWS Shareholders and Disinterested NWS Optionholders should note that despite the aforesaid criteria, the business, scale of operation, trading prospect, location of projects and capital structure of NWS are not exactly the same as those of the comparable companies, and we have not conducted any in-depth investigation into the businesses and operations of the comparable companies.

| Company name (Stock code) | Principal businesses | Market capitalisation (Note 1) HK\$ million | P/E ratio (Note 1) times | P/B ratio (Note 1) times | Dividend yield (Note 2) |
|--|--|--|--------------------------------|--------------------------------|-------------------------------|
| CITIC Group Corporation Limited (267.HK) | Conglomerate principally engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption, new-type urbanization | 202,468 | 3.1 | 0.3 | 9.1% |
| CK Hutchison Holdings Limited (1.HK) | Conglomerate principally engaged in ports and related services, retail, infrastructure and telecommunications | 157,223 | 5.5 | 0.3 | 6.9% |
| Swire Pacific Limited 'A' (19.HK) | Conglomerate principally engaged in property, aviation, beverage, industrial and industrial businesses | 46,140 | 11.2 | 0.3 | 5.7% |
| Swire Pacific Limited 'B' (87.HK) | Conglomerate principally engaged in property, aviation, beverage, industrial and industrial businesses | 24,957 | 8.9 | 0.2 | 7.1% |
| Fosun International Limited (656.HK) | Conglomerate principally engaged in health, happiness, wealth and intelligent manufacturing businesses | 40,402 | N/A (Note 3) | 0.3 | 0.3% |
| | | Maximum | 11.2 | 0.3 | 9.1% |
| | | Minimum | 3.1 | 0.2 | 0.3% |
| | | Average | 7.2 | 0.3 | 5.8% |
| | | Median | 7.2 | 0.3 | 6.9% |
| | The NWS Share Offer | 35,786 (Note 4) | 17.7 (Note 4) | 0.9 (Note 4) | 6.7% (Note 5) |

Source: Bloomberg, annual reports of the Comparables, website of the Stock Exchange

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1. The market capitalization of the Comparables are based on information extracted from Bloomberg as at the Latest Practicable Date. The P/E ratios of the Comparables are based on the market capitalization as at the Latest Practicable Date and profit attributable to shareholders from continuing operations for the twelve months ended 30 June 2023 based on the latest published financial reports or financial results. The P/B ratios of the Comparables are based on the market capitalization as at the Latest Practicable Date and the published net asset value attributable to shareholders as at 30 June 2023.
2. Dividend yields of the Comparables are calculated based on the total dividend, but excluding special dividend (if any), declared by the Comparables in the past twelve months prior to the Latest Practicable Date divided by the share price of the respective Comparables as at the Latest Practicable Date.
3. The P/E ratio of Fosun International Limited is not applicable as it recorded net loss for the twelve months ended 30 June 2023.
4. The implied market capitalization is calculated based on the NWS Share Offer Price and total number of NWS Shares in issue as at the Latest Practicable Date. The implied P/E ratio is calculated based on the implied market capitalization and the profit attributable to NWS Shareholders from continuing operations of NWS for FY2023 as published in the FY2023 Annual Results Announcement. The implied P/B ratio is calculated based on the implied market capitalization and the net assets attributable to NWS Shareholders of NWS as at 30 June 2023 published in the FY2023 Annual Results Announcement.
5. The implied dividend yield is calculated as the total dividend, but excluding special dividend (if any), declared by NWS in the past twelve months prior to the Latest Practicable Date divided by the NWS Share Offer Price of HK\$9.15 per NWS Offer Share.

As shown in the above table, the P/E ratios of the Comparables ranged from approximately 3.1 times to 11.2 times with an average and median of approximately 7.2 times and 7.2 times respectively. As such, the implied P/E ratio of the NWS Share Offer of approximately 17.7 times is higher than the Comparables.

The P/B ratios of the Comparables were approximately 0.2 times to 0.3 times. As such, the implied P/B ratio of the NWS Share Offer of approximately 0.9 times is higher than the P/B ratios of the Comparables.

In addition, we have looked into the dividend yields of the Comparables. The implied dividend yield represented by the NWS Share Offer Price is approximately 6.7%, which is within the range and close to the average and median of the Comparables. This implies that the Disinterested NWS Shareholders who accept the NWS Share Offer may be able to reinvest the proceeds from the NWS Share Offer in other companies with a similar dividend yield of NWS. However, as mentioned in section 1.2 above, NWS is committed to delivering a sustainable and progressive dividend policy with the aim to steadily increase or at least maintain the Hong Kong dollar value of ordinary dividend per NWS Share annually. According to the latest annual reports of the Comparables, we noted that none of the Comparables have similar dividend policies that are aiming to increase or maintain the dollar value of dividend. Therefore, the Disinterested NWS Shareholders should note that if they reinvest the proceeds from the NWS Share Offer into the Comparables, the dividend income to be received from the Comparables may fluctuate more as compared with NWS in terms of dollar value. The Disinterested NWS

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Shareholders, especially those who are attracted by the existing dividend policy of NWS for a relatively steady dividend income in terms of dollar value, are reminded to take into account the above in considering whether to accept the NWS Share Offer.

4. NWS Option Offer Price

We noted that the NWS Option Offer Price has been calculated in compliance with Rule 13 of the Takeovers Code where the NWS Option Offer Price for cancellation of the NWS Options represents the “see-through” price, which is the difference between the NWS Share Offer Price and the exercise price for the relevant NWS Option.

As at the Latest Practicable Date, all the outstanding 83,636,850 NWS Options have exercise price of HK\$7.83 per NWS Share. Therefore, based on the NWS Share Offer Price of HK\$9.15 per NWS Offer Share, all of the outstanding NWS Options as at the Latest Practicable Date were offered a “see-through” price of HK\$1.32 per NWS Option.

As the “see-through” price was based on the NWS Share Offer Price of HK\$9.15 per NWS Offer Share, which was offered to all Disinterested NWS Shareholders, we are of the view that the “see-through” basis is fair and reasonable. Further, as we consider that the NWS Share Offer Price to be fair and reasonable as further elaborated below, the “see-through” price, which is based on the NWS Share Offer Price, is also considered fair and reasonable so far as the Disinterested NWS Optionholders are concerned. Accordingly, we consider the terms of the NWS Option Offer to be fair and reasonable so far as the Disinterested NWS Optionholders are concerned.

In addition, the Disinterested NWS Optionholders should note that as the Offeror would have control (as defined in the Takeovers Code) of NWS after completion of the NWS Disposal, pursuant to the NWS Share Option Scheme, the NWS Optionholders shall be entitled to exercise any NWS Option (whether or not it has vested at the relevant time) in whole or in part at any time within the period of six (6) months after completion of the NWS Disposal, and to the extent that it has not been so exercised, any NWS Option shall lapse upon the expiry of such six-month period, provided that if, during such six-month period, the Offeror becomes entitled to exercise rights of compulsory acquisition of NWS Shares pursuant to Section 103 of the Companies Act and gives notice in writing to any NWS Shareholders that it intends to exercise such rights, the NWS Options shall remain exercisable until 14 days from the date of such notice and, to the extent that they have not been exercised, shall thereupon lapse. As stated in “10. Public float and maintaining the listing status of NWS” in the “Letter from the Joint Financial Advisers”, the Offeror intends to maintain the listing status of NWS Shares 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.

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RECOMMENDATION

Having considered the factors and reasons set out in this letter, in particular,

- (i) the NWS Share Offer Price is higher than the closing prices of the NWS Shares on all trading days throughout Review Period, and represents a premium of approximately 30.0% over the average closing prices from the beginning of the Review Period until the Last Trading Date, and approximately 14.5% over the closing price on the Last Trading Date;
- (ii) the liquidity of the NWS Shares is thin, rendering it difficult for the Disinterested NWS Shareholders to dispose of their NWS Shares in the market without exerting downward pressure on the NWS Share price;
- (iii) notwithstanding that the NWS Share Offer Price represents a discount to the NAV per NWS Share as at 30 June 2023, it is noted that the NWS Shares had been consistently traded at a steeper discount to the NAV per NWS Share during the 12-month period before the Last Trading Date and the trading price of the NWS Shares did not correlate with the changes of NAV, and therefore, it may not be appropriate to assess the NWS Share Offer Price solely based on the comparison with the NAV per NWS Share;
- (iv) the NWS Share Offer Price is fair and reasonable from the Comparables analysis standpoint given that the implied P/B ratio and P/E ratio of the NWS Share Offer are higher than the Comparables;
- (v) the Disinterested NWS Shareholders who accept the NWS Share Offer may be able to reinvest the proceeds from the NWS Share Offer in other companies with a similar dividend yield of NWS, despite the existing dividend policy of NWS which is not available in the Comparables may be attractive to certain Disinterested NWS Shareholders; and
- (vi) there are hurdles for a third party to make an offer for the NWS Offer Shares as such third party would be unable to acquire statutory control of NWS unless the NWD Group agrees to dispose of its controlling stake in NWS, which in turn would require approval from NWD Shareholders (including the CTFE Group) under the Listing Rules,

we are of the opinion that the terms of the NWS Share Offer are fair and reasonable so far as the Disinterested NWS Shareholders are concerned, and we recommend the NWS IBC to advise the Disinterested NWS Shareholders to accept the NWS Share Offer.

As we consider that the NWS Share Offer Price is fair and reasonable, the “see-through” price under the NWS Option Offer, which is based on the NWS Share Offer Price, is also considered fair and reasonable so far as the Disinterested NWS Optionholders are concerned. Accordingly, we consider the terms of the NWS Option Offer to be fair and reasonable so far as the NWS Optionholders are concerned. As such, we also recommend the NWS IBC to advise the Disinterested NWS Optionholders to accept the NWS Option Offer.

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As different Disinterested NWS Shareholders or Disinterested NWS Optionholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Disinterested NWS Shareholders or Disinterested NWS Optionholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Leo Chan
Head of Corporate Finance

Mr. Leo Chan is the Head of Corporate Finance of Quam Capital Limited and is licensed under the SFO as a Responsible Officer to carry out, among others Type 6 (advising on corporate finance) regulated activity and has approximately 27 years of experience in corporate finance.

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1. PROCEDURES FOR ACCEPTANCE

To accept any of the NWS Offers, you should duly complete and sign the relevant accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the relevant NWS Offers.

1.1 The NWS Share Offer

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your NWS Offer Shares is/are in your name, and you wish to accept the NWS Share Offer in respect of your NWS Offer Shares (whether in full or in part), you must deliver the duly completed and signed **WHITE** Form of NWS Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of NWS Offer Shares for which you intend to accept the NWS Share Offer, by post or by hand, to the Registrar, Tricor Standard Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong marked “NWS Holdings Limited — NWS Share Offer” on the envelope so as to reach the Registrar as soon as possible but in any event no later than 4:00 p.m. on Monday, 13 November 2023, being the first NWS Share Offer Closing Date, or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your NWS Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the NWS Share Offer in respect of your NWS Offer Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of NWS Offer Shares for which you intend to accept the NWS Share Offer with the nominee company, or other nominee, and with instructions authorising it to accept the NWS Share Offer on your behalf and requesting it to deliver the **WHITE** Form of NWS Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your NWS Offer Shares to the Registrar; or
 - (ii) arrange for the NWS Offer Shares to be registered in your name by NWS through the Registrar, and deliver the duly completed and signed **WHITE** Form of NWS Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title

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(and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of NWS Offer Shares for which you intend to accept the NWS Share Offer to the Registrar; or

- (iii) if your NWS Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the NWS Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the time required for the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your NWS Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged (a) transfer(s) of any of your NWS Offer Shares for registration in your name or if you have exercised your NWS Options and have not yet received your share certificate(s), and you wish to accept the NWS Share Offer in respect of those NWS Offer Shares, you should nevertheless duly complete and sign the **WHITE** Form of NWS Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title or entitlement in respect of the NWS Options (as the case may be) by post or by hand, to the Registrar, Tricor Standard Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong marked "NWS Holdings Limited — NWS Share Offer" on the envelope so as to reach the Registrar as soon as possible but in any event no later than 4:00 p.m. on Monday, 13 November 2023, being the first NWS Share Offer Closing Date, or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code. Such action will constitute an irrevocable authority to the Offeror and/or the Joint Financial Advisers and/or their respective agent(s) to collect from NWS or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the NWS Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of NWS Share Offer Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your NWS Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the NWS Share Offer in respect of any of your NWS Offer Shares, the **WHITE** Form of NWS Share

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Offer Acceptance should nevertheless be duly completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your NWS Offer Shares or that it is/they are not readily available. If you subsequently find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your NWS Offer Shares, you should also write to the Registrar for a form of letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar. The Offeror has absolute discretion to decide whether any NWS Offer Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) Acceptance of the NWS Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of NWS Share Offer Acceptance is received by the Registrar no later than 4:00 p.m. on Monday, 13 November 2023, being the first NWS Share Offer Closing Date, or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of NWS Offer Shares for which you intend to accept the NWS Share Offer and, if that/ those share certificate(s) and/or any other document(s) of title is/are not in your name, such other document(s) (e.g. a duly stamped form of transfer of the relevant NWS Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant NWS Offer Shares; or
 - (ii) from a registered NWS Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the NWS Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange,

and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received.

- (f) If the **WHITE** Form of NWS Share Offer Acceptance is executed by a person other than the registered NWS Offer Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

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- (g) If the number of NWS Offer Shares for which you intend to accept the NWS Share Offer as inserted into the completed and signed **WHITE** Form of NWS Share Offer Acceptance delivered to the Registrar is greater than your registered holding of NWS Share(s), or is greater or smaller than that represented by the accompanying share certificate(s) for NWS Share(s) tendered for acceptance of the NWS Share Offer, the Registrar will return such **WHITE** Form of NWS Share Offer Acceptance to you for correction and resubmission. Any corrected **WHITE** Form of NWS Share Offer Acceptance must be resubmitted and received by the Registrar on or before the latest time and date for acceptance of the NWS Share Offer.
- (h) If the NWS Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the NWS Share Offer is withdrawn or lapses, return by ordinary post at your own risk the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the NWS Offer Shares tendered for acceptance together with the duly cancelled **WHITE** Form of NWS Share Offer Acceptance to the relevant NWS Offer Shareholder(s).
- (i) Before delivering the **WHITE** Form of NWS Share Offer Acceptance to the Registrar, please ensure it has been duly completed and signed and that the signature has been witnessed.
- (j) No acknowledgement of receipt of any **WHITE** Form of NWS Share Offer Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your NWS Offer Shares tendered for acceptance will be given.

1.2 The NWS Option Offer

- (a) If you are an NWS Optionholder and you wish to accept the NWS Option Offer in respect of your NWS Options, you must deliver the duly completed and signed **PINK** Form of NWS Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the NWS Options and/ or any other document(s) (if applicable) evidencing the grant of the NWS Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the NWS Options or if applicable, for not less than the number of the NWS Options in respect of which you intend to accept the NWS Option Offer, by post or by hand, to the company secretary of NWS at 21st Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong, marked “NWS Holdings Limited — NWS Option Offer” on the envelope so as to reach the company secretary of NWS as soon as possible but in any event no later than 4:00 p.m. on Monday, 13

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November 2023, being the first NWS Share Offer Closing Date, or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

- (b) If the **PINK** Form of NWS Option Offer Acceptance is executed by a person other than the registered NWS Optionholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the company secretary of NWS must be produced.
- (c) For an acceptance of the NWS Option Offer to be valid, the NWS Options for which the relevant NWS Optionholder intends to accept the NWS Option Offer must remain subsisting and have not lapsed as at the date of receipt of such acceptance by the company secretary of NWS (irrespective of the date of delivery of such acceptance).
- (d) If the NWS Option Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the NWS Option Offer is withdrawn or lapses, return by delivering the relevant certificate(s), document(s) of title or entitlement in respect of the NWS Options, and/or any other document(s) (if applicable) evidencing the grant of the NWS Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) together with the duly cancelled **PINK** Form of NWS Option Offer Acceptance to the office of NWS in Hong Kong for collection by the relevant NWS Optionholders.
- (e) Before delivering the **PINK** Form of NWS Option Offer Acceptance to the company secretary of NWS, please ensure that it has been duly completed and signed and that the signature has been witnessed.
- (f) No acknowledgement of receipt of any **PINK** Form of NWS Option Offer Acceptance and/or the relevant certificate(s), document(s) of title or entitlement in respect of your NWS Options and/or any other document(s) (if applicable) evidencing the grant of the NWS Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT UNDER THE NWS OFFERS

2.1 The NWS Share Offer

Subject to the NWS Offers becoming or being declared unconditional in all respects and provided that a duly completed **WHITE** Form of NWS Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant NWS Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar before the close of the NWS Share Offer, a cheque for the amount due to each of the NWS Offer Shareholders who accepts the NWS Share Offer less seller's ad valorem stamp duty in respect of the NWS Offer Shares for which the NWS Share Offer was accepted by him/her under the NWS Share Offer, together with the share certificate(s) representing any untendered NWS Offer Shares (if applicable), will be despatched to such NWS Offer Shareholder by ordinary post at his/her own risk as soon

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as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the NWS Offers become or are declared unconditional in all respects; and (ii) the date of receipt of a duly completed **WHITE** Form of NWS Share Offer Acceptance together with all of the relevant document(s) by the Registrar to render such acceptance under the NWS Share Offer complete and valid.

Settlement of the consideration to which any NWS Offer Shareholder is entitled under the NWS Share Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such NWS Offer Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an NWS Offer Shareholder who accepts the NWS Share Offer will be rounded down to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

2.2 The NWS Option Offer

Subject to the NWS Offers becoming or being declared unconditional in all respects and provided that a duly completed and signed **PINK** Form of NWS Option Offer Acceptance and the relevant certificate(s), document(s) of title or entitlement in respect of the NWS Options and/or any other document(s) (if applicable) evidencing the grant of the NWS Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the company secretary of NWS before the close of the NWS Option Offer, a cheque for the amount due to each of the NWS Optionholders who accepts the NWS Option Offer in respect of the NWS Options surrendered by him/her in acceptance of the NWS Option Offer will be drawn in favour of him/her (or his/her nominee) which will be available for collection at the office of NWS in Hong Kong at 21st Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong, or, if indicated in the **PINK** Form of NWS Option Offer Acceptance, in favour of and delivered to NWS (for further handling of the relevant remittance ("**Remittance**")), in each case no later than seven (7) Business Days after the later of (i) the date on which the NWS Offers become or are declared unconditional in all respects; and (ii) the date of receipt of a duly completed **PINK** Form of NWS Option Offer Acceptance together with all the relevant document(s) by the company secretary of NWS to render such acceptance, surrender and cancellation under the NWS Option Offer complete and valid.

Settlement of the consideration to which any NWS Optionholder is entitled to under the NWS Option Offer will be implemented in full in accordance with its terms, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such NWS Optionholder.

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No fraction of a cent will be payable and the amount of consideration payable to an NWS Optionholder who accepts the NWS Option Offer will be rounded down to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

By indicating in his/her duly signed and completed **PINK** Form of NWS Option Offer Acceptance that the cheque for the amount due to him/her in respect of the NWS Options surrendered by him/her in acceptance of the NWS Option Offer shall be drawn in favour of and delivered to NWS for further handling of the Remittance, the accepting NWS Optionholder irrevocably consents, agrees, instructs and authorises NWS (i) to handle the Remittance, and subject to deduction and withholding of any charges, fees and liabilities (tax or otherwise) applicable to him/her, transfer the balance of the Remittance by wire transfer to his/her bank account in the relevant jurisdiction outside Hong Kong; and (ii) to calculate the amount of the aforementioned balance (“**Calculation**”) and the result of which shall be final and conclusive, for which he/she waives any and all his/her rights to claim against NWS on the ground(s) relating to the Remittance, the Calculation and any other matters in connection with his/her acceptance of the NWS Option Offer.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the NWS Offers are revised or extended in accordance with the Takeovers Code, to be valid, the **WHITE** Form of NWS Share Offer Acceptance must be received by the Registrar and the **PINK** Form of NWS Option Offer Acceptance must be received by the company secretary of NWS, in each case, in accordance with the instructions printed thereon and in this Composite Document by 4:00 p.m. on Monday, 13 November 2023, being the first NWS Share Offer Closing Date, or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

If the NWS Offers are revised or extended, the Offeror will issue an announcement in relation to such revision or extension of the NWS Offers, which announcement will either state the next NWS Share Offer Closing Date or, if the NWS Offers have become or been declared unconditional as to acceptances, include a statement that the NWS Offers will remain open until further notice. In the latter case, at least fourteen (14) days’ notice in writing must be given, before the NWS Offers are closed, to those NWS Offer Shareholders and NWS Optionholders who have not accepted the relevant NWS Offers. If, in the course of the NWS Offers, the Offeror revises the terms of the NWS Offers, all the NWS Offer Shareholders and the NWS Optionholders, whether or not they have already accepted the NWS Offers, will be entitled to accept the revised NWS Offers under the revised terms. Any revised NWS Offers must be kept open for at least fourteen (14) days after the date of the revised offer document. In any case where the NWS Offers are revised, and the consideration offered under each of the revised NWS Offers does not represent on such date a reduction in the value of the NWS Offers in its original or any previously revised form(s), the benefit of such revised NWS Offers will be made available as set out herein to acceptors of the NWS Offers in its original or any

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previously revised form(s) (hereinafter called “previous acceptor(s)”). The execution by, or on behalf of, a previous acceptor of any Form of Acceptance shall be deemed to constitute acceptance of the NWS Offers as so revised.

The Offeror may introduce new conditions to be attached to any revision to the terms of the NWS Offers, or any subsequent revision thereof, but only to the extent necessary to implement the revised NWS Offers and subject to the consent of the Executive.

If the NWS Share Offer Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the NWS Share Offer Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent NWS Share Offer Closing Date.

There is no obligation on the Offeror to extend the NWS Offers if the Conditions are not satisfied or waived (where applicable) by the first NWS Share Offer Closing Date (being Monday, 13 November 2023).

4. NOMINEE REGISTRATION

To ensure equality of treatment of all the NWS Offer Shareholders, those NWS Offer Shareholders who hold NWS Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the NWS Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the NWS Offers. Acceptance of the NWS Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of NWS Offer Shares it has indicated in the Form of NWS Share Offer Acceptance is the aggregate number of NWS Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the NWS Share Offer on their behalf.

5. ANNOUNCEMENTS

An announcement will be made when the NWS Offers become or are declared unconditional as to acceptances and when the NWS Offers become or are declared unconditional in all respects.

By 6:00 p.m. on the NWS Share Offer Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the NWS Offers. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange’s website by 7:00 p.m. on the NWS Share Offer Closing Date stating the results of the NWS Offers and whether the NWS Offers have been revised, extended, expired or have become or been declared unconditional (whether as to acceptances or in all respects). The announcement will state the following:

- (a) the total number of NWS Offer Shares and NWS Options for which acceptances of the NWS Offers have been received;

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- (b) the total number of NWS Offer Shares and NWS Options held, controlled or directed by the Offeror and the Offeror Concert Parties before the NWS Offer Period;
- (c) the total number of NWS Offer Shares and NWS Options acquired or agreed to be acquired during the NWS Offer Period by the Offeror and the Offeror Concert Parties; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in NWS which the Offeror and any of the Offeror Concert Parties have borrowed or lent, save for any borrowed NWS Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital, and the percentages of voting rights, represented by these numbers of NWS Offer Shares.

In computing the total number of NWS Offer Shares and NWS Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the conditions set out in this Appendix I, and which have been received by the Registrar or the company secretary of NWS (as the case may be) no later than 4:00 p.m. on the NWS Share Offer Closing Date, being the latest time and date for acceptance of the NWS Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the NWS Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

If any of the Offeror, the Offeror Concert Parties or their respective advisers make any statement during the NWS Offer Period about the level of acceptances or the number or percentage of accepting NWS Offer Shareholder or NWS Optionholders, the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

6. RIGHT OF WITHDRAWAL

The NWS Share Offer is conditional upon the fulfilment of the Conditions set out in the “Letter from the Joint Financial Advisers” in this Composite Document and the NWS Option Offer is conditional upon the NWS Share Offer becoming or being declared unconditional in all respects. Acceptances of the NWS Offers tendered by the NWS Offer Shareholders and the NWS Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in this paragraph and the paragraph below. Rule 17 of the Takeovers Code provides that an acceptor of any of the NWS Offers shall be entitled to withdraw his acceptance after Monday, 4 December 2023, being twenty-one (21) days from the first NWS Share Offer Closing Date (being Monday, 13 November 2023) if the NWS Share Offer has not by then become unconditional as to acceptances and up to the earlier of: (a) such time as the NWS Share Offer becomes or is declared unconditional as to acceptances; and (b) 4:00 p.m. on Tuesday, 12 December 2023, being the 60th day from the date of despatch of this Composite Document (being Friday, 13 October 2023) (or the date beyond which the Offeror has stated that the NWS Offers will not be extended, if applicable).

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If acceptance of the NWS Share Offer or the NWS Option Offer is withdrawn by an accepting NWS Offer Shareholder or an accepting NWS Optionholder (as the case may be) with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after receipt of the notice of withdrawal, return the relevant share certificate(s) and/or transfer receipt(s) or the relevant certificate(s), document(s) of title or entitlement in respect of the NWS Options and/or any other document(s) (if applicable) evidencing the grant of the NWS Options (as the case may be) lodged with the Form of NWS Share Offer Acceptance or the Form of NWS Option Offer Acceptance (as the case may be) to the relevant accepting NWS Offer Shareholder or accepting NWS Optionholder (as the case may be) by ordinary post.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements set out in section headed “5. Announcements” in this Appendix I above, the Executive may require that the holders of NWS Offer Shares and NWS Options who have tendered acceptances to the relevant NWS Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met.

7. HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at a rate of 0.13% of the market value of the NWS Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the NWS Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant NWS Offer Shareholder on acceptance of the NWS Share Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting NWS Offer Shareholders in connection with the acceptance of the NWS Share Offer and the transfer of the NWS Offer Shares.

No stamp duty is payable in connection with the acceptances of the NWS Option Offer and the cancellation of the NWS Options.

8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), document(s) of title or entitlement in respect of the NWS Offer Shares or the NWS Options and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) if delivered by or sent to or from the NWS Offer Shareholders or the NWS Optionholders or their designated agents by post, shall be posted at their own risk, and none of CTFE, the Offeror, NWS, the Joint Financial Advisers and any of their respective directors, the Registrar or any other parties involved in the NWS Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the relevant NWS Offer.

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- (c) The accidental omission to despatch this Composite Document, the NWS Option Offer Letter and/or Form(s) of Acceptance or any of them to any person to whom the NWS Offers are made will not invalidate the NWS Offers in any way.
- (d) The NWS Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the NWS Offers.
- (e) Due execution of a Form(s) of Acceptance will constitute an authority to the Offeror, NWS (as applicable), the Joint Financial Advisers, the Registrar and/or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the NWS Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the NWS Offer Shares and/or cancelling the NWS Options in respect of which such person or persons has/have accepted the NWS Offers.
- (f) Acceptance of the NWS Offers by any person will be deemed to constitute a representation and warranty by such person or persons to:
 - (i) CTFE, the Offeror, NWS and the Joint Financial Advisers that the NWS Offer Shares sold by such person or persons to the Offeror are free from all Encumbrances and are sold together with all rights attaching to them as at the NWS Share Offer Closing Date or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the NWS Share Offer Closing Date, save, for the avoidance of doubt, for the NWS FY2023 Final Dividend; and
 - (ii) CTFE, the Offeror, NWS and their respective advisers, including the Joint Financial Advisers, the financial advisers to CTFE and the Offeror in respect of the NWS Offers, that if such NWS Offer Shareholder/NWS Optionholder accepting the NWS Share Offer/NWS Option Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such overseas NWS Offer Shareholder/NWS Optionholder is subject to receive and accept the NWS Share Offer/NWS Option Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and have paid all issue, transfer or other taxes, duties or other required payments due from him/her in connection with such acceptance in any jurisdiction, and that he/she has not taken or omitted to take any action which will or may result in CTFE, the Offeror, NWS or their respective advisers, including the Joint Financial Advisers, the financial advisers to CTFE and the Offeror, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in

APPENDIX I

FURTHER TERMS OF THE NWS OFFERS

connection with the NWS Offers or his/her acceptance thereof and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.

- (g) Subject to the NWS Share Offer becoming or being declared unconditional in all respects, the acceptance of the NWS Option Offer by an NWS Optionholder will result in the cancellation of those relevant NWS Options, together with all rights attaching thereto.
- (h) Reference to any of the NWS Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (i) In making their decisions with regard to the NWS Offers, the NWS Offer Shareholders and the NWS Optionholders should rely on their own examination of CTFE, the Offeror, the NWS Group and the terms of the NWS Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of CTFE, the Offeror, NWS and/or their respective advisers, including the Joint Financial Advisers. The NWS Offer Shareholders and the NWS Optionholders should consult their own professional advisers for professional advice.
- (j) Unless otherwise expressly stated in this Composite Document, the NWS Option Offer Letter and/or Form(s) of Acceptance, none of the terms of the NWS Offers or any terms contained in the aforementioned documents will be enforceable, under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person other than the Offeror and the accepting NWS Offer Shareholder(s) and/or the accepting NWS Optionholder(s) (as the case may be).
- (k) The English text of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

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| APPENDIX II | FINANCIAL INFORMATION OF THE NWS GROUP | |
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1. SUMMARY OF FINANCIAL INFORMATION OF THE NWS GROUP

The following table is a summary of certain audited consolidated financial information of the NWS Group for the three financial years ended 30 June 2021, 2022 and 2023, as extracted from the 2022 Annual Report and the 2023 Annual Results Announcement.

| | For the year ended 30 June | | |
|--|-----------------------------------|-----------------------|-----------------------------------|
| | 2023 | 2022 | 2021 |
| | <i>HK\$'million</i> | <i>HK\$'million</i> | <i>HK\$'million</i> (restated) |
| Continuing operations | | | |
| Revenue | 45,213.8 | 31,138.6 | 28,197.3 |
| Cost of sales | (40,011.1) | (27,609.3) | (24,406.1) |
| Other income and gains, net (<i>note 1</i>) | 1,487.4 | 966.6 | 1,948.5 |
| Selling and marketing expenses | (1,906.7) | (1,290.9) | (969.0) |
| General and administrative expenses | (2,043.4) | (1,918.2) | (1,810.6) |
| Overlay approach adjustments on financial assets | <u>687.5</u> | <u>1,845.9</u> | <u>(1,270.6)</u> |
| Operating profit (<i>note 2</i>) | 3,427.5 | 3,132.7 | 1,689.5 |
| Finance costs | (938.2) | (760.1) | (838.7) |
| Share of results of | | | |
| Associated companies | 176.8 | 340.5 | 311.6 |
| Joint ventures | <u>754.1</u> | <u>(254.9)</u> | <u>1,280.6</u> |
| Profit before income tax | 3,420.2 | 2,458.2 | 2,443.0 |
| Income tax expenses | <u>(757.3)</u> | <u>(576.2)</u> | <u>(691.2)</u> |
| Profit from continuing operations | 2,662.9 | 1,882.0 | 1,751.8 |
| Discontinued operations | | | |
| Profit/(loss) from discontinued operations | <u>—</u> | <u>302.3</u> | <u>(43.8)</u> |
| Profit for the year | <u><u>2,662.9</u></u> | <u><u>2,184.3</u></u> | <u><u>1,708.0</u></u> |
| Profit attributable to | | | |
| NWS Shareholders | 2,026.7 | 1,586.8 | 1,113.5 |
| Holders of perpetual capital securities | 612.0 | 583.1 | 583.1 |
| Non-controlling interests | <u>24.2</u> | <u>14.4</u> | <u>11.4</u> |
| | <u><u>2,662.9</u></u> | <u><u>2,184.3</u></u> | <u><u>1,708.0</u></u> |

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| APPENDIX II | FINANCIAL INFORMATION OF THE NWS GROUP |
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| | For the year ended 30 June | | |
|--|----------------------------|---------------------|-----------------------------------|
| | 2023 | 2022 | 2021 |
| | <i>HK\$'million</i> | <i>HK\$'million</i> | <i>HK\$'million</i> (restated) |
| Basic and diluted earnings per share attributable to NWS Shareholders from continuing and discontinued operations | <u>HK\$0.55</u> | <u>HK\$0.41</u> | <u>HK\$0.29</u> |
| Dividends to NWS Shareholders | <u>2,385.5</u> | <u>2,385.6</u> | <u>2,307.5</u> |
| Dividends per share | <u>HK\$0.61</u> | <u>HK\$0.61</u> | <u>HK\$0.59</u> |
| Total comprehensive (loss)/income attributable to | | | |
| NWS Shareholders | (1,337.5) | (2,258.2) | 3,814.9 |
| Holders of perpetual capital securities | 612.0 | 583.1 | 583.1 |
| Non-controlling interests | <u>18.6</u> | <u>13.2</u> | <u>32.3</u> |
| | <u>(706.9)</u> | <u>(1,661.9)</u> | <u>4,430.3</u> |

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| APPENDIX II | FINANCIAL INFORMATION OF THE NWS GROUP |
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Note 1: Other income and gains, net:

| | For the year ended 30 June | | |
|---|-----------------------------------|---------------------|-----------------------------------|
| | 2023 | 2022 | 2021 |
| | <i>HK\$'million</i> | <i>HK\$'million</i> | <i>HK\$'million</i> (restated) |
| Continuing operations | | | |
| Net gain/(loss) associated with investments related to unit-linked contracts | 257.7 | (2,201.6) | 2,187.9 |
| Gain on redemption of fixed rate bonds | 90.5 | 117.0 | — |
| Net gain/(loss) on fair value of derivative financial instruments | 67.9 | 55.7 | (59.1) |
| Net gain/(loss) on fair value of investment properties | 59.5 | — | (13.2) |
| Profit on disposal/partial disposal of interests in associated companies | — | 118.6 | 69.0 |
| Reversal of provision for onerous contract | — | 230.0 | — |
| Interest income | | | |
| — Debt instruments as financial assets at fair value through other comprehensive income (“FVOCI”) | 1,923.6 | 1,625.5 | 1,392.0 |
| — Debt instruments as financial assets at amortized cost | 124.3 | — | — |
| — Bank deposits and others | 424.3 | 226.3 | 261.1 |
| Dividend income | 290.8 | 323.1 | 190.4 |
| Other income | 151.3 | 106.2 | 40.3 |
| Net exchange (loss)/gain | (129.5) | 85.8 | 47.1 |
| Net (loss)/gain on fair value of financial assets at fair value through profit or loss | (847.6) | (1,327.9) | 1,936.7 |
| (Charges)/credits associated with liabilities related to unit-linked contracts | (250.5) | 2,198.8 | (2,171.0) |
| Impairment/remeasurement loss related to associated companies | (104.1) | (109.9) | (1,558.3) |
| (Loss)/profit on disposal of interest in a joint venture | (101.9) | — | 40.4 |
| Net (loss)/profit on disposal of debt instruments as financial assets at FVOCI | (6.1) | 137.6 | 40.7 |
| Loss on disposal of an asset held-for-sale | — | (56.0) | — |
| Expected credit loss provision, net of reversal | | | |
| — Debt instruments as financial assets at FVOCI | (511.6) | (333.1) | (37.1) |
| — Debt instruments as financial assets at amortized cost | (10.4) | — | — |
| — Trade, premium and other receivables | 59.2 | (229.5) | (418.4) |
| | <u>1,487.4</u> | <u>966.6</u> | <u>1,948.5</u> |

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| APPENDIX II | FINANCIAL INFORMATION OF THE NWS GROUP |
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Note 2: Operating profit of the NWS Group from continuing operations is arrived at after crediting and charging the followings:

| | For the year ended 30 June | | |
|---|-----------------------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 |
| | <i>HK\$' million</i> | <i>HK\$' million</i> | <i>HK\$' million</i> |
| Crediting | | | |
| Gross rental income from investment properties | 218.5 | 67.3 | 49.5 |
| Less: outgoings | <u>(56.9)</u> | <u>(16.6)</u> | <u>(11.2)</u> |
| | <u>161.6</u> | <u>50.7</u> | <u>38.3</u> |
| Charging | | | |
| Auditors' remuneration | 34.8 | 22.4 | 19.1 |
| Cost of inventories sold | 507.4 | 57.9 | 32.0 |
| Cost of construction | 17,132.1 | 12,495.4 | 12,436.8 |
| Claims and benefits, net of reinsurance | 18,260.7 | 11,436.7 | 8,331.3 |
| Depreciation of property, plant and equipment | 297.8 | 257.0 | 266.0 |
| Depreciation of right-of-use assets | 245.7 | 264.0 | 271.6 |
| Amortization of intangible concession rights | 1,039.4 | 962.2 | 1,052.5 |
| Amortization of intangible assets | 94.5 | 83.0 | 69.1 |
| Amortization of value of business acquired | 131.9 | 155.3 | 256.4 |
| Agency commission and allowances, net of change in deferred acquisition costs | 1,749.5 | 1,171.4 | 856.3 |
| Expenses on short-term leases | 20.1 | 20.3 | 15.6 |
| Expenses on variable lease payments | 170.9 | 75.1 | 57.2 |
| Staff costs (including directors' emoluments and share-based payment) | 2,995.5 | 2,609.8 | 2,442.2 |
| Other costs and expenses | <u>1,280.9</u> | <u>1,207.9</u> | <u>1,079.6</u> |
| | <u>43,961.2</u> | <u>30,818.4</u> | <u>27,185.7</u> |
| Represented by | | | |
| Cost of sales | 40,011.1 | 27,609.3 | 24,406.1 |
| Selling and marketing expenses | 1,906.7 | 1,290.9 | 969.0 |
| General and administrative expenses | <u>2,043.4</u> | <u>1,918.2</u> | <u>1,810.6</u> |
| | <u>43,961.2</u> | <u>30,818.4</u> | <u>27,185.7</u> |

Save as disclosed above, there was no item of any income or expense which was material in respect of the consolidated financial statements of the NWS Group for each of the three financial years ended 30 June 2021, 2022 and 2023.

PricewaterhouseCoopers, the auditor of NWS did not issue any qualified or modified opinion, nor any emphasis of matter or material uncertainty related to going concern in respect of the NWS Group's audited consolidated financial statements for each of the three financial years ended 30 June 2021, 2022 and 2023.

APPENDIX II

FINANCIAL INFORMATION OF THE NWS GROUP

2. CONSOLIDATED FINANCIAL INFORMATION OF THE NWS GROUP

NWS is required to set out or refer to in this Composite Document:

- (a) the consolidated statement of financial position, consolidated statement of cash flows and any other primary statements as shown in (i) the 2021 Financial Statements; and (ii) the 2022 Financial Statements; and
- (b) the financial information as shown in the 2023 Annual Results Announcement,

together with the significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2021 Financial Statements are set out on pages 132 to 271 in the 2021 Annual Report, which is posted on the websites of the Stock Exchange and NWS and is accessible via the following links:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1020/2021102000681.pdf>

<https://www.nws.com.hk/pdf/en/reportfull/EW00659.pdf>

The 2022 Financial Statements are set out on pages 186 to 330 in the 2022 Annual Report, which is posted on the websites of the Stock Exchange and NWS and is accessible via the following links:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1019/2022101900332.pdf>

https://www.nws.com.hk/pdf/en/reportfull/EW00659_AR2022.pdf

The audited consolidated results of the NWS Group for the year ended 30 June 2023 are set out on pages 18 to 39 in the 2023 Annual Results Announcement, which is posted on the websites of the Stock Exchange and NWS and is accessible via the following links:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0929/2023092900407.pdf>

<https://www.nws.com.hk/pdf/en/202392916405177334.pdf>

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| APPENDIX II | FINANCIAL INFORMATION OF THE NWS GROUP |
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The 2021 Financial Statements, the 2022 Financial Statements and the audited consolidated results of the NWS Group for the year ended 30 June 2023 (but not any other part of the 2021 Annual Report, 2022 Annual Report and the 2023 Annual Results Announcement) are incorporated by reference into the Composite Document and form part of the Composite Document.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2023, the indebtedness of the NWS Group was as follows:

Borrowings and other indebtedness

The NWS Group had outstanding borrowings and other interest-bearing liabilities, lease liabilities, and loans from and amounts due to non-controlling interests of HK\$20,083.1 million, details of which are set out as follows:

| | <i>HK\$'million</i> |
|--|---------------------|
| Borrowings and other interest-bearing liabilities | |
| Secured bank loans | 4,339.3 |
| Unsecured bank loans | 10,967.9 |
| Unsecured fixed rate bonds | 3,496.1 |
| Financing received under a financial reinsurance arrangement | 183.1 |
| Cash collateral received for cross currency swap and forward starting interest rate swap contracts | 24.8 |
| | 19,011.2 |
| Lease liabilities | 950.4 |
| Loans from and amounts due to non-controlling interests | 121.5 |
| Total | 20,083.1 |

Pledge of assets

The NWS Group's intangible concession rights of two expressways in Hunan with net book value of HK\$6,631.7 million, certain investment properties in Hong Kong and Suzhou with net book value of HK\$1,313.9 million were pledged as securities for the Group's certain bank loans.

The NWS Group has also provided a pledge over a proportion of equity interest in a joint venture, which the carrying amount of the pledged portion is HK\$1,408.1 million, as a security for bank loans made to that joint venture.

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| APPENDIX II | FINANCIAL INFORMATION OF THE NWS GROUP |
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Financial guarantees and contingent liabilities

The NWS Group's financial guarantees were as follows:

| | <i>HK\$'million</i> |
|---|-----------------------|
| Guarantees for credit facilities granted to | |
| Associated companies | 1,520.0 |
| Joint ventures | <u>3,128.2</u> |
| Total financial guarantees of the NWS Group | <u><u>4,648.2</u></u> |

In addition, NWS and NWD, through their respective wholly-owned subsidiaries, provided a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by Kai Tak Sports Park Limited (“**KTSP**”) under the contract entered into between the Hong Kong Government and KTSP for the design, construction and operation of Kai Tak Sports Park. Taking into consideration the deed of counter-indemnity which has been entered into, the NWS Group's guarantee towards KTSP was up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion as at 31 August 2023. KTSP is an associated company of the NWS Group in which the NWS Group has a 25% interest.

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk Aviation Limited (“**Goshawk**”) to SMBC Aviation Capital Limited (“**SMBC**”), NWS Group provided a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The NWS Group's potential liability under the financial guarantee was limited to a total amount of US\$197.1 million (equivalent to HK\$1,537.4 million) as at 31 August 2023.

Save as set out above, as at the close of business on 31 August 2023, the NWS Group did not have any material outstanding indebtedness in respect of mortgages, charges, bank overdrafts or loans, or other similar indebtedness, or any guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the NWS Directors confirm that, there has been no material change in the financial or trading position or outlook of the NWS Group since 30 June 2023, being the date on which the latest published audited consolidated results of the NWS Group were made up, up to and including the Latest Practicable Date.

APPENDIX III

GENERAL INFORMATION OF CTFE AND THE OFFEROR

1. RESPONSIBILITY STATEMENTS

The issue of this Composite Document has been approved by the CTFE Directors and the Offeror Directors.

The directors of the Offeror, CTFE, CTFH and CTFC jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the NWS Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the NWS Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURES OF INTERESTS IN NWS' SECURITIES

For the purpose of paragraphs 2 and 3 in this Appendix III, "interested" has the same meaning as ascribed to that term in Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed in "12. Shareholding structure of NWS" in the "Letter from the Joint Financial Advisers" in this Composite Document:

- (a) the Offeror did not own, control or have direction over any NWS Shares, NWS Options or convertible securities, warrants, options or derivatives in respect of NWS Shares;
- (b) no Offeror Director was interested in any NWS Shares, NWS Options or convertible securities, warrants, options or derivatives in respect of NWS Shares; and
- (c) no Offeror Concert Party owned or controlled any NWS Shares, NWS Options or convertible securities, warrants, options or derivatives in respect of NWS Shares (excluding NWS Shares (or options, warrants or derivatives in respect of them) held on behalf of non-discretionary investment clients of the HSBC Group, the BOCI Group and the ING Group, respectively).

3. DEALINGS IN NWS' SECURITIES

None of the Offeror and the Offeror Concert Parties (including the Offeror Directors) had dealt for value in any NWS Shares, NWS Options or convertible securities, warrants, options or derivatives in respect of NWS Shares during the Relevant Period.

APPENDIX III GENERAL INFORMATION OF CTFE AND THE OFFEROR

4. ARRANGEMENTS IN CONNECTION WITH THE NWS OFFERS

As at the Latest Practicable Date:

- (a) there were no agreements or arrangements to which the Offeror was a party which relate to the circumstances in which it might or might not invoke or seek to invoke any Condition;
- (b) none of the NWS Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the NWS Offers;
- (c) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any Offeror Concert Parties and any of the NWS Directors, recent NWS Directors, NWS Shareholders or recent NWS Shareholders having any connection with or was dependent upon the NWS Offers;
- (d) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between the Offeror or any Offeror Concert Parties and any other person;
- (e) no person had irrevocably committed themselves to accept or reject the NWS Offers;
- (f) there were no NWS Shares, NWS Options or convertible securities, warrants, options or derivatives in respect of NWS Shares which the Offeror or any Offeror Concert Parties had borrowed or lent, save for any borrowed NWS Shares which have been either on-lent or sold;
- (g) save for the NWS Share Charge, the Offeror had no intention to transfer, charge or pledge any NWS Shares acquired pursuant to the NWS Offers to any other persons and had no agreement, arrangement or understanding with any third party to do so; and
- (h) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any NWS Shareholder on the one hand, and the Offeror or an Offeror Concert Party on the other hand.

APPENDIX III GENERAL INFORMATION OF CTFE AND THE OFFEROR

5. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the Offeror is wholly-owned by CTFE, which 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. Cheng Kar Shun, Henry, Mr. Cheng Kar Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited. The principal members of the Offeror's concert group in relation to the NWS Offers are CTFE and CTFH.
- (b) The Offeror is a company incorporated in the British Virgin Islands with limited liability. The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address in Hong Kong of the Offeror is at 38th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong.
- (c) The Offeror Board comprises two directors, namely Mr. Tsang On Yip, Patrick and Mr. Lam Man Kwong.
- (d) CTFE is a company incorporated in Hong Kong with limited liability. The registered office of CTFE is at 38th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong.
- (e) The CTFE Board comprises 12 directors, namely Dr. Cheng Kar Shun, Henry, Mr. Cheng Kar Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia, Mrs. Doo Cheng Sau Ha, Amy, Mr. Cheng Chi Heng, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Leong, Christopher, Mr. Cheng Kam Biu, Wilson, Mr. Cheng Sek Hung, Timothy, Mr. Cheng Yu Wai, Mr. Tsang On Yip, Patrick and Mr. Wong Siu Kee.
- (f) CTFH is a company incorporated in the British Virgin Islands with limited liability. The registered office of CTFH is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address in Hong Kong of CTFH is at 38th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong.
- (g) The directors of CTFH are Dr. Cheng Kar Shun, Henry, Mr. Cheng Kar Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia, Mrs. Doo Cheng Sau Ha, Amy, Mr. Cheng Chi Heng, Dr. Cheng Chi Kong, Adrian, Mr. Tsang On Yip, Patrick, Mr. Cheng Yu Wai, Mr. Cheng Sek Hung, Timothy and Mr. Chan Sau Kit, Allan.
- (h) The directors of CTFC are Dr. Cheng Kar Shun, Henry, Mr. Cheng Kar Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy.

APPENDIX III

GENERAL INFORMATION OF CTFE AND THE OFFEROR

- (i) The registered offices of the Joint Financial Advisers are at the following addresses:
- (i) *HSBC*: 1 Queen's Road Central, Hong Kong;
 - (ii) *BOCI*: 26th Floor, Bank of China Tower, 1 Garden Road, Hong Kong; and
 - (iii) *ING*: 8th & 20th Floors (Suite 2001–2003), Three Pacific Place, 1 Queen's Road East, Hong Kong.

APPENDIX IV

GENERAL INFORMATION OF THE NWS GROUP

1. RESPONSIBILITY STATEMENT

The NWS Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and the Offeror Concert Parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the directors of the Offeror, CTFE, CTFH and CTFC in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF NWS

As at the Latest Practicable Date, the authorised and issued share capital of NWS were as follows:

| | |
|--|----------------------|
| <i>Authorised share capital:</i> | <i>HK\$</i> |
| <u>6,000,000,000</u> ordinary shares of HK\$1 each | <u>6,000,000,000</u> |

| | |
|--|----------------------|
| <i>Issued and fully paid share capital:</i> | |
| <u>3,911,076,849</u> ordinary shares of HK\$1 each | <u>3,911,076,849</u> |

As at 9 October 2023 (being the latest practicable date for ascertaining the number of NWS ADSs traded in the U.S. prior to the printing of this Composite Document, due to the time difference between the U.S. and Hong Kong), 416,880 NWS Shares (representing 0.01% of the issued share capital of NWS) were represented by 41,688 NWS ADSs. Each NWS ADS represents 10 NWS Shares deposited with Deutsche Bank Trust Company Americas, the depositary bank appointed by NWS. There are no other classes of shares of NWS in issue.

All of the NWS Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to rights in respect of return of capital, dividends and voting. The issued NWS Shares are listed on the Main Board of the Stock Exchange. Other than the NWS ADS, no part of the NWS Shares is listed or dealt in on, nor is any listing of or permission to deal in the NWS Shares being or proposed to be sought on, any other stock exchange.

Since 30 June 2023 and up to the Latest Practicable Date, 594,500 NWS Shares have been issued by NWS.

As at the Latest Practicable Date, there were 83,636,850 NWS Options entitling the NWS Optionholders to subscribe for an aggregate of 83,636,850 NWS Shares. Details of the NWS Options held by the NWS Optionholders are set out in the table in the section headed “12. Shareholding Structure of NWS” in the “Letter from the Joint Financial Advisers” in this Composite Document. Other than the NWS Options and the NWS ADSs, NWS did not have in issue any convertible securities, warrants, options or derivatives in respect of NWS Shares as at the Latest Practicable Date.

APPENDIX IV

GENERAL INFORMATION OF THE NWS GROUP

3. MARKET PRICES

The table below sets out the closing prices of the NWS Shares quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Full Trading Date; (iii) the Last Trading Date; and (iv) the Latest Practicable Date:

| Date | Closing price per NWS Share (HK\$) |
|---|---|
| 30 December 2022 | 6.75 |
| 31 January 2023 | 7.38 |
| 28 February 2023 | 6.91 |
| 31 March 2023 | 7.03 |
| 28 April 2023 | 6.79 |
| 31 May 2023 | 6.46 |
| 21 June 2023 (being the Last Full Trading Date) | 7.49 |
| 23 June 2023 (being the Last Trading Date) | 7.99 |
| 30 June 2023 | 8.89 |
| 31 July 2023 | 8.93 |
| 31 August 2023 | 8.93 |
| 29 September 2023 | 8.92 |
| 10 October 2023 (being the Latest Practicable Date) | 9.06 |

During the Relevant Period, the highest and lowest closing prices of the NWS Shares as quoted on the Stock Exchange were HK\$9.06 per NWS Share on 10 October 2023 and HK\$6.46 per NWS Share on 31 May 2023, respectively.

4. NWS DIRECTORS' INTERESTS IN SECURITIES OF NWS AND ITS ASSOCIATED CORPORATIONS

For the purpose of paragraphs 4 to 7 in this Appendix IV, “interested” and “interests” have the same meaning as ascribed to that term in Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed in “12. Shareholding Structure of NWS” in the “Letter from the Joint Financial Advisers” in this Composite Document and below, no NWS Director had any interests in the shares, underlying shares or debentures of NWS and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to NWS and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register maintained by NWS referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to NWS and the Stock Exchange; or (d) to be disclosed in the Composite Document pursuant to the Takeovers Code.

| | |
|-------------|--------------------------------------|
| APPENDIX IV | GENERAL INFORMATION OF THE NWS GROUP |
|-------------|--------------------------------------|

(a) Long position in NWS Shares and NWD Shares

| NWS Director's name | Number of shares | | | Total | Approximate percentage of the issued share capital of NWS or NWD (as applicable) as at the Latest Practicable Date |
|--------------------------|-----------------------|---------------------------|-------------------------------|------------|--|
| | Personal interests | Family interests | Corporate interests | | |
| <u>NWS Shares</u> | | | | | |
| Dr. Henry Cheng | 18,349,571 | — | 12,000,000 <i>(Note 1)</i> | 30,349,571 | 0.78% |
| Mr. William Doo Junior | — | — | 128,869 <i>(Note 2)</i> | 128,869 | 0.00% |
| Mr. Lam Wai Hon, Patrick | 1,446,207 | — | 7,608 <i>(Note 3)</i> | 1,453,815 | 0.04% |
| <u>NWD Shares</u> | | | | | |
| Dr. Henry Cheng | 5,168,909 | — | — | 5,168,909 | 0.21% |
| Dr. Adrian Cheng | 2,559,118 | — | — | 2,559,118 | 0.10% |
| Mr. William Doo Junior | — | 10,000 <i>(Note 4)</i> | — | 10,000 | 0.00% |

Notes:

1. The NWS Shares were held by Dragon Noble Group Limited, a company wholly-owned by Dr. Henry Cheng.
2. The NWS Shares were held by Brilliant Gain Company Limited, a company wholly-owned by Mr. William Doo Junior.
3. The NWS Shares were held by a company wholly owned by Mr. Lam Wai Hon, Patrick.
4. The NWD Shares were held by the spouse of Mr. William Doo Junior.

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(b) Long position in underlying shares — NWS Options

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

Notes:

1. Details of the vesting schedule are as follows:
 - (i) 15% of the NWS Options granted were vested on 25 August 2022 and are exercisable from 25 August 2022 to 24 July 2032;
 - (ii) 15% of the NWS Options granted were vested on 25 July 2023 and are exercisable from 25 July 2023 to 24 July 2032;
 - (iii) 20% of the NWS Options granted shall be vested on 25 July 2024 and become exercisable from 25 July 2024 to 24 July 2032; and
 - (iv) 50% of the NWS Options granted shall be vested on 25 July 2025 and become exercisable from 25 July 2025 to 24 July 2032.
2. The cash consideration paid by each of the NWS Directors for the grant of NWS Options is HK\$10.

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GENERAL INFORMATION OF THE NWS GROUP

(c) Long position in debentures of NWS' associated corporations

| NWS Director's name | Personal interests | Amount of debentures | | Total | Approximate percentage to the total amount of debentures in issue as at the Latest Practicable Date |
|--|--------------------|----------------------------------|----------------------------------|---------------|---|
| | | Family interests | Corporate interests | | |
| <u><i>New World China Land Limited</i></u> | | | | | |
| Mr. William Doo Junior | — | — | HK\$7,800,000 <i>(Note 1)</i> | HK\$7,800,000 | 0.110% |
| <u><i>NWD Finance (BVI) Limited</i></u> | | | | | |
| Mr. William Doo Junior | — | US\$660,000 <i>(Note 2)</i> | US\$6,000,000 <i>(Note 3)</i> | US\$6,660,000 | 0.142% |
| <u><i>NWD (MTN) Limited</i></u> | | | | | |
| Mr. William Doo Junior | — | HK\$3,900,000 <i>(Note 4)</i> | — | HK\$3,900,000 | 0.015% |

Notes:

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

5. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) NWS did not own, control or had direction over any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of shares of the Offeror;
- (ii) save as disclosed in “12. Shareholding Structure of NWS” in the “Letter from the Joint Financial Advisers” in this Composite Document, no NWS Director was interested in any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of shares in the Offeror;

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- (iii) save as disclosed below or in “12. Shareholding Structure of NWS” in the “Letter from the Joint Financial Advisers” in this Composite Document, none of the subsidiaries of NWS, pension funds of NWS or of any member of the NWS Group or persons who is presumed to be acting in concert with NWS by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of NWS by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled any NWS Shares or any convertible securities, warrants, options or derivatives in respect of NWS Shares;

| Name of legal entity | No. of NWS Shares | Approximate percentage of the issued share capital of NWS as at the Latest Practicable Date |
|--|------------------------------|--|
| Financial Concepts Investment Limited ¹ | 2,979,975 | 0.076% |

Note:

1. Financial Concepts Investment Limited is an indirect wholly-owned subsidiary of NWS.
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with NWS or with any person who is presumed to be acting in concert with NWS by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of NWS by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (v) no fund manager (other than exempt fund managers) connected with NWS had managed any NWS Shares, NWS Options or convertible securities, warrants, options or derivatives in respect of NWS Shares on a discretionary basis;
- (vi) neither NWS nor any of the NWS Directors had borrowed or lent any NWS Shares, NWS Options or any convertible securities, warrants, options or derivatives in respect of NWS Shares, save for any borrowed NWS Shares which have been either on-lent or sold; and
- (vii) there was no understanding, arrangement or agreement which constituted a special deal (as defined under Rule 25 of the Takeovers Code) between any NWS Shareholder on the one hand, and NWS, its subsidiaries or associated companies on the other.

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6. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (i) none of NWS and the NWS Directors had dealt for value in any NWS Shares, NWS Options or convertible securities, warrants, options or derivatives in respect of NWS Shares; and
- (ii) none of NWS and the NWS Directors had dealt for value in any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of shares in the Offeror.

During the NWS Offer Period and up to the Latest Practicable Date:

- (i) none of the subsidiaries of NWS, pension funds of NWS or of any member of the NWS Group or any person who is presumed to be acting in concert with NWS by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of NWS by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had dealt for value in any NWS Shares, NWS Options or any convertible securities, warrants, options or derivatives in respect of NWS Shares;
- (ii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with NWS or with any person who is presumed to be acting in concert with NWS by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of NWS by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and hence no such person had dealt for value in any NWS Shares, NWS Options or any convertible securities, warrants, options or derivatives of NWS; and
- (iii) no fund manager (other than exempt fund managers) connected with NWS had managed any NWS Shares, NWS Options or any convertible securities, warrants, options or derivatives in respect of NWS Shares on a discretionary basis, and hence no such person had dealt for value in any NWS Shares, NWS Options or any convertible securities, warrants, options or derivatives of NWS.

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7. ARRANGEMENTS AFFECTING NWS DIRECTORS

As at the Latest Practicable Date:

- (i) no benefit (other than statutory compensation) was or would be given to any NWS Director as compensation for loss of office or otherwise in connection with the NWS Offers;
- (ii) there was no agreement or arrangement between any NWS Director and any other person which is conditional or dependent upon the outcome of the NWS Offers or otherwise connected with the NWS Offers; and
- (iii) no material contract had been entered into by the Offeror in which any NWS Director has a material personal interest.

8. SERVICE CONTRACTS WITH NWS DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the NWS Directors had any service contracts with NWS or any of its subsidiaries or associated companies in force which: (a) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the NWS Offer Period; (b) are continuous contracts with a notice period of 12 months or more; or (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

| Name of NWS Director | Date of service contract | Term of service contract | Remuneration payable under the service contract |
|------------------------------------|---------------------------------|--------------------------------------|--|
| Dr. Henry Cheng | 1 June 2023 | 1 July 2023–30 June 2026 | See note 1 below. |
| Mr. Ma Siu Cheung | 3 November 2021 | 1 January 2022– 31 December 2024 | See note 1 below. |
| Dr. Adrian Cheng | 2 October 2022 | 11 October 2022– 10 October 2025 | See note 1 below. |
| Mr. Christopher Cheng | 4 September 2023 | 1 December 2023– 30 November 2026 | See note 1 below. |
| Mr. To Hin Tsun, Gerald | 1 June 2023 | 1 July 2023–30 June 2026 | See note 1 below. |
| Mr. Dominic Lai | 1 June 2023 | 1 July 2023–30 June 2026 | See note 1 below. |
| Mr. William Doo Junior | 1 June 2023 | 1 July 2023–30 June 2026 | See note 1 below. |
| Mr. Shek Lai Him, Abraham | 1 June 2023 | 1 July 2023–30 June 2026 | See note 1 below. |
| Mrs. Oei Wai Chi Grace Fung | 17 November 2021 | 1 January 2022– 31 December 2024 | See note 1 below. |
| Professor Chan Ka Keung, Ceajer | 18 January 2022 | 1 January 2022– 31 December 2024 | See notes 1 and 2 below. |
| Ms. Ng Yuen Ting, Yolanda | 1 December 2022 | 1 December 2022– 30 November 2025 | See note 1 below. |

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Note:

1. The remuneration package for each NWS Director (including director's fee, committee membership fees, allowances and any other form of remuneration) is reviewed and determined by the NWS Board annually with the authorisation granted by the NWS Shareholders at an annual general meeting of NWS or by the NWS Shareholders from time to time.
2. Pursuant to the service contract, Professor Chan Ka Keung, Ceajer is entitled to a total fixed annual remuneration of HK\$470,000 and other allowances and benefits.

9. MATERIAL CONTRACTS

Save as disclosed below, the NWS Group had not, within the two years before the NWS Offer Period and up to and including the Latest Practicable Date, entered into any contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the NWS Group), which is or may be material:

- (i) the framework agreement dated 30 June 2021 entered into between New World (Xiamen) Port Investments Limited (新世界(廈門)港口投資有限公司) (an indirect wholly-owned subsidiary of NWS) (“**NWXP**”) and 廈門國際港務股份有限公司 (Xiamen International Port Co., Ltd*) (“**XIPC**”), pursuant to which and subject to the terms and conditions of the formal sale and purchase agreement entered into between NWXP and XIPC, NWXP proposed to sell, and XIPC proposed to acquire the 20% equity interest in 廈門集裝箱碼頭集團有限公司 (Xiamen Container Terminal Group Co., Ltd.*) (“**XCTG**”) at a consideration of RMB1,568 million;
- (ii) the sale and purchase agreement dated 20 August 2021 entered into between NWXP and XIPC, pursuant to which NWXP agreed to sell, and XIPC agreed to acquire the 20% equity interest in XCTG at a consideration of RMB1,568 million;
- (iii) the formal agreement dated 7 September 2021 entered into between Modern Elite (Hong Kong) Limited (an indirect wholly-owned subsidiary of NWS) (“**Modern Elite**”), as purchaser, and Good Sense Development Limited (嘉勝發展有限公司) (an indirect wholly-owned subsidiary of NWD) (“**Good Sense**”), as vendor, in relation to the sale and purchase of office units on 18th Floor, No. 888 Lai Chi Kok Road, Kowloon, Hong Kong at a consideration approximately HK\$333 million, together with the priority to purchase nine parking spaces for each floor purchased at a price of not higher than HK\$1.5 million per parking space;
- (iv) the formal agreement dated 7 September 2021 entered into between FTLife Insurance Company Limited (富通保險有限公司) (an indirect wholly-owned subsidiary of NWS) (“**FTLife**”), as purchaser, and Good Sense, as vendor, in relation to the sale and purchase of office units on 19th Floor and 20th Floor, No. 888 Lai Chi Kok Road, Kowloon, Hong Kong, at a consideration approximately HK\$679 million, together with the priority to purchase nine parking spaces for each floor purchased at a price of not higher than HK\$1.5 million per parking space;
- (v) the formal agreement dated 7 September 2021 entered into between Tycoon Estate Investments (HK) Limited (an indirect wholly-owned subsidiary of NWS), as purchaser, and Good Sense, as vendor, in relation to the sale and purchase of office units on 21th Floor, No. 888 Lai Chi Kok Road, Kowloon, Hong Kong at a

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consideration approximately HK\$355 million, together with the priority to purchase nine parking spaces for each floor purchased at a price of not higher than HK\$1.5 million per parking space;

- (vi) the equity, dividend receivable and creditor's rights transfer agreement dated 26 April 2022 entered into between NWS (Guangdong) Investment Co. Ltd.* (新創建(廣東)投資有限公司) (an indirect wholly-owned subsidiary of NWS) ("**NWS (Guangdong)**"), Shenzhen Logan Infrastructure Investment Consultancy Co., Ltd* (深圳市龍光基業投資諮詢有限公司) ("**Logan Infrastructure**"), Logan Transport Group Co., Ltd* (龍光交通集團有限公司) ("**Logan Transport**") and Guangxi Logan Guiwu Expressway Co., Ltd* (廣西龍光貴梧高速公路有限公司) ("**Guangxi Logan Guiwu**"), pursuant to which (a) NWS (Guangdong) conditionally agreed to acquire, and Logan Infrastructure conditionally agreed to sell 40% of the equity interests in Guangxi Logan Guiwu at a consideration of approximately RMB1,634.9 million; (b) NWS (Guangdong) conditionally agreed to acquire, and Logan Infrastructure conditionally agreed to sell the non-interest bearing dividend declared but unpaid by Guangxi Logan Guiwu for the year ended 31 December 2021 and the receivable by Logan Infrastructure in the amount of approximately RMB46.8 million as at 26 April 2022 at a consideration of approximately RMB46.8 million; and (c) NWS (Guangdong) conditionally agreed to acquire, and Logan Transport conditionally agreed to sell the non-interest bearing creditor's rights of Logan Transport against Guangxi Logan Guiwu in relation to a loan repayable by Guangxi Logan Guiwu to Logan Transport in the amount of approximately RMB220.7 million as at 26 April 2022 at a consideration of approximately RMB220.7 million;
- (vii) the equity interest and creditor's rights transfer agreement dated 5 September 2022 entered into between NWS (Guangdong), Logan Transport and Guangxi Logan Guiwu, pursuant to which NWS (Guangdong) conditionally agreed to acquire and Logan Transport conditionally agreed to sell (a) the 40% of the equity interest in Guangxi Logan Guiwu at a consideration of approximately RMB1,634.9 million; and (b) the non-interest bearing creditor's rights of Logan Transport against Guangxi Logan Guiwu in relation to a loan repayable by Guangxi Logan Guiwu to Logan Transport in the amount of approximately RMB220.7 million as at 5 September 2022 at a consideration of approximately RMB220.7 million;
- (viii) the dividend receivable transfer agreement dated 5 September 2022 entered into between Logan Infrastructure, Logan Transport, Guangxi Logan Guiwu and NWS (Guangdong), pursuant to which NWS (Guangdong) conditionally agreed to acquire, and Logan Infrastructure conditionally agreed to sell the non-interest bearing dividend declared but unpaid by Guangxi Logan Guiwu for the year ended 31 December 2021 and receivable by Logan Infrastructure in the amount of approximately RMB46.8 million as at 5 September 2022 at a consideration of approximately RMB46.8 million;
- (ix) the share purchase agreement dated 14 May 2022 entered into among Glorious Hope Limited ("**Glorious Hope**"), Goodman Developments Asia ("**GDA**") and Goodman China Logistics Holding Limited ("**Goodman China Logistics**"), pursuant to which Glorious Hope agreed to acquire, and GDA and Goodman China Logistics agreed to sell, (a) the entire equity interests in Goodman Chengdu Developments No.3 Limited ("**Goodman Chengdu Developments No.3**") (嘉民成都第三發展有限公司); and (b) all the shareholder's loans owed by Goodman Chengdu Developments No.3 to

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Goodman China Logistics at a total consideration of approximately RMB322 million (representing the aggregate of the initial purchase price and estimated adjusted net asset value and subject to adjustment);

- (x) the share purchase agreement dated 14 May 2022 entered into among Glorious Hope, GDA and Goodman China Logistics, pursuant to which Glorious Hope agreed to acquire, and GDA and Goodman China Logistics agreed to sell, (a) the entire equity interests in Goodman Chengdu Longquan Logistics Development Limited (“**Goodman Chengdu Longquan Logistics**”) (嘉民成都龍泉物流開發有限公司); and (b) all the shareholder’s loans owed by Goodman Chengdu Longquan Logistics to Goodman China Logistics at a total consideration of approximately RMB321 million (representing the aggregate of the initial purchase price and estimated adjusted net asset value and subject to adjustment);
- (xi) the share purchase agreement dated 14 May 2022 entered into among Glorious Hope, GDA and Goodman China Logistics, pursuant to which Glorious Hope agreed to acquire, and GDA and Goodman China Logistics agreed to sell (a) the entire equity interests in GCD2 (BVI) Limited (“**GCD2 (BVI)**”); (b) certain equity interests in Goodman Chengdu Developments No.2 Limited; and (c) all the shareholder’s loans owed by GCD2 (BVI) to Goodman China Logistics at a total consideration of approximately RMB90 million (representing the aggregate of the initial purchase price and estimated adjusted net asset value and subject to adjustment);
- (xii) the share purchase agreement dated 14 May 2022 entered into among Glorious Hope, GDA and GCLP Core HoldCo (“**GCLP Core**”), pursuant to which Glorious Hope agreed to acquire, and GDA and GCLP Core agreed to sell (a) the entire equity interests in QHGCD1 LLC; (b) certain equity interests in Qin Hen Goodman Hong Kong (Chengdu) Developments No.1 Limited (勤恒嘉民港成第一發展有限公司); and (c) all the shareholder’s loans owed by QHGCD1 LLC to GCLP Core at a total consideration of approximately RMB419 million (representing the aggregate of the initial purchase price and estimated adjusted net asset value and subject to adjustment);
- (xiii) the share purchase agreement dated 14 May 2022 entered into among Glorious Hope, GDA and Goodman China Logistics, pursuant to which Glorious Hope agreed to acquire, and GDA and Goodman China Logistics agreed to sell (a) the entire equity interests in GHKHD1 (BVI) Limited (“**GHKHD1 (BVI)**”); (b) certain equity interests in Goodman Hong Kong (Hubei) Developments No.1 Limited (嘉民楚港第一發展有限公司); and (c) all the shareholder’s loans owed by GHKHD1 (BVI) to Goodman China Logistics at a total consideration of approximately RMB653 million (representing the aggregate of the initial purchase price and estimated adjusted net asset value and subject to adjustment);
- (xiv) the share purchase agreement dated 14 May 2022 entered into among Glorious Hope, GDA and Goodman China Logistics, pursuant to which Glorious Hope agreed to acquire, and GDA and Goodman China Logistics agreed to sell (a) the entire equity interests in GCD4 LLC; (b) certain equity interests in Goodman Chengdu Developments No.4 Limited (嘉民成都第四發展有限公司); and (c) all the shareholder’s loans owed by GCD4 LLC to Goodman China Logistics at a total

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consideration of approximately RMB499 million (representing the aggregate of the initial purchase price and estimated adjusted net asset value and subject to adjustment);

- (xv) the share purchase agreement dated 14 May 2022, entered into between Quality Vibe Limited (“**Quality Vibe**”) and GCLAM Holdings Limited (“**GCLAM**”), pursuant to which Quality Vibe agreed to acquire, and GCLAM agreed to sell, 50% of the total issued share capital of Goodman China (Western) Limited (“**Goodman China (Western)**”) at a consideration of RMB3 million (representing the sum of RMB100 and 50% of the estimated net asset value of Goodman China (Western) and Goodman Enterprise Management Consulting (Chengdu) Co., Ltd* (“**Goodman Enterprise Management**”) (嘉民企業管理諮詢(成都)有限公司) and subject to adjustment);
- (xvi) the shareholders’ agreement dated 1 June 2022 entered into among Quality Vibe, Goodman China (Western) and GCLAM governing the operation of the business carried on by Goodman China (Western) and Goodman Enterprise Management from time to time, and regulate the rights and obligations of Quality Vibe and GCLAM as shareholders of Goodman China (Western); and
- (xvii) the equity transfer agreement dated 1 December 2022 entered into between NWS (Guangdong), Good Sign Limited (“**Good Sign**”), Huayu Expressway Group Limited (“**Huayu Expressway**”), Mr. Chan Yeung Nam (陳陽南) (“**Mr. Chan**”) and Hunan Daoyue Expressway Industry Co., Ltd.* (湖南道岳高速公路實業有限公司) (“**Hunan Daoyue**”), pursuant to which NWS (Guangdong) has conditionally agreed to acquire, and Good Sign has conditionally agreed to sell 60% of the equity interests in Hunan Daoyue at a consideration of approximately RMB555.7 million, subject to certain adjustments, where Huayu Expressway and Mr. Chan have irrevocably agreed to be jointly and severally liable to NWS (Guangdong) for the fulfilment of all the obligations and responsibilities of Good Sign.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, save for any existing claim by NWS Group in respect of its six aircraft located in Russia, none of the members of the NWS Group was engaged in any litigation or arbitration or claim of material importance and, so far as the NWS Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened by or against any member of the NWS Group.

* For identification purposes only

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11. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the names and qualifications of each of the experts who has been named in this Composite Document or who has given a report, opinion or advice, which is contained in or referred to in this Composite Document:

| Name | Qualification |
|--------------|---|
| HSBC | the sole structuring adviser to CTFE and the Offeror in relation to the NWS Offers and one of the Joint Financial Advisers. HSBC is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) |
| BOCI | one of the Joint Financial Advisers. BOCI is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| ING | one of the Joint Financial Advisers. ING is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) |
| UBS | the financial adviser of NWS. UBS is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO |
| Quam Capital | the NWS IFA appointed by the NWS IBC in relation to the NWS Offers. Quam Capital is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

Each of the abovenamed experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the opinion, letter or report (as the case may be) and references to its name, in the form and context in which they are included.

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12. MISCELLANEOUS

- (i) The company secretary of NWS is Mr. Tang Wai Yau.
- (ii) The address of the registered office of NWS is Clarendon House, 2 Church Street, Hamilton, Pembroke, HM11, Bermuda.
- (iii) The address of the principal place of business of NWS in Hong Kong is 21/F., NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon.
- (iv) The Hong Kong branch share registrar of NWS is Tricor Standard Limited, whose address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (v) The financial adviser of NWS is UBS whose address is at 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.
- (vi) The NWS IFA is Quam Capital whose registered office address is at 5/F and 24/F (Rooms 2401 and 2412), Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (vii) In case of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the SFC at www.sfc.hk; and (ii) on the website of NWS at www.nws.com.hk, from the date of this Composite Document up to and including the NWS Share Offer Closing Date:

- (a) the memorandum of association and bye-laws of NWS adopted on 21 November 2022;
- (b) the memorandum and articles of association of the Offeror;
- (c) the 2021 Annual Report, the 2022 Annual Report and the 2023 Annual Results Announcement;
- (d) the letter from the Joint Financial Advisers, the text of which is set out on pages 15 to 39 of this Composite Document;
- (e) the letter from the NWS Board, the text of which is set out on pages 40 to 49 of this Composite Document;
- (f) the letter from the NWS IBC, the text of which is set out on pages 50 to 52 of this Composite Document;
- (g) the letter from the NWS IFA, the text of which is set out on pages 53 to 82 of this Composite Document;

APPENDIX IV

GENERAL INFORMATION OF THE NWS GROUP

- (h) the material contracts referred to in the section headed “9. Material Contracts” in this Appendix IV;
- (i) the facility agreement dated 26 June 2023 pursuant to which the Offer Facility was obtained by the Offeror for the purpose of financing a portion of the cash required for the NWS Offers;
- (j) the service contracts of the NWS Directors referred to in the section headed “8. Service Contracts with NWS Directors” in this Appendix IV;
- (k) the written consents as referred to in the section headed “11. Consents and Qualifications of Experts” in this Appendix IV; and
- (l) this Composite Document and the accompanying Forms of Acceptance.

APPENDIX V

FORM OF NWS OPTION OFFER LETTER

The following is the form of the NWS Option Offer Letter being sent to the NWS Optionholders in connection with the NWS Option Offer.



HSBC

The Hongkong and Shanghai
Banking Corporation Limited



BOCI ASIA LIMITED

BOCI Asia Limited



ING Bank N.V.

13 October 2023

To the NWS Optionholders

Dear Sir or Madam,

OPTION OFFER

IN RELATION TO THE CONDITIONAL VOLUNTARY GENERAL CASH OFFERS BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, BOCI ASIA LIMITED AND ING BANK N.V. ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF NWS (OTHER THAN THOSE ALREADY BENEFICIALLY OWNED BY THE CTFH GROUP) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF NWS

A composite offer and response document (the “**Composite Document**”) dated the same date as this letter jointly issued by Chow Tai Fook Enterprises Limited (“**CTFE**”), Century Acquisition Limited (the “**Offeror**”) and NWS Holdings Limited (“**NWS**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Composite Document. This letter should be read in conjunction with the Composite Document and the **PINK** Form of NWS Option Offer Acceptance.

CTFE, the Offeror, NWS and New World Development Company Limited jointly issued an announcement dated 26 June 2023 (the “**Joint Announcement**”) which stated that, among others, the Joint Financial Advisers, on behalf of the Offeror, subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, would (i) make the NWS Share Offer; and (ii) in accordance with Rule 13 of the Takeovers Code, make an appropriate offer to all the NWS Optionholders for the cancellation of every NWS Option, whether vested or unvested, by way of the NWS Option Offer.

On 6 October 2023, CTFE, the Offeror and NWS jointly announced that all Pre-Conditions had been satisfied.

This letter explains the actions you may take in relation to your outstanding NWS Options. You are advised to refer to the Composite Document and the **PINK** Form of NWS Option Offer Acceptance when considering them.

Your attention is also drawn to the terms and conditions of the NWS Share Option Scheme.

APPENDIX V

FORM OF NWS OPTION OFFER LETTER

TERMS OF THE NWS OPTION OFFER

In accordance with Rule 13 of the Takeovers Code, the Joint Financial Advisers, on behalf of the Offeror, are making an appropriate offer to all the NWS Optionholders for the cancellation of every NWS Option, whether vested or unvested, by way of the NWS Option Offer.

Under the NWS Option Offer, in accordance with Rule 13 of the Takeovers Code, the NWS Optionholders are being offered the NWS Option Offer Price (which is the “see-through” price, being the NWS Share Offer Price minus the exercise price of the relevant NWS Option) in cash for the cancellation of each NWS Option they hold, whether vested or unvested. The table below sets out the exercise price and the corresponding “see-through” price for the 83,636,850 NWS Options outstanding as at the Latest Practicable Date:

| NWS Option exercise price per NWS Share (HK\$) | NWS Option Offer Price per NWS Option based on the NWS Share Offer Price of HK\$9.15 per NWS Offer Share (HK\$) | Number of NWS Options (each carrying the right to subscribe for one new NWS Share) |
|--|--|---|
| 7.83 | 1.32 ⁽¹⁾ | 83,636,850 ⁽²⁾ |

Notes:

- (1) If the NWS Share Offer Price is subsequently adjusted (please see “2. The NWS Share Offer” in the “Letter from the Joint Financial Advisers” in the Composite Document for the circumstances under which the NWS Share Offer Price may be reduced), such that the exercise price of any NWS Option will be equal to or greater than the NWS Share Offer Price (i.e. the “see-through” price will be zero or negative), the NWS Option Offer Price will be a nominal amount of HK\$0.01 for every 100 NWS Options (or, if lesser, any part thereof), under Rule 13 of the Takeovers Code.
- (2) The vesting dates and the exercise periods of these 83,636,850 NWS Options are as follows:
- (i) 12,315,280 NWS Options were vested on 25 August 2022 and are exercisable from 25 August 2022 to 24 July 2032;
 - (ii) 12,352,130 NWS Options were vested on 25 July 2023 and are exercisable from 25 July 2023 to 24 July 2032;
 - (iii) 16,848,410 NWS Options shall be vested on 25 July 2024 and become exercisable from 25 July 2024 to 24 July 2032; and
 - (iv) the remaining 42,121,030 NWS Options shall be vested on 25 July 2025 and become exercisable from 25 July 2025 to 24 July 2032.

If any NWS Option is exercised in accordance with the terms of the NWS Share Option Scheme, any NWS Shares issued prior to the close of the NWS Share Offer as a result of such exercise will be subject to the NWS Share Offer.

APPENDIX V

FORM OF NWS OPTION OFFER LETTER

As the Offeror would have control (as defined in the Takeovers Code) of NWS after completion of the NWD Disposal, pursuant to the rules of the NWS Share Option Scheme the NWS Optionholders shall be entitled to exercise any NWS Option (whether or not it has vested at the relevant time) in whole or in part at any time within the period of six (6) months after completion of the NWD Disposal, and to the extent that it has not been so exercised, any NWS Option shall lapse upon the expiry of such six-month period, provided that if, during such six-month period, the Offeror becomes entitled to exercise rights of compulsory acquisition of NWS Shares pursuant to Section 103 of the Companies Act and gives notice in writing to any NWS Offer Shareholders that it intends to exercise such rights, the NWS Options shall remain exercisable until 14 days from the date of such notice and, to the extent that they have not been exercised, shall thereupon lapse. As stated in “10. Public float and maintaining the listing status of NWS” in the “Letter from the Joint Financial Advisers” in the Composite Document, the Offeror intends to maintain the listing status of the NWS Shares 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.

The NWS Option Offer is subject to and conditional upon the NWS Share Offer becoming or being declared unconditional in all respects. The Conditions are set out in “8. Conditions to the NWS Offers” in the “Letter from the Joint Financial Advisers” in the Composite Document.

You are further advised to refer to “15. Overseas NWS Offer Shareholders and NWS Optionholders” and “22. Taxation and independent advice” in the “Letter from the Joint Financial Advisers” in the Composite Document, and “4. Nominee Registration” in “Appendix I — Further Terms of the NWS Offers” to the Composite Document.

Your attention is drawn to the “Letter from the NWS IBC” to the Disinterested NWS Shareholders and the Disinterested NWS Optionholders set out in the Composite Document and the “Letter from the NWS IFA” set out in the Composite Document, which contain the recommendations of the NWS IBC and of the NWS IFA, respectively, in relation to the NWS Offers.

COURSES OF ACTION AVAILABLE TO THE NWS OPTIONHOLDERS

In summary, the choices available to you in respect of your outstanding NWS Options are:

- (a) to the extent any of your outstanding NWS Options (whether vested or unvested) is not exercised or lapses on or prior to the NWS Share Offer Closing Date (being Monday, 13 November 2023 or such later date(s) as the Offeror may determine and announce), you may accept the NWS Option Offer in accordance with its terms (as set out in the Composite Document and the **PINK** Form of NWS Option Offer Acceptance) and receive the NWS Option Offer Price if the NWS Offers become or are declared unconditional in all respects, by keeping such outstanding NWS Options unexercised on or prior to the NWS Share Offer Closing Date, and returning, duly completed and signed, the **PINK** Form of NWS Option Offer Acceptance enclosed

APPENDIX V

FORM OF NWS OPTION OFFER LETTER

together with the relevant document(s) (if applicable) as soon as possible and in any event by no later than 4:00 p.m. (Hong Kong time) on the NWS Share Offer Closing Date;

- (b) you may in accordance with the terms of the NWS Share Option Scheme exercise all of your outstanding vested NWS Options (to the extent not already exercised or lapsed) or only some of them to the extent specified in your notice of exercise, by (i) submitting a notice of exercise of NWS Options to the company secretary of NWS or (ii) giving instruction to the existing external administrator of the NWS Share Option Scheme engaged by NWS, at any time after the date of this letter (being 13 October 2023) and up to the NWS Share Offer Closing Date. Any NWS Shares issued as a result of the exercise of such outstanding NWS Options as mentioned above will be subject to and eligible to participate in the NWS Share Offer. Please refer to the Composite Document for the details of the NWS Share Offer in this regard; or
- (c) take no action, in which case, if the NWS Offers become or are declared unconditional in all respects, you shall continue to be entitled to exercise, in accordance with the terms and conditions of the NWS Share Option Scheme, any unexercised NWS Option (whether or not it has vested at the relevant time, but only to the extent that it has not otherwise lapsed) in whole or in part at any time within the period of six (6) months after completion of the NWD Disposal, and to the extent that any such NWS Option has not been so exercised, it shall lapse upon the expiry of such six-month period.

Each outstanding NWS Option you hold is independent and you should make a separate decision for each one.

For further details, please refer to the remaining sections of this letter, the Composite Document, the **PINK** Form of NWS Option Offer Acceptance and the terms and conditions of the NWS Share Option Scheme.

LAPSED NWS OPTIONS

Please note that nothing in this letter or the Composite Document serves to extend the life of an NWS Option which lapses, will lapse, or has already lapsed under the terms of the NWS Share Option Scheme. You cannot exercise or accept the NWS Option Offer in respect of an NWS Option once it lapses in accordance with its terms.

For an acceptance of the NWS Option Offer to be valid, the NWS Options for which the relevant NWS Optionholder intends to accept the NWS Option Offer must remain subsisting and have not lapsed as at the date of receipt of such acceptance by the company secretary of NWS (irrespective of the date of delivery of such acceptance).

APPENDIX V

FORM OF NWS OPTION OFFER LETTER

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

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

GENERAL

- (a) All communications, notices, the **PINK** Form of NWS Option Offer Acceptance, cheques, certificates and other documents of any nature, if delivered by or sent to or from you as an NWS Optionholder or your designated agents by post, shall be posted at your own risk, and none of CTFE, the Offeror, NWS or the Joint Financial Advisers and any of their respective directors, the Registrar and other parties involved in the NWS Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Composite Document and the **PINK** Form of NWS Option Offer Acceptance form part of the terms of the NWS Option Offer.
- (c) The NWS Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (d) The due execution of a **PINK** Form of NWS Option Offer Acceptance in respect of the NWS Option Offer will constitute an authority to the Offeror, NWS, the Joint Financial Advisers or such person(s) as any of them may direct (i) to complete on behalf of the accepting NWS Optionholder the **PINK** Form of NWS Option Offer Acceptance and any other document(s); (ii) to do any other act that may be necessary or expedient for the purpose of cancelling all rights of the NWS Optionholders in respect of the outstanding NWS Options which are the subject of such acceptance; and (iii) (where applicable) for NWS to handle the relevant Remittance (as defined in “Appendix I — Further Terms of the NWS Offers” to the Composite Document) and subject to deduction and withholding of any charges, fees and liabilities (tax or otherwise) applicable to you, transfer the balance of the Remittance to your bank account.
- (e) By completing the **PINK** Form of NWS Option Offer Acceptance in respect of a particular outstanding NWS Option, you irrevocably authorise the Offeror, the Joint Financial Advisers and/or their respective agents to send a cheque (i) for collection at 21st Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong; or (ii) (where applicable) to NWS for further handling of the relevant Remittance.

APPENDIX V

FORM OF NWS OPTION OFFER LETTER

ACTIONS TO BE TAKEN FOR ACCEPTING THE NWS OPTION OFFER

In order to accept the NWS Option Offer, you must deliver the duly completed and signed **PINK** Form of NWS Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the NWS Options, and/or any other document(s) (if applicable) evidencing the grant of the NWS Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of NWS Options (or if applicable, for not less than the number of NWS Options in respect of which you intend to accept the NWS Option Offer), by post or by hand, to the company secretary of NWS at 21st Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong, marked “NWS Holdings Limited — NWS Option Offer” on the envelope so as to reach the company secretary of NWS as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on Monday, 13 November 2023, the first NWS Share Offer Closing Date (or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code). If you do not return a duly completed and signed **PINK** Form of NWS Option Offer Acceptance or exercise your NWS Options, subject to and conditional upon the NWS Offers becoming unconditional in all respects, your outstanding NWS Options (whether vested or unvested, but provided that they have not otherwise lapsed) will remain valid and exercisable within the period of six (6) months after completion of the NWD Disposal.

Before delivering the **PINK** Form of NWS Option Offer Acceptance to the company secretary of NWS, please ensure that you have signed the **PINK** Form of NWS Option Offer Acceptance and that your signature has been witnessed.

Payment of the NWS Option Offer Price is expected to be made no later than seven (7) Business Days after the later of (i) the date on which the NWS Offers become or are declared unconditional in all respects; and (ii) the date of receipt of the duly completed **PINK** Form of NWS Option Offer Acceptance and all relevant document(s) (if applicable) by the company secretary of NWS to render such acceptance, surrender and cancellation under the NWS Option Offer valid.

No acknowledgment of receipt of any **PINK** Form of NWS Option Offer Acceptance and/or NWS Options relevant certificate(s) (if applicable) and/or any other document(s) evidencing the grant of the outstanding NWS Options and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

RESPONSIBILITY STATEMENTS

The directors of the Offeror, CTFE, CTFH and CTFC jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the NWS Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the NWS Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this letter the omission of which would make any statement in this letter misleading.

APPENDIX V

FORM OF NWS OPTION OFFER LETTER

The NWS Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the directors of the Offeror, CTFE, CTFH and CTFC in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this letter the omission of which would make any statement in this letter misleading.

Yours faithfully,
For and on behalf of

**The Hongkong and Shanghai
Banking Corporation Limited**

Edmond Tin
*Managing Director,
Head of Hong Kong Investment
Banking Coverage*

BOCI Asia Limited

Kin Chung Lui
Director

ING Bank N.V.

Shaw Ming Chia
Director

Andrew Lau
Director

The Hongkong and Shanghai Banking Corporation Limited is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

BOCI Asia Limited is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

ING Bank N.V. is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).



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 S224 (Harbour Road Entrance), Level 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 2 November 2023 at 11:30 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**:
 - (a) the Disposal (as defined and described in the circular of the Company dated 13 October 2023 (the “**Circular**”, a copy of which marked “A” is tabled before the Meeting and initialed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved and confirmed; and
 - (b) 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 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 Disposal and the transactions contemplated thereunder and all matters ancillary or incidental thereto.”
2. “**THAT** subject to the passing of the ordinary resolution no. 1 and conditional upon completion of the Disposal:
 - (a) the Revision of Annual Caps (as defined and described in the Circular) be and is hereby approved and confirmed; and

NOTICE OF EGM

- (b) 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 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 Revision of Annual Caps and all matters ancillary or incidental thereto.”

By order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 13 October 2023

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 a 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., Monday, 30 October 2023 for the necessary arrangements (including the activation of the password provided on the notification letter sent to the shareholders by the Company on 13 October 2023 (the “**Notification Letter**”).

For the beneficial owners whose shares of the Company are held through banks, brokers, custodians or HKSCC Nominees Limited who would like to attend the Meeting in person physically or online, they should consult directly with their banks, brokers, custodians or HKSCC Nominees Limited (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.

NOTICE OF EGM

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 notorially 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 Tuesday, 31 October 2023 at 11:30 a.m.) or any adjournment thereof (as the case may be).

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 Tuesday, 31 October 2023 at 11:30 a.m.) or 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-emeeting.tricor.hk/#/222>). 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. 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 Wednesday, 1 November 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 Friday, 27 October 2023 to Thursday, 2 November 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 Thursday, 26 October 2023.
6. Voting on the above resolutions will be taken by poll.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
8. As at the date of this notice, 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.