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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)

FURTHER ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION

SALE AND PURCHASE AGREEMENT IN RELATION TO THE DISPOSAL OF EQUITY INTEREST IN THE JV COMPANY

The Board is pleased to announce that in accordance with the terms of the Framework Agreement, on 20 August 2021 (after trading hours), NWXP entered into the Sale and Purchase Agreement with XIPC, pursuant to which NWXP has agreed to sell, and XIPC has agreed to acquire the Target Interests at the Consideration.

The Group will no longer hold any equity interest in the JV Company upon Completion.

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal contemplated under the Sale and Purchase Agreement exceed 5% but are less than 25%, the 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

Reference is made to the announcement of the Company dated 30 June 2021 (the “**Previous Announcement**”) in relation to the Framework Agreement entered into between NWXP and XIPC. Capitalized terms used herein shall have the same meanings as those defined in the Previous Announcement unless otherwise defined herein.

As disclosed in the Previous Announcement, a formal sale and purchase agreement stipulating the terms and conditions of the Disposal based on the principal terms and conditions of the Framework Agreement shall be signed after all necessary approvals and authorizations have been obtained, but in any event no later than 26 August 2021.

The Board is pleased to announce that on 20 August 2021 (after trading hours), NWXP entered into the Sale and Purchase Agreement with XIPC, pursuant to which NWXP has agreed to sell, and XIPC has agreed to acquire the Target Interests at the Consideration.

MAJOR TERMS OF THE SALE AND PURCHASE AGREEMENT

Date:

20 August 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

In accordance with the terms of the Framework Agreement, the parties entered into the Sale and Purchase Agreement pursuant to which NWXP agrees to sell, and XIPC agrees to acquire the Target Interests at the Consideration. The Framework Agreement has been terminated as from the date of execution of the Sale and Purchase Agreement.

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 30 days 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 2020 Profit Distribution of the JV Company in the amount of approximately RMB79.9 million (equivalent to approximately HK\$95.7 million) (subject to any adjustment as required by the relevant regulatory authority) as approved by the board of directors of the JV Company. XIPC shall procure the JV Company to settle the payment of the 2020 Profit Distribution to all shareholders of the JV Company (including but not limited to NWXP) within 30 days after the exact amount of the 2020 Profit Distribution has been confirmed.

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 in respect of the Target Interests between 1 January 2021 and the date of Completion, otherwise NWXP shall be entitled to/shall assume such amount, but in any event, (i) no adjustment will be made to the Consideration; and (ii) no relevant shareholders will be required to make any payment or compensation to the JV Company or other shareholders due to the loss of the JV Company.

Conditions precedent to Completion

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

- (1) the board of directors of the JV Company having approved the equity transfer of the Target Interests;
- (2) the board of directors of the JV Company having approved the amendments to the articles of association of the JV Company and the JV Agreement;
- (3) the circular of XIPC in connection with its acquisition of the Target Interests having been vetted and approved by the Stock Exchange. This condition shall be deemed satisfied if such approval has not been obtained on or before the Long Stop Date;
- (4) the registration or filing by the JV Company with the administration for market regulation in connection with the equity transfer of the Target Interests having been completed;
- (5) XIPC having completed its withholding and payment obligations with regards NWXP's tax payable in connection with the Disposal in accordance with the relevant taxation laws and regulations in the PRC, and XIPC having informed NWXP in advance the amount of tax payable to be filed with the tax authority;
- (6) the registration procedures of the foreign exchange administration authority or bank required for the remittance of the Consideration having been completed; and
- (7) the regulatory or registration procedures (if necessary) in relation to the equity transfer of the Target Interests required by any other regulatory authorities or stock exchanges having been completed.

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. As at the date of this announcement, conditions precedent (1) and (2) have been satisfied.

Within 15 days upon the fulfilment of conditions (1) to (3) above, the parties and the JV Company shall as soon as possible apply to the administration for market regulation for the registration or filing in relation to the equity transfer of the Target Interests, and exercise best endeavour to complete such procedure no later than 30 days upon the fulfillment of all the aforementioned three conditions. The said time limit may be extended due to changes in the relevant laws and regulations, policies, requirements of the administration for market regulation, system failure or other reasons not attributable to NWXP, or if XIPC fails to provide the required documents in a timely manner.

Completion

The Disposal shall be completed on the date when NWXP receives the Consideration paid by XIPC. The Group will no longer hold any equity interest in the JV Company upon Completion.

Termination

Either party may serve a notice (whether in writing or by email) to the other party to terminate the Sale and Purchase 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).

The Sale and Purchase Agreement may not be terminated in the aforesaid manner if the registration or filing by the JV Company with the administration for market regulation in connection with the equity transfer of the Target Interests has been completed.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The 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 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 Disposal contemplated under the Sale and Purchase Agreement exceed 5% but are less than 25%, the 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 Disposal and hence, none of the Directors is required to abstain from voting at the Board meeting to approve the 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		For the year ended	
	31 December 2019		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 DISPOSAL AND USE OF PROCEEDS

As at 30 June 2021, 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\$31 million on the 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.

Based on the latest estimated capital gain tax and transaction costs directly attributable to the Disposal, the Group would recognize a loss of approximately HK\$67 million assuming the Completion took place on 30 June 2021. Shareholders of the Company should note that the exact amount of the loss on the Disposal to be recognized in the Group's consolidated financial statements is also subject to the final amount of 2020 Profit Distribution and audit by auditors of the Company as well as the RMB exchange rate on Completion, and therefore may be different from the amount mentioned above.

It is expected that the net proceeds from the 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.

As the Completion is subject to the satisfaction (or waiver) of certain conditions, the Completion 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

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

“Completion”	completion of the Disposal pursuant the terms and conditions of the Sale and Purchase Agreement
“Consideration”	the consideration for the Disposal, being RMB1,568 million (equivalent to approximately HK\$1,877.8 million)
“Disposal”	the disposal of the Target Interests by NWXP to XIPC on the terms and conditions of the Sale and Purchase Agreement
“JV Agreement”	the merger and contribution agreement dated 25 February 2013 entered into among the founding shareholders of the JV Company
“Long Stop Date”	10 November 2021 or such later date as both NWXP and XIPC agree to extend
“Sale and Purchase Agreement”	the equity transfer agreement dated 20 August 2021 entered into between NWXP (as vendor) and XIPC (as purchaser) in relation to the Disposal
“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

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, 20 August 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