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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)

DISCLOSEABLE TRANSACTION

SALE OF SHARES OF WAI KEE HOLDINGS LIMITED

On 3 April 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchasers entered into the Sale and Purchase Agreement in relation to the sale of a total of 91,134,000 Target Shares by the Vendor to the Purchasers at the purchase price of HK\$4.64 per Target Share, representing a total cash consideration of approximately HK\$422.86 million.

As one of the applicable percentage ratios (as determined according to applicable rules in Chapter 14 of the Listing Rules) in respect of the sale of a total of 91,134,000 Target Shares under the Sale and Purchase Agreement is more than 5% but less than 25% for the Company, the transaction constitutes a discloseable transaction for the Company that is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the satisfaction or waiver of certain conditions precedent stated in the Sale and Purchase Agreement, the sale and purchase of the Target Shares thereunder may or may not proceed. Accordingly, shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

SALE AND PURCHASE AGREEMENT

The Board would like to announce that, on 3 April 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchasers entered into the Sale and Purchase Agreement in relation to the sale of a total of 91,134,000 Target Shares by the Vendor to the Purchasers at the purchase price of HK\$4.64 per Target Share, representing a total cash consideration of approximately HK\$422.86 million.

Pursuant to the Sale and Purchase Agreement, Purchaser 1 has agreed to purchase 45,567,000 Target Shares from the Vendor at the total cash consideration of approximately HK\$211.43 million, and Purchaser 2 has agreed to purchase 45,567,000 Target Shares from the Vendor at the total cash consideration of approximately HK\$211.43 million.

The consideration for the sale and purchase of the Target Shares under the Sale and Purchase Agreement was determined after arm's length negotiations among the Vendor and the Purchasers taking into account the prevailing market trading price of the Target Shares on the Stock Exchange. Each of the Vendor and the Purchasers has provided customary representations and warranties to each other for a transaction of this kind.

Completion is subject to the satisfaction (or waiver) of the following conditions:

- (i) the representations and warranties provided by the parties respectively remaining true and accurate in all material respects and not misleading; and
- (ii) no party has breached or failed to perform in any material respect its/his obligations under the Sale and Purchase Agreement.

In view of the nature of the conditions, the Sale and Purchase Agreement provides that Completion shall take place on 7 April 2021 or on such other date and time as the Vendor and the Purchasers may agree. Each of the Purchasers is required to pay to the Vendor the total cash consideration in full for the Target Shares to be acquired by him by the date of Completion.

HISTORICAL FINANCIAL INFORMATION OF THE TARGET AND FINANCIAL EFFECT OF THE SALE OF THE TARGET SHARES FOR THE COMPANY

According to the audited consolidated financial statements of the Target prepared in accordance with HKFRS, the consolidated (i) profit before tax; (ii) profit for the year; and (iii) profit for the year attributable to the owners of the Target, for its financial year ended 31 December 2019 and financial year ended 31 December 2020 (as extracted from the published 2019 annual report of the Target and the results announcement made by the Target on 23 March 2021 (the "Results Announcement of the Target")), respectively) are stated below:

| | For the financial year ended | |
|--|-------------------------------------|-----------------------------|
| | 31 December | |
| | 2020 | 2019 |
| | <i>HK\$' million</i> | <i>HK\$' million</i> |
| | (audited) | (audited) |
| Profit before tax | 1,298.8 | 1,465.9 |
| Profit for the year | 1,271.4 | 1,387.6 |
| Profit for the year attributable to the owners of the Target | 1,083.5 | 1,264.5 |

The audited consolidated net asset value of the Target as at 31 December 2020 (as extracted from the Results Announcement of the Target) was HK\$10,524.0 million.

The Group has ceased to equity account for the financial results of the Target since the reclassification of the investment in the Target as an asset held-for-sale. In the unaudited consolidated statement of financial position of the Company as at 31 December 2020, the Group's investment in the Target was accounted for as an associated company under assets held-for-sale and the carrying value of such investment was HK\$696.2 million. After Completion, the Group's shareholding interest in the Target will be reduced to approximately 11.49% and such interest will continue to be classified as an asset held-for-sale in its consolidated statement of financial position. The net impact on the consolidated income statement of the Company (net of transaction costs) as a result of the sale of the Target Shares under the Sale and Purchase Agreement is expected to be a gain of approximately HK\$60 million.

The net proceeds to be received by the Vendor from the sale of 91,134,000 Target Shares under the Sale and Purchase Agreement will be applied towards repayment of certain existing facilities of the Group and for general working capital requirements of the Group.

REASONS FOR, AND BENEFITS OF, THE SALE OF THE TARGET SHARES

The transaction under the Sale and Purchase Agreement is in line with the Group's strategy of disposing non-core assets and crystalizing value from its business portfolio to achieve sustainable long term growth. The Board is of the view that the sale of the Target Shares under the Sale and Purchase Agreement will unlock value from its business portfolio and enable the Company to reallocate resources to focus on its core competencies. The transaction will also strengthen the Group's financial position and will allow the Company to redeploy capital into projects with strong recurring cash flow and growth prospects. The directors of the Company consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair, reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor is an indirect wholly-owned subsidiary of the Company. As one of the applicable percentage ratios (as determined according to applicable rules in Chapter 14 of the Listing Rules) in respect of the sale of a total of 91,134,000 Target Shares under the Sale and Purchase Agreement is more than 5% but less than 25% for the Company, the transaction constitutes a discloseable transaction for the Company that is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE COMPANY, THE VENDOR, THE PURCHASERS AND THE TARGET

The Company and the Vendor

The Company and its subsidiaries are principally engaged in (i) the development of, investment in and/or operation of roads, commercial aircraft leasing, construction and insurance; and (ii) the investment in and/or operation of environmental, logistics and facilities management projects.

The Vendor is an investment holding company and an indirect wholly-owned subsidiary of the Company. Its principal asset is its investment in the Target Shares.

Purchasers

As at the date of the Sale and Purchase Agreement, Purchaser 1 was an executive director and a substantial shareholder of the Target, and was beneficially interested in 205,681,843 Target Shares, which represented approximately 25.93% of the total issued share capital of the Target.

As at the date of Sale and Purchase Agreement, Purchaser 2 was an executive director and a substantial shareholder of the Target, and was beneficially interested in 203,857,078 Target Shares, which represented approximately 25.70% of the total issued share capital of the Target.

The Target

The Target was incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange. The principal activities of the Target and its subsidiaries include property development and investment, toll road, investment and asset management, construction, sewage treatment and steam fuel, construction materials and quarrying and they have been investing in property funds which in turn indirectly invests in property developments in the United States of America. As at the date of the Sale and Purchase Agreement, the Vendor held 182,268,000 Target Shares, which represented approximately 22.98% of the total issued share capital of the Target. After Completion, the Group's shareholding interest in the Target will be reduced to approximately 11.49%.

To the best knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, other than as co-shareholders of the Target, each of the Purchasers is a third party independent of the Company and its connected persons.

As Completion is subject to the satisfaction or waiver of certain conditions precedent stated in the Sale and Purchase Agreement, the sale and purchase of the Target Shares thereunder may or may not proceed. Accordingly, shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

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| “Board” | the board of directors of the Company |
| “Company” | NWS Holdings Limited (新創建集團有限公司*), 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 sale and purchase of a total of 91,134,000 Target Shares under the Sale and Purchase Agreement |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “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 issued by the Hong Kong Institute of Certified Public Accountants |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Purchaser 1” | Mr. Zen Wei Pao, William |
| “Purchaser 2” | Mr. Zen Wei Peu |
| “Purchasers” | Purchaser 1 and Purchaser 2 |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 3 April 2021 entered into among the Vendor and the Purchasers in relation to the sale and purchase of a total of 91,134,000 Target Shares |

| | |
|---------------------------|--|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed thereto in the Listing Rules |
| “Target” | Wai Kee Holdings Limited (惠記集團有限公司), 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: 610) |
| “Target Share(s)” | ordinary share(s) with a par value of HK\$0.10 each in the share capital of the Target |
| “Vendor” | Vast Earn Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company |
| “%” | per cent. |

By Order of the Board
Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 7 April 2021

As at the date of this announcement, (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Mr. Ma Siu Cheung, Dr. Cheng Chi Kong, Adrian, Mr. Cheung Chin Cheung, Mr. Cheng Chi Ming, Brian, Mr. Ho Gilbert Chi Hang, Mr. Chow Tak Wing and Mr. Cheng Chi Leong, Christopher; (b) the non-executive directors of the Company are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai and Mr. William Junior Guilherme Doo (alternate director to Mr. William Junior Guilherme Doo: Mr. Lam Wai Hon, Patrick); and (c) the independent non-executive directors of the Company are Mr. 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.

* *For identification purposes only*