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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

FRAMEWORK AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF EQUITY INTEREST IN THE JV COMPANY

The Board is pleased to announce that on 30 June 2021 (after trading hours), NWXP, an indirect wholly-owned subsidiary of the Company, entered into the Framework Agreement with XIPC, pursuant to which and subject to the terms and conditions of the Sale and Purchase Agreement, NWXP proposes to sell, and XIPC proposes to acquire the Target Interests at the Consideration.

Upon Completion, the Group will no longer hold any equity interest in the JV Company and will have fully exited all investments in port-related projects.

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Disposal contemplated under the Framework Agreement exceed 5% but are less than 25%, the Proposed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As the Completion is subject to the satisfaction (or waiver) of certain conditions, the Completion may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 30 June 2021 (after trading hours), NWXP, an indirect wholly-owned subsidiary of the Company, entered into the Framework Agreement with XIPC, pursuant to which and subject to the terms and conditions of the Sale and Purchase Agreement, NWXP proposes to sell, and XIPC proposes to acquire the Target Interests at the Consideration.

MAJOR TERMS OF THE FRAMEWORK AGREEMENT

Date:

30 June 2021

Parties:

- (1) Vendor: NWXP, an indirect wholly-owned subsidiary of the Company
- (2) Purchaser: XIPC

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, XIPC and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

Pursuant to the Framework Agreement and subject to the terms and conditions of the Sale and Purchase Agreement, NWXP proposes to sell, and XIPC proposes to acquire the Target Interests at the Consideration. The Framework Agreement was entered into by the parties following the Notice having been sent from XIPC and received by NWXP. All other shareholders of the JV Company confirmed in writing for not exercising their respective right of first refusal in respect of any of the Target Interests.

Consideration

The Consideration is RMB1,568 million (equivalent to approximately HK\$1,877.8 million), which shall be payable by XIPC to NWXP in cash within one month upon fulfilment (or waiver) of the conditions precedent to Completion.

The Consideration is determined with reference to the price stated in the Notice and the estimated value of shareholders' equity of the JV Company based on the financial performance and asset value of the JV Company for the year ended 31 December 2020 and as at 31 December 2020, respectively.

Profit/Loss of the JV Company

NWXP shall be entitled to the profit to be distributed by the JV Company for the year ended 31 December 2020 (the "**2020 Profit Distribution**"), the exact amount of which is subject to approval by the board of directors of the JV Company in accordance with its articles of association. XIPC shall procure the JV Company to approve the 2020 Profit Distribution prior to the signing of the Sale and Purchase Agreement and settle the payment of the 2020 Profit Distribution within 30 days after it has been approved.

If Completion takes place on or before 31 December 2021, XIPC shall be entitled to/shall assume the profit/loss attributable to the JV Company between 1 January 2021 and the date of Completion, otherwise NWXP shall be entitled to/shall assume such amount.

Sale and Purchase Agreement

The Sale and Purchase Agreement shall stipulate the terms and conditions of the Proposed Disposal based on the principal terms and conditions of the Framework Agreement and shall be signed after all necessary approvals and authorizations have been obtained, but in any event no later than 26 August 2021.

Conditions Precedent to Completion

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

- (1) the Sale and Purchase Agreement in connection with the transactions contemplated under the Framework Agreement having been signed and become in force and legally binding on both parties;
- (2) XIPC having completed the asset valuation of the JV Company as at 31 December 2020 to be appraised by a qualified independent valuer recognized by the Fujian SASAC (the “**Asset Valuation**”) and the filing of such report in accordance with the terms of the Framework Agreement;
- (3) the necessary approvals and regulatory procedures or registration (if necessary) in connection with the equity transfer of the JV Company required by the foreign exchange administration and other relevant government authorities, regulatory agencies and stock exchanges having been obtained, including but not limited to obtaining the approval of the JV Company’s board of directors and shareholders’ approval of XIPC, etc.; and
- (4) the representations, warranties and undertakings given by each of XIPC and NWXP under the Framework Agreement having remained complete, true, accurate and not misleading from the date of the Framework Agreement and up until the Completion.

Each of the parties shall use their best endeavours to procure the fulfilment of all the conditions precedent to Completion on or before the Long Stop Date, including but not limited to, voting in favour in the board meeting and/or approving the resolutions of the JV Company for the Proposed Disposal.

Termination

Either party may serve a notice (whether in writing or by email) to the other party to terminate the Framework Agreement and the transaction contemplated thereunder at any time before Completion if any of the conditions precedent to Completion has not been fulfilled (or waived in writing) on or before the Long Stop Date (except for any delay in remittance of the Consideration due to the procedures of the foreign exchange administration authority or bank).

In addition, the Framework Agreement shall be automatically terminated if:-

- (i) the value of the Target Interests based on the Asset Valuation is lower than the Consideration;
- (ii) XIPC fails to notify NWXP the result of the Asset Valuation on or before 20 August 2021;
- (iii) the Sale and Purchase Agreement is not signed on or before 26 August 2021; or
- (iv) the JV Company fails to review and approve the 2020 Profit Distribution in accordance with the terms of the Framework Agreement before the Sale and Purchase Agreement is entered into.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal is consistent with the Group's corporate strategy of disposing of non-core assets and crystalizing value from its business portfolio to achieve sustainable long-term growth. Upon Completion, the Group will have fully exited all investments in port-related projects.

The Proposed Disposal represents a transaction at an opportune time and valuation for the Group to unlock value from its business portfolio and reallocate its resources to focus on its core competencies, invest in projects with growth prospects that can derive more steady income and lucrative return, and will allow the Group to leverage on its strong foundation to capture the opportunities ahead.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Disposal contemplated under the Framework Agreement exceed 5% but are less than 25%, the Proposed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

None of the Directors has a material interest in the Proposed Disposal and hence, none of the Directors is required to abstain from voting at the Board meeting to approve the Proposed Disposal.

INFORMATION ON THE GROUP, NWXP, XIPC AND THE JV COMPANY

The Group and NWXP

The Group is 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.

NWXP is an investment holding company, which is an indirect wholly-owned subsidiary of the Company.

XIPC

XIPC is a joint stock limited company incorporated in the PRC whose H shares are listed on the main board of the Stock Exchange (stock code: 3378). It is principally engaged in container loading and unloading and storage for international and domestic trade, bulk/general cargo loading and unloading and storage and port comprehensive logistics services, including port-related logistics, tugboat services, shipping agency and tallying as well as trading of merchandise in Xiamen. As at the date of this announcement, XIPC directly and indirectly owns a total of 60% equity interest in the JV Company.

The JV Company

The JV Company is a limited liability company established in the PRC and is principally engaged in the provision of port facilities for vessels; providing cargo uploading and unloading, transshipment, warehousing and logistics services within the port area; container uploading and unloading, piling, dissembling and maintenance; port services to vessels; supplying electricity to vessels at the port and leasing services.

Set out below is the financial information of the JV Company for the two years ended 31 December 2019 and 2020, prepared in accordance with the China Accounting Standards for Business Enterprises:

	For the year ended 31 December 2019		For the year ended 31 December 2020	
	(audited)		(audited)	
	<i>RMB</i>	<i>Equivalent to</i>	<i>RMB</i>	<i>Equivalent to</i>
	<i>(million)</i>	<i>HK\$ (million)</i>	<i>(million)</i>	<i>HK\$ (million)</i>
Net profit before tax	660.2	790.7	560.0	670.7
Net profit after tax	531.7	636.8	460.5	551.5

The audited consolidated net asset value (including non-controlling interests) of the JV Company as at 31 December 2020 was approximately RMB8,487.5 million (equivalent to approximately HK\$10,164.7 million).

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The Group has reclassified the investment in the JV Company as an asset held-for-sale and ceases to equity account for the financial results of the JV Company. Assuming the Completion took place on 30 June 2021, there would be a gain (before taxation and transaction costs) of approximately HK\$33 million on the Proposed Disposal which represents the difference between the Consideration and the estimated carrying value of the Target Interests after adjusting the expected 2020 Profit Distribution attributable to NWXP.

After taking into account the estimated capital gain tax and transaction costs directly attributable to the Proposed Disposal, the Group would recognize a loss of approximately HK\$36 million assuming the Completion took place on 30 June 2021. Shareholders of the Company should note that the actual amount of the loss on the Proposed Disposal to be recognized in the Group's consolidated financial statements is subject to audit by auditors of the Company, and therefore may be different from the amount mentioned above.

It is expected that the net proceeds from the Proposed Disposal will be used for general working capital purpose of the Group including but not limited to redeploy capital into businesses within our core competence as well as maintaining our sustainable and progressive dividend policy.

As at the date of this announcement, the JV Company is owned as to 20% by NWXP. The Group will no longer hold any equity interest in the JV Company upon Completion.

Further announcement(s) will be made by the Company to provide updates as and when appropriate.

As the Completion is subject to the satisfaction (or waiver) of certain conditions, the Completion may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Board”	the board of directors of the Company
“Completion”	completion of the Proposed Disposal pursuant to the terms and conditions of the Framework Agreement and the Sale and Purchase Agreement
“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)
“Consideration”	the consideration for the Proposed Disposal, being RMB1,568 million (equivalent to approximately HK\$1,877.8 million)

“connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	directors of the Company
“Framework Agreement”	the framework agreement dated 30 June 2021 entered into between NWXP (as vendor) and XIPC (as purchaser) in relation to the Proposed Disposal
“Fujian SASAC”	the State-owned Assets Supervision and Administration Commission of the Fujian Provincial People’s Government
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	廈門集裝箱碼頭集團有限公司 (Xiamen Container Terminal Group Co., Ltd.*), a limited liability company established in the PRC, which is owned as to 60% by XIPC (directly and indirectly) and 20% by NWXP as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	within 133 days from the date of the Framework Agreement
“Notice”	the notice dated 2 June 2021 sent by XIPC to NWXP, in response to the Third Party Offer Notice, for the exercise of the right of first refusal in respect of the acquisition of the Target Interests
“NWXP”	New World (Xiamen) Port Investments Limited (新世界(廈門)港口投資有限公司), a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Disposal”	the proposed disposal of the Target Interests by NWXP to XIPC on the terms and conditions of the Framework Agreement and the Sale and Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the formal sale and purchase agreement to be entered into between NWXP (as vendor) and XIPC (as purchaser) in relation to the Proposed Disposal pursuant to the Framework Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Interests”	20% equity interest in the JV Company held by NWXP, representing the entire equity interests in the JV Company held by the Group as at the date of this announcement
“Third Party Offer Notice”	the notice sent by NWXP to XIPC and other shareholders of the JV Company seeking consent for the proposed transfer of the Target Interests to a third party at the consideration of RMB1,568 million
“XIPC”	廈門國際港務股份有限公司 (Xiamen International Port Co., Ltd*), a joint stock limited liability company incorporated in the PRC whose H shares are listed on the main board of the Stock Exchange (stock code: 3378)
“%”	per cent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.835.

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

Hong Kong, 30 June 2021

As at the date of this announcement, (a) the executive Directors 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 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 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*