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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)

CONTINUING CONNECTED TRANSACTIONS
(1) SUPPLEMENTAL AGREEMENT
AND
(2) REVISION OF ANNUAL CAPS
FOR THE TWO FINANCIAL YEARS ENDING 30 JUNE 2022 AND 2023

Reference is made to the announcement of the Company dated 24 April 2020 in relation to, among other things, the CTF Enterprises Master Services Agreement, the transactions contemplated thereunder and the Original Annual Caps.

SUPPLEMENTAL AGREEMENT

In view of the expansion of the scope of services offered by CTF Enterprises Group since the end of 2020 with the inclusion of, among others, mechanical, electrical and building services, the Board expects that the Group's demand for contracting services to be provided by the CTF Enterprises Group would arise in the future. As such, the Board expects that the scope of the Operational Services covered under the CTF Enterprises Master Services Agreement needs to be revised accordingly. On 5 November 2021 (after trading hours), CTF Enterprises and the Company entered into the Supplemental Agreement to expand the scope of the Operational Services to cover services relating to, among others, mechanical, electrical and building services.

THE REVISED ANNUAL CAPS

In view of the expanded scope of the Operational Services to be covered under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, the Board anticipates that the transaction volume contemplated thereunder will exceed the original projection and that the Original Annual Caps will not be sufficient to meet the Group's requirements for the two financial years ending 30 June 2022 and 2023. Accordingly, the Company proposes to adopt the Revised Annual Caps in place of the Original Annual Caps.

Save for the expanded scope of the Operational Services, all terms and conditions of CTF Enterprises Master Services Agreement remain unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CTF Enterprises together with its subsidiaries hold approximately 45.14% of the total issued share capital of NWD and CTF Enterprises holds approximately 2.48% of the total issued share capital of the Company. NWD together with its subsidiaries hold approximately 60.86% of the total issued share capital of the Company. CTF Enterprises is therefore a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the Percentage Ratios of the Revised Annual Caps is more than 0.1% but less than 5%, the transactions contemplated under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 24 April 2020 regarding, among other things, the CTF Enterprises Master Services Agreement, the transactions contemplated thereunder and the Original Annual Caps.

THE SUPPLEMENTAL AGREEMENT

Under the CTF Enterprises Master Services Agreement, each of the Company and CTF Enterprises agrees to, and agrees to procure that members of the Group or the CTF Enterprises Group to (to the extent practicable), engage relevant members of the CTF Enterprises Group or the Group to provide the Operational Services to relevant members of the Group or the CTF Enterprises Group (as the case may be), respectively, during the term of the CTF Enterprises Master Services Agreement.

In view of the expansion of the scope of services offered by CTF Enterprises Group since the end of 2020 with the inclusion of, among others, mechanical, electrical and building services, the Board expects that the Group's demand for contracting services to be provided by the CTF Enterprises Group would arise in the future. As such, the Board expects that the scope of the Operational Services covered under the CTF Enterprises Master Services Agreement needs to be revised accordingly.

On 5 November 2021 (after trading hours), CTF Enterprises and the Company entered into the Supplemental Agreement to expand the scope of the Operational Services to cover services relating to, among others, mechanical, electrical and building services.

The principal terms of the Supplemental Agreement are summarised below:

Date

5 November 2021

Parties

- (1) CTF Enterprises; and
- (2) the Company

Subject matter

To reflect the foreseeable business arrangements with the CTF Enterprises Group in view of its expanded scope of services offered and other house-keeping revisions, pursuant to the Supplemental Agreement, the scope of the Operational Services under the CTF Enterprises Master Services Agreement has been revised to:

“Contracting services – provision of services as main contractors, management contractors, project managers, subcontractors or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, hiring, procurement and supply of construction and building machinery, equipment and materials, electrical and mechanical engineering works, supply and installation of air conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems and system design and consultancy, computer aided drafting services and related services;”.

Save for the expanded scope of the Operational Services, all other terms and conditions of the CTF Enterprises Master Services Agreement remain unchanged. Please refer to the announcement of the Company dated 24 April 2020 for a summary of the principal terms of the CTF Enterprises Master Services Agreement.

PRICING POLICIES

The pricing policy for the provision of the Operational Services as mentioned in the announcement of the Company dated 24 April 2020 will continue to be in force.

As regards the provision of the additional contracting services as set out above where the relevant member(s) of the Group may be engaged as main contractor, management contractor, project manager, subcontractor or agent for a particular project, there may be two types of business arrangements for the contracting services to be provided by members of the CTF Enterprises Group:

- (i) where a member of the CTF Enterprises Group is designated as a nominated subcontractor by the ultimate employer, consideration to such member of the CTF Enterprises Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer; and
- (ii) where a member of the Group has the right to select subcontractor(s), consideration to such subcontractor(s) will be ascertained under the subcontracting procedures. Such member of the Group will obtain tenders or quotations from subcontractors (including members of the CTF Enterprises Group and independent third parties subject to practical availability and feasibility) from a list of pre-approved subcontractors (which is subject to periodic review and update by its management to ensure the subcontractors' quality standards) for services or products in similar times or quantities. If the price and terms offered by a member of the CTF Enterprises Group are equal to or better than those offered by the independent service providers, such member of the Group may probably award the contract to such member of the CTF Enterprises Group. For projects which involve consideration of a substantial amount, the member(s) of the CTF Enterprises Group will participate in a tender with all bidders (including independent third parties in the market, subject to practical availability and feasibility), the winning bid of which will be the one with the lowest tender amount or the recommended one with better technical knowhow and capability to complete the project in time and with quality, in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation.

THE REVISED ANNUAL CAPS

In view of the expanded scope of the Operational Services to be covered under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, the Board anticipates that the transaction volume contemplated thereunder will exceed the original projection and that the Original Annual Caps will not be sufficient to meet the Group's requirements for the two financial years ending 30 June 2022 and 2023. Accordingly, the Company proposes to adopt the Revised Annual Caps in place of the Original Annual Caps.

The aggregate transaction amounts paid by members of the Group to the members of the CTF Enterprises Group, and vice versa, under the Former CTF Enterprises Master Services Agreement for the two financial years ended 30 June 2019 and 30 June 2020 were approximately HK\$44.0 million and HK\$8.5 million, respectively, and the aggregate transaction amounts paid by members of the Group to the members of the CTF Enterprises Group, and vice versa, under the CTF Enterprises Master Services Agreement for the financial year ended 30 June 2021 was approximately HK\$11.6 million.

The Company shall adopt the Revised Annual Caps in place of the Original Annual Caps for the two financial years ending 30 June 2022 and 2023 as follows:

	For the financial year	
	ending 30 June	
	2022	2023
	<i>HK\$'million</i>	<i>HK\$'million</i>
Original Annual Caps	136.0	161.0
Revised Annual Caps	815.0	937.0

Basis for the Revised Annual Caps

The Revised Annual Caps of the transactions contemplated under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, have been determined by reference to:

- (a) the historical annual or annualized amounts in respect of the Operational Services provided by the relevant members of the Group to the relevant members of the CTF Enterprises Group and vice versa, during the past three financial years; and
- (b) the projected annual or annualized amounts in respect of the Operational Services, as revised by the Supplemental Agreement, to be provided by the relevant members of the Group to the relevant members of the CTF Enterprises Group and vice versa, in the next two financial years, having taken into account:
 - (i) the expanded scope of services offered by the CTF Enterprises Group with the inclusion of, among others, mechanical, electrical and building services;
 - (ii) the business growth of the Group or the CTF Enterprises Group (as the case may be) having regard to the ongoing and/or upcoming projects undertaken and/or expected to be undertaken;
 - (iii) the existing contracts, agreements and/or arrangements in progress which affect the demand of related Operational Services, as revised by the Supplemental Agreement, by the Group or the CTF Enterprises Group;
 - (iv) the estimated future demand for the Operational Services as revised by the Supplemental Agreement;

- (v) the inflation factor (which may vary in nature and can be economic, labour and logistics related or otherwise and will result in change in costs), if applicable. The inflation rate will be assessed by the Group by reference to or after taking into account such rate(s) available in public sources, such as the rate reported by the Hong Kong Census and Statistics Department;
- (vi) the adjustments for non-recurring or extraordinary items to cater for exceptional circumstances or other contingencies; and

on the principal assumptions that, for the duration of the projected period, (i) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group or the CTF Enterprises Group; and (ii) the service industries in which the Group operates will have steady growth.

Shareholders and potential investors should note that the Revised Annual Caps should not be construed as an assurance or forecast by the Company as to the future revenues of the Group.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND REVISING THE ORIGINAL ANNUAL CAPS

In view of the expansion of the scope of services offered by CTF Enterprises Group since the end of 2020 with the inclusion of, among others, mechanical, electrical and building services, the Board expects that the Group's demand for contracting services to be provided by the CTF Enterprises Group would arise in the future. To allow the Group more flexibility in choosing suppliers and/or subcontractors for contracting services, the Directors consider that it is in the best interests of the Group to enter into the Supplemental Agreement to expand the scope of the Operational Services to cover services relating to, among others, mechanical, electrical and building services.

Accordingly, to accommodate the expansion of the Operational Services to be covered under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, and the anticipated increase in transaction volume contemplated under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, whereby the transactions to be entered into are expected to be recurring in nature and will be agreed on an arm's length basis and on normal commercial terms or better, the Directors consider that it is in the best interests of the Group to revise the Original Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, and the Revised Annual Caps in respect of the transactions contemplated under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, are in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

CONNECTION BETWEEN THE PARTIES INVOLVED AND LISTING RULES IMPLICATIONS

As at the date of this announcement, CTF Enterprises together with its subsidiaries hold approximately 45.14% of the total issued share capital of NWD and CTF Enterprises holds approximately 2.48% of the total issued share capital of the Company. NWD together with its subsidiaries hold approximately 60.86% of the total issued share capital of the Company. CTF Enterprises is therefore a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the Percentage Ratios of the Revised Annual Caps is more than 0.1% but less than 5%, the transactions contemplated under the CTF Master Services Agreement, as supplemented by the Supplemental Agreement, are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ADDITIONAL INFORMATION REGARDING CTF ENTERPRISES AND THE GROUP

CTF Enterprises

As of the date of this announcement and based on publicly available information, CTF Enterprises is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to approximately 48.98% and approximately 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. To the best knowledge of the Directors, CTF Enterprises is principally engaged in investment holding.

The Group

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange. 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.

APPROVAL BY THE BOARD

Each of Dr. Cheng Kar Shun, Henry and Dr. Cheng Chi Kong, Adrian, both being Directors, is a director of CTF Enterprises. Accordingly, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian and Mr. Cheng Chi Leong, Christopher (both of whom are Directors, and the sons of Dr. Cheng Kar Shun, Henry and the brothers of Dr. Cheng Chi Kong, Adrian) and Mr. William Junior Guilherme Doo (a Director, and the nephew of Dr. Cheng Kar Shun, Henry and the cousin of Dr. Cheng Chi Kong, Adrian) abstained from voting on the resolutions approving the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps at the relevant Board meeting. Moreover, Dr. Cheng Kar Shun, Henry was not present at the relevant Board meeting and therefore did not vote on the resolutions approving the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps.

Save as disclosed, no other Director is regarded as having a material interest in the Supplemental Agreement and the transactions contemplated thereunder and hence no other Director is required under the Listing Rules to abstain from voting on the resolutions approving the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps at the relevant Board meeting.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“30%-controlled company”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	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) and held as to approximately 60.86% by NWD and its subsidiaries and approximately 2.48% by CTF Enterprises as at the date of this announcement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“CTF Enterprises Group”	(a) CTF Enterprises; (b) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company; (c) any other company which is a direct or indirect 30%-controlled company of CTF Enterprises and/or such other companies referred to in (b) above; and (d) the subsidiaries of such other companies referred to in (b) and (c) above, and for the purpose of this announcement, such term shall exclude members of the NWD Group

“CTF Enterprises Master Services Agreement”	the master services agreement in relation to the provision of Operational Services entered into between the Company and CTF Enterprises on 24 April 2020 as disclosed in the announcement of the Company dated 24 April 2020
“Directors”	director(s) of the Company
“Former CTF Enterprises Master Services Agreement”	the master services agreement in relation to the provision of operational services entered into between the Company and CTF Enterprises on 10 April 2017 as disclosed in the announcement of the Company dated 10 April 2017
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“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: 0017) and held as to approximately 45.14% by CTF Enterprises and its subsidiaries as at the date of this announcement
“NWD Group”	NWD, its subsidiaries, any other company which is a direct or indirect 30%-controlled company of NWD and/or any of its subsidiaries, and the subsidiaries of such other companies
“Operational Services”	the services arising from the principal categories of services under the CTF Enterprises Master Services Agreement (as more particularly set out in the announcement of the Company dated 24 April 2020)
“Original Annual Caps”	the original annual cap amounts for the two financial years ending 30 June 2022 and 30 June 2023 in respect of the CTF Enterprises Master Services Agreement as disclosed in the announcement of the Company dated 24 April 2020

“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“Revised Annual Caps”	the proposed annual cap amounts for the two financial years ending 30 June 2022 and 2023 in respect of the CTF Enterprises Master Services Agreement, as supplemented by the Supplemental Agreement, as disclosed in this announcement
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	any entity which falls within the definition of “subsidiary” ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supplemental Agreement”	the supplemental agreement entered into between the Company and CTF Enterprises on 5 November 2021 to supplement the CTF Enterprises Master Services Agreement
“%”	per cent.

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

Hong Kong, 5 November 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*