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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **NWS Holdings Limited**, you should at once hand this Circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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# 新創建 NWS

## 新創建集團有限公司\*

### NWS HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

(stock code: 659)

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF THE HIP SENG GROUP,  
RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
NOTICE OF SGM**

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

**BALLAS**  
C A P I T A L

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Circular.

A letter from the Board is set out on pages 5 to 15 of this Circular. A letter from the Independent Board Committee is set out on pages 16 and 17 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 18 to 35 of this Circular.

A notice convening the SGM to be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 14 August 2018 at 11:30 a.m. is set out on pages 53 to 55 of this Circular.

Whether or not you are able to attend the SGM or any adjourned meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

20 July 2018

\* For identification purposes only

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	16
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	18
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	36
<b>APPENDIX II – DETAILS OF THE RETIRING DIRECTORS STANDING FOR RE-ELECTION</b> .....	40
<b>APPENDIX III – GENERAL INFORMATION</b> .....	44
<b>NOTICE OF SGM</b> .....	53

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## DEFINITIONS

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*In this Circular, the following expressions have the following meanings, unless the context requires otherwise:*

“Announcement”	the announcement of the Company dated 8 June 2018 in relation to the Disposal
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“BCL” or “Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and other general public holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted or in effect between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“Circular”	this circular, including the appendices hereto
“Company” or “NWS”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“Completion”	completion of the Disposal in accordance with the SP Agreement
“Completion Date”	the 7th Business Day following fulfilment of the Condition Precedent or such other date as the Vendor and the Purchaser may agree in writing on which Completion shall take place
“Condition Precedent”	the condition for Completion as disclosed in the paragraphs headed “Major terms of the SP Agreement – Condition Precedent to Completion” in the “Letter from the Board” of this Circular
“connected person”	has the meaning ascribed to it in the Listing Rules

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## DEFINITIONS

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“Consideration”	the consideration of the Disposal, being the amount payable by the Purchaser to the Vendor for the Sale Share as disclosed in the paragraphs headed “Major terms of the SP Agreement – Consideration” in the “Letter from the Board” of this Circular
“Construction Business”	the provision of construction services, including without limitation, general contracting, construction management, civil engineering works and foundation works, carried on by the Group at Completion and from time to time
“Director(s)”	director(s) of the Company
“Disposal”	the proposed sale of the Hip Seng Group by the Vendor to the Purchaser through the sale of the Sale Share on terms of the SP Agreement
“Group” or “NWS Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hip Hing Group”	NWS Construction Limited (being an indirect wholly-owned subsidiary of the Company) and its subsidiaries, joint ventures and associated companies from time to time
“Hip Seng Group”	the Target Company, its subsidiaries and an unincorporated joint venture
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, which comprises Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace, all being independent non-executive Directors, established to advise the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders, other than NWD and its associates, who do not have a material interest in the SP Agreement and the transaction contemplated thereunder

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## DEFINITIONS

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“Latest Practicable Date”	13 July 2018, 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
“Long Stop Date”	the last time for fulfilment of the Condition Precedent, being 5:00 p.m. on 31 October 2018 (or such later time and date as the Vendor and the Purchaser may agree in writing)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17) and the ultimate holding company of the Company
“NWD Group”	NWD and its subsidiaries (but not including the Group) from time to time
“percentage ratios”	the percentage ratios set out in Rule 14.07 of the Listing Rules
“Purchaser”	Sherman Drive Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of NWD
“Retiring Directors”	Mr. Ma Siu Cheung, Mr. Ho Gilbert Chi Hang, Mr. Chow Tak Wing, all being executive Directors, and Mr. Wong Kwai Huen, Albert, being an independent non-executive Director, who were appointed as Directors with effect from 9 July 2018
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sale Share”	the one (1) share of par value of US\$1.00 in the share capital of the Target Company, representing its entire issued share capital
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 14 August 2018 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the SP Agreement and the transaction contemplated thereunder, or where the context so admits, any adjournment of such special general meeting
“Share(s)”	ordinary share(s) of par value of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SP Agreement”	the conditional sale and purchase agreement dated 8 June 2018 entered into between the Vendor and the Purchaser in respect of, among others, the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Celestial Path Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	NWS CON Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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LETTER FROM THE BOARD

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# 新創建 NWS

新創建集團有限公司\*

NWS HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

(stock code: 659)

**Executive Directors:**

Dr. Cheng Kar Shun, Henry (*Chairman*)  
Mr. Tsang Yam Pui (*Chief Executive Officer*)  
Mr. Ma Siu Cheung (*Chief Operating Officer*)  
Mr. Cheung Chin Cheung  
Mr. Cheng Chi Ming, Brian  
Mr. Mak Bing Leung, Rufin  
Mr. Ho Gilbert Chi Hang  
Mr. Chow Tak Wing

**Non-executive Directors:**

Mr. To Hin Tsun, Gerald  
Mr. Dominic Lai  
Mr. Lam Wai Hon, Patrick  
Mr. William Junior Guilherme Doo

**Independent non-executive Directors:**

Mr. Kwong Che Keung, Gordon  
Dr. Cheng Wai Chee, Christopher  
The Honourable Shek Lai Him, Abraham  
Mr. Lee Yiu Kwong, Alan  
Mrs. Oei Fung Wai Chi, Grace  
Mr. Wong Kwai Huen, Albert

**Registered office:**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

28/F., New World Tower  
18 Queen's Road Central  
Hong Kong

20 July 2018

*To the Shareholders and, for information purposes only,  
the holders of the outstanding share options of the Company*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF THE HIP SENG GROUP  
AND  
RE-ELECTION OF THE RETIRING DIRECTORS**

**INTRODUCTION**

Reference is made to the Announcement. As disclosed in the Announcement, on 8 June 2018 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the SP Agreement with the Purchaser (a direct wholly-owned

\* For identification purposes only

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## LETTER FROM THE BOARD

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subsidiary of NWD) in respect of the sale of the Hip Seng Group by the Vendor to the Purchaser through the sale of the Sale Share at the Consideration on and subject to the terms and conditions contained in the SP Agreement.

As disclosed in the announcement of the Company dated 3 July 2018, the Retiring Directors were appointed as Directors with effect from 9 July 2018. Pursuant to bye-law 86(2) of the bye-laws of the Company, the Retiring Directors are required to retire at the SGM but being eligible, shall offer themselves for re-election at the SGM.

The purpose of this Circular is to provide you with, among other things, (i) information on the SP Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder; (iii) other information as is required to be contained in this Circular under the Listing Rules; (iv) information regarding the Retiring Directors; and (v) a notice of the SGM.

### MAJOR TERMS OF THE SP AGREEMENT

#### Date

8 June 2018

#### Parties

- (1) Vendor: NWS CON Limited, an indirect wholly-owned subsidiary of the Company
- (2) Purchaser: Sherman Drive Limited, a direct wholly-owned subsidiary of NWD

#### Assets to be disposed of

Pursuant to the SP Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company on and subject to the terms and conditions contained in the SP Agreement. By disposing of the Sale Share, the Vendor is disposing of the Hip Seng Group of which the Target Company is the holding company.

#### Consideration

The Consideration for the Disposal is HK\$168 million.

The Consideration shall be paid by the Purchaser in full upon Completion.



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## LETTER FROM THE BOARD

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The Consideration was agreed after arm's length negotiations between the Vendor and the Purchaser having taken into consideration various factors, including but not limited to:

- the unaudited consolidated net asset value of the Hip Seng Group as at 31 March 2018 of approximately HK\$101 million;
- asset based value determined by the Board of approximately HK\$67 million as at 31 March 2018 of the assembled workforce replacement cost and remaining backlog contracts on hand with gross value of contracts of approximately HK\$20.4 billion as at 31 March 2018; and
- the possible loss of NWD and its associates as the single dominant customer of the Hip Seng Group and the uncertainty of the future business operations of the Hip Seng Group which may possibly entail upon expiry of the Engagement Undertaking given by NWD to the Company as more particularly described in the paragraphs headed "Reasons for and benefits of the Disposal and use of proceeds" in the "Letter from the Board" of this Circular.

The bases upon which the asset based value of the assembled workforce replacement cost and remaining backlog contracts on hand was determined are mainly as follows:

- staff costs under operating expenses for recruiting, training and loss in productivity as if re-hiring the entire workforce; and
- the remaining backlog contracts on hand as at 31 March 2018 net of or adjusted for direct costs, allocated overhead, tax, opportunity cost of working capital and fixed assets and time value of money.

The above bases are commonly used bases which the Board has consulted with and supported by an independent professional valuer.

### **Condition Precedent to Completion**

Completion is conditional upon the obtaining of the approval of the Independent Shareholders to the SP Agreement and all transactions contemplated thereunder in compliance with the Listing Rules and compliance with the other requirements of the Listing Rules applicable to the SP Agreement and all transactions contemplated thereunder.

The Vendor shall procure the fulfilment of the Condition Precedent. The Condition Precedent may not be waived by the Vendor or the Purchaser.

If the Condition Precedent shall not be fulfilled on or before the Long Stop Date, all rights and obligations of the Vendor and the Purchaser under the SP Agreement shall cease and terminate.

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## LETTER FROM THE BOARD

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### Completion of the SP Agreement

Completion shall take place at or before 5:00 p.m. on the Completion Date, i.e. the 7th Business Day following fulfilment of the Condition Precedent or such other date as the Vendor and the Purchaser may agree in writing.

### Non-competition undertakings

Pursuant to the SP Agreement, for so long as (1) NWD and other member(s) of the NWD Group, either individually or together, (a) remain a controlling shareholder of the Company; or (b) is the single largest shareholder of the Company; and (2) the Shares remain listed on the Stock Exchange or any other stock exchange, the Purchaser irrevocably covenants with the Vendor (for itself and as trustee for other members of the Group) that during a period of 18 months from the Completion Date, the Purchaser shall, and shall procure members of the NWD Group shall (subject to the exceptions set out below):

- (1) not directly or indirectly, invest or participate in, hold any right or interest in or be involved in (in each case, whether as shareholder, partner, agent or otherwise, and whether for profit, reward or otherwise) the Construction Business in Hong Kong; and
- (2) not solicit or entice away or endeavour to solicit or entice away any employee of the Group in an executive, supervisory, technical, or administrative capacity for employment by it or any member of the NWD Group for or in connection with the Construction Business.

The above non-competition undertakings do not apply to the following exceptions:

- (1) Hip Seng Group's existing contracts: anything carried out or contracts or agreements entered into or orders accepted or undertaken at or prior to Completion by the Hip Seng Group (including any renewal or extension of such contracts or agreements), as the case may be, in respect of the Construction Business;
- (2) NWD's own projects: the provision by any one or more members of the NWD Group of any of the services comprised in the Construction Business for (or the investment or participation in, or the holding of any right or interest in or the involvement in, whether directly or indirectly, the Construction Business in whatever form and nature by any member of the NWD Group where one of the purposes of all or any of the aforesaid is for) servicing the requirements of existing and future development or redevelopment projects, properties, business, or investments in which one or more members of the NWD Group (other than through the Group) presently have or will in the future have a direct or indirect interest in whatever form and nature;
- (3) NWD's investment in the Group or the Hip Seng Group: the holding by any member of the NWD Group of shares or other securities in the Company or other member of the Group or members of the Hip Seng Group;

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## LETTER FROM THE BOARD

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- (4) NWD's investment in certain listed companies: the direct or indirect holding by any one or more members of the NWD Group of any class of securities of any company whose shares are listed on the Stock Exchange or any other stock exchange (and whose business or that of the members of its group is the carrying on of the Construction Business) where the total voting rights exercisable at general meetings of that company as represented by such holding do not exceed 10% of the total voting rights attaching to the securities of the same class;
- (5) NWD's investment in certain companies with no management role: the direct or indirect shareholding, right or interest of any one or more members of the NWD Group in any company whose shares are not listed on the Stock Exchange or any other stock exchange where (1) the amount of net profit before tax of such investee company derived from the Construction Business is less than one-third of the net profit before tax or, as the case may be, the consolidated net profit before tax of such investee company; and (2) no member of the NWD Group participates, directly or indirectly, in the management of such investee company;
- (6) Services to the Group: the provision by any one or more members of the NWD Group of any of the services comprised in the Construction Business to the Group on normal commercial terms and at arm's length basis and if required, in compliance with the applicable requirements of the Listing Rules in respect of such provisions of such services; or
- (7) Others as the parties may agree: (1) the provision by any one or more members of the NWD Group of any of the services comprised in the Construction Business to or for any person, properties, business, project, investment or otherwise; or (2) the investment or participation in, or the holding of any right or interest in or the involvement in, whether directly or indirectly, the Construction Business by any one or more members of the NWD Group, as the Vendor and the Purchaser may agree.

The non-competition undertaking of a period of 18 months was determined after arm's length negotiation between the Vendor and the Purchaser having taken into consideration several factors, including but not limited to the length of time reasonably expected to afford protection to the business interests of the Group in the building construction services sector in which the Group will continue its operation notwithstanding Completion, and the upcoming future projects of independent third parties expected to be available and for which the Group is qualified to provide building construction services.

### **INFORMATION OF THE HIP SENG GROUP**

#### **Principal business activities of the Hip Seng Group**

The Target Company is an investment holding vehicle holding, directly or indirectly, the other members of the Hip Seng Group.

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## LETTER FROM THE BOARD

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The Hip Seng Group is principally engaged in the provision of building construction services, specialising in providing general contracting and construction management services, in Hong Kong.

### Financial information of the Hip Seng Group

According to the unaudited consolidated financial statements of the Hip Seng Group prepared in accordance with HKFRS, the unaudited consolidated net asset value of the Hip Seng Group as at 31 December 2017 was approximately HK\$104.9 million.

According to the unaudited consolidated financial statements of the Hip Seng Group prepared in accordance with HKFRS, the unaudited consolidated profit before and after taxation of the Hip Seng Group for the two financial years stated below were as follows:

<i>HK\$'million</i>	<b>For the financial year ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit before taxation	20.5	51.3
Profit after taxation	17.6	43.0

Two members of the Hip Seng Group, being New World Facade Engineering Company Limited and ConTech pOint Company Limited, were incorporated on 20 July 2017 and 29 March 2018 respectively, and are held by the Group for less than 12 months prior to the date of the SP Agreement. The original cost of investment in each of these two companies to the Group was HK\$1.

### REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

Pursuant to the deed of non-competition and engagement undertakings dated 29 January 2003 between NWD and the Company, NWD undertakes to the Company to, among others, in relation to all requirements in Hong Kong of the NWD Group for the provision of, inter alia, construction, foundation and civil engineering works, and project management services (collectively, the “**Services**”), engage the Group for the provision of all such services for a period of 15 years expiring on 29 January 2018 so long as it remains to be the controlling shareholder of the Company (the “**Engagement Undertaking**”). This only applies to services required for business and projects which are wholly-owned by NWD, and business and projects for which NWD has the right to select providers of the service which is similar to the types provided by the Group in Hong Kong at the time (collectively, the “**Projects**”).

The Hip Seng Group mainly acts as the main contractor or project manager for the Projects, and NWD and its associates have been the single dominant customer of the Hip Seng Group. Following the expiry of the Engagement Undertaking on 29 January 2018, the NWD Group is no longer obliged to engage the Group to provide the Services for the

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## LETTER FROM THE BOARD

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Projects. The business of the Hip Seng Group will probably be materially and adversely affected if the NWD Group engages other contractors to provide the Services for the Projects.

Against such background and given the uncertainty of the future business operations of the Hip Seng Group, discussions have been held by the Company with NWD and consideration has been given to the possibility of the disposal of the Group's interest in Hip Seng Group to the NWD Group.

The Company considers that the Disposal provides the Group with an opportunity to realise its interest in the Hip Seng Group. By unlocking the value in the Hip Seng Group through the Disposal, the Group intends to apply the net sale proceeds of the Disposal, which is estimated to be approximately HK\$166 million, to fund its general working capital with a view to enhancing the shareholder value of the Company. The provision of the non-competition undertakings by the Purchaser under the SP Agreement also provides protection to the Group against the possible competition from the NWD Group in the Construction Business in Hong Kong for third party property development projects on and subject to the terms therein.

Following Completion, the Group will continue to carry on its Construction Business mainly through the Hip Hing Group, which contributes a substantial portion of the profit of the Construction Business of the Group. By leveraging on the experience and expertise of its professional team and its well-established market position, it is expected that the Group will continue to benefit from the strong operating performance of the Hip Hing Group.

The Directors (including the independent non-executive Directors) consider that the terms of the SP Agreement are normal commercial terms and fair and reasonable and the entering into of the SP Agreement is in the interests of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon Completion, the Company will cease to have any equity interest in the Hip Seng Group and the financial results and assets and liabilities of the Hip Seng Group will cease to be consolidated into the accounts of the Group.

For illustration purpose only, the unaudited gain expected to be derived from the Disposal is approximately HK\$61.1 million, representing the difference between the amount of the Consideration and the unaudited consolidated net asset value of the Hip Seng Group of approximately HK\$104.9 million as at 31 December 2017, after the estimated transaction costs directly attributable to the Disposal including professional and other related expenses and relevant taxes. The expected unaudited gain is subject to audit. The actual amount of the gain to be recognised by the Group can only be determined when the consolidated net asset value of the Hip Seng Group as at the Completion Date and the transaction costs attributable to the Disposal are ascertained, and therefore may be different from the aforesaid amount.

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## LETTER FROM THE BOARD

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According to the unaudited consolidated financial statements of the Group as at 31 December 2017, the Group had total assets, total liabilities and equity of approximately HK\$79,249.0 million, HK\$30,375.4 million and HK\$48,873.6 million, respectively. Based on the Consideration, the unaudited consolidated financial statements of the Group as at 31 December 2017 and the unaudited consolidated financial statements of the Hip Seng Group as at 31 December 2017, the unaudited equity of the Group will increase by approximately HK\$61.1 million to approximately HK\$48,934.7 million, while the unaudited total assets of the Group will decrease by approximately HK\$3,887.9 million to approximately HK\$75,361.1 million and the unaudited total liabilities of the Group will decrease by approximately HK\$3,949.0 million to approximately HK\$26,426.4 million as a result of the Completion.

### INFORMATION ON THE PURCHASER AND NWD

The Purchaser is an investment holding company and a direct wholly-owned subsidiary of NWD.

NWD and its subsidiaries are principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology.

### INFORMATION ON THE GROUP

The Group is principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, construction, transport and strategic investments.

### LISTING RULES IMPLICATIONS

The Purchaser is a direct wholly-owned subsidiary of NWD. As at the Latest Practicable Date, NWD together with its subsidiaries held approximately 61.09% of the total issued share capital of the Company. Accordingly, the Purchaser is a connected person of the Company and the transaction contemplated under the SP Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios (other than the profits ratio) in respect of the Disposal exceeds 25%, the SP Agreement and the transaction contemplated thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Disposal exceeds 25% but is below 75%, the Disposal also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Dr. Cheng Kar Shun, Henry, being a Director, is also a director of NWD. Accordingly, Dr. Cheng Kar Shun, Henry, Mr. Cheng Chi Ming, Brian (a Director and the son of Dr. Cheng Kar Shun, Henry) and Mr. William Junior Guilherme Doo (a Director and the

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## LETTER FROM THE BOARD

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nephew of Dr. Cheng Kar Shun, Henry) had abstained from voting on the resolutions approving the SP Agreement and the transaction contemplated thereunder at the meeting of the Board.

Save as disclosed above, none of the Directors has any material interest in the SP Agreement and the transaction contemplated thereunder and hence no other Director is required under the Listing Rules to abstain from voting on the resolutions approving the SP Agreement and the transaction contemplated thereunder at the meeting of the Board.

### **PROPOSAL FOR RE-ELECTION OF THE RETIRING DIRECTORS**

Pursuant to bye-law 86(2) of the bye-laws of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that general meeting of the Company. Accordingly, the Retiring Directors, who were appointed as Directors by the Board with effect from 9 July 2018, shall hold office until the conclusion of the SGM and, being eligible, shall offer themselves for re-election at the SGM. Details of the Retiring Directors are set out in Appendix II to this Circular.

### **SGM**

The Company will convene and hold the SGM at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 14 August 2018 at 11:30 a.m. to consider and, if thought fit, approve the SP Agreement and the transaction contemplated thereunder and the re-election of the Retiring Directors. A notice of the SGM is set out on pages 53 to 55 of this Circular.

In order to determine the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 9 August 2018 to Tuesday, 14 August 2018 (both days inclusive) during which period no transfer of Shares will be registered. All properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 8 August 2018.

The voting at the SGM will be taken by poll. In accordance with the Listing Rules, any Shareholder with a material interest in the SP Agreement and the transaction contemplated thereunder is required to abstain from voting on the resolution to be put forward to the Independent Shareholders for approving the SP Agreement and the transaction contemplated thereunder. NWD and its associates will abstain from voting on such resolution at the SGM. After the conclusion of the SGM, the results of the poll will be released on the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.nws.com.hk](http://www.nws.com.hk).

A form of proxy for use in connection with the SGM is also enclosed. Whether or not you are able to attend the SGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions

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## LETTER FROM THE BOARD

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printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

### RECOMMENDATIONS

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace, all being independent non-executive Directors) has been established to advise and provide recommendation to the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder after taking into account the advice from the Independent Financial Adviser.

BCL 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 SP Agreement and the transaction contemplated thereunder, and whether the entering into of the SP Agreement is in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and whether the entering into of the SP Agreement and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 and 17 of this Circular which contains its recommendation to the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 18 to 35 of this Circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that while the entering into of the SP Agreement is not in the ordinary and usual course of business of the Group, the terms of the SP Agreement are normal commercial terms and fair and reasonable, and the entering into of the SP Agreement and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the SP Agreement and the transaction contemplated thereunder.

The Board believes that the proposal for the re-election of the Retiring Directors is in the interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in relation to their re-election as Directors.



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**LETTER FROM THE BOARD**

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**ADDITIONAL INFORMATION**

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

Yours faithfully  
For and on behalf of the board of  
**NWS HOLDINGS LIMITED**  
**Dr. Cheng Kar Shun, Henry**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



# 新創建 NWS

新創建集團有限公司\*

NWS HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

(stock code: 659)

20 July 2018

*To the Independent Shareholders*

Dear Sir or Madam

### MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE HIP SENG GROUP

We refer to the circular dated 20 July 2018 (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 SP Agreement and the transaction contemplated thereunder and to advise the Independent Shareholders as to whether, in our opinion, the entering into of the SP Agreement is in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms and fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the entering into of the SP Agreement and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

BCL 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 terms of the SP Agreement and the transaction contemplated thereunder, and whether the entering into of the SP Agreement is in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and whether the entering into of the SP Agreement and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

\* For identification purposes only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter from the Board set out on pages 5 to 15 of the Circular which contains, among others, information on the SP Agreement as well as the letter from the Independent Financial Adviser set out on pages 18 to 35 of the Circular which contains its advice in respect of the SP Agreement and the transaction contemplated thereunder.

Having taken into account the advice of the Independent Financial Adviser, we consider that while the entering into of the SP Agreement is not in the ordinary and usual course of business of the Group, the terms of the SP Agreement are normal commercial terms and fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the entering into of the SP Agreement and the transaction contemplated thereunder is 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 resolution to be proposed at the SGM in relation to the SP Agreement and the transaction contemplated thereunder.

Yours faithfully  
*Independent Board Committee*  
**Mr. Kwong Che Keung, Gordon**  
**Dr. Cheng Wai Chee, Christopher**  
**The Honourable Shek Lai Him, Abraham**  
**Mr. Lee Yiu Kwong, Alan**  
**Mrs. Oei Fung Wai Chi, Grace**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

**BALLAS**  
C A P I T A L

Unit 1802, 18/F  
1 Duddell Street  
Central  
Hong Kong

20 July 2018

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE HIP SENG GROUP**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of NWS (the “**Circular**”) to the Shareholders dated 20 July 2018, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 8 June 2018 (after trading hours), the Vendor entered into the SP Agreement with the Purchaser, a direct wholly-owned subsidiary of NWD, for the sale and purchase of the Sale Share at a consideration of HK\$168 million, which shall be payable by the Purchaser on the Completion Date.

As one of the applicable percentage ratios in respect of the Disposal exceeds 25% but is below 75%, the Disposal constitutes a major transaction of NWS under Chapter 14 of the Listing Rules, and is subject to the notification, publication and shareholders’ approval requirements under Chapter 14 of the Listing Rules. In addition, as the Purchaser is a direct wholly-owned subsidiary of NWD, and NWD together with its subsidiaries held approximately 61.09% of the total issued share capital of NWS as at the Latest Practicable Date, the transaction contemplated under the SP Agreement also constitutes a connected transaction for NWS and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. At the SGM, any Shareholder with a material interest in the SP Agreement and the transaction contemplated thereunder is required to abstain from voting on the resolution to be put forward to the Independent Shareholders for approving the SP Agreement and the transaction contemplated thereunder. NWD and its associates will abstain from voting on such resolution at the SGM.

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The Independent Board Committee comprising Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace, all being independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the SP Agreement and the transaction contemplated thereunder.

### **INDEPENDENCE DECLARATION**

As at the Latest Practicable Date, Ms. Heidi Cheng and Mr. Aaron Ko of Ballas Capital Limited are not aware of any relationships or interests between Ballas Capital Limited and NWS or any other parties that could be reasonably regarded as a hindrance to Ballas Capital Limited's independence as defined under the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transaction contemplated thereunder.

### **BASIS OF OUR OPINION**

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

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

#### A. Background information of the NWS Group

NWS is an investment holding company, and the principal activities of its subsidiaries are (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, construction, transport and strategic investments.

Set out below is a summary of the NWS Group's financial performance for the years ended 30 June 2016 and 2017 as extracted from NWS' annual report for the year ended 30 June 2017, and for the six months ended 31 December 2016 and 2017 as extracted from NWS' interim report for the six months ended 31 December 2017.

	For the six months ended		For the year ended	
	31 December		30 June	
	2016	2017	2016	2017
	("HFY2017")	("HFY2018")	("FY2016")	("FY2017")
<i>HK\$' million</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	13,846.0	18,076.9	29,497.8	31,385.0
Gross profit	1,764.9	1,942.4	3,352.5	3,621.8
Operating profit	2,040.4	1,816.6	3,949.8	3,433.3
Share of results of				
– associated companies	254.0	352.2	724.3	1,590.9
– joint ventures	926.9	909.9	1,541.7	1,774.5
Profit before income tax	2,932.2	2,913.3	5,594.4	6,330.4
Profit for the period/year	2,609.1	2,503.6	4,961.5	5,645.2

#### *FY2016 vs FY2017*

As shown in the table above, revenue of the NWS Group for FY2017 was approximately HK\$31,385.0 million, which represented an increase of approximately 6.4% as compared to that of approximately HK\$29,497.8 million in FY2016. The increase was mainly attributable to (i) the consolidation of revenue from NWS Transport Services Limited ("**NWS Transport**") and its subsidiaries (collectively, "**NWS Transport Group**") in the second half of FY2017, after the NWS Group assumed full control of NWS Transport in December 2016; and (ii) job progress of the NWS Group's construction business during FY2017, which included major projects such as the re-modelling of the New World Centre, a property development project at the Tsuen Wan West mass transit railway station, construction of Home Ownership Scheme Developments in Tin Shui Wai, phase

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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two expansion of Cathay Pacific's catering services facility and a composite development at Tseung Kwan O. Gross profit margin remained relatively stable at approximately 11.4% and 11.5% in FY2016 and FY2017, respectively.

The NWS Group recorded net profit of approximately HK\$5,645.2 million in FY2017, which represented an increase of approximately 13.8% as compared to that of approximately HK\$4,961.5 million in FY2016. The increase was mainly attributable to the increase in share of results of associated companies during FY2017, which was largely due to the share of a net disposal gain of approximately HK\$932.8 million on the disposal of the entire interest in Tricor Holdings Limited in March 2017.

### ***HFY2017 vs HFY2018***

As shown in the table above, revenue of the NWS Group for HFY2018 was approximately HK\$18,076.9 million, which represented an increase of approximately 30.6% as compared to that of approximately HK\$13,846.0 million in HFY2017. The increase was mainly attributable to (i) the aforesaid consolidation of revenue from the NWS Transport Group; and (ii) job progress of the NWS Group's construction business during HFY2018, which included major projects such as the construction of Home Ownership Scheme Developments in Tin Shui Wai, the re-modelling of the New World Centre, a factory development in Yuen Long and property development projects at the Tsuen Wan West and Tai Wai mass transit railway stations. Gross profit margin, however, decreased slightly from approximately 12.7% for HFY2017 to approximately 10.7% for HFY2018. The decrease was mainly due to the subdued performance of Free Duty's retail business as its profit margins were further suppressed since the commencement of a new concession contract in 2017 while tourist spending remained sluggish.

The NWS Group recorded net profit of approximately HK\$2,503.6 million in HFY2018, which represented a decrease of approximately 4.0% as compared to that of approximately HK\$2,609.1 million in HFY2017. Such small decrease was mainly due to a number of one-off items in other income/gains such as a gain on restructuring of a joint venture and remeasurement gain in relation to previously held equity interest in NWS Transport recognised in HFY2017 but not in HFY2018.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial position of the NWS Group*

Set out below is a summary of the financial position of the NWS Group as at 31 December 2017.

<i>HK\$' million</i>	<b>As at 31 December 2017 (unaudited)</b>
Non-current assets	56,241.4
Current assets	<u>23,007.6</u>
<b>Total assets</b>	<b><u>79,249.0</u></b>
Current liabilities	16,052.1
Non-current liabilities	<u>14,323.3</u>
<b>Total liabilities</b>	<b><u>30,375.4</u></b>
<b>Net current assets</b>	<b><u>6,955.5</u></b>
<b>Net assets</b>	<b><u>48,873.6</u></b>

As at 31 December 2017, the NWS Group's total assets amounted to approximately HK\$79,249.0 million, of which (i) approximately 21.5% was associated companies; (ii) approximately 20.4% was trade and other receivables; and (iii) approximately 19.1% was joint ventures.

As at 31 December 2017, the NWS Group's total liabilities amounted to approximately HK\$30,375.4 million, of which (i) approximately 47.7% was trade and other payables; (ii) approximately 41.4% was borrowings; and (iii) approximately 8.7% was deferred tax liabilities.

As at 31 December 2017, the NWS Group recorded net assets of approximately HK\$48,873.6 million.

### **B. Background information of the Hip Seng Group**

The Hip Seng Group is principally engaged in the provision of building construction services, specialising in providing general contracting and construction management services, in Hong Kong. Its single dominant customer is NWD and its associates.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Target Company is the holding company of Hip Seng Construction Company Limited and its subsidiaries and an unincorporated joint venture (collectively, the “**Hip Seng Construction Group**”). We understand that apart from being the holding company of the Hip Seng Construction Group, the Target Company has no business operations or material assets or liabilities. NWS advises that the consolidated financial information of the Hip Seng Group for FY2016 and FY2017 is prepared based on the audited consolidated financial information of the Hip Seng Construction Group. NWS confirms that there is no material difference between the consolidated financial information of the Hip Seng Group and that of the Hip Seng Construction Group.

Set out below is a summary of the Hip Seng Group’s financial performance for the years ended 30 June 2016 and 2017, and for the six months ended 31 December 2016 and 2017.

<i>HK\$' million</i>	<b>HFY2017</b> <i>(unaudited)</i>	<b>HFY2018</b> <i>(unaudited)</i>	<b>FY2016</b> <i>(unaudited)</i>	<b>FY2017</b> <i>(unaudited)</i>
Revenue	3,974.6	4,442.1	7,175.4	8,524.1
Gross profit	136.9	156.9	278.8	267.0
Profit before income tax	17.1	13.9	51.3	20.5
Profit for the period/ year	14.6	13.0	43.0	17.6

### ***FY2016 vs FY2017***

As shown in the table above, revenue of the Hip Seng Group for FY2017 was approximately HK\$8,524.1 million, which represented an increase of approximately 18.8% as compared to that of approximately HK\$7,175.4 million in FY2016. As advised by NWS, such increase was mainly attributable to job progress of the re-modelling of the New World Centre and a property development project at the Tai Wai mass transit railway station.

However, gross profit of the Hip Seng Group for FY2017 was approximately HK\$267.0 million, which represented a decrease of approximately 4.2% as compared to that of approximately HK\$278.8 million in FY2016. Gross profit margin decreased from approximately 3.9% for FY2016 to approximately 3.1% for FY2017. As advised by NWS, such decrease reflected the variation in profit margin in different stages of the construction projects.

The Hip Seng Group recorded net profit of approximately HK\$17.6 million in FY2017, which represented a decrease of approximately 59.0% as compared to that of approximately HK\$43.0 million in FY2016. Such decrease in net profit in FY2017 was mainly due to the aforesaid decrease in gross profit margin and an increase in general and administrative expenses of approximately 9.6% in FY2017. As advised by NWS, such increase in general and administrative expenses was mainly due to the increase in staff costs.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *HFY2017 vs HFY2018*

As shown in the table above, revenue of the Hip Seng Group for HFY2018 was approximately HK\$4,442.1 million, which represented an increase of approximately 11.8% as compared to that of approximately HK\$3,974.6 million in HFY2017. As advised by NWS, such increase was mainly attributable to job progress of a property development project at the Tai Wai mass transit railway station.

Gross profit of the Hip Seng Group for HFY2018 was approximately HK\$156.9 million, which represented an increase of approximately 14.6% as compared to that of approximately HK\$136.9 million in HFY2017. Gross profit margin remained relatively stable at approximately 3.4% and 3.5% in HFY2017 and HFY2018, respectively.

The Hip Seng Group recorded net profit of approximately HK\$13.0 million in HFY2018, which represented a decrease of approximately 11.1% as compared to that of approximately HK\$14.6 million in HFY2017. The decrease in net profit in HFY2018 was mainly due to an increase in general and administrative expenses in HFY2018 as compared to HFY2017.

### *Financial position of the Hip Seng Group*

Set out below is a summary of the financial position of the Hip Seng Group as at 31 December 2017.

	<b>As at 31 December 2017 (unaudited)</b>
<i>HK\$' million</i>	
Non-current assets	52.6
Current assets	<u>4,001.3</u>
<b>Total assets</b>	<b><u>4,053.9</u></b>
Current liabilities	3,947.0
Non-current liabilities	<u>2.0</u>
<b>Total liabilities</b>	<b><u>3,949.0</u></b>
<b>Net current assets</b>	<b><u>54.3</u></b>
<b>Net assets</b>	<b><u>104.9</u></b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2017, the Hip Seng Group's total assets amounted to approximately HK\$4,053.9 million, of which (i) approximately 78.4% was trade receivables, retention receivables and contract assets; and (ii) approximately 18.3% was cash and bank balances.

As at 31 December 2017, the Hip Seng Group's total liabilities amounted to approximately HK\$3,949.0 million, of which (i) approximately 56.1% was trade payables, retention payables and contract liabilities; and (ii) approximately 42.3% was advance from employer (being the NWD Group).

As at 31 December 2017, the Hip Seng Group recorded net assets of approximately HK\$104.9 million.

### *Remaining contracts of the Hip Seng Group*

As noted from the unaudited consolidated financial statements of the Hip Seng Group for the year ended 30 June 2017, the Hip Seng Group provides construction services mainly to NWD and its associates. Construction contract revenue was charged in accordance with contract terms agreed by the parties.

We obtained from NWS and reviewed a schedule which lists out the projects on hand of the Hip Seng Group as at 31 March 2018. Based on such schedule, we note that the Hip Seng Group had 26 up-and-running projects on hand as at 31 March 2018, which mainly comprised construction management services for (i) residential development projects; (ii) industrial development projects; (iii) commercial development projects; and (iv) re-modelling and revitalisation projects. Furthermore, we also note from such schedule that as at 31 March 2018, the gross value of contracts of up-and-running projects on hand of the Hip Seng Group was approximately HK\$45.6 billion, which mainly comprised major projects in relation to the re-modelling of the New World Centre at Tsim Sha Tsui, property development at the Tai Wai mass transit railway station, and a residential development at Sai Kung. As at 31 March 2018, approximately HK\$25.2 billion, representing approximately 55.3% of the gross value of contracts, has already been recognised as revenue by the Hip Seng Group, and the remaining gross value of contracts of approximately HK\$20.4 billion has yet to be recognised as revenue by the Hip Seng Group. We further note from the schedule and understand from NWS that a substantial portion (over 70%) of the remaining gross value of contracts of up-and-running projects is expected to be recognised by the Hip Seng Group by 30 June 2020, and all contracts on hand are expected to be completed by 30 June 2024.

### **C. Reasons for and benefits of the Disposal**

#### *(i) Expiry of non-compete and engagement undertakings of NWD*

NWD and NWS entered into a deed of non-competition and engagement undertakings (the "Deed") on 29 January 2003 (the "Date of the Deed"). Pursuant to the non-compete undertakings (the "NC Undertakings") under the Deed, NWD

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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undertook to NWS that, among others, within a period of 15 years from the Date of the Deed, NWD would not, and would procure that no member of the NWD Group (other than members of the NWS Group) would, directly or indirectly, participate in, hold any right or interest in or be involved in any business in the nature of any of the services comprised in the businesses of the NWS Group which comprise, among others, property and facility management, contracting, operation of public transport business and environmental services (including, among others, construction, foundation and civil engineering works, the provision of project management services) (collectively, the “**Service Business**”) anywhere within Asia, with the exception that the NWD Group was allowed to, among a few other exceptions, provide construction and/or construction project management services in respect of development projects owned by the NWD Group.

Although there was an exception to the NC Undertakings in which the NWD Group was allowed to provide construction services for its own projects, pursuant to the engagement undertakings under the Deed, NWD also undertook to NWS to, among others, in relation to all requirements in Hong Kong of the NWD Group for the provision of the services comprised in the Service Business, engage the NWS Group for the provision of such services for a period of 15 years from the Date of the Deed so long as it remains to be the controlling shareholder of NWS (the “**Engagement Undertaking**”). This only applies to services required for business and projects which are wholly-owned by NWD, and business and projects for which NWD has the right to select providers of the service which is similar to the types provided by the NWS Group in Hong Kong at the time (collectively, the “**Projects**”). As a result of the Engagement Undertaking, the NWD Group had engaged the NWS Group (including the Hip Seng Group) for the provision of construction services for the Projects.

In January 2018, the term of the non-compete undertakings and engagement undertakings under the Deed expired and were no longer in effect. In other words, from January 2018 onwards, the NWD Group is entitled to, in its discretion, provide the construction services for the Projects and/or projects that are owned by independent third parties, and is also no longer obliged to engage the Hip Seng Group to provide construction services for the Projects. As NWD and its associates have always been the single dominant customer of the Hip Seng Group, the business of the Hip Seng Group will probably be materially and adversely affected if the NWD Group engages other contractors to provide the construction services for the Projects. Given the above and the uncertain business prospect of the Hip Seng Group, after expiry of the Engagement Undertaking, it was discussed and mutually agreed between NWD and NWS that the Hip Seng Group will be sold to the NWD Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) The Hip Hing Group remains to be the major contributor to the results of the construction business of the NWS Group*

At present, the NWS Group's construction business is primarily carried out by the Hip Hing Group and the Hip Seng Group. Although upon Completion, NWS will no longer have any equity interest in the Hip Seng Group, the construction business of the NWS Group will continue to be carried out mainly by the Hip Hing Group. A majority of the attributable operating profit ("AOP") of the construction business of the NWS Group for FY2017 and HFY2018 was contributed by the Hip Hing Group. It is expected that the Hip Hing Group will continue to significantly contribute to the results of the construction segment of the NWS Group in the future and the Disposal is not expected to materially affect the AOP of the construction business of the NWS Group.

*(iii) Realisation of the Hip Seng Group at a gain*

As disclosed in the Letter from the Board, upon Completion, it is estimated that the Disposal will generate an unaudited gain of approximately HK\$61.1 million, with reference to the unaudited consolidated net asset value of the Hip Seng Group of approximately HK\$104.9 million as at 31 December 2017, after the estimated transaction costs directly attributable to the Disposal including professional and other related expenses and relevant taxes. Coupled with other reasons for and benefits of the Disposal as explained above, the Directors consider that the realisation of the Hip Seng Group at a gain is beneficial to NWS and the Independent Shareholders as a whole.

*Our view*

Having considered the above, although the Disposal does not fall within the ordinary and usual course of business of the NWS Group, given the aforesaid background and benefits expected to be accrued to the NWS Group, we concur with the view of the Directors that the Disposal is beneficial and in the interests of NWS and the Independent Shareholders as a whole.

### **D. Major terms of the SP Agreement**

For details of the terms of the SP Agreement, please refer to the paragraphs headed "Major terms of the SP Agreement" in the Letter from the Board. Principal terms of the SP Agreement are summarised as follows:

*(i) Assets to be disposed of*

Pursuant to the SP Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company. By disposing of the Sale Share, the Vendor is disposing of the Hip Seng Group of which the Target Company is the holding company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(ii) The Consideration*

The consideration for the Disposal is HK\$168 million. The Consideration was agreed after arm's length negotiations between the Vendor and the Purchaser having taken into consideration various factors, including but not limited to (i) the unaudited consolidated net asset value of the Hip Seng Group as at 31 March 2018 of approximately HK\$101 million; (ii) asset based value determined by the Board of approximately HK\$67 million as at 31 March 2018 of the assembled workforce replacement cost and remaining backlog contracts on hand with gross value of contracts of approximately HK\$20.4 billion as at 31 March 2018; and (iii) the possible loss of NWD and its associates as the single dominant customer of the Hip Seng Group and the uncertainty of the future business operations of the Hip Seng Group which may possibly entail upon expiry of the Engagement Undertaking given by NWD to NWS. We understand from NWS that the aforesaid asset based value determined by the Board is supported by an independent professional valuer. For the avoidance of doubt, we did not rely on any work prepared by the valuer when forming our opinion on whether the Consideration is fair and reasonable. We consider our analysis on the Consideration, details of which are set out in the section headed "E. Fairness and reasonableness of the Consideration" below, are appropriate and sufficient in allowing us to form an opinion on the fairness and reasonableness of the Consideration. While we did not rely on the valuer to form our opinion, as part of our independent work performed, we discussed with the management of NWS to understand, among other things, the methodologies and assumptions used by the valuer to derive the value of the Hip Seng Group as at 31 March 2018. From such discussion, we did not note any irregularities nor did have any disagreements on the methodologies and assumptions used by the valuer.

### *(iii) Terms of payment*

The Consideration shall be paid by the Purchaser in full upon Completion.

### *(iv) Condition precedent*

Completion is conditional upon the obtaining of the approval of the Independent Shareholders to the SP Agreement and all transactions contemplated thereunder in compliance with the Listing Rules and compliance with the other requirements of the Listing Rules applicable to the SP Agreement and all transactions contemplated thereunder.

The Vendor shall procure the fulfilment of the Condition Precedent. The Condition Precedent may not be waived by the Vendor or the Purchaser.

If the Condition Precedent shall not be fulfilled on or before the Long Stop Date, all rights and obligations of the Vendor and the Purchaser under the SP Agreement shall cease and terminate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(v) Completion*

Completion shall take place at or before 5:00 p.m. on the Completion Date, i.e. the 7th Business Day following fulfilment of the Condition Precedent or such other date as the Vendor and the Purchaser may agree in writing.

*(vi) Other key terms*

Pursuant to the non-competition undertakings under the SP Agreement, for so long as (1) NWD and other member(s) of the NWD Group, either individually or together, (a) remain a controlling shareholder of NWS; or (b) is the single largest shareholder of NWS; and (2) the Shares remain listed on the Stock Exchange or any other stock exchange, the Purchaser irrevocably covenants with the Vendor (for itself and as trustee for other members of the NWS Group) that during a period of 18 months from the Completion Date (the “**Transitional Period**”), the Purchaser shall, and shall procure members of the NWD Group shall: (i) not directly or indirectly, invest or participate in, hold any right or interest in or be involved in the Construction Business in Hong Kong; and (ii) not solicit or entice away or endeavour to solicit or entice away any employee of the NWS Group in an executive, supervisory, technical, or administrative capacity for employment by it or any member of the NWD Group for or in connection with the Construction Business. The non-competition undertakings under the SP Agreement, however, do not apply to (i) Hip Seng Group’s existing contracts, (ii) NWD Group’s own projects; (iii) NWD Group’s investment in the NWS Group or the Hip Seng Group; (iv) NWD Group’s investment in certain listed companies; (v) NWD Group’s investment in certain companies with no management role; (vi) the provision by NWD Group of the services comprised in the Construction Business to the NWS Group; and (vii) others as the Vendor and the Purchaser may agree. For further details of these restrictions and exceptions, please refer to the paragraphs headed “Non-competition undertakings” in the Letter from the Board.

We are of the view that the non-competition undertakings under the SP Agreement provide additional protection to the NWS Group in terms of reducing, where necessary, the extent of potential competition in the Construction Business in Hong Kong between the NWD Group and the NWS Group during the Transitional Period as the NWD Group will not directly or indirectly compete with the NWS Group (save for the exceptions as stated above) for 18 months from the Completion Date.

### **E. Fairness and reasonableness of the Consideration**

The Hip Seng Group is principally engaged in the provision of building construction services, specialising in providing general contracting and construction management services, in Hong Kong. In assessing the fairness and reasonableness of the Consideration, we have primarily considered the price-to-book ratio (“**P/B ratio**”), which is a commonly used valuation benchmark for valuing companies in the industry of the Hip Seng Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider the price-to-earnings ratio (“**P/E ratio**”) not an appropriate valuation benchmark in assessing the fairness and reasonableness of the Consideration due to the uncertain business prospect of the Hip Seng Group. As explained above, after the Engagement Undertaking expired in January 2018, the NWD Group is no longer obliged to engage the Hip Seng Group to provide construction services for the Projects. As NWD and its associates have always been the single dominant customer of the Hip Seng Group, the Hip Seng Group’s ability to generate income in the future will probably be materially and adversely affected if the NWD Group no longer engages the Hip Seng Group to provide construction services for the Projects.

Given (i) that construction industry’s net profit is volatile as it varies with different stages of construction projects and (ii) the uncertain business prospect of the Hip Seng Group as explained above, we are of the view that P/E ratio is not an appropriate valuation benchmark. Instead, P/B ratio, which is based on book value, being a balance sheet item, is generally more stable. We therefore have adopted the P/B ratio as an appropriate valuation benchmark for justification of our assessment on the fairness and reasonableness of the Consideration.

Although the P/E ratio is not an appropriate valuation benchmark in assessing the fairness and reasonableness of the Consideration as explained above, we have nonetheless listed out the P/E ratio of each comparable company for illustration purpose below.

We have conducted research on comparable companies which (i) are listed on the Main Board of the Stock Exchange; (ii) predominantly operate in Hong Kong (which at least 80% of the total revenue is derived from operations in Hong Kong based on the latest published full year results announcement); and (iii) are principally engaged in general construction works (which at least 80% of the total revenue and 50% of the total segment profit are attributable to such business based on the latest published full year results announcement). When determining the above, we have taken into account the principal business of the Hip Seng Group and excluded companies mainly engaging in foundation construction works as the Hip Seng Group does not engage in foundation construction works. Based on the relevant criteria above, we have identified five comparable companies (the “**Comparables**”) with details set out below. We consider that the Comparables represent the exhaustive list of comparable companies under the relevant criteria above.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Principal business	Market	Net assets	Net profit	P/B ratio	P/E ratio
			capitalisation	attributable to owners of the company	attributable to owners of the company		
			<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>approximately times</i>	<i>approximately times</i>
			<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>
Grand Ming Group Holdings Limited	1271	Providing building construction services as a main contractor in residential property development projects	3,463.7	2,765.1	171.8	1.3	20.2
Vantage International (Holdings) Limited	15	Providing building construction, civil engineering, and renovation, repairs, and maintenance services	1,380.0	3,464.1	408.9	0.4	3.4
Able Engineering Holdings Limited	1627	Providing construction services	1,220.0	1,177.1	175.0	1.0	7.0
Build King Holdings Limited	240	Providing construction services	720.3	709.6	184.2	1.0	3.9
Win Win Way Construction Holdings Ltd. ("Win Win Way")	994	Providing construction services	709.9	239.6	40.2 <i>(Note 6)</i>	3.0	17.7
			<b>Average</b>			<b>1.3</b>	<b>10.4</b>
			<b>Maximum</b>			<b>3.0</b>	<b>20.2</b>
			<b>Minimum</b>			<b>0.4</b>	<b>3.4</b>
			<b>The Disposal</b>	<b>Net assets of the Hip Seng Group</b>	<b>Net profit of the Hip Seng Group</b>	<b>Implied P/B ratio of the Disposal</b>	<b>Implied P/E ratio of the Disposal</b>
			<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>approximately times</i>	<i>approximately times</i>
						<i>(Note 7)</i>	<i>(Note 8)</i>
			168	104.9	17.6	1.6	9.5

Source: Bloomberg and the website of the Stock Exchange

Notes:

- (1) Data regarding the market capitalisations are sourced from Bloomberg as at 13 July 2018, being the Latest Practicable Date.
- (2) The respective consolidated net assets attributable to owners of the company of the Comparables are based on their latest published results announcements.
- (3) The respective consolidated net profit attributable to owners of the company of the Comparables are based on their latest published full-year results announcements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (4) The P/B ratio of the Comparables are calculated by dividing their market capitalisations as at the Latest Practicable Date by their consolidated net assets attributable to owners of the company based on their latest published results announcement.
- (5) The P/E ratio of the Comparables are calculated by dividing their market capitalisations as at the Latest Practicable Date by their consolidated net profit attributable to owners of the company based on their latest published full-year results announcement.
- (6) The adjusted net profit of Win Win Way is calculated by adding the non-recurring listing expense of approximately HK\$17.3 million incurred by Win Win Way for the year ended 31 December 2017.
- (7) The implied price-to-book ratio (the “**Implied P/B Ratio**”) of the Disposal is calculated by dividing the Consideration of HK\$168 million by the consolidated net assets of the Hip Seng Group as at 31 December 2017 of approximately HK\$104.9 million based on the unaudited consolidated financial statements of the Hip Seng Group for the six months ended 31 December 2017.
- (8) The implied price-to-earnings ratio (the “**Implied P/E Ratio**”) of the Disposal is calculated by dividing the Consideration of HK\$168 million by the consolidated net profit of the Hip Seng Group for the year ended 30 June 2017 of approximately HK\$17.6 million based on the unaudited consolidated financial statements of the Hip Seng Group for the year ended 30 June 2017.

With reference to the table above, we noted that the P/B ratios of the Comparables range from approximately 0.4 time to approximately 3.0 times with an average of approximately 1.3 times. The Implied P/B Ratio of the Disposal of approximately 1.6 times is therefore higher than the average of the P/B ratios of the Comparables. In addition, we have conducted an analysis by taking into account the value of the remaining contracts on hand on top of the net asset value of the Hip Seng Group as at 31 March 2018 (the “**March 2018 NAV**”). We have applied a 5-year average historical profit margin of the Hip Seng Group (based on the years ended 30 June 2013 to 2017) to the remaining gross value of contracts on hand as at 31 March 2018 to arrive at the estimated profits to be recognised from the remaining contracts on hand (the “**Estimated Remaining Profits**”). We then added the Estimated Remaining Profits to the March 2018 NAV, the result of which is in line with the Consideration of HK\$168 million and therefore supports the fairness and reasonableness of the Consideration.

For illustration purpose only and with reference to the table above, although as mentioned above the business prospect of the Hip Seng Group is uncertain after the expiry of the Engagement Undertaking in January 2018, we noted that the Implied P/E Ratio of the Disposal of approximately 9.5 times is still within the range of the P/E ratios of the Comparables from approximately 3.4 times to approximately 20.2 times.

Taking into consideration the uncertain business prospect of the Hip Seng Group, the higher Implied P/B Ratio of the Disposal as compared to the average of the P/B ratios of the Comparables and the value of the remaining contracts on top of the net asset value of the Hip Seng Group, we consider that the Consideration is fair and reasonable so far as NWS and the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Our view*

Having considered the above, we are of the view that the terms of the SP Agreement and the transaction contemplated thereunder are normal commercial terms and are fair and reasonable so far as NWS and the Independent Shareholders are concerned and the entering into of the SP Agreement and the transaction contemplated thereunder are in the interests of NWS and the Independent Shareholders as a whole.

## **F. Financial effects of the Disposal**

### *(i) Earnings*

Upon Completion, the NWS Group shall not have any equity interest in the Hip Seng Group and the financial results and assets and liabilities of the Hip Seng Group will cease to be consolidated into the accounts of the NWS Group.

Furthermore, it is estimated that the NWS Group will recognise an unaudited gain on the Disposal upon Completion. For illustration purpose only, the NWS Group is expected to record an unaudited gain on the Disposal of approximately HK\$61.1 million, with reference to the Consideration and the unaudited consolidated net asset value of the Hip Seng Group of approximately HK\$104.9 million as at 31 December 2017, after the estimated transaction costs directly attributable to the Disposal including professional and other related expenses and relevant taxes. The expected unaudited gain is subject to audit. The actual amount of the gain to be recognised by the NWS Group can only be determined when the consolidated net asset value of the Hip Seng Group as at the Completion Date and the transaction costs attributable to the Disposal are ascertained.

### *(ii) Net assets*

As at 31 December 2017, the unaudited consolidated net assets of the NWS Group were approximately HK\$48,873.6 million. NWS expects that the net assets of the NWS Group would increase upon Completion.

### *(iii) Working capital*

The cash and bank balances of the NWS Group as at 31 December 2017 amounted to approximately HK\$6,420.8 million. For illustration purpose only, unaudited pro forma cash and bank balances of the NWS Group as if the Disposal had completed on the same day is approximately HK\$5,845.4 million as at 31 December 2017, after taking into account the Consideration of HK\$168 million and cash and bank balances of the Hip Seng Group of approximately HK\$743.4 million as at 31 December 2017. Given the above, we are of the view that the Disposal will not have a material adverse impact on the NWS Group's cash position.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Our view*

Having considered the aforesaid potential financial effects, we concur with the management of NWS that the entering into of the SP Agreement and hence the Disposal will not have a material adverse impact on the NWS Group's earnings and financial position.

### **RECOMMENDATION**

Having considered the principal factors and reasons for entering into of the SP Agreement and the transaction contemplated thereunder, including, among others:

- (i) upon expiry of the NC Undertakings and the Engagement Undertaking, the NWD Group is entitled to, in its discretion, provide the construction services for the Projects and/or projects that are owned by independent third parties, and is also no longer obliged to engage the Hip Seng Group to provide construction services for the Projects;
- (ii) as a result of (i) above, since NWD and its associates have been the single dominant customer of the Hip Seng Group, the business of the Hip Seng Group will probably be materially and adversely affected if the NWD Group engages other contractors to provide the construction services for the Projects;
- (iii) the key terms of the SP Agreement (including the Consideration) represent normal commercial terms and are fair and reasonable;
- (iv) the Consideration represents an implied P/B Ratio of approximately 1.6 times and is higher than the average P/B ratio of the Comparables;
- (v) the value of the remaining contracts on top of the net asset value of the Hip Seng Group;
- (vi) a majority of the AOP of the NWS Group's construction business for FY2017 was generated from the Hip Hing Group, and the Hip Hing Group will remain to be the major contributor to the results of the NWS Group's construction business after Completion; and
- (vii) the non-competition undertakings under the SP Agreement provide additional protection to the NWS Group in terms of reducing the extent of potential competition in the Construction Business in Hong Kong between the NWD Group and the NWS Group during the Transitional Period,

we are of the opinion that (i) the terms of the SP Agreement and the transaction contemplated thereunder are normal commercial terms and are fair and reasonable so far as NWS and the Independent Shareholders are concerned; and (ii) although the entering into of the SP Agreement and the Disposal are not conducted in the ordinary and usual course of business of the NWS Group, the entering into of the SP Agreement and the transaction contemplated thereunder are in the interests of NWS and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the SP Agreement and the transaction contemplated thereunder.

Yours faithfully,

For and on behalf of

**Ballas Capital Limited**

**Heidi Cheng**

*Managing Director*

**Aaron Ko**

*Assistant Director*

*Note:* Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2003 and Mr. Aaron Ko of Ballas Capital Limited has been a licensed representative of Type 6 (advising on corporate finance) regulated activity since 2010. Ms. Heidi Cheng and Mr. Aaron Ko of Ballas Capital Limited have participated in and completed various advisory transactions involving disposals.

**1. INDEBTEDNESS****Borrowings**

At the close of business on 31 May 2018, being the most recent practicable date for the purpose of this statement of indebtedness, the Group had outstanding borrowings of approximately HK\$10,442.3 million, details of which are set out as follows:

	<i>HK\$'million</i>
Borrowings	
Bank loans	
Secured	75.0
Unsecured	10,366.8
Other borrowings	
Unsecured	<u>0.5</u>
Total	<u><u>10,442.3</u></u>

Bank loans of HK\$75.0 million were secured by the intangible concession rights of Hangzhou Ring Road.

**Financial guarantee contracts**

At the close of business on 31 May 2018, the Group's financial guarantee contracts were as follows:

	<i>HK\$'million</i>
Guarantees for credit facilities granted to	
Associated companies	1,862.6
Joint ventures	<u>2,136.8</u>
Total	<u><u>3,999.4</u></u>

Saved as aforesaid and apart from intra-group liabilities, as at the close of business on 31 May 2018, the Group did not have any material debt securities issued and outstanding, or 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 or charges, or contingent liabilities or guarantees.

## 2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 3. SUFFICIENCY OF WORKING CAPITAL

As at the Latest Practicable Date, the Directors were of the opinion that, after taking into account the effect of the Disposal and the financial resources available to the Group, including internally generated funds, the existing bank borrowings and available banking facilities, and in the absence of unforeseeable circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this Circular.

## 4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As an experienced and resourceful infrastructure player, the Group is well positioned and equipped to identify and capture investment opportunities arising from Mainland China's promising growth prospects and strong demands for infrastructure services.

The Group recorded an attributable operating profit (“AOP”) of HK\$2.682 billion for the six months ended 31 December 2017 (the “**Interim Period**”), representing an increase of HK\$162.7 million or 6% compared with HK\$2.519 billion in the six months ended 31 December 2016 (the “**Last Period**”). Propelled by the organic growth across the board, especially the Group's Roads and Aviation segments, the Group's Infrastructure division generated an AOP of HK\$2.025 billion, representing an increase of 33% when compared with HK\$1.525 billion in the Last Period.

In line with the Group's long-term objectives in maintaining sustainable growth and creating shareholder values, the Group continued to deploy its capital to optimise its returns. To this end, the Group's Infrastructure division capitalised on a number of asset enhancement and divestment opportunities. The investment in Suiyuan Expressway in central China's Hubei province in January 2018 is set to provide immediate contribution to the performance of the Group's Roads segment. The commercial aircraft leasing business continues to grow as the combined aircraft portfolio under the Group's leasing platforms surpassed 100 aircraft in the last quarter of 2017. Following a strategic review on the investment in Beijing Capital International Airport Company Limited (“**BCIA**”), the Group unlocked its underlying value through a partial disposal in January 2018. The Group's Environment segment made progress in expanding its operation capabilities, particularly in the development of technologically advanced waste incineration and environmental remediation projects in Mainland China.

Against persistent headwind in the operating environment, the mixed results of the Group's Services division became more apparent during the Interim Period. The AOP of the Group's Services division decreased by 34% to HK\$656.8 million, compared with HK\$994.7 million in the Last Period.

While the Group's Construction business continued to perform well, the Group's Facilities Management segment registered a loss for the first time. Free Duty's performance was impacted by sluggish sales and cost pressures amid soft tourist spending while Gleneagles Hong Kong Hospital ("**GHK Hospital**") remained in its ramp-up phase after commencing operations in the latter half of the financial year ended 30 June 2017. However, it is pleasing to note that the Group has successfully won the contract for the operation of Hong Kong Convention and Exhibition Centre ("**HKCEC**") Phase II until 2028. This enables the Group to continue to operate this world class facility to help foster Hong Kong's trade and convention business.

The profit attributable to shareholders for the Interim Period decreased by 5% to HK\$2.478 billion reflecting the reduction in net contribution from exceptional non-cash items, in particular, the recognition of a gain of HK\$454.3 million upon the restructuring of SUEZ NWS Limited following asset injections by both shareholders and a remeasurement gain of HK\$113.1 million in relation to the previously held equity interest in NWS Transport Services Limited ("**NWS Transport**", together with its subsidiaries, "**NWS Transport Group**") when the Group assumed full control after acquiring the remaining 50% interest from the former joint venture partner in the Last Period even though these gains were partly offset by an impairment loss of HK\$204.0 million on the mining assets of Newton Resources Ltd, a then associated company of the Group. Excluding the net contribution from these one-off items, profit attributable to shareholders would have risen nearly 11% which was in line with the AOP growth and finance cost savings following the USD bonds redemption in February 2017.

Despite the somewhat mixed results, the Group's financial and operating performances during the Interim Period were largely within expectations. The most noteworthy accomplishment being the commendable growth throughout the Group's whole Infrastructure division. The fact that the Group's Roads segment took advantage of the rising economic activities in Mainland China while the Group's Aviation segment capitalised on the growing global aviation industry demonstrated the effectiveness of the Group's market positioning strategy.

As anticipated, the diverse business environments in Hong Kong produced muddled results for the Group's Services division. The Group's Construction business maintained growth momentum as the local demand for property looks set to remain solid. However, this performance fell short of fully mitigating the downturn of the Facilities Management segment with Free Duty being affected by the sluggish tourist spending and rising cost base and the new GHK Hospital making losses albeit expected during its ramp-up.

With a diversified business portfolio, the Group is exposed to volatilities and ever changing business environments. The management team will remain committed to seek new investment opportunities. Based on the past performance of the toll road business, the Group considered that the acquisition of Suiyuenan Expressway in January 2018 will provide solid contribution. The management strategic decision to partially dispose of the Group's interest in BCIA also demonstrated the Group's ability to unlock the value of this long-term investment as and when appropriate.



Back on home ground, competitive strategies are in place to improve profit margins and tighten up the cost base of the Group's Services division. The management of Free Duty has made progress in developing new sales channels and implementing marketing initiatives to arrest the current downtrend. In view of the rising demand for quality private healthcare services in Hong Kong and Mainland China, GHK Hospital and Healthcare Assets Management Limited are positioned to capture the opportunities in this sector. The Group has secured the tender to operate Phase II of HKCEC until 2028 and looks forward to leveraging the Group's experience and expertise to enhance the operational efficiency of this world class facility.

The Group's business model and underlying financial strength will continue to serve as the foundation for its long-term sustainability.

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

**Mr. Ma Siu Cheung** *GBS, JP*

Mr. Ma, aged 54, was appointed as an executive Director and the Chief Operating Officer of the Company on 9 July 2018 and is also a member of the Executive Committee and the Sustainability Committee of the Company. During the period from February to June 2018, he was the Acting Chief Executive Officer of Hong Kong-Shenzhen Innovation and Technology Park Limited. He joined the HKSAR Government in January 2014 as the Under Secretary for Development and was subsequently appointed as the Secretary for Development in February 2017 and remained in the post until June 2017. Prior to working with the HKSAR Government, Mr. Ma was the Executive Vice-President for Civil and Infrastructure Business (Asia Pacific) of AECOM Asia Company Limited.

Mr. Ma is a Fellow of the Hong Kong Institution of Engineers, the Institution of Structural Engineers, United Kingdom and the Chartered Institution of Highways and Transportation, United Kingdom, and a member of the Institution of Civil Engineers, United Kingdom. He is also a Registered Professional Engineer in Hong Kong and a Chartered Engineer in the United Kingdom. Mr. Ma holds a Bachelor of Science degree in Engineering (Civil) from the University of Hong Kong and a Master of Engineering degree in Transportation Planning from Monash University, Australia. He is an Honorary Professor of the Department of Real Estate and Construction, Faculty of Architecture of the University of Hong Kong. Mr. Ma was appointed as Justice of the Peace in 2014 and was awarded the Gold Bauhinia Star by the HKSAR Government in 2017.

Save as disclosed above, Mr. Ma did not hold any other position with the Company or other members of the Group as at the Latest Practicable Date and did not hold any directorship in other listed public companies in the last three years.

Mr. Ma's service contract provides for a fixed term of three years and he is also subject to the rotational retirement and re-election requirements at annual general meeting pursuant to the bye-laws of the Company. The director's fee for Mr. Ma will be determined by the Board with the authorization granted by the Shareholders at annual general meetings of the Company. In addition, he is entitled to receive a monthly salary of HK\$450,000 and a year-end discretionary bonus to be determined by the Board from time to time. Mr. Ma's remuneration package has been determined by reference to his duties and responsibilities within the Group and the Group's remuneration policy.

Mr. Ma does not have any relationship with any Director, senior management of the Company, substantial Shareholder or controlling Shareholder. As at the Latest Practicable Date, Mr. Ma did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Ma has not been involved in any of the matters as mentioned under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters in relation to Mr. Ma that need to be brought to the attention to the Shareholders.

**Mr. Ho Gilbert Chi Hang**

Mr. Ho, aged 41, was appointed as an executive Director on 9 July 2018 and is also a member of the Executive Committee of the Company. Joined the Company in January 2018, he is also a director of certain subsidiaries of the Group and is responsible for overseeing the business development and mergers and acquisitions affairs, and certain businesses of the Group. Mr. Ho has extensive experience in the area of corporate management, investments, corporate finance, merger and acquisition transactions and international brand and retail management. Prior to joining the Group, Mr. Ho was a director and/or senior executive in several Hong Kong listed public companies. He was the senior investment director of New World Development Company Limited (stock code: 17), the substantial Shareholder and a listed public company in Hong Kong, and an executive director of New World Strategic Investment Limited. He was also a partner of an international law firm Fried, Frank, Harris, Shriver & Jacobson LLP. Mr. Ho is an independent non-executive director of Kam Hing International Holdings Limited (stock code: 2307), Hailiang International Holdings Limited (stock code: 2336) and Asia Allied Infrastructure Holdings Limited (stock code: 711) and a non-executive director of Shougang Concord International Enterprises Company Limited (stock code: 697), all being listed public companies in Hong Kong. He was an executive director of HMV Digital China Group Limited (stock code: 8078) (resigned on 28 June 2017) and an executive director and the chief executive officer of AID Partners Technology Holdings Limited (now known as AID Life Science Holdings Limited) (stock code: 8088) (resigned on 1 January 2018), both being listed public companies in Hong Kong. Mr. Ho is a committee member of the Chinese People's Political Consultative Conference of Shenyang, a standing committee member of the Youth Federation of Inner Mongolia and the Vice Chairman of Inner Mongolia & Hong Kong Youth Exchange Association. Mr. Ho holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney, Australia and was admitted as a solicitor in New South Wales, Australia and England and Wales and as a solicitor and barrister in the High Court of Australia.

Save as disclosed above, Mr. Ho did not hold any other position with the Company or other members of the Group as at the Latest Practicable Date and did not hold any directorship in other listed public companies in the last three years.

Mr. Ho's service contract provides for a fixed term of three years and he is also subject to the rotational retirement and re-election requirements at annual general meeting pursuant to the bye-laws of the Company. The director's fee for Mr. Ho will be determined by the Board with the authorization granted by the Shareholders at annual general meetings of the Company. In addition, he is entitled to receive a monthly salary of HK\$400,000 and a year-end discretionary bonus to be determined by the Board from time to time. Mr. Ho's remuneration package has been determined by reference to his duties and responsibilities within the Group and the Group's remuneration policy.

Save as disclosed above, Mr. Ho does not have any relationship with any Director, senior management of the Company, substantial Shareholder or controlling Shareholder. As at the Latest Practicable Date, Mr. Ho did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Ho has not been involved in any of the matters as mentioned under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters in relation to Mr. Ho that need to be brought to the attention to the Shareholders.

**Mr. Chow Tak Wing**

Mr. Chow, aged 51, was appointed as an executive Director on 9 July 2018 and is also a member of the Executive Committee of the Company. He joined the Company in August 2002 and is also the Company Secretary of the Company and a director of certain subsidiaries of the Group. He is responsible for the financial management, treasury and corporate governance functions of the Group. Mr. Chow is a director of Citybus Limited, New World First Bus Services Limited and New World First Ferry Services Limited. Mr. Chow has nearly 30 years' experience in accounting and financial management and corporate governance. Prior to joining the Group, he was a manager of an international accounting firm and senior executive of several Hong Kong listed public companies. Mr. Chow is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants (UK), The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He holds an Executive Master of Business Administration degree from Western University, Canada.

Save as disclosed above, Mr. Chow did not hold any other position with the Company or other members of the Group as at the Latest Practicable Date and did not hold any directorship in other listed public companies in the last three years.

Mr. Chow's service contract provides for a fixed term of three years and he is also subject to the rotational retirement and re-election requirements at annual general meeting pursuant to the bye-laws of the Company. The director's fee for Mr. Chow will be determined by the Board with the authorization granted by the Shareholders at annual general meetings of the Company. In addition, he is entitled to receive a monthly salary of HK\$400,000 and a year-end discretionary bonus to be determined by the Board from time to time. Mr. Chow's remuneration package has been determined by reference to his duties and responsibilities within the Group and the Group's remuneration policy.

Mr. Chow does not have any relationship with any Director, senior management of the Company, substantial Shareholder or controlling Shareholder. As at the Latest Practicable Date, Mr. Chow had personal interest in 508,212 underlying shares of the Company attached to the share options granted by the Company within the meaning of Part XV of the SFO.

Mr. Chow has not been involved in any of the matters as mentioned under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters in relation to Mr. Chow that need to be brought to the attention to the Shareholders.

**Mr. Wong Kwai Huen, Albert BBS, JP**

Mr. Wong, aged 66, was appointed as an independent non-executive Director on 9 July 2018. He is the principal of Fried, Frank, Harris, Shriver & Jacobson LLP and its chief representative for Shanghai, and has served as its Managing Partner in Asia from 2006 until 2011. He is also an independent non-executive director of China International Marine Containers (Group) Co., Ltd. (stock code: 2039), China Oilfield Services Limited (stock code: 2883), Hua Hong Semiconductor Limited (stock code: 1347) and Vinda International Holdings Limited (stock code: 3331), all being listed public companies in Hong Kong. Mr. Wong holds a Bachelor of Arts degree from The Chinese University of Hong Kong and a Bachelor of Laws degree from the University of London, United Kingdom. He is admitted as a solicitor in Hong Kong, the United Kingdom, Australia and Singapore. Mr. Wong is a board member of the Hospital Authority, Aviation Security Company Limited and The Hong Kong Mortgage Corporation Limited, and the Honorary Chairman of Hong Kong International Arbitration Centre. He is also a Deputy Chairman of the Board of Review (Inland Revenue Ordinance), the Chairman of the Copyright Tribunal, a council member of The Hong Kong Institute of Directors, the Honorary Adviser of Financial Reporting Council, the Honorary Legal Adviser of Hong Kong Business Accountants Association and the former President of the Law Society of Hong Kong and the Inter-Pacific Bar Association. Mr. Wong holds the posts of honorary lecturer, external examiner and professorships at the University of Hong Kong, The Chinese University of Hong Kong, City University of Hong Kong, Hang Seng Management College and Hong Kong Shue Yan University. He was appointed as Justice of the Peace in 2010 and was awarded the Bronze Bauhinia Star by the HKSAR Government in 2014.

Save as disclosed above, Mr. Wong did not hold any other position with the Company or other members of the Group as at the Latest Practicable Date and did not hold any directorship in other listed public companies in the last three years.

Mr. Wong's service contract provides for a fixed term of three years and he is also subject to the rotational retirement and re-election requirements at annual general meeting pursuant to the bye-laws of the Company. The director's fee for Mr. Wong will be determined by the Board with the authorization granted by the Shareholders at annual general meetings of the Company.

Mr. Wong does not have any relationship with any Director, senior management of the Company, substantial Shareholder or controlling Shareholder. As at the Latest Practicable Date, Mr. Wong did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Wong has not been involved in any of the matters as mentioned under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters in relation to Mr. Wong that need to be brought to the attention to the Shareholders.

## 1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

## 2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests of Directors in the shares, underlying shares and debentures (within the meaning of Part XV of the SFO) of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### 2.1 Long position in shares

	Number of shares			Total	Approximate percentage to the total issued shares of the relevant company as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>The Company</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar Shun, Henry	18,349,571	–	12,000,000 <sup>(1)</sup>	30,349,571	0.779%
Mr. Tsang Yam Pui	180,000	–	–	180,000	0.005%
Mr. Lam Wai Hon, Patrick	1,446,207	–	7,608 <sup>(2)</sup>	1,453,815	0.037%
Mr. William Junior Guilherme Doo	–	–	128,869 <sup>(3)</sup>	128,869	0.003%
Mr. Kwong Che Keung, Gordon	1,207,077	–	–	1,207,077	0.031%
Dr. Cheng Wai Chee, Christopher	2,875,786	–	–	2,875,786	0.074%
<b>Associated corporation</b>					
<b>NWD</b>					
(Ordinary shares)					
Mr. Cheung Chin Cheung	124,400	–	–	124,400	0.001%
Mr. William Junior Guilherme Doo	–	40,000 <sup>(4)</sup>	–	40,000	0.000%
Mr. Kwong Che Keung, Gordon	40,000	–	–	40,000	0.000%

*Notes:*

- (1) The Shares were held by a company wholly-owned by Dr. Cheng Kar Shun, Henry.
- (2) The Shares were held by a company wholly-owned by Mr. Lam Wai Hon, Patrick.
- (3) The Shares were held by a company wholly-owned by Mr. William Junior Guilherme Doo.
- (4) The shares were held by the spouse of Mr. William Junior Guilherme Doo.

**2.2 Long position in underlying shares – share options**

Under the respective share option schemes of the Company and NWD, an associated corporation of the Company within the meaning of Part XV of the SFO, options may be granted to their respective directors and employees and also to certain eligible participants of these companies as defined in their respective share option schemes to subscribe for their respective shares. As at the Latest Practicable Date, the following Directors had personal interests in the following share options granted to them to subscribe for shares in the Company and NWD:

	Date of grant	Exercisable period (Notes)	Number of share options outstanding as at the Latest Practicable Date	Exercise price per share HK\$
<b>The Company</b>				
Dr. Cheng Kar Shun, Henry	9 March 2015	(1)	7,420,739	14.120
Mr. Tsang Yam Pui	9 March 2015	(1)	3,710,368	14.120
Mr. Cheung Chin Cheung	9 March 2015	(1)	3,710,368	14.120
Mr. Cheng Chi Ming, Brian	9 March 2015	(1)	3,710,368	14.120
Mr. Chow Tak Wing	9 March 2015	(1)	508,212	14.120
Mr. To Hin Tsun, Gerald	9 March 2015	(1)	701,960	14.120
Mr. Dominic Lai	9 March 2015	(1)	701,960	14.120
Mr. Lam Wai Hon, Patrick	9 March 2015	(1)	2,740,368	14.120
Mr. Kwong Che Keung, Gordon	9 March 2015	(1)	1,403,922	14.120
Dr. Cheng Wai Chee, Christopher	9 March 2015	(1)	1,403,922	14.120
Mr. Shek Lai Him, Abraham	9 March 2015	(1)	1,403,922	14.120
Mr. Lee Yiu Kwong, Alan	9 March 2015	(1)	889,922	14.120
<b>NWD</b>				
Dr. Cheng Kar Shun, Henry	10 June 2016	(2)	10,675,637	7.540
	3 July 2017	(3)	2,000,000	10.036

*Notes:*

- (1) 60% of the share options granted are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40% of the share options granted are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.
- (2) Divided into 4 tranches exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.
- (3) Divided into 4 tranches exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (4) The cash consideration paid by each of the Directors for each grant of share options of the Company or NWD was HK\$10.

**2.3 Long position in debentures**

As at the Latest Practicable Date, the following Directors had interests in the debentures issued by Fita International Limited, New World China Land Limited, NWD Finance (BVI) Limited and NWD (MTN) Limited, all of them are associated corporations of the Company within the meaning of Part XV of the SFO:

	Amount of debentures			Total	Approximate percentage to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>Fita International Limited</b>					
Mr. William Junior Guilherme Doo	-	-	US\$3,000,000 <sup>(1)</sup>	US\$3,000,000	0.400%
<b>New World China Land Limited</b>					
Mr. William Junior Guilherme Doo	-	-	HK\$15,600,000 <sup>(2)</sup>	HK\$15,600,000	0.152%
<b>NWD Finance (BVI) Limited</b>					
Mr. William Junior Guilherme Doo	-	-	US\$1,310,000 <sup>(1)</sup>	US\$1,310,000	0.109%
<b>NWD (MTN) Limited</b>					
Mr. William Junior Guilherme Doo	-	-	US\$2,000,000 <sup>(1)</sup>	US\$2,000,000	0.071%

*Notes:*

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



Other than the interests in the shares, underlying shares and debentures as set out above, as at the Latest Practicable Date, none of the Directors had any interest or short position in the shares, underlying shares or debentures (within the meaning of Part XV of the SFO) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons had an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Number of Shares			Approximate percentage to the issued share capital of the Company as at the Latest Practicable Date
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	2,477,530,362 <sup>(1)</sup>	2,477,530,362	63.58%
Cheng Yu Tung Family (Holdings II) Limited	–	2,477,530,362 <sup>(2)</sup>	2,477,530,362	63.58%
Chow Tai Fook Capital Limited (“CTFC”)	–	2,477,530,362 <sup>(3)</sup>	2,477,530,362	63.58%
Chow Tai Fook (Holding) Limited (“CTFH”)	–	2,477,530,362 <sup>(4)</sup>	2,477,530,362	63.58%
Chow Tai Fook Enterprises Limited (“CTF Enterprises”)	97,034,424	2,380,495,938 <sup>(5)</sup>	2,477,530,362	63.58%
NWD	1,588,468,276	792,027,662 <sup>(6)</sup>	2,380,495,938	61.09%
Mombasa Limited	718,384,979	–	718,384,979	18.44%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the Shares deemed to be interested by CTFC.
- (2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the Shares deemed to be interested by CTFC.

- (3) CTFC held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the Shares deemed to be interested by CTFH.
- (4) CTFH held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF Enterprises.
- (5) CTF Enterprises, together with its subsidiaries, held more than one-third of the issued shares of NWD and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by NWD.
- (6) NWD held 100% indirect interest in Mombasa Limited and was accordingly deemed to have an interest in the Shares held by Mombasa Limited. NWD was also deemed to be interested in 2,979,975 Shares held by Financial Concepts Investment Limited, 35,331,354 Shares each held by Hing Loong Limited and Fine Reputation Incorporated respectively, all of them being subsidiaries of NWD.
- (7) All the interests stated above represented long positions.

Save as disclosed above, as at the Latest Practicable Date and so far as is known to any Director or chief executive of the Company, no other person had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### 4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the following Directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group, pursuant to the Listing Rules as set out below:

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar Shun, Henry	CTF Enterprises group of companies	Investment in healthcare, commercial aircraft leasing and aircraft trading businesses	Director
	FSE Holdings Limited group of companies	Carpark management	Director and shareholder
	Silver City International Limited group of companies	Food and beverage operations	Director

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Cheng Chi Ming, Brian	Integrated Waste Solutions Group Holdings Limited	Investment in waste management business	Director
Mr. To Hin Tsun, Gerald	Mongolia Energy Corporation Limited	Investment in coal mining	Director
Mr. Lam Wai Hon, Patrick	FSE Holdings Limited group of companies	Carpark management	Director
Mr. William Junior Guilherme Doo	FSE Holdings Limited group of companies	Carpark management	Director
	Silver City International Limited group of companies	Food and beverage operations	Director

## 5. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the businesses of the Group;
- (b) none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which was not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation;
- (c) none of the Directors had any direct or indirect interest in any assets which had been, since 30 June 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group; and

- (d) the following Director was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of common director</b>	<b>Name of company</b>
Dr. Cheng Kar Shun, Henry	Cheng Yu Tung Family (Holdings) Limited
Dr. Cheng Kar Shun, Henry	Cheng Yu Tung Family (Holdings II) Limited
Dr. Cheng Kar Shun, Henry	CTFC
Dr. Cheng Kar Shun, Henry	CTFH
Dr. Cheng Kar Shun, Henry	CTF Enterprises
Dr. Cheng Kar Shun, Henry	NWD
Dr. Cheng Kar Shun, Henry	Mombasa Limited

## 6. MATERIAL CONTRACTS

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

- (a) a share purchase agreement dated 5 October 2016 entered into between the Company, The Bank of East Asia, Limited (“**BEA**”), East Asia Secretaries (BVI) Limited (“**East Asia Secretaries**”) and Trivium Investment Limited in relation to the sale of all the issued shares of Tricor Holdings Limited (“**Tricor**”) held by East Asia Secretaries to Trivium Investment Limited at a cash consideration of HK\$6,469.7 million. Tricor was 24.39% owned by the Company and 75.61% owned by BEA, in each case through East Asia Secretaries immediately before completion of the share purchase agreement. Details of the transaction were set out in the announcements of the Company dated 5 October 2016, 30 December 2016 and 31 March 2017;
- (b) a sale and purchase agreement dated 15 November 2016 entered into between Enrich Group Limited (“**Enrich**”, a direct wholly-owned subsidiary of CTF Enterprises) and NWS Service Management Limited (“**NWS Service (BVI)**”, an indirect wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability) in relation to the acquisition by NWS Service (BVI) of 250,000,008 shares of HK\$1 each in the capital of NWS Transport, representing 50% of the entire issued share capital of NWS Transport, held by Enrich at a total cash consideration of HK\$1,380 million (subject to adjustment based on the completion accounts), details of which are set out in the announcement dated 15 November 2016 jointly issued by the Company and NWD, the circular of the Company dated 7 December 2016 and the announcement of the Company dated 29 December 2016. The consideration for the aforesaid acquisition was subsequently adjusted to approximately HK\$1,467.5 million;
- (c) a placing agreement dated 11 January 2018 entered into between Fortland Ventures Limited (an indirect wholly-owned subsidiary of the Company) as seller and J.P. Morgan Securities plc as placing agent in relation to the placing of 208,000,000 issued H shares of BCIA, representing approximately 11.07% of the

total issued H shares of BCIA, held by Fortland Ventures Limited at the placing price of HK\$11.35 per H share of BCIA, details of which are set out in the announcements of the Company dated 12 January 2018 and 2 February 2018; and

- (d) the SP Agreement.

## **7. LITIGATION**

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

## **8. QUALIFICATION AND CONSENT OF EXPERT**

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

BCL has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and references to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, BCL did not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, BCL did not have any direct or indirect interest in any assets which had been since 30 June 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

## **9. MISCELLANEOUS**

- (a) The English text of this Circular and the enclosed form of proxy shall prevail over the Chinese text in the event of any inconsistency.
- (b) The Company Secretary of the Company is Mr. Chow Tak Wing, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants (UK), The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (c) The head office and principal place of business of the Company is at 28/F., New World Tower, 18 Queen's Road Central, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

- (d) The principal share registrar and transfer office of the Company in Bermuda is MUFG Fund Services (Bermuda) Limited whose address is situated at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Standard Limited whose address is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 28/F., New World Tower, 18 Queen's Road Central, Hong Kong during normal business hours on any business day (Saturdays excluded) from the date of this Circular up to and including 14 August 2018 and at the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) 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" in this Circular;
- (c) the letter of advice from BCL to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this Circular;
- (d) the written consent of BCL referred to in the paragraph headed "8. Qualification and consent of expert" in this appendix;
- (e) the material contracts referred to in the paragraph headed "6. Material contracts" in this appendix;
- (f) the annual reports of the Company for the financial years ended 30 June 2016 and 30 June 2017 respectively; and
- (g) the SP Agreement.



# 新創建 NWS

新創建集團有限公司\*

NWS HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

(stock code: 659)

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of NWS Holdings Limited (the “**Company**”) will be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 14 August 2018 at 11:30 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions each as an ordinary resolution:

### ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the sale and purchase agreement dated 8 June 2018 (the “**SP Agreement**”) entered into between (i) NWS CON Limited as vendor and (ii) Sherman Drive Limited as purchaser (a copy of which marked “A” has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification) in relation to, among other matters, the proposed sale of one share of par value of US\$1 in the capital of Celestial Path Limited, representing the entire issued share capital of Celestial Path Limited, and all transactions contemplated thereunder, details of which are described in the circular of the Company dated 20 July 2018 (a copy of which marked “B” has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification) be and are hereby approved, ratified and confirmed;
- (b) the directors of the Company (the “**Directors**”) be and they are hereby authorised, for and on behalf of the Company, to do all such acts and things, to take all such steps and to sign or otherwise execute all such agreements, documents, deeds or instruments as they may in their absolute discretion consider necessary, desirable or expedient in connection with or to implement and/or to give effect to the SP Agreement and the transactions contemplated thereunder and all matters incidental thereto; and

\* *For identification purposes only*

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## NOTICE OF SGM

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- (c) the Directors be and they are hereby authorised to agree to such variation, amendment, modification and/or waiver of any matters relating to or in connection with the SP Agreement and the transactions contemplated thereunder as are, in their opinion in the interests of the Company and its shareholders as a whole in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other applicable law, rules and regulations.”
2. **THAT** Mr. Ma Siu Cheung be re-elected as Director.
  3. **THAT** Mr. Ho Gilbert Chi Hang be re-elected as Director.
  4. **THAT** Mr. Chow Tak Wing be re-elected as Director.
  5. **THAT** Mr. Wong Kwai Huen, Albert be re-elected as Director.

By order of the board of  
**NWS HOLDINGS LIMITED**  
**Chow Tak Wing**  
*Executive Director and Company Secretary*

Hong Kong, 20 July 2018

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or (if he is a holder of two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the Meeting or any adjournment thereof (as the case may be).
3. A form of proxy for use at the Meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the Meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders are present at the Meeting personally or by proxy, that one of the registered holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. In order to determine the entitlement of the shareholders of the Company to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 9 August 2018 to Tuesday, 14 August 2018 (both days inclusive) during which period no transfer of shares of the Company will be registered. All properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 8 August 2018.
6. Voting on the above resolutions will be taken by poll.



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## NOTICE OF SGM

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7. If a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at any time between 7:30 a.m. to 11:30 a.m. on the date of the Meeting, the Meeting will be automatically postponed to a later date. The Company will post an announcement on its corporate website ([www.nws.com.hk](http://www.nws.com.hk)) and the HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify its shareholders of the date, time and location of the rescheduled meeting.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
9. As at the date of this notice, (a) the executive Directors are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Ma Siu Cheung, Mr. Cheung Chin Cheung, Mr. Cheng Chi Ming, Brian, Mr. Mak Bing Leung, Rufin, Mr. Ho Gilbert Chi Hang and Mr. Chow Tak Wing; (b) the non-executive Directors are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Lam Wai Hon, Patrick and Mr. William Junior Guilherme Doo; and (c) the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Fung Wai Chi, Grace and Mr. Wong Kwai Huen, Albert.