
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New World Development Company Limited (新世界發展有限公司), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF 30% EQUITY INTEREST IN
SKY TREASURE DEVELOPMENT LIMITED
AND
(2) NOTICE OF EGM**

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

BALLAS
C A P I T A L
A subsidiary of Crosby

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 8 to 19 of this circular. A letter from the Independent Board Committee is set out on pages 20 and 21 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 22 to 43 of this circular.

A notice convening the EGM to be held as a hybrid meeting at the principal meeting place of Meeting Room S423 (Harbour Road Entrance), Level 4, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 22 August 2024 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A proxy form is also enclosed. Whether or not you are able to attend the EGM or any adjourned meeting in person physically or online, you are requested to submit your proxy appointment electronically or complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (excluding a public holiday) before the time appointed for holding the EGM (i.e. not later than Tuesday, 20 August 2024 at 11:30 a.m.) or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude Shareholders from attending and voting (whether physically or by means of electronic facilities) at the EGM if they so wish.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

2 August 2024

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GUIDANCE FOR THE EGM

HYBRID EGM

The Company will conduct a hybrid EGM with the combination of in-room meeting and virtual meeting using the Tricor e-Meeting System. A hybrid general meeting enables the Shareholders to attend the meeting either in person physically or via an online platform allowing them to attend, participate, submit questions and vote electronically and to view live streaming of the EGM.

Shareholders participating in the EGM via such online platform will also be counted towards the quorum. The inability of any Shareholder or his/her proxy or (in the case of a Shareholder being a corporation) its duly authorised representative to access, or continue to access, such online platform despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted at the meeting or any action taken pursuant to such business provided that a quorum is present throughout the meeting.

HOW TO ATTEND AND VOTE?

Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the EGM in person physically and vote at the EGM venue; OR
- (2) attend the EGM via an online platform, namely, the Tricor e-Meeting System, which enables live streaming and interactive platform for Q&A and submission of their votes online; OR
- (3) appoint the chairman of the EGM or other persons as their proxies to vote on their behalf (whether physically or via Tricor e-Meeting System).

Shareholders can refer to the notice of the EGM and the Online Meeting User Guide (by scanning the QR code provided on the Notification Letter) in relation to attending the EGM by electronic means.

Shareholders should note that only one device is allowed per login. Please keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its share registrar assumes any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for attendance, voting or otherwise. The submission of the vote through Tricor e-Meeting System using your login details will be conclusive evidence that the vote was cast by you as a Shareholder. The Company, its agents and its share registrar take no responsibility for all or any loss or other consequence caused by or resulting from any unauthorised use of the login details.

GUIDANCE FOR THE EGM

In the case of appointment of proxies submitted in electronic form, the proxy forms must be electronically submitted via Tricor e-Meeting System not less than 48 hours (excluding a public holiday) before the time appointed for the holding of the meeting (i.e. not later than Tuesday, 20 August 2024 at 11:30 a.m.) or at any adjournment thereof (as the case may be) by scanning the QR code provided on the Notification Letter or visiting the designated URL (<https://spot-meeting.tricor.hk/#/222>). Please use the username and password provided on the Notification Letter.

If your proxy (except when the chairman of the EGM is appointed as proxy) wishes to attend the EGM and vote online, you must provide a valid email address of your proxy to the Company's share registrar, Tricor Tengis Limited. If no email address is provided, your proxy cannot attend the EGM and vote online. The email address so provided will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending and voting at the EGM via Tricor e-Meeting System. If your proxy has not received the login details by email by 11:30 a.m. on Wednesday, 21 August 2024, you should contact the Company's share registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 for the necessary arrangements.

For corporate Shareholders who wish to (1) appoint a proxy electronically to attend and vote at the EGM on their behalf or (2) appoint a corporate representative to attend the EGM and to vote online, please contact the Company's share registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 by 5:00 p.m., on Monday, 19 August 2024 for the necessary arrangements (including the activation of the password provided on the Notification Letter).

For the beneficial owners whose Shares are held through banks, brokers, custodians or HKSCC Nominees Limited who would like to attend the EGM in person physically or online, they should consult directly with their banks, brokers, custodians or HKSCC Nominees Limited (as the case may be) for the necessary arrangements. You will be asked to provide your email address which will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending the EGM online via the Tricor e-Meeting System.

In addition, the Company would like to remind all attending Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. The Shareholders can exercise their right to vote at the EGM online or by appointing the chairman of the EGM as their proxies, and return their proxy forms online via Tricor e-Meeting System or by delivery to the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (excluding a public holiday) before the time appointed for holding the EGM (i.e. not later than Tuesday, 20 August 2024 at 11:30 a.m.) or any adjournment thereof (as the case may be).

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Announcement”	the announcement dated 26 June 2024 issued by the Company in relation to, among others, the Sale and Purchase Agreement and the Disposal
“Appraised Value”	RMB5,018,000,000, being the appraised value of the Property as appraised by the Independent Valuer as at 31 May 2024
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong and the PRC and which is not a Saturday, a Sunday, a public holiday or a day on which typhoon signal no. 8 (or above) or a “black” rainstorm warning or an “extreme conditions” announcement is issued or hoisted at any time in Hong Kong
“Company”	New World Development Company Limited (新世界發展有限公司), 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)
“Completion”	completion of the Disposal
“Completion Accounts”	the unaudited consolidated financial statements of the Target Company, comprising the unaudited consolidated statement of financial position of the Target Company as at the Completion Date and the unaudited consolidated income statement of the Target Company for the period from 1 April 2023 to the Completion Date
“Completion Date”	the third (3rd) Business Day after the fulfilment of the Condition (or such other date as the Vendor and the Purchaser may mutually agree in writing), being the date on which Completion takes place
“Condition”	the condition precedent to Completion as described in the paragraph headed “Condition Precedent” in this circular
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration for the Disposal, being the Initial Consideration subject to adjustment in accordance with the Sale and Purchase Agreement

DEFINITIONS

“CTFE”	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be held on Thursday, 22 August 2024 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the Disposal
“Final Completion Accounts”	the Completion Accounts as agreed between the Vendor and the Purchaser or as audited in accordance with the Sale and Purchase Agreement
“GFA”	Gross Floor Area
“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
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia, being all the independent non-executive Directors, established by the Board pursuant to the Listing Rules to make a recommendation to the Independent Shareholders in respect of the Disposal
“Independent Financial Adviser”	Ballas Capital Limited (博思融資有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Disposal
“Independent Shareholders”	the Shareholders other than those who have a material interest in the Disposal and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal

DEFINITIONS

“Independent Valuer”	Colliers Appraisal & Advisory Services Co., Ltd., an independent professional valuer appointed by the Company for the purpose of the Disposal
“Initial Consideration”	RMB1,440,450,187
“Latest Practicable Date”	24 July 2024, 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”	31 December 2024 (or such other date as may be mutually agreed between the Vendor and the Purchaser)
“NAV Difference”	an amount equivalent to (i) the Net Asset Value as at the Completion Date determined by reference to the Final Completion Accounts less (ii) the pro forma Net Asset Value as at 31 August 2024 determined by reference to the Pro Forma Accounts
“Net Asset Value”	the amount equivalent to the total consolidated assets of the Target Company (other than the Property and any deferred tax assets) minus the total consolidated liabilities of the Target Company (other than any deferred tax liabilities) to be determined with reference to the Pro Forma Accounts or the Final Completion Accounts (as the case may be)
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC JV Company”	Shenzhen Tiande Real Estate Development Company* (深圳天得房地產開發有限公司), a wholly foreign owned enterprise with limited liability established under the laws of the PRC and wholly-owned by the Target Company
“Pro Forma Accounts”	the pro forma unaudited consolidated financial statements of the Target Company, comprising a pro forma unaudited consolidated income statement of the Target Company for the period from 1 June 2024 to 31 August 2024 and a pro forma unaudited consolidated statement of financial position of the Target Company as at 31 August 2024

DEFINITIONS

“Property”	a 43-storey office building including 3-storey fire protection layer and 5-storey retail shopping mall, and car parks located at No. 66 Shuniu Avenue, Nanshan Subdistrict, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC
“Purchaser”	Shine Through Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CTFE
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 26 June 2024 entered into between and among the Vendor as vendor, the Company as the vendor’s guarantor and the Purchaser as purchaser in respect of the Disposal
“Sale Loan”	the entire amount of the unsecured, non-interest bearing and repayable on demand shareholder’s loan owing from the Target Company to the Vendor as at the date of Completion, the amount of which as at 31 May 2024 was approximately HK\$1,556 million
“Sale Shares”	three (3) ordinary shares in the issued share capital of the Target Company owned by the Vendor, representing 30% of the entire issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the holders of the Shares
“Shares”	the shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Sky Treasure Development Limited (天得發展有限公司), a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and the PRC JV Company
“US\$”	United States dollars, the lawful currency of the United States of America

DEFINITIONS

“Vendor” Total Partner Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent

* *for identification purposes only*



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

Directors:

Executive Directors:

Dr. Cheng Kar-Shun, Henry, *GBM GBS (Chairman)*

Dr. Cheng Chi-Kong, Adrian, *SBS JP*

(Executive Vice-chairman and Chief Executive Officer)

Mr. Ma Siu-Cheung, *GBS JP*

(Chief Operating Officer)

Ms. Cheng Chi-Man, Sonia

Mr. Sitt Nam-Hoi

Ms. Huang Shaomei, Echo

Ms. Chiu Wai-Han, Jenny

Non-executive Directors:

Mr. Doo Wai-Hoi, William, *BBS JP*

(Non-executive Vice-chairman)

Mr. Cheng Kar-Shing, Peter

Mr. Cheng Chi-Heng

Mr. Cheng Chi-Ming, Brian

Independent Non-executive Directors:

Mr. Lee Luen-Wai John, *BBS JP*

Mr. Ip Yuk-Keung, Albert

Mr. Chan Johnson Ow

Mrs. Law Fan Chiu-Fun, Fanny, *GBM GBS JP*

Ms. Lo Wing-Sze, Anthea, *BBS JP*

Ms. Wong Yeung-Fong, Fonia

Registered office:

30th Floor

New World Tower

16-18 Queen's Road Central

Hong Kong

2 August 2024

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF 30% EQUITY INTEREST IN
SKY TREASURE DEVELOPMENT LIMITED
AND
(2) NOTICE OF EGM**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Announcement dated 26 June 2024 whereby the Board announced that on 26 June 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Company, pursuant to which (i) the Vendor conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and take the assignment of, the Sale Shares and the Sale Loan at the Consideration (being the Initial Consideration of RMB1,440,450,187, subject to adjustment (if any)); and (ii) the Company agreed to unconditionally and irrevocably guarantee to the Purchaser the due and punctual observance and performance of all obligations of the Vendor under the Sale and Purchase Agreement.

The purpose of this circular is to provide you with, among other things, (a) information on the Sale and Purchase Agreement and the Disposal; (b) the views of and recommendations from the Directors (other than the Independent Board Committee and excluding Directors who have material interest in the Disposal); (c) the views of and recommendations from the Independent Board Committee with respect to the Disposal; (d) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; and (e) the notice of EGM at which a resolution will be proposed to consider, and, if thought fit, approve the Disposal.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date

26 June 2024

Parties

- | | |
|-------------------------|--------------------------------|
| (1) Vendor: | Total Partner Holdings Limited |
| (2) Vendor's guarantor: | the Company |
| (3) Purchaser: | Shine Through Holdings Limited |

Assets to be disposed of

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell and assign, and the Purchaser agreed to purchase the Sale Shares and take the assignment of the Sale Loan.

The Sale Shares represent 30% of the entire issued share capital of the Target Company.

LETTER FROM THE BOARD

The Sale Loan represents the entire unsecured, non-interest bearing and repayable on demand shareholder's loan owing from the Target Company to the Vendor as at the Completion Date. For illustration purpose only, as at 31 May 2024, the Target Company was indebted to the Vendor in an amount of approximately HK\$1,556 million, which is lower than the amount of the Initial Consideration of RMB1,440,450,187 (equivalent to approximately HK\$1,557 million).

The Company agreed to unconditionally and irrevocably guarantee to the Purchaser the due and punctual observance and performance of all obligations of the Vendor under the Sale and Purchase Agreement.

Consideration and Basis of Determination

The Consideration for the Disposal is the Initial Consideration in the amount of RMB1,440,450,187, subject to adjustment (if any) in accordance with the Sale and Purchase Agreement. The Initial Consideration shall be paid by the Purchaser to the Vendor in cash in the following manner:

- (a) a deposit in the sum of RMB144,045,018.70 (“**Deposit**”), representing 10% of the Initial Consideration, shall be paid by the Purchaser to the Vendor within two (2) Business Days from the date of the Sale and Purchase Agreement; and
- (b) the balance of the Initial Consideration in the sum of RMB1,296,405,168.30 shall be paid by the Purchaser to the Vendor at Completion.

The Deposit had been paid by the Purchaser in accordance with the terms of the Sale and Purchase Agreement.

The Initial Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, (i) 30% of the Appraised Value (being RMB1,505.4 million); (ii) 30% of the Net Asset Value of the Target Company as at 31 August 2024 based on the Pro Forma Accounts after adjustments (the “**Adjusted Net Asset Value**”) (being RMB12.0 million) and (iii) 30% of the future land appreciation tax and corporate income tax estimated to be paid based on the Appraised Value and the deductible development costs using the relevant tax rates. In relation to the Adjusted Net Asset Value as referred to in (ii) above, it was arrived at by deducting (1) the pro forma unaudited consolidated loss of the Target Company of approximately RMB4.3 million per month from June to August 2024 (totalling RMB12.8 million) from (2) the Adjusted Net Asset Value as at 31 May 2024 amounting to RMB52.7 million, which was derived by making adjustments to the Net Asset Value as at 31 May 2024 to reflect the net asset value of the PRC JV Company (without any regard to the value of the Property), including reversal of the consolidation adjustment and adjustment due to the difference between the generally accepted accounting principles in Hong Kong and in the PRC.

As at 31 May 2024, the Target Company had no other material assets apart from its investment in the PRC JV Company and had no material liabilities other than the Sale Loan and the shareholder's loan owing to the Purchaser. Based on the Pro Forma Accounts, the

LETTER FROM THE BOARD

Target Company will have no other material assets apart from its investment in the PRC JV Company and will have no material liabilities other than the Sale Loan and the shareholder's loan owing to the Purchaser as at 31 August 2024.

The main asset of the PRC JV Company is the Property.

After Completion, the Completion Accounts will be prepared for the purpose of determining the Consideration (i.e. whether adjustment to the Initial Consideration is required and, if so, the extent of adjustment). Adjustment (if any) to the Initial Consideration, upward or downward (as the case may be), will be made in the following manner:

- (i) by either adding an amount equivalent to 30% of the NAV Difference (if the NAV Difference is a positive figure); or
- (ii) deducting an amount equivalent to 30% of the absolute value of the NAV Difference (if the NAV Difference is a negative figure).

The draft of the Completion Accounts shall be delivered by the Vendor to the Purchaser no later than seven (7) Business Days after the Completion Date. Both the Vendor and the Purchaser shall use all their respective reasonable endeavours to agree on the Completion Accounts within five (5) Business Days after the draft of the Completion Accounts has been provided by the Vendor to the Purchaser. If such Completion Accounts are agreed between the Vendor and the Purchaser, they shall be used for determining the NAV Difference, and the adjustment amount shall be paid by the Vendor or the Purchaser, as the case may be, to the other in cash within five (5) Business Days after the agreement of such Completion Accounts.

In the event that the Vendor and the Purchaser are unable to agree on the Completion Accounts, either the Vendor or the Purchaser may, by a written notification to the other party on or before the tenth (10th) Business Day after the draft Completion Accounts are delivered to the Purchaser, request that the Completion Accounts shall be audited and that such audited Completion Accounts be delivered to the Vendor and the Purchaser within sixty (60) days from the aforesaid notification. In such case, the audited Completion Accounts shall be used for determining the NAV Difference, and the adjustment amount shall be paid by the Vendor or the Purchaser, as the case may be, to the other in cash within five (5) Business Days after the delivery of such audited Completion Accounts.

The Purchaser shall make payments in respect of the Consideration in RMB.

Condition Precedent

Completion shall be subject to and conditional upon the approval of the Disposal by the Independent Shareholders in accordance with the Listing Rules.

The Vendor shall use all its reasonable endeavours to procure the fulfilment of the Condition on or before the Long Stop Date. Neither the Vendor nor the Purchaser may waive the Condition.

LETTER FROM THE BOARD

If the Condition shall not be fulfilled on or before the Long Stop Date, the Sale and Purchase Agreement shall be terminated and be of no further effect and force. Upon such termination, the Vendor shall return the Deposit to the Purchaser (or as the Purchaser shall designate) within seven (7) Business Days without interests, and no party to the Sale and Purchase Agreement shall be entitled to any rights or benefits or be under any obligations or have any liability under or in respect of the Sale and Purchase Agreement save in respect of any antecedent breach.

Completion

Completion shall take place on the third (3rd) Business Day after the fulfilment of the Condition (or on such other date as the Vendor and the Purchaser may mutually agree in writing).

Upon Completion, the Company will cease to own any direct or indirect interest in the Target Group and the Property.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has been actively disposing non-core assets since the financial year ended 30 June 2019 as part of its deleveraging strategy, and considers such disposals to be in its ordinary and usual course of business. The Board considers the Company's interest in the Property to be a non-core investment of the Group, and due to the Company's minority equity interest in the Target Group, the Group does not have management control of the Property. Based on the Pro Forma Accounts, it is estimated that the Target Company will experience a pro forma unaudited consolidated loss of approximately RMB4.3 million per month from June to August 2024.

The property market condition in Qianhai has declined considerably since the sale of the South Tower of the Shenzhen Qianhai Chow Tai Fook Finance Tower in 2021 when the then market sentiment was still positive and favourable. Considering the abundant supply of office premises within Shenzhen/Qianhai area, it is anticipated that occupancy rates for the Property will remain low and are unlikely to improve significantly in the near future. Through the Disposal, the Group can cease to bear the expected ongoing monthly operating losses of the Target Company.

Efforts were undertaken to identify alternative third-party buyers for the Group's interest in the Property. They were however challenging and unsuccessful considering there was a lack of interest from potential buyers in acquiring a minority stake in the Property. Moreover, restrictions on the transfer of the office portion of the Property pursuant to the State-Owned Land Grant Contract and the Real Estate Ownership Certificates posed additional difficulties in seeking alternative buyers.

Having taken into consideration the above, the Board takes the view that the Disposal is in line with the Group's non-core assets disposal strategy, and given that the value of the Property reflects the current market condition and is not anticipated to appreciate significantly in the foreseeable future, the Disposal at this time represents a good opportunity for the Group to unlock the value of its investment in the Property and it will

LETTER FROM THE BOARD

enable the Group to realise cash resources in improving the liquidity and strengthening the financial position of the Group. The Consideration arising from the Disposal enables the Group to fully recoup the Sale Loan and achieve the non-core assets disposal target of no less than HK\$8 billion for the financial year ended 30 June 2024. The net proceeds arising from the Disposal will be used as general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the Company will record a gain of approximately HK\$113 million from the Disposal, which is calculated based on the difference between the Initial Consideration and the unaudited consolidated net assets of the Target Company attributable to the Company as at 31 May 2024 and after taking into account the estimated amount of transaction costs and relevant taxes to be borne by the Group in relation to the Disposal. The exact amount of the profit on the Disposal to be recorded in the consolidated income statement of the Company will be (a) subject to audit; (b) determined with reference to the post-Completion adjustment to the Consideration based on the NAV Difference; and (c) net of any incidental expenses, tax expenses and transaction costs, and therefore may vary from the amount disclosed above.

INFORMATION ON THE PARTIES

The Vendor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

The Company is a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in property development, property investment, and investment in and/or operation of hotels and other strategic businesses.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CTFE. The Purchaser is principally engaged in investment holding.

CTFE is a company incorporated in Hong Kong with limited liability. CTFE is principally engaged in investment holding. As at the Latest Practicable Date, CTFE was beneficially wholly-owned by Chow Tai Fook (Holding) Limited, which was held as to approximately 81.03% by Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited was in turn held as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited. Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Target Company was owned as to 70% and 30% by the Purchaser and the Vendor respectively.

The PRC JV Company is a wholly foreign owned enterprise with limited liability established under the laws of the PRC and wholly-owned by the Target Company. The main asset of the PRC JV Company is the Property.

The unaudited consolidated negative net asset value of the Target Company as at 31 May 2024 was approximately HK\$626 million.

Set out below is a summary of the consolidated net profit/(loss) of the Target Company for each of the two financial years ended 31 March 2022 and 31 March 2023 and the 14 months ended 31 May 2024 respectively:

	For the 14 months ended 31 May 2024⁽¹⁾ HK\$'million (unaudited)	For the financial year ended 31 March 2023 HK\$'million (audited)	31 March 2022 HK\$'million (audited)
Consolidated net (loss)/ profit before taxation	(1,638) ⁽²⁾	838 ⁽²⁾	308 ⁽²⁾
Consolidated net (loss)/ profit after taxation	(1,419)	564	187

Notes:

- (1) Subsequent to the financial year of the Target Company ended on 31 March 2023, the financial year end date of the Target Company has been changed from 31 March to 30 June. The latest available unaudited management accounts of the Target Company are for the 14 months ended 31 May 2024.
- (2) Such figures had taken into account the revaluation gain or loss of investment properties for the relevant period or financial year, namely a revaluation loss of approximately HK\$1,568 million (the Group's 30% sharing being HK\$470 million) for the 14 months ended 31 May 2024, and revaluation gain of approximately HK\$274 million (the Group's 30% sharing being HK\$82 million) and approximately HK\$11 million (the Group's 30% sharing being HK\$3 million) for the financial years ended 31 March 2023 and 31 March 2022 respectively to recognise the fair market value changes for respective period/financial year. Please also note the results from disposing of the South Tower of the Shenzhen Qianhai Chow Tai Fook Finance Tower had been reflected in the financial statements of the Company in respect of both financial years ended 31 March 2022 and 31 March 2023.

Prior to the Disposal, the Target Company has been an associated company of the Company and hence the results of the Target Group were accounted for in the Company's consolidated financial statements using the equity method.

LETTER FROM THE BOARD

INFORMATION ABOUT THE PROPERTY

The Property comprises a 43-storey office building including 3-storey fire protection layer and 5-storey retail shopping mall, and car parks located at No. 66 Shuniu Avenue, Nanshan Subdistrict, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC.

The Property, which forms part of the development known as Qianhai Chow Tai Fook Finance Tower, a twin buildings development, namely, South Tower and North Tower, consists of part of the commercial space of South Tower, and the entire office space and commercial space of North Tower.

The Property was completed in August 2023. The gross floor area breakdown and occupancy of the Property is set out below:

	Approximate GFA (square metres)	Percentage of GFA on lease as at 31 May 2024
Commercial	26,265.74	33%
Offices	<u>99,390.83</u>	37%
Total	<u><u>125,656.57</u></u>	

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, CTFE (together with its subsidiaries) owned approximately 45.24% of the total issued share capital of the Company. As the Purchaser is a wholly-owned subsidiary of CTFE, it is a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Company will convene and hold the EGM as a hybrid meeting at the principal meeting place of Meeting Room S423 (Harbour Road Entrance), Level 4, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 22 August 2024 at 11:30 a.m. to consider and, if thought fit, approve the Disposal. A notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

LETTER FROM THE BOARD

Any Shareholder with a material interest (as defined under the Listing Rules) in the Disposal will be required to abstain from voting on the ordinary resolution at the EGM for the approval of the Disposal. As at the Latest Practicable Date:

- (a) CTFE held 1,138,428,609 Shares (representing approximately 45.24% of the issued share capital of the Company). As the Purchaser is a wholly-owned subsidiary of CTFE, CTFE has a material interest in the Disposal, and therefore, will be required to abstain from voting on the ordinary resolution at the EGM for approving the Disposal;
- (b) Dr. Cheng Kar-Shun, Henry (i) was interested in 5,168,909 Shares (representing 0.21% of the issued share capital of the Company); (ii) is a director of CTFE and the chairman and an executive Director of the Company; and (iii) the Purchaser is wholly-owned by CTFE, which is a majority-controlled company (within the meaning of the Listing Rules) and an associate of Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy.

As Dr. Cheng Kar-Shun, Henry has a material interest in the Disposal, he will be required to abstain from voting on the ordinary resolution at the EGM for approving the Disposal;

- (c) Mr. Cheng Kar-Shing, Peter (i) held 213,444 Shares (representing 0.01% of the issued share capital of the Company) and jointly held 141,641 Shares (representing 0.01% of the issued share capital of the Company) with his spouse and (ii) is a director of CTFE and a non-executive Director of the Company. As set out in paragraph (b)(iii) above, each of the Purchaser and CTFE is a majority-controlled company (within the meaning of the Listing Rules) and therefore an associate of, among others, Mr. Cheng Kar-Shing, Peter.

As Mr. Cheng Kar-Shing, Peter has a material interest in the Disposal, he will be required to abstain from voting on the ordinary resolution at the EGM for approving and the Disposal;

- (d) Dr. Cheng Chi-Kong, Adrian (i) was interested in 2,559,118 Shares (representing 0.10% of the issued share capital of the Company) and (ii) is a director of CTFE and the executive vice-chairman, the chief executive officer and an executive Director of the Company. Dr. Cheng Kar-Shun, Henry is the father and therefore an associate of Dr. Cheng Chi-Kong, Adrian. As set out in paragraph (b)(iii) above, each of the Purchaser and CTFE is a majority-controlled company (within the meaning of the Listing Rules) of Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy.

As Dr. Cheng Chi-Kong, Adrian has a material interest in the Disposal, he will be required to abstain from voting on the ordinary resolution at the EGM for approving the Disposal;

LETTER FROM THE BOARD

- (e) Ms. Cheng Chi-Man, Sonia (i) held 825,672 Shares (representing 0.03% of the issued share capital of the Company) and (ii) is an executive Director of the Company. Dr. Cheng Kar-Shun, Henry is the father and therefore an associate of Ms. Cheng Chi-Man, Sonia. As set out in paragraph (b)(iii) above, each of the Purchaser and CTFE is a majority-controlled company (within the meaning of the Listing Rules) of Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy.

As Ms. Cheng Chi-Man, Sonia has a material interest in the Disposal, she will be required to abstain from voting on the ordinary resolution at the EGM for approving the Disposal;

- (f) Mr. Cheng Chi-Heng (i) held 133,444 Shares (representing 0.01% of the issued share capital of the Company) and (ii) is a director of CTFE and a non-executive Director of the Company. Mr. Cheng Kar-Shing, Peter is the father and therefore an associate of Mr. Cheng Chi-Heng. As set out in paragraph (b)(iii) above, each of the Purchaser and CTFE is a majority-controlled company (within the meaning of the Listing Rules) of Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai-Ha, Cecilia and Mrs. Doo Cheng Sau-Ha, Amy.

As Mr. Cheng Chi-Heng has a material interest in the Disposal, he will be required to abstain from voting on the ordinary resolution at the EGM for approving the Disposal; and

- (g) Mr. William Junior Guilherme Doo's spouse held 10,000 Shares (representing 0.00% of the issued share capital of the Company). However, none of CTFE, the Purchaser, Mrs. Doo Cheng Sau-Ha, Amy, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter and Mrs. Sun Cheng Lai-Ha, Cecilia is an associate of Mr. William Junior Guilherme Doo's spouse. Mr. William Junior Guilherme Doo's spouse does not have any interests in the shares of CTFE nor the Purchaser and is not a director of CTFE nor the Purchaser. Accordingly, Mr. William Junior Guilherme Doo's spouse does not have a material interest in, and will not be required to abstain from voting on the ordinary resolution at the EGM for approving the Disposal.

However, given (i) the Purchaser, being a party to the Disposal, is a majority-controlled company (within the meaning of the Listing Rules) and therefore an associate of, among others, Mrs. Doo Cheng Sau-Ha, Amy; and (ii) the family relationship between Mrs. Doo Cheng Sau-Ha, Amy and Mr. William Junior Guilherme Doo's spouse, Mr. William Junior Guilherme Doo's spouse will voluntarily abstain from voting on ordinary resolution at the EGM for approving the Disposal.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal that is required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into or binding upon such Shareholders who are required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal; and (ii) no obligation or entitlement of such abstaining Shareholders as at the Latest Practicable Date, whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will direct that the proposed resolution set out in the notice convening the EGM be voted on by a poll, except where the chairman of the EGM, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands.

After the conclusion of the EGM, the results of the poll will be released on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.nwd.com.hk. A proxy form for use in connection with the EGM is also enclosed. If you are unable to attend the EGM physically or online, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon to the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; or submit the proxy form electronically through the Tricor e-Meeting System as soon as possible and in any event not later than 48 hours (excluding a public holiday) before the time appointed for holding of the EGM (i.e. not later than Tuesday, 20 August 2024 at 11:30 a.m.) or any adjournment thereof.

The register of members of the Company will be closed from Monday, 19 August 2024 to Thursday, 22 August 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 August 2024.

Completion and return of the proxy form will not preclude you from attending and voting in person physically or online at the EGM (or any adjournment thereof) should you so wish. In such event, the proxy form will be deemed to be revoked.

BOARD APPROVAL

Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Dr. Cheng Chi-Kong, Adrian and Mr. Cheng Chi-Heng, all being Directors, are also directors of CTFE, they and their associates, being Mr. Doo Wai-Hoi, William, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian are deemed to be materially interested in the Disposal. Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng, Mr. Doo Wai-Hoi, William, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian had abstained from voting on the resolution of the Board approving the Disposal at the relevant Board meeting.

LETTER FROM THE BOARD

Dr. Cheng Kar-Shun, Henry and Dr. Cheng Chi-Kong, Adrian were not present at the aforesaid Board meeting of the Company and accordingly did not vote on the relevant resolution approving the Disposal.

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Disposal and how to vote on the ordinary resolution to be proposed at the EGM for approving the Disposal.

Ballas Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 20 and 21 of this circular, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal set out on pages 22 to 43 of this circular.

Having taken into account the reasons for and the benefits of the Disposal and its effects as set out in this circular, the Directors (other than the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee in this circular and excluding Directors who have material interest in the Disposal) consider that the Disposal is on normal commercial terms or better (as defined in the Listing Rules) and is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, such Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Disposal.

The Independent Board Committee, having taken into account the reasons for and the benefits of the Disposal and its effects and the advice of the Independent Financial Adviser as set out in this circular, considers that the Disposal is in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules) and fair and reasonable and in the interests of the Group and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Disposal.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Wong Man-Hoi
Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular.



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

2 August 2024

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF 30% EQUITY INTEREST IN SKY TREASURE DEVELOPMENT LIMITED

We refer to the circular dated 2 August 2024 (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 Disposal, and to advise the Independent Shareholders as to whether, in our opinion, the Disposal is in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), fair and reasonable and in the interests of the Group and the Shareholders as a whole and how to vote on the ordinary resolution to be proposed at the EGM for approving the Disposal.

Ballas Capital Limited 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 Disposal and whether the Disposal is in ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote on the ordinary resolution to be proposed at the EGM for approving the Disposal.

We wish to draw your attention to the letter from the Board as set out on pages 8 to 19 of the Circular which contains, among others, information on the Disposal as well as the letter from the Independent Financial Adviser as set out on pages 22 to 43 of the Circular which contains its advice in respect of the Disposal.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the reasons for and the benefits of the Disposal, and the advice of the Independent Financial Adviser, we consider that the Disposal is in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), fair and reasonable and in the interests of the Group 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 EGM for approving the Disposal.

Yours faithfully,

Independent Board Committee

Mr. Lee Luen-Wai, John

Mr. Ip Yuk-Keung, Albert

Mr. Chan Johnson Ow

Mrs. Law Fan Chiu-Fun, Fanny

Ms. Lo Wing-Sze, Anthea

Ms. Wong Yeung-Fong, Fonia

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 incorporation in this circular.

BALLAS
C A P I T A L
A subsidiary of Crosby

5/F, Capital Centre
151 Gloucester Road
Wanchai
Hong Kong

2 August 2024

*To the Independent Board Committee and the Independent Shareholders of
New World Development Company Limited*

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF 30% EQUITY INTEREST IN SKY TREASURE DEVELOPMENT LIMITED

INTRODUCTION

We refer to our engagement as the independent financial adviser to New World Development Company Limited (the “**Company**”) in respect of the conditional sale & purchase agreement dated 26 June 2024 (the “**Sale and Purchase Agreement**”) entered into between Total Partner Holdings Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, Shine Through Holdings Limited (the “**Purchaser**”) and the Company in respect of the proposed disposal of 30% of the entire issued share capital of Sky Treasure Development Limited (the “**Target Company**”) and the shareholder’s loan owing from the Target Company to the Vendor by the Vendor to the Purchaser at an initial consideration of RMB1,440,450,187, subject to adjustment (if any) (the “**Disposal**”). Details of the Sale and Purchase Agreement and the transaction contemplated thereunder are contained in the circular of the Company dated 2 August (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 5% (but is less than 25%), the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, CTFE (together with its subsidiaries) owned approximately 45.24% of the total issued share capital of the Company. As the Purchaser is a wholly-owned subsidiary of CTFE, it is a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Disposal and how to vote on the ordinary resolution to be proposed at the EGM for approving the Disposal. We, Ballas Capital Limited (“**Ballas Capital**”), with the approval of the Independent Board Committee, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

INDEPENDENCE DECLARATION

Within two years prior to engagement for the purpose of this letter, Ballas Capital has acted as the independent financial adviser of the Company in respect of (i) the license agreement entered into between the Group and a connected person in February 2024 which constituted a connected transaction exempt from independent shareholder’ approval; (ii) certain continuing connected transactions as disclosed in the Company’s circular dated 7 June 2023; and (iii) the disposal of Hip Seng Construction Group Limited and its subsidiaries and joint ventures to a connected person as disclosed in the Company’s announcement dated 28 April 2023 (the “**Previous Engagements**”). Other than the professional fees received under this engagement and the Previous Engagements, Ballas Capital has not received any other professional fees from the Company within two years prior to this engagement and up to the date of this letter.

Furthermore, within two years prior to this engagement, Ballas Capital has acted as (i) the independent financial adviser of NWS Holdings Limited in respect of certain continuing connected transactions as disclosed in its circular dated 5 June 2023 and an option adjustment as disclosed in its announcement dated 19 April 2024; and (ii) the independent financial adviser of New World Department Store China Limited in respect of certain continuing connected transactions as disclosed in its circular dated 2 June 2023 (the “**Other Engagements**”). As the Other Engagements were for the role of an independent financial adviser, the Other Engagements would not affect the independence of Ballas Capital for acting as the independent financial adviser to the Company in respect of the Sale and Purchase Agreement and the Disposal.

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 the Company. 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 time of the EGM. 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 the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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, however, not conducted any independent investigation into the business and affairs of the Group, the Vendor, the Target Company or their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Company and the Group

1.1 Principal activities of the Group

The Company is a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0017).

The Group is principally engaged in property development, property investment and investment in and/or operation of hotels and other strategic businesses. The Company also holds a 74.99% interest in New World Department Store China Limited (the issued shares of which are listed on the main board of the Stock Exchange (stock code: 825)) which is principally engaged in operation of department stores in the PRC. Prior to November 2023, the Company also invested in roads, construction, insurance, aviation and other businesses through NWS Holdings Limited (“NWS”), the issued shares of NWS are listed on the main board of the Stock Exchange (stock code: 659). The Company disposed of its interests in NWS to CTFE in November 2023.

1.2 Financial performance of the Group

Set out below are a summary of the financial results of the Group for the three years ended 30 June 2021 (“FY2021”), 2022 (“FY2022”) and 2023 (“FY2023”) and the six months ended 31 December 2022 (“1H2023”) and 2023 (“1H2024”) as extracted from the Company’s annual reports and interim reports for the corresponding year/period. The Company completed the disposal of NWS in November 2023 and hence the results of NWS for 1H2024 and 1H2023 were separately disclosed under “Discontinued operations” in the interim report for 1H2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	1H2024 (unaudited) <i>HK\$ million</i>	1H2023 (unaudited) <i>HK\$ million</i>	FY2023 (audited) <i>HK\$ million</i>	FY2022 (audited) <i>HK\$ million</i>	FY2021 (audited) <i>HK\$ million</i>
Continuing operations					
Revenue					
Property sales/ development	6,741.5	11,277.7	27,308.1	17,369.6	22,581.6
Property investment	2,674.2	2,388.2	4,995.7	4,823.5	4,700.7
Roads (<i>Note</i>)	—	—	2,731.8	2,717.5	3,033.2
Construction (<i>Note</i>)	5,107.6	6,803.8	32,548.3	25,759.1	22,074.0
Insurance (<i>Note</i>)	—	—	20,986.2	12,371.6	9,639.3
Hotel operations	683.4	464.1	1,091.2	823.5	807.6
Others	<u>1,858.8</u>	<u>1,852.1</u>	<u>5,552.5</u>	<u>4,347.9</u>	<u>5,396.8</u>
 Total revenue	 17,065.5	 22,785.9	 95,213.8	 68,212.7	 68,233.2
Cost of sales	<u>(9,808.1)</u>	<u>(15,695.8)</u>	<u>(73,764.3)</u>	<u>(49,967.0)</u>	<u>(49,082.0)</u>
 Gross profit	 7,257.4	 7,090.1	 21,449.5	 18,245.7	 19,151.2
Operating profit	5,729.0	5,333.0	11,111.2	8,133.0	8,450.5
Share of results of joint ventures/ associated companies	29.4	(0.6)	682.3	822.5	1,828.7
Profit before taxation	3,892.1	3,865.3	10,096.3	9,214.5	10,332.5
(Loss)/profit from discontinued operations (<i>Note</i>)	(7,315.1)	1,145.9	—	—	—
(Loss)/profit for the period/year	(5,772.0)	2,477.4	4,080.9	4,301.8	4,670.9

Note: Prior to November 2023, the Company also invested in roads, construction, insurance, aviation and other businesses through NWS. The Company disposed of its interests in NWS to CTFE in November 2023 and the results of NWS was disclosed under “(Loss)/profit from discontinued operations” in the Company’s interim report for 1H2024.

FY2022 vs FY2021

While the Group’s total revenue for FY2022 remained stable as compared to that for FY2021, revenue from property development (the Group’s largest revenue contributor) recorded a drop of approximately 23.1% from approximately HK\$22,581.6 million for FY2021 to approximately HK\$17,369.6 million for FY2022. Revenue from property development in both Hong Kong and the PRC recorded a drop during the year. The Hong Kong property market was hard hit by the fifth wave of pandemic in the city since the beginning of 2022 and the continual rise of the interest rate since April 2020 while the PRC property market has been affected by international geopolitics, the macroeconomic environment, regulatory policies and the pandemic. The drop in revenue from property development was mostly compensated by the increase in revenue from the construction segment and the insurance segment. The growth in the revenue

from the construction segment (mostly under Hip Hing Group of NWS) from approximately HK\$22,074.0 million for FY2021 to approximately HK\$25,759.1 million for FY2022 (an increase of approximately 16.7%) was mainly contributed by the revenue from various major projects (Kai Tak, Two Taikoo Place at Quarry Bay, Inland Revenue Centre at Kai Tak and Immigration Headquarters at Tseung Kwan O). The revenue growth from the insurance segment (under FTLife of NWS) from approximately HK\$9,639.3 million for FY2021 to approximately HK\$12,371.6 million for FY2022 (an increase of approximately 28.3%) resulted from the strong sales of insurance products. Revenue from the other segments for FY2022 remained relatively stable compared to FY2021.

Gross profit and operating profit of the Group for FY2022 remained relatively stable compared to FY2021. The decrease in profit before taxation of approximately 10.8% from approximately HK\$10,332.5 million for FY2021 to approximately HK\$9,214.5 million for FY2022 was mostly due to the drop in share of results of joint ventures and associated companies. With lower taxation charge for the year, net profit for FY2022 dropped by a lesser extent of approximately 7.9% to approximately HK\$4,301.8 million compared to that of approximately HK\$4,670.9 million for FY2021.

FY2023 vs FY2022

In FY2023, the property development segment, the construction segment and the insurance segment recorded strong revenue growth. Revenue from property development increased from approximately HK\$17,369.6 million for FY2022 to approximately HK\$27,308.1 million for FY2023, representing an increase of approximately 57.2%. The increase was mostly contributed by the increase in property sales in Hong Kong which in turn was mostly attributed by residential projects including THE PAVILA FARM I & II. Revenue from both the construction segment (mostly under Hip Hing Group of NWS) and the insurance segment (under FTLife of NWS) recorded significant growth of approximately 26.4% and 69.6% respectively. The strong revenue of the construction segment of approximately HK\$32,548.3 million for FY2023 (compared to approximately HK\$25,759.1 million for FY2022) was attributable to various major projects which were carried forward from FY2022. The growth in FTLife's performance with revenue increasing from approximately HK\$12,371.6 million for FY2022 to approximately HK\$20,986.2 million for FY2023 mainly resulted from the recovery of the insurance industry buoyed by the solid demand from local customers and strong pent-up demand released from Mainland visitors after the border reopening. Revenue from the other segments in FY2023 remained relatively stable compared to FY2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gross profit and operating profit for FY2023 increased by approximately 17.6% and 36.6% respectively compared to FY2022. The improved results was mostly contributed by the property development segment which recorded substantial growth during the year.

Notwithstanding the 36.6% increase in operating profit, profit before taxation for FY2023 only increased by approximately 9.6% to approximately HK\$10,096.3 million compared to that of approximately HK\$9,214.5 million for FY2022 because of the increase in net financing costs (financing costs less financing income) from a net finance income of approximately HK\$259.0 million for FY2022 to a net financing costs of approximately HK\$1,697.2 million for FY2023.

With higher taxation charges for the year, the Group recorded a slight decrease in profit for the year from approximately HK\$4,301.8 million for FY2022 to approximately HK\$4,080.9 million for FY2023, representing a drop of approximately 5.1%.

1H2024 vs 1H2023

In November 2023, the Group completed the disposal of its interests in NWS (a former subsidiary of the Company). Hence, the results of NWS for 1H2024 and 1H2023 were separately disclosed under “Discontinued operations”.

In 1H2024, the Group recorded a decrease in total revenue from approximately HK\$22,785.9 million for 1H2023 to approximately HK\$17,065.5 million in 1H2024, representing a drop of approximately 25.1%. The decrease was mostly attributed to the drop in revenue of (i) the property development segment, in particular property sales in Hong Kong, which segment faced great challenges amid global market uncertainties and elevated interested rates; and (ii) the construction segment, which was due to difference in construction cycle for projects on hand. Revenue from the other segments in 1H2024 remained relatively stable compared to 1H2023.

Gross profit, operating profit and profit before taxation of the Group for 1H2024 remained relatively stable compared to 1H2023. Profit for the period of NWS dropped from approximately HK\$1,145.9 million for 1H2023 to approximately HK\$942.0 million for 1H2024, representing a decrease of approximately 17.8%. However, the Group recorded a one-off loss from disposal of NWS of approximately HK\$8,257.1 million which resulted in an overall loss from discontinued operations of approximately HK\$7,315.1 million in 1H2024. As a result, the Group recorded a loss of approximately HK\$5,772 million for 1H2024 as compared to a profit of approximately HK\$2,477.4 million for 1H2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.3 Financial position of the Group as at 31 December 2023

Set out below is a summary of the financial position of the Group as at 31 December 2023 as extracted from the Company' interim report for 1H2024.

	As at 31 December 2023 (unaudited) <i>HK\$ million</i>
Non-current assets	
Investment properties	212,722.0
Property, plant and equipment	14,148.0
Interests in joint ventures	37,428.4
Interests in associated companies	9,418.1
Properties for development	15,636.0
Other non-current assets	<u>46,132.1</u>
	335,484.6
Current assets	
Properties under development	55,048.7
Properties held for sale	24,519.2
Debtors, prepayments and contract assets	13,826.6
Cash and bank balances	37,795.5
Other current assets	<u>3,494.0</u>
	134,684.0
Total assets	470,168.6
Non-current liabilities	
Long-term borrowings and other interest-bearing liabilities	100,169.7
Other non-current liabilities	<u>11,827.5</u>
	111,997.2
Current liabilities	
Creditors, accrued charges and contract liabilities	45,092.9
Current portion of long-term borrowings and other interest-bearing liabilities	46,773.4
Short-term borrowings and other interest-bearing liabilities	15,255.6
Other current liabilities	<u>12,835.9</u>
	119,957.8
Total liabilities	<u>231,955.0</u>
Total equity (Note)	<u><u>238,213.6</u></u>

Note: Included perpetual capital securities of approximately HK\$36,301.8 million and non-controlling interests of approximately HK\$8,980.9 million.

Given its principal business of property development and property investment, the Group's assets is substantially accounted for by investment properties, properties for development, properties under development and properties held for sale, which together amounted to approximately HK\$307,925.9 million as at 31 December 2023, representing approximately 65.5% of the Group's total assets.

The Group's liabilities predominantly comprised borrowings and interest-bearing debts, which together amounted to approximately HK\$162,198.7 million as at 31 December 2023, representing approximately 69.9% of the Group's total liabilities.

As at 31 December 2023, the Group has a net gearing ratio (net debt divided by total equity) of approximately 49.9%.

2. Information on the Target Group and the Property

2.1 Background information of the Target Group

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Target Company was owned as to 70% and 30% by the Purchaser and the Vendor respectively. The Target Company has one subsidiary, namely the PRC JV Company.

The PRC JV Company is a wholly foreign owned enterprise with limited liability established under the laws of the PRC. The principal activities of the PRC JV Company is the development of the twin buildings project known as Qianhai Chow Tai Fook Finance Tower with a site area of 18,218.36 square meters ("sq. m.") located in Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (the "Project"). The Project comprises twin office buildings, namely the North Tower with 99,390.83 sq. m. of office space and 19,543.44 sq. m. of commercial space and the South Tower with 47,997.58 sq. m. of office space and 7,722.92 sq. m. of commercial space. Construction of the South Tower was completed in September 2022. All of the office space together with 999.62 sq. m. of commercial space of the South Tower was sold to a top ten global financial institution in 2023. Construction of the North Tower and other commercial areas of the Project (i.e. the Property) was completed in August 2023. The PRC JV Company holds the Property as investment property and has started to lease out the office space and retail space for rental income.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 *Financial performance of the Target Group*

Set out below is a summary of the consolidated financial results of the Target Group for each of the two financial years ended 31 March 2022 and 31 March 2023 and the 14 months ended 31 May 2024 extracted from the audited financial statements of the Target Group for the year ended 31 March 2023 and the unaudited consolidated management accounts of the Target Group for the 14 months ended 31 May 2024.

	14 months ended 31 May 2024 (Note) (unaudited) HK\$ million	Year ended 31 March 2023 (audited) HK\$ million	Year ended 31 March 2022 (audited) HK\$ million
Revenue	31.7	1,691.0	1,748.2
Cost of sales	(53.1)	(1,086.0)	(1,417.8)
Gross (loss)/profit	(21.4)	605.0	330.4
Change in fair value of investment properties	(1,568.0)	274.5	10.7
Finance costs	(36.7)	(7.2)	(0.1)
(Loss)/profit before income tax	(1,638.5)	838.2	307.6
Taxation	219.0	(274.0)	(120.2)
(Loss)/profit for the year/period	(1,419.5)	564.2	187.4

Note: Subsequent to the financial year of the Target Company ended on 31 March 2023, the financial year end date of the Target Company has been changed from 31 March to 30 June. The latest available unaudited management accounts of the Target Company are for the 14 months ended 31 May 2024.

For the year ended 31 March 2022

Revenue for the year of approximately HK\$1,748.2 million represented property sales from the disposal of a portion of the South Tower recognized during the year. The Target Group recognized a gross profit of approximately HK\$330.4 million from the disposal. The Target Group also recorded a positive change in the fair value of the investment properties of approximately HK\$10.7 million. As a result, the Target Group recorded a profit before income tax of approximately HK\$307.6 million and a profit for the year of approximately HK\$187.4 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 March 2023

Revenue for the year of approximately HK\$1,691.0 million represented property sales from the disposal of the remaining portion of the South Tower recognized during the year. The Target Group recognized a gross profit of approximately HK\$605.0 million from the disposal. The Target Group also recorded a positive change in the fair value of the investment properties of approximately HK\$274.5 million. As a result, the Target Group recorded a profit before income tax of approximately HK\$838.2 million and a profit for the year of approximately HK\$564.2 million.

For the 14 months ended 31 May 2024

During the 14 months ended 31 May 2024, the Target Group did not record any revenue from property sales. The revenue for the year of approximately HK\$31.7 million mainly represented rental income from the leasing of the Property. Since construction of the Property was only completed in August 2023 and the Property was still in the early stage of operations, rental income from the Property for the period was not significant (amounted to approximately HK\$31.7 million). As a result, the Target Group recorded a gross loss of approximately HK\$21.4 million. Moreover, the Target Group recognized a substantial loss in fair value of the Property of approximately HK\$1,568.0 million during the period. The change in fair value of the Property was based on an independent valuation conducted by a professional valuer. As a result, the Target Group recorded a loss before income tax of approximately HK\$1,638.5 million and a loss for the period of approximately HK\$1,419.5 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.3 Financial position of the Target Company

Set out below is a summary of the consolidated financial position of the Target Group as at 31 May 2024 extracted from the unaudited consolidated management accounts of the Target Group as at 31 May 2024.

	As at 31 May 2024 (unaudited) HK\$ million
Non-current assets	
Investment properties (<i>Note</i>)	5,424.9
Other non-current assets	<u>40.6</u>
	5,465.5
Current assets	
Amount due from related companies	1,405.4
Cash and bank balances	370.0
Other current assets	<u>52.5</u>
	1,827.9
Total Assets	7,293.4
Non-current liabilities	
Long-term bank borrowings	668.5
Current liabilities	
Amount due to shareholders	5,188.8
Other payables and accruals	1,435.8
Current portion of long-term bank borrowings	451.4
Other current liabilities	<u>175.0</u>
	7,251.0
Total liabilities	<u>7,919.5</u>
Total equity (net liabilities)	<u><u>(626.1)</u></u>

Note: The amount represents the value of the Property which is the same as the Appraised Value of the Property of RMB5,018.0 million (equivalent to approximately HK\$5,424.90 million based on the exchange rate of HK\$1 = RMB0.925) as appraised by the Independent Valuer as set out in the Valuation Report.

As at 31 May 2024, investment properties held by the Target Group (namely the Property) amounted to approximately HK\$5,424.9 million, representing approximately 74.4% of its total assets. The other significant asset of the Target Group as at 31 May 2024 was amounts due from related companies of approximately HK\$1,405.4 million and cash balance of approximately HK\$370.0 million, which together accounted for approximately 24.3% of its total assets.

As at 31 May 2024, the Target Group's major liabilities were amounts due to shareholders of approximately HK\$5,188.8 million, accounting for approximately 65.5% of its total liabilities. The other major liabilities of the Target Group as at 31 May 2024 were bank borrowings of approximately HK\$1,119.9 million, which was secured by the Property, and other payables and accruals of approximately HK\$1,435.8 million which mainly represented construction cost and value-added tax payable.

2.4 Overview of the property leasing market in Shenzhen and in Guiwan area of Qianhai

As stated in the valuation report as set out in Appendix I of this circular (the “**Valuation Report**”), by the first quarter of 2024, the overall vacancy rate of Grade A office buildings in Shenzhen has reached 27%. The vacancy rate in Qianhai was even higher at around 35%. The high vacancy rate was driven by a combination of factors including high volume of new supply and seasonal fluctuations. Qianhai could be further divided into three areas, namely Guiwan, Qianwan and Mawan. Guiwan, where the Property is located, is the most mature area among the three and enjoys the best infrastructure and amenities. However, due to the impact of the supply from new projects, it is highly likely that rental levels will continue to face pressure.

The retail leasing market in Shenzhen has also faced headwinds in recent years. With the rapid development of e-commerce and changing consumer preferences, traditional brick-and-mortar retailers have encountered challenges in attracting customers. Coupled with the sluggish economy in the PRC in recent years, retail vacancy rates have increased. In Guiwan, there are three shopping malls which are fully operational by the first quarter of 2024. These malls are able to achieve a high average occupancy rate of over 90% because of the dense cluster of office buildings in the vicinity, which provides a steady flow of customers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the article “Review and Outlook of Shenzhen Real Estate Market in the First Quarter of 2024” published by CRBE, which is a worldwide commercial real estate services and investment company, property owners are widely adopting price cuts to attract more tenants, leading to rent reductions in multiple areas in Shenzhen. Consequently, the average rent has decreased, showing a more pronounced downward trend. This view is shared by various other international real estate services companies. For example, in its annual report on “Greater China Top Office Supply/Demand Trends” released on 28 March 2024, Cushman & Wakefield concluded that extra supply and softer-than-demand was expected to increase the vacancy rate and place downward pressure on rents of Grade A office in Shenzhen area.

2.5 Information about the Property

The Property comprises a 43-storeys including 3-storeys of fire protection layer and 5-storeys retail shopping mall and car parks located at No. 66 Shuniu Avenue, Nanshan Subdistrict, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC.

Pursuant to the State-Owned Land Grant Contract and the Real Estate Ownership Certificates, the PRC JV Company has been granted the land use rights for the Property for a term of 40 years expiring on 10 November 2056 for commercial use. However, as stated in the Valuation Report, the office portion of the Property cannot be transferred within 10 years from 20 July 2023 and after this 10-year period, the office portion can only be transferred in block sale while the aboveground retail portion and the underground retail portion of the Property can only be transferred in block sales and cannot be subdivided for strata-title sale pursuant to the State-Owned Land Grant Contract and the Real Estate Ownership Certificates (the “**Selling Restrictions**”).

The Property was completed in August 2023. The Property is held by the PRC JV Company as an investment property and is leased out for rental income.

The gross floor area breakdown and occupancy of the office and retail portion of the Property is set out below.

	Approximate GFA (sq. m.)	% of GFA on lease as at 31 May 2024
Commercial	26,265.74	33%
Offices	<u>99,390.83</u>	37%
Total	<u><u>125,656.57</u></u>	

On top of the office and retail portion, the Property also has 477 car parking spaces without titles located at the basement levels.

3. Reasons for and benefits of the Disposal

As stated in the letter from the Board contained in the Circular (the “**Letter from the Board**”), the Board considers that the Company’s interests in the Property to be a non-core investment of the Group, and due to the Company’s minority equity interest in the Target Group, the Group does not have management control of the Property. Considering that (i) the property market condition in Qianhai has declined considerably since the sale of the South Tower of the Shenzhen Qianhai Chow Tai Fook Finance Tower in 2021 when the then market sentiment was still positive and favourable; (ii) the abundant supply of office premises within Shenzhen/Qianhai area and hence the occupancy rates for the Property will remain low and are unlikely to improve significantly in the near future; (iii) the Disposal enables the Group to cease to bear the expected ongoing monthly operating losses of the Target Company; (iv) the Selling Restrictions posed additional difficulties for the Group to find buyers for its interests in the Target Company; (v) the Disposal is in line with the Group’s non-core assets disposal strategy and in its ordinary and usual course of business; (vi) the value of the Property reflects the current market condition and is not anticipated to appreciate significantly in the foreseeable future, the Board considers that the Disposal at this time represents a good opportunity for the Group to unlock the value of its investment in the Property and realise cash resources in improving the liquidity and strengthening the financial position of the Group.

Considering the Board’s view set out above, we concur with the view of the Board that the Disposal is in the ordinary and usual course of business of the Group, and is beneficial to and in the interests of the Company and the Shareholders as a whole.

4. Major terms of the Sale and Purchase Agreement

For details of the terms of the Sale and Purchase Agreement, please refer to the paragraph headed “Principal terms of the Sale and Purchase Agreement” in the Letter from the Board. Principal terms of the Sale and Purchase Agreement are summarized below.

Date	:	26 June 2024
Parties	:	(1) Vendor : Total Partner Holdings Limited
		(2) Vendor’s guarantor : the Company
		(3) Purchaser : Shine Through Holdings Limited
Assets to be disposed of	:	(1) the Sale Shares, representing 30% of the entire issued share capital of the Target Company; and
		(2) the Sale Loan, representing the shareholder’s loan owing from the Target Company to the Vendor

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consideration : The Initial Consideration is RMB1,440,450,187, subject to adjustments (as elaborated below), which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) a deposit in the sum of RMB144,045,018.70 (“**Deposit**”), representing 10% of the Initial Consideration, shall be paid by the Purchaser to the Vendor within two Business Days from the date of the Sale and Purchase Agreement; and
- (b) the balance of the Initial Consideration in the sum of RMB1,296,405,168.30 shall be paid by the Purchaser to the Vendor at Completion.

After Completion, the Consideration will be adjusted by reference to 30% of the NAV Difference determined by reference to the Final Completion Accounts and the Pro Forma Accounts.

Condition precedent : Completion shall be subject to and conditional upon the approval of the Disposal by the Independent Shareholders in accordance with the Listing Rules.

If the Condition shall not be fulfilled on or before the Long Stop Date, the Sale and Purchase Agreement shall terminate and be of no further effect and force.

Completion : Completion shall take place on the third (3rd) Business Day after the fulfilment of the Condition (or on such other date as the Vendor and the Purchaser may mutually agree in writing).

5. Assessment of the fairness and reasonableness of the principal terms of the Sale and Purchase Agreement

5.1 The Consideration

As stated in the Letter from the Board, the Initial Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to, among others, (i) 30% of the Appraised Value, being the valuation of the Property as at 31 May 2024 (as appraised by the Independent Valuer, being Colliers Appraisal & Advisory Services Co., Ltd.) of RMB1,505.4 million; (ii) 30% of the Net Asset Value of the Target Company as at 31 August 2024 based on the Pro Forma Accounts after adjustments (the “**Adjusted Net Asset Value**”) (being RMB12.0 million) and (iii) 30% of the future land appreciation tax and corporate income tax estimated to be paid based on the Appraised Value and the deductible development costs using the relevant tax rates. In relation to the Adjusted Net Asset Value as referred to in (ii) above, it was arrived at by

deducting the pro forma unaudited consolidated loss of the Target Company of approximately RMB4.3 million per month from June to August 2024 (totalling RMB12.8 million) from the Adjusted Net Asset Value as at 31 May 2024 amounting to RMB52.7 million, which was derived by making adjustments to the Net Asset Value as at 31 May 2024 to reflect the net asset value of the PRC JV Company (without any regard to the value of the Property), including reversal of the consolidation adjustment and adjustment due to the difference between the generally accepted accounting principles in Hong Kong and in the PRC.

After Completion, the Completion Accounts will be prepared for the purpose of determining the adjustment to the Consideration.

5.2 Experience of the Independent Valuer

We have (i) interviewed the Independent Valuer as to its expertise and any current or prior relationships with the Company, the Purchaser or any of their respective subsidiaries or associates; (ii) reviewed the terms of engagement (in particular whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the level of assurance given by the Valuation Report); (iii) reviewed the relevant track record of the Independent Valuer and qualification of the Independent Valuer; and (iv) discussed with the Independent Valuer in respect of its relevant experience and work done. Based on our discussions with the Independent Valuer and review of the aforesaid information, we understand that the Independent Valuer has the required qualification and experience in performing the valuation.

5.3 Assessment on the valuation of the Property

We have reviewed the Valuation Report prepared by the Independent Valuer, which concluded that the fair value of the 100% equity interest in the PRC JV Company as at 31 May 2024 was approximately RMB5,070.7 million. Given that the principal asset of the PRC JV Company is the Property, the Independent Valuer has adopted the asset-based approach in arriving at the fair value of the PRC JV Company. As advised by the Independent Valuer, the asset-based approach is usually the appropriate valuation approach for holding company whose principal business is the holding of investments or real estate assets.

We have discussed with the Independent Valuer on the other methods, being market approach and income approach, in valuing the PRC JV Company. As the PRC JV Company is still in an early stage without meaningful historical sales, the market approach, which heavily relies on public financial and property information from comparable companies which are listed and more mature, is not adopted. On the other hand, under the income approach, the value is established based on forecasted cash flow discounted to present value with an appropriate risk-adjusted discount rate, and is subject to various assumptions and uncertainties. According to the Independent Valuer, this may not be an appropriate method as the PRC JV Company is still at an early stage of development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The asset-based approach requires revaluation of the PRC JV Company's balance sheet items as at the Valuation Date (i.e. 31 May 2024). Set out below is the valuation result of the PRC JV Company as extracted from the Valuation Report.

	Book Value	Fair Value	Fair Value
	<i>RMB</i>	<i>(Note)</i>	<i>RMB</i>
		<i>RMB</i>	<i>RMB</i>
Assets			
Non-Current Assets			
Investment properties	4,349,613,785	668,386,215	5,018,000,000
Property, plant and equipment	1,983,029		1,983,029
Intangible assets	412,785		412,785
Long-term prepaid expenses	1,849,741		1,849,741
Total Non-Current Assets	4,353,859,340		5,022,245,555
Current Assets			
Bank balances and cash	136,746,492		136,746,492
Account receivables	31,035,198		31,035,198
Deposits and prepayments	14,615,727		14,615,727
Other receivables	1,508,413,865		1,508,413,865
Other current assets	11,648,573		11,648,573
Total Current Assets	1,702,459,855		1,702,459,855
Total Assets	6,056,319,195	668,386,215	6,724,705,410
Liabilities			
Non-Current Liabilities			
Long-term debt	1,035,891,079		1,035,891,079
Total Non-Current Liabilities	1,035,891,079		1,035,891,079
Current Liabilities			
Account payables	569,966,408		569,966,408
Deferred revenue	2,474,171		2,474,171
Salary payables	2,068,357		2,068,357
Taxation payables	124,341		124,341
Other payables	43,475,023		43,475,023
Total Current Liabilities	618,108,300		618,108,300
Total Liabilities	1,653,999,379		1,653,999,379
Total Equity	4,402,319,816	668,386,215	5,070,706,031
Total Equity and non-current liabilities	6,056,319,195		6,724,705,410
Equity Shareholding			100.00%
The Fair Value of Equity Interest			5,070,706,031

Note: The adjustment is based on the Independent Valuer's independent valuation of the fair value of the Property.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated above, the Independent Valuer has only made one adjustment to the book value of the balance sheet items of the PRC JV Company in arriving at the fair value of the 100% equity interest in the PRC JV Company. The adjustment relates to the increase in fair value of the Property from its book value of approximately RMB4,349.6 million as at 31 May 2024 to the Appraised Value of approximately RMB5,018.0 million (equivalent to approximately HK\$5,424.9 million based on an exchange rate of HK\$1 = RMB0.925) as at 31 May 2024, representing an appreciation of approximately 15.4%. The HK\$ equivalent of the Appraised Value is the same as the book value of the Property as recorded in the consolidated balance sheet of the Target Company as at 31 May 2024. Other than the Property, the only other significant asset of the PRC JV Company as at 31 May 2024 was the other receivables of approximately RMB1,508.4 million, which mainly represented the amount due from related companies of RMB1,300 million and bank structured deposit of RMB205 million. The Independent Valuer considers that no adjustment is required to be made to the other assets or liabilities items of the PRC JV Company as at 31 May 2024.

In arriving at the fair value of the Property, the Independent Valuer has adopted the income approach by capitalising net rental income on a fully leased basis. As advised by the Independent Valuer, it is not appropriate to adopt market approach by referencing to the sale prices of comparable properties because the office portion of the Property is subject to a 10-year selling restriction from the completion of construction as stipulated in the land use right transfer agreement for the acquisition of the land on which the Property was built.

In determining the valuation of the Property, the Independent Valuer has made the following principal assumptions:

- (1) Leased areas: Capitalization rates are 3.75% for office space and retail space with anchor tenant, and 4.0% for retail space with general tenant;
- (2) Unleased areas: Capitalization rates are 4.0% for office space and retail space with anchor tenant, and 4.25% for retail space with general tenant;
- (3) Market rent for office portion at RMB150 per sq. m. per month (exclusive of VAT and property management fees); and
- (4) Market rent for ground floor (L1) of retail portion at RMB500 per sq. m. per month (exclusive of VAT and property management fees) and a lower market rent for other floors of retail portion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Regarding the capitalization rates, we understand from the Independent Valuer that these gross yields have been determined based on (i) their research and analysis of the office and shopping mall market in Shenzhen, where market gross yields range from 3.45% to 3.80%, and (ii) the specific location and characteristics of the Property. Additionally, the Independent Valuer has applied a lower capitalization rate for leased areas of the Property, reflecting their lower risk profile. Similarly, a lower capitalization rate has been used for retail space with anchor tenant and office space of the Property, as tenants in these areas are typically more stable and have longer lease terms, indicating a lower risk profile.

We have reviewed and discussed with the Independent Valuer on the market comparables used to determine the market rent for the office and ground floor (L1) retail portions of the Property. We find that the market comparables adopted by the Independent Valuer are fair and represent a reliable sample. The selected comparables are commercial and retail properties located in the Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, where the Property is also situated. Moreover, as advised by the Independent Valuer, the ground floor (L1) of a shopping mall is typically considered the most valuable due to its accessibility. Therefore, discounts are applied to the market rent of L1 to determine the market rent for the other levels of the retail portion of the Property. As advised by the Independent Valuer, this is consistent with market practice.

Given that the Property is held as an investment property for rental income and is subject to a 10-year selling restriction, we concur with the Independent Valuer's selection of the income approach by capitalizing net rental income on a fully-leased basis in valuing the Property. Furthermore, based on our discussion with the Independent Valuer and review of the Valuation Report as elaborated above, we consider that the valuation methodology, together with its bases and assumptions, adopted by the Independent Valuer in the valuation of the Property are reasonable. Accordingly, we are of the view that the valuation of the Property in the amount of RMB5,018.0 million provided by the Independent Valuer represents a fair value of the Property as at 31 May 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5.4 Assessment on the Consideration

In assessing the fairness of the Consideration, we compare the Consideration against the aggregate amount of the fair value of the 30% equity interests in the Target Company and the amount of the Sale Loan. Our analysis is set out below.

	<i>HK\$ million</i>	
Unaudited consolidated net liabilities of the Target Company as at 31 May 2024	(626.1)	
<i>Add: Appraised Value of the Property as at 31 May 2024 (Note)</i>	5,424.9	
<i>Less: Book value of the Property as at 31 May 2024 (which has been adjusted to reflect the fair value of the Property)</i>	(5,424.9)	
<i>Less: Estimated land appreciation and corporate tax payable by the Target Group based on the Appraised Value and the deductible development costs using the relevant tax rates</i>	(277.2)	
<i>Less: Estimated operating loss from 1 June 2024 to 31 August 2024</i>	(13.8)	
	<hr/>	
Adjusted net liabilities value of the Target Company (the “Adjusted NLV”)	(917.1)	
30% of the Adjusted NLV	(275.1)	A
Amount of the Sale Loan as at 31 May 2024	1,556.1	B
30% of Adjusted NLV + amount of the Sale Loan	1,281.0	A + B
The Initial Consideration (Note)	1,557.2	

Note: The Appraised Value of the Property as at 31 May 2024 was RMB5,018.0 million and the Initial Consideration is RMB1,440,450,187. Solely for the purpose of our analysis, the amounts in RMB were translated into HK\$ at the rate of HK\$1 = RMB0.925.

Based on our analysis set out above, the Initial Consideration exceeds the sum of 30% of the Adjusted NLV and the Sale Loan by approximately HK\$276.3 million or approximately 21.6%.

Furthermore, as discussed in the paragraph headed “5.3 Assessment on the valuation of the PRC JV Company and the Property” above, we are of the view that the methodologies, bases and assumptions adopted by the Independent Valuer in the valuation of the Property as at 31 May 2024 are fair and reasonable. As such, we are of the view that the Initial Consideration, which is higher than the sum of 30% of the Adjusted NLV and the amount of the Sale Loan, is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Sale and Purchase Agreement, after Completion, the Completion Accounts will be prepared for the purpose of determining the adjustment to the Consideration with reference to net assets/liabilities position of the Target Company as at the Completion Date. We consider this is a fair provision to reflect the change in the financial position of the Target Company from 31 May 2024 to the Completion Date.

5.5 Other terms

The other major terms of the Sale and Purchase Agreement are the payment of the Consideration and the termination clause.

In accordance with the terms of the Sale and Purchase Agreement, the Purchaser has already paid the Deposit (equivalent to 10% of the Initial Consideration) and the balance of the Consideration shall be paid by the Purchaser at Completion.

The Sale and Purchase Agreement also provides for termination of the agreement if the condition precedent is not fulfilled on or before the Long Stop Date. Upon such termination, the Vendor shall return the Deposit to the Purchaser without interests and no party shall be entitled to any rights or benefits or be under any obligations or have any liability to any other party under the agreement save for in respect of any antecedent breach.

We consider both the payment term and the termination clause under the Sale and Purchase Agreement are common for transactions of similar nature and are fair and reasonable.

6. Financial effect of the Disposal

As set out in the Letter from the Board, upon completion of the Disposal, the Group expects to recognize a gain from the Disposal of approximately HK\$113 million, which is calculated based on the difference between the Initial Consideration and the unaudited consolidated net assets of the Target Company attributable to the Company as at 31 May 2024 and after taking into account the estimated amount of transaction costs and relevant taxes to be borne by the Group in relation to the Disposal.

The exact amounts of the gain from the Disposal to be recorded by the Group will be determined with reference to the actual consolidated net assets of the Target Company attributable to the Company as at the Completion Date and will be subject to audit.

Upon completion of the Disposal, the Company will cease to hold any interest in the Target Group and the Property and the Target Group's financial results will no longer be accounted for in the Company's consolidated financial statements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons set out above, in particular, the following:

- (i) the Group has been actively disposing non-core assets since the financial year ended 30 June 2019 as part of its deleveraging strategy, and considers such disposals to be in its ordinary and usual course of business;
- (ii) the key terms of the Sale and Purchase Agreement (including the Consideration and the payment term) represent normal commercial terms and are fair and reasonable; and
- (iii) the Initial Consideration exceeds the sum of (i) 30% of the Adjusted NLV and (ii) the amount of the Sale Loan by approximately HK\$276.3 million or approximately 21.6%,

we are of the opinion that the Disposal is in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the Disposal contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposal.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Heidi Cheng
Managing Director

Cathy Leung
Director

Ms. Heidi Cheng of Ballas Capital Limited is a responsible officer of Type 6 (advising on corporate finance) regulated activities and has over 25 years of experience in advising corporate finance transactions. Ms. Cathy Leung of Ballas Capital Limited is a responsible officer of Type 6 (advising on corporate finance) regulated activities and has over 10 years of experience in advising corporate finance transactions.

The following is the text of valuation report, prepared for the purpose of incorporation in this circular received from Colliers Appraisal & Advisory Services Co., Ltd., an independent valuer, in connection with its valuation as at 31 May 2024 of the 100% equity interest of the PRC JV Company.

Colliers Appraisal & Advisory Services Co., Ltd.

Suite 507, Block A Gemdale Plaza
No. 91 lianguo Road, Chaoyang District
Beijing, China



Our Reference: 24-13602
2 August 2024

New World Development Company Limited
30/F, New World Tower
18 Queen's Road Central
Hong Kong

Dear Sir/Madam,

1 INTRODUCTION

1.1 Terms of Engagement

In accordance with our terms of engagement with New World Development Company Limited (the “**Company**”), Colliers Appraisal & Advisory Services Co., Ltd. (“**Colliers**” or “**we**”) provide our opinion of the fair value, as of 31 May 2024 (the “**Valuation Date**”), of the 100% equity interest of Shenzhen Tiande Real Estate Development Company (深圳天得房地產開發有限公司) (the “**PRC JV Company**”, a company in which the Company indirectly holds a 30% equity interest) for the purpose of incorporating in the public document. Terms used in this report shall have the same meanings as defined in the circular of the Company dated 2 August 2024, of which this report forms part, unless the context requires otherwise.

We confirm that we have made relevant enquiries and obtained such further information as deemed necessary to allow us to provide you with our opinion for the purpose for issuing a circular.

Our report is not the only reference for the Company and its subsidiaries (the “**Group**”) to make investment decisions. We understand that the Group will conduct independent consideration and assessment before making any investment decision, and will not solely rely on our report, and the report issued by us will not replace other analysis and investigation work that should be carried out by the Group in reaching commercial decision. Our report does not include specific purchase and sale recommendations.

1.2 Valuation Subject

The valuation subject is the 100% equity interest in the PRC JV Company (the “Valuation Subject”).

The PRC JV Company established on 27 October 2016, is a real estate development and operation company principally engaged in the development, construction, sale, and operation of a composite development project named Qianhai Chow Tai Fook Finance Tower 前海周大福金融大廈 (the “Development”) located in Guiwan Area of Qianhai, Nanshan District, Shenzhen.

1.2.1 Business License of Valuation Subject

Pursuant to the Business License issued by the Market Supervision Administration of Shenzhen on 2 January 2024, the basic information of the PRC JV Company is as follows:

Enterprise Name:	Shenzhen Tiande Real Estate Development Company (深圳天得房地產開發有限公司)
Social Credit Code:	91440300MA5DN8RQXN
Type:	Limited Liability Company (Sole Proprietorship of a Legal Person from Taiwan, Hong Kong, or Macau)
Legal Representative:	Lyu Huicai
Registered Capital:	RMB4.53 billion
Date of Establishment:	27 October 2016
Address:	2501-01 Qianhai Chow Tai Fook Finance Tower, No.66 Shuniu Avenue, Nanshan Subdistrict, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen

1.2.2 Background of the transaction

Parties

Purchaser:	Shine Through Holdings Limited
Vendor:	Total Partner Holdings Limited
Vendor’s Guarantor:	New World Development Company Limited

The disposal

On 26 June 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Vendor's Guarantor, entered into the Sale and Purchase Agreement (the "**Agreement**") with the Purchaser and the Vendor's Guarantor, details of the principal terms of which are set out below:

Assets to be disposed of

Pursuant to the terms and conditions of the Agreement, the Vendor agreed to sell and assign, and the Purchaser agreed to purchase and take the assignment of, the Sale Shares and the Sale Loan at the Consideration (being the Initial Consideration of RMB1,440,450,187, subject to adjustment (if any)); and the Vendor's Guarantor agreed to unconditionally and irrevocably guarantee to the Purchaser the due and punctual observance and performance of all obligations of the Vendor under the Agreement.

The Sale Shares represent 30% of the entire issued share capital of Sky Treasure Development Limited (the "**Target Company**"), the parent company that holds a 100% equity interest in the PRC JV Company.

The Sale Loan represents the unsecured, non-interest bearing and repayable on demand shareholder's loan owing from Target Company to the Vendor. As at 31 May 2024, the Sale Loan amounted to approximately HK\$1,556 million, which is lower than the amount of the Initial Consideration of RMB1,440,450,187 (equivalent to approximately HK\$1,557 million).

1.2.3 Property description*Description and Tenure*

The Development is located in the centre of Guiwan area of Qianhai and comprises landmark twin office buildings, namely North Tower and South Tower comprising shopping malls, art galleries, green gardens, and performance venues. The total site area of the Development is 18,218.36 square meters (sq. m.).

The subject property, completed in 2023, is located at No. 66 Shuniu Avenue, Sunny Palms Community, Nanshan Subdistrict, Nanshan District (the "**Property**"). The Property comprises the unsold portion of the Development that the PRC JV Company currently holds as an investment property.

The Property consists of the following components:

Office Portion (North Tower):

- Allocated from L5 to L43
- Total area of 99,390.83 sq. m.

Retail Portion

- Allocated on B2-L5
- Total area of 26,265.74 sq. m.

Carparking Spaces:

- A total of 477 carpark spaces without titles (non-ownership carpark spaces)
- Located on the B2-B4 levels

Pursuant to 42 Real Estate Ownership Certificates provided by the Group, the land-use rights with a shared site area of 18,218.36 sq. m. and the corresponding building ownership with a total certified GFA of 125,656.57 sq. m. are vested in the PRC JV Company for a term of 40 years expiring on 10 November 2056 for commercial uses.

Pursuant to the State-Owned Land Grant Contract and the Real Estate Ownership Certificates provided, the office portion of the Property cannot be transferred within 10 years from 20 July 2023. After this 10-year period, the office portion can only be transferred in block sale. The aboveground retail portion and the underground retail portion of the Property can each only be transferred in block sales, and cannot be subdivided for strata-title sale.

Particulars of Occupancy

As of the date of inspection, the Property was in normal operation. According to the information provided by the Group, as at the Valuation Date, the Property was leased under various tenants which yield a total monthly rental income of approximately RMB6,510,000 include value-added tax and exclude property management fee. The occupancy rate is approximately 37% in total.

Most of the leases run between 1 to 5 years. The Weighted Average Lease Expiry (“WALE”) is 4.57 years. The latest expiration date of these tenancies is 14 June 2032.

Mortgage and encumbrances

Pursuant to the PRC legal opinion provided by Hylands Law Firm (北京浩天(深圳)律師事務所) on 26 July 2024, the PRC JV Company as borrower has entered into a syndicated loan agreement with Qianhai Shekou Branch of Bank of China and Guangzhou Baiyun Branch of Agricultural Bank of China with the Property pledged as collateral. As per the legal opinion dated 26 July 2024, the mortgage had not yet been registered as of 25 July 2024.

1.3 Valuation Date

The Valuation Date is 31 May 2024, and this report can only be regarded as representing our opinion of the fair value of the subject interest as at that date.

1.4 Valuation Currency

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

1.5 Basis of Valuation

Our valuation work is conducted based on international valuation standards. The basis of our valuation is fair value, which is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

1.6 Valuation Standards

The valuation has been carried out in accordance with the International Valuation Standards (2022 Version) and the RICS Valuation-Global Standards (2022 Version) published by the International Valuation Standards Council and the Royal Institution of Chartered Surveyors.

1.7 Valuation Scope

Our valuation conclusion is based on the assumptions stated herein and on information provided by the Group.

In the course of our valuation, the following processes have been conducted to evaluate the information provided by the Group:

- (a) Discussed with the Group and obtained relevant information in respect of the PRC JV Company;
- (b) Examined the relevant basis and assumptions of the information in respect of the PRC JV Company;

- (c) Conducted appropriate research to obtain sufficient market data and statistics and prepared the valuation based on generally accepted valuation procedures and practices; and
- (d) Arrived at our valuation opinion based on the assumptions stated in this report.

1.8 Inspections, Investigations, and Information Sources

We confirm that we have made enquiries and obtained such information that we consider necessary to undertake the valuation. The information has been obtained from various sources including the Group, information already in the public domain and our own databases. We have adopted the information without further verification. We have carried out a site inspection of the Property on 24 May 2024 by Kin Ming Woo James (Executive Director) who is a Fellow member of the Royal Institution of Chartered Surveyors and has over 20 years' experience in business valuation and over 25 year's property valuation in the PRC, Yik Tsui (Director) who is a member of the Royal Institution of Chartered Surveyors and China Real Estate Valuers and Agents Association and has over 30 years' experience in property valuation in the PRC, and Sunday Zhang (Manager) who has 8 years' experience in business valuation and property valuation in the PRC.

We have inspected the Property exterior and, where possible, the interior of the Property upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

In conducting our valuation of the Valuation Subject, we have considered, reviewed and relied upon the following key information which is available to the public or provided by the Group:

- (a) Background of the PRC JV Company and relevant corporate information;
- (b) Business registration details of the PRC JV Company;
- (c) Unaudited financial statements of the PRC JV Company as at the Valuation Date provided by the Group;
- (d) Audit reports of the PRC JV Company in 2021, 2022 and 2023;
- (e) Copies of the title documents of the Property;
- (f) GFA breakdown of the Property;
- (g) Rent roll of the Property;

- (h) Loan documents of the PRC JV Company;
- (i) PRC Legal Opinion provided by Hylands Law Firm (北京浩天(深圳)律師事務所) issued on 26 July 2024;
- (j) Other data and information provided by the Group.

We accepted, without independent verification, all the information provided to us as being accurate and complete in all material respects as of the Valuation Date.

2 INTRODUCTION

Overview Of China's Macroeconomy

China's economy has steadily recovered after COVID. According to the National Bureau of Statistics of the PRC, as of the end of 2023, China's GDP grew by 5.2% YOY, reaching RMB126.1 trillion. The economy has continued its recovery trajectory, with GDP growing by 5.3% year-over-year in the first quarter of 2024.

Key Economic Indicators of China, 2018–Q1 2024

Items	Unit	2019	2020	2021	2022	2023	Q1 2024
Gross Domestic Product	RMB trillion	98.7	101.4	114.9	120.5	126.1	29.63
GDP Growth Rate (YOY)	%	6.0	2.2	8.4	3.0	5.2	5.3
Fixed Asset Investment	RMB trillion	48.0	49.3	51.7	54.2	51.0	—
Disposable Income of Urban Households	RMB per capita	42,359	43,834	47,412	49,283	51,821	15,150
Total Population	billion	1.41	1.41	1.41	1.41	1.41	—

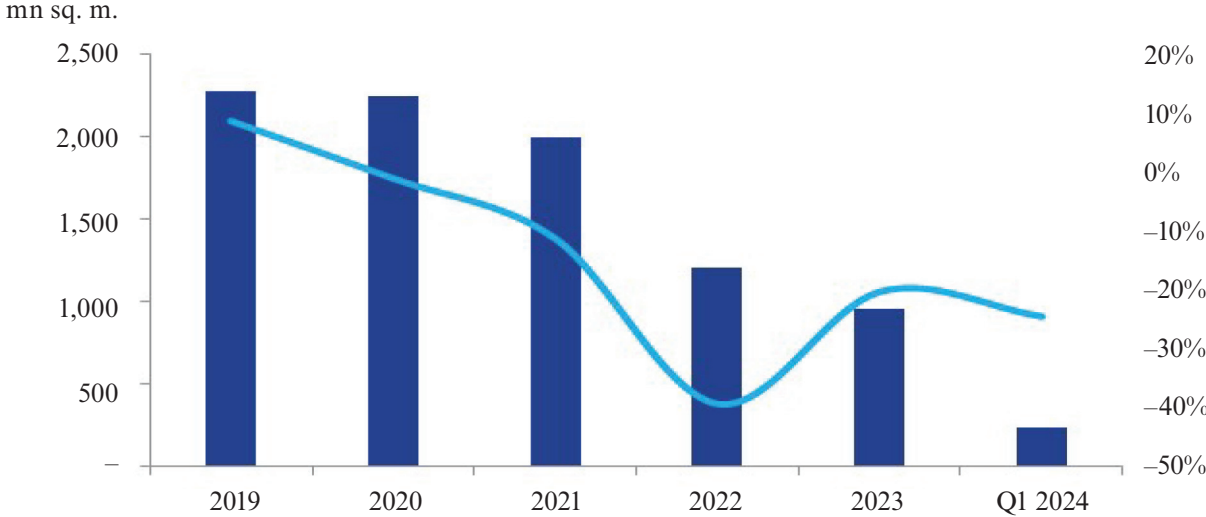
Source: National Bureau of Statistics of the PRC

Overview of China's Real Estate Market

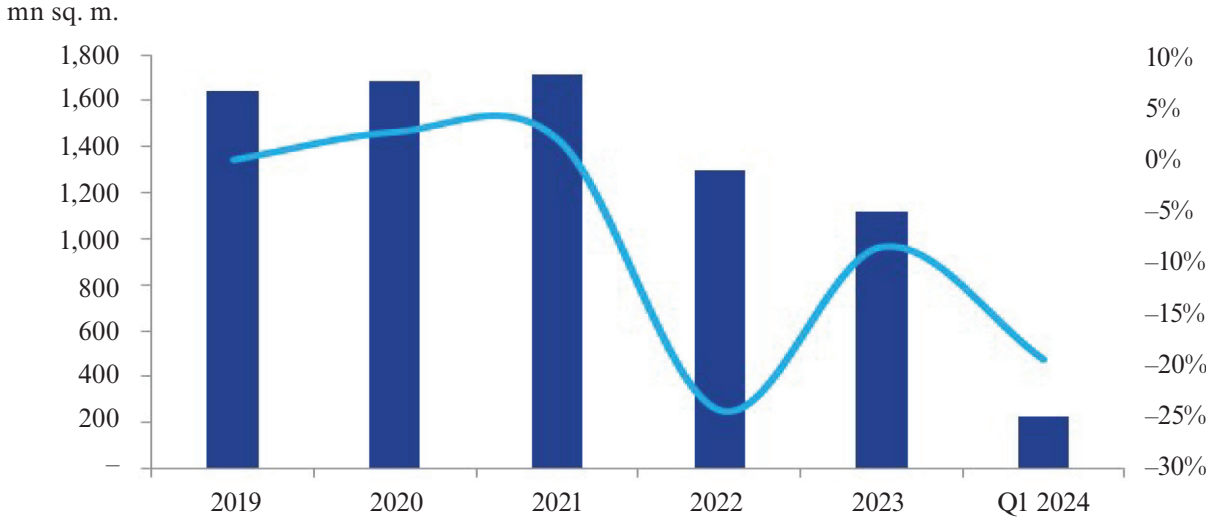
The real estate market in China has experienced significant growth and played a crucial role in the country's economy, being a key driver of investment and economic activity in the past decades. However, in recent years, due to the economic headwinds and stricter regulations by the government authorities, real estate market in China has contracted and witnessed deceleration in both investment and sales. Although the government has recently loosened its control over the real estate market, the contraction in both investment and sales in the real estate sector is still ongoing.

According to the National Bureau of Statistics of the PRC, the newly started construction area in 2023 was only 953.76 million sq. m., marking a 20% decrease compared to 2022. In Q1 2024, the downward trend in new construction area continued, with a further 25% year-over-year decline to 235.10 million sq. m.. The property sales market has also recorded significant decline. In Q1 2024, the sales area of properties has continued to drop around 19% to 226.68 sq. m..

China Newly Start Construction Area



China Property Sales



Source: National Bureau of Statistics of the PRC

Overview of the Office Leasing Market in Guiwan Area of Qianhai

As of the end of Q1 2024, the total stock of Grade A office buildings in Shenzhen has reached 9.13 million sq. m.. Shenzhen saw three new projects enter the market in Q1 2024, adding around 289,000 sq. m. to the supply. By the Q1 2024, the overall vacancy rate of Grade A office buildings in Shenzhen has reached to 27% and the average monthly rent for office spaces in Shenzhen is approximately RMB170 per sq. m..

The office spaces situated in the Qianhai represent 18% of the total stock. Its vacancy rate was around 35%. The relatively high vacancy rate was driven by a combination of factors including high new volume and seasonal fluctuations. Qianhai could be further divided into three areas, namely Guiwan (桂灣), Qianwan (前灣), and Mawan (媽灣). Guiwan, where the Property is located, is the most mature area among the three and enjoys the best infrastructures and amenities. The average monthly rent for office space in Qianhai is approximately RMB145 per sq. m. on GFA basis. In Guiwan area, the rent is relatively higher, with an average range of RMB150–160 per sq. m. on GFA basis.

Overview of the Retail Leasing Market in Guiwan Area of Qianhai

In general, the retail leasing market in Shenzhen has faced headwinds in recent years. With the rapid development of e-commerce and changing consumer preferences, traditional brick-and-mortar retailers have encountered challenges in attracting customers and maintaining profitability. The COVID-19 pandemic further exacerbated these challenges, leading to temporary closures and reduced foot traffic in shopping malls and retail spaces. As a result, retail vacancy rates have increased, and rental levels have faced downward pressure. To adapt to these headwinds, landlords and retailers have been exploring innovative strategies such as experiential retail, omni-channel integration, and enhancing the overall shopping experience to attract customers and drive footfall. After the pandemic, with the economic recovery and an influx of consumers from Hong Kong traveling north, there has been a noticeable increase in both foot traffic and consumer demand in Shenzhen's retail market. The revitalization of the economy has boosted consumer confidence, leading to a resurgence in shopping activities and a positive impact on the retail sector.

The shopping malls in Guiwan that have been fully operational by Q1 2024 include Excellence Qianhai Intown (卓越前海Intown), MixC Qianhai (萬象前海), and One Plaza Qianhai (前海壹方匯) with a total retail supply of over 200,000 sq. m.. These malls are benefitted from a dense cluster of office buildings in the vicinity, which provides a steady stream of potential customers. By Q1 2024, the malls have maintained an average occupancy rate of over 90%. In general, for non-anchor shops, the average monthly rent for first-floor spaces is typically at the range of RMB400–600 per sq. m. on net leasable area (NLA) basis.

3 VALUATION ASSUMPTIONS AND RATIONALE

Our work covers discussions with the Group and collecting information on the PRC JV Company's history, business and development prospects. We also considered industry trends and relevant laws. In order to conduct a detailed review and impartially and independently evaluate, we understand the main operating conditions of the PRC JV Company. Our valuation is based on the contract and leases that has been entered into on or before the Valuation Date and cost budget provided by the Group, and we assume the opinions and statements provided by the entrusting party and its management as well as the information provided during the valuation process are reasonable and accurate. We are not required to audit the business information provided by the Group, so we have no reason to doubt the accuracy of the information. However, if the information provided is not consistent with the facts, we reserve the right to modify our valuation.

For the purpose of determining the value of the Valuation Subject, we have considered all the prominent factors affecting the value and assumed, including but not limited to, the following:

- During the current and future existence of the PRC JV Company, relevant laws and regulations, industry policies, fiscal and monetary policies, and economic environment will not undergo material changes;
- There will be no material changes in the relevant corporate tax rate, interest rate and exchange rate which would impact the valuation;
- The PRC JV Company will continue to operate on a going-concern basis;
- The PRC JV Company has all the necessary licenses for its operations, all other legal and administrative licenses have been obtained and can be extended when required;
- The PRC JV Company has fully complied with the prevailing national and local authorities' policies, ordinances, listing rules, environment and other relevant laws and regulations. All transaction conducted by the PRC JV Company in relation to its assets and the ownership of its assets are in compliance with all relevant legal provisions and other laws or regulations of the relevant superior authority;
- Responsible ownership and competent management are assumed;
- The information provided by the Group is reliable and we will not verify the accuracy of this information, and assume no responsibility for its accuracy;
- The financial information from the financial statements provided by the Group is reliable and we will not verify the accuracy of the financial information, and assume no responsibility for its accuracy;

- Where third party expert or specialist information or reports are provided to us or obtained by us, the information is reliable and we will not verify the accuracy of these information or reports, and assume no responsibility for their accuracy;
- The Group has provided us, to the best of its knowledge, with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements;
- There are no contingent liabilities, unusual contractual obligations, or significant commitments as at the Valuation Date; and
- As to the other assets and liabilities beyond the Property owned by the PRC JV Company, we assumed their respective book value approximates their fair value.

4 VALUATION APPROACH

According to the International Valuation Standards (2022 Version), relevant and appropriate valuation approaches must take into consideration in selecting the most appropriate valuation approach. There are three commonly used valuation methods, namely, the market approach, the income approach, and the asset-based approach.

Market Approach

Market approach derives the value of the valuation target by benchmarking the similar asset's prevalent market price, which is estimated based on Guideline Public Company Method and/or Comparable Transactions Method with additional adjustments if necessary.

- (a) Guideline Public Company Method — The Guideline Public Company Method means obtaining the operating and financial information of comparable listed companies that are similar to those of the valuation target, calculating an appropriate value ratio, and accessing the fair value of the valuation target. Valuation indicators widely used in corporate valuation include price-earnings (P/E) ratio, price-to-book (P/B) ratio and price-to-sales (P/S) ratio.
- (b) Guideline Transaction Method — Under the Guideline Transaction Method, the fair value is derived from the acquisition multiple which is based on what other purchasers in the market have paid for companies that are considered reasonably similar to the valuation target.

Although this approach is widely used in valuation practice, the shortfalls of the approach are, first, there might be insufficient comparable transactions or public companies to choose from; and second, the available comparable transactions and public companies might be significantly different from the valuation target in areas that might affect a company's valuation.

Income Approach

Income approach values an asset based on the income that it is expected to generate in the future. The most commonly applied method is the Discounted Cash Flow Method which derives the value of the valuation target by discounting expected future cash flows with a discount rate that reflects both the time value of money and the riskiness of the business. Income approach is a commonly adopted approach in business valuation when the underlying asset or entity is producing predictable cash flows.

Asset-based Approach

The application of the asset-based approach begins with a company's financial statements. Necessary and appropriate adjustments are made to book values to reflect the fair value of the company.

The asset-based approach measures the value of the business entity by making reference to the value of individual assets and liabilities. Adjustments are made to the balance sheet based on the differences between the fair value and book value of the assets and liabilities. The net asset value from the adjusted balance sheet represents the fair value of the business entity.

Adopting Asset-based Approach for Valuation of PRC JV Company

We have considered the three approaches and we concluded that asset-based approach is most appropriate in determining the valuation of the 100% equity interest of the PRC JV Company. Asset-Based Approach considers a company's net asset value, or the fair value of its total assets minus its total liabilities, a reliable indicator of its true value. Asset-Based Approach requires revaluation of a company's balance sheet items. Consideration also has to be made on assets that might not be on PRC JV Company's balance sheet. Normally, Asset-Based Approach is an appropriate valuation approach for holding company whose purpose is to hold investments or real estate assets.

Market approach is not adopted because the PRC JV Company is still in an early stage with growth potential and does not have long enough historical sales and profit records as of the valuation date. As a result, market approach, which heavily relies on information from relatively mature listed comparable companies, is not adopted in the valuation.

Income approach is also considered inappropriate as plenty of assumptions were involved in formulating the financial projections of PRC JV Company in an early stage, and the assumptions might not be able to reflect the uncertainties in the future performance of PRC JV Company. Given that improper assumptions will impose significant impact on the fair value, income approach is not adopted in this valuation.

5 VALUATION PROCESS

The PRC JV Company's substantive business is the operation of the Property, which is also its major asset, we have adopted the asset-based approach to make appropriate adjustments to its unaudited financial statement to reflect the equity value of the PRC JV Company. From a valuation perspective, the valuer will restate the values of all types of assets of a business entity from book value (i.e., historical cost minus depreciation) to appropriate standards of value. After the restatement, the valuer can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

As at the Valuation Date, the unaudited financial statement and the fair value of 100% equity interest of the PRC JV Company is calculated as follows:

	Book Value	Fair Value	Fair Value	Note
	<i>RMB</i>	<i>Adjustment</i>	<i>RMB</i>	
		<i>RMB</i>	<i>RMB</i>	
Assets				
Non-Current Assets				
Investment properties	4,349,613,785	668,386,215	5,018,000,000	2
Property, plant and equipment	1,983,029	—	1,983,029	1
Intangible assets	412,785	—	412,785	1
Long-term prepaid expenses	<u>1,849,741</u>	<u>—</u>	<u>1,849,741</u>	1
Total Non-Current Assets	<u>4,353,859,340</u>	<u>—</u>	<u>5,022,245,555</u>	
Current Assets				
Bank balances and cash	136,746,492	—	136,746,492	1
Account receivables	31,035,198	—	31,035,198	1
Deposits and prepayments	14,615,727	—	14,615,727	1
Other receivables	1,508,413,865	—	1,508,413,865	1
Other current assets	<u>11,648,573</u>	<u>—</u>	<u>11,648,573</u>	1
Total Current Assets	<u>1,702,459,855</u>	<u>—</u>	<u>1,702,459,855</u>	
Total Assets	<u>6,056,319,195</u>		<u>6,724,705,410</u>	

	Book Value RMB	Fair Value Adjustment RMB	Fair Value RMB	Note
Liabilities				
Non-Current Liabilities				
Long-term debt	<u>1,035,891,079</u>		<u>1,035,891,079</u>	1
Total Non-Current Liabilities	<u>1,035,891,079</u>		<u>1,035,891,079</u>	
Current Liabilities				
Account payables	569,966,408		569,966,408	1
Deferred revenue	2,474,171		2,474,171	1
Salary payables	2,068,357		2,068,357	1
Taxation payables	124,341		124,341	1
Other payables	<u>43,475,023</u>		<u>43,475,023</u>	1
Total Current Liabilities	<u>618,108,300</u>		<u>618,108,300</u>	
Total Liabilities	<u>1,653,999,379</u>		<u>1,653,999,379</u>	
Total Equity	<u>4,402,319,816</u>		<u>5,070,706,031</u>	
Total Equity and non-current liabilities	6,056,319,195		6,724,705,410	
Equity Shareholding			100.00%	
The Fair Value of Equity Interest			5,070,706,031	

Notes:

1. The carrying amount of these assets/liabilities is assumed to be equal to its fair value.
2. The investment property has a market value of RMB5,018,000,000, which is based on the valuation result provided by us.

As shown in the table above, there is fair value adjustment for the investment property below.

Investment Property

In arriving at our opinion of values, we have adopted the Income Approach — Term and Reversion Method which estimates the value of the Property on a market basis by capitalizing net rental income on a fully leased basis. This method is used when a property or asset is leased out for a specific term(s). This technique considers both the current passing rental income from existing tenancies and the potential future reversionary income at market level, by capitalising both at appropriate rates. In calculating the net rental income for this purpose, deduction is made for outgoings such as property management fees.

The parking spaces are ancillary facilities to the office building and commercial spaces, they do not have separate title documents. Therefore, we did not conduct a separate valuation of the carparks but considered it indirectly in our valuation through Income Approach as part of other income.

Our valuation has been made on the assumption that the owner can sell the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free of any encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have conducted the valuation assuming:

- the information as set out in the section headed “Information Sources” above about the titles of the Property provided by the Group and its legal advisor, Hylands Law Firm 北京浩天(深圳)律師事務所 is true and correct;
- the property interests are free from contamination and environmental problems or hazards;
- the full and proper ownership titles of the Property have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- the Property has been constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements;

- we have assumed the property interests are in a good state of repair, management and maintenance and fit for the use to which it is put, and will continue to be managed and maintained to this standard in the future; and
- in valuing the property interests held by the PRC JV Company for investment purposes, we have assumed the tenanted property will continue to be occupied and maintained in good order.

In determining the valuation of the Property, we have applied the following valuation parameters:

- (1) We have made reference to the following comparable properties, which have similar characteristics to the office portion of the Property in the vicinity. The analysed monthly rent for these comparable properties ranged from RMB150–160 per square meters (psm). In the course of our valuation, we have considered the relevant adjustment factors such as location and accessibility, marketability, size, etc. After adjustments, the monthly rent of the Property as at the valuation date is RMB150 psm on GFA basis, exclusive of value-added tax (VAT) and property management fees.

Items	Comparable 1	Comparable 2	Comparable 3
Name (ENG)	Hengyu Qianhai Financial Center	One Excellence Qianhai	China Resources Qianhai Center
Name (CHN)	恒裕前海金融中心	卓越前海壹號	華潤前海
District	Nanshan	Nanshan	Nanshan
Detail Address	Spring South Street	Guiwan Five Road North	Intersection of Menghai Road and Jingu South One Road

- (2) We have made reference to the following comparable properties, which have similar characteristics to the retail portion of the Property in the vicinity. The analysed first-level monthly rent for these comparable properties ranged from RMB400–600 psm. In the course of our valuation, we have considered the relevant adjustment factors such as location and accessibility, marketability, building qualifications, etc. After adjustments, the monthly rent of the Property as at the valuation date is RMB500 psm on NLA basis, exclusive of VAT and property management fees.

Items	Comparable 1	Comparable 2	Comparable 3
Name (ENG)	Qianhai One Excellence Intown	Retail Shop on Guiwan Forth Road	Retail Shop in Xiangbin Tower
Name (CHN)	前海卓越Intown	桂灣四路商舖	香濱大廈商舖
Location	Nanshan	Nanshan	Nanshan
Detail Address	Menghai Avenue	Guiwan Forth Road	Zimao West Road

- (3) We have adopted a term yield of 3.75% and a reversion yield of 4% for office spaces and retail spaces with anchor tenants, and a term yield of 4% and a reversion yield of 4.25% for retail spaces with general tenants. We have arrived at these assumptions based on (i) our research and analysis of the office and shopping mall market in Shenzhen, where market gross yields range from 3.45% to 3.80%, and (ii) the specific location and characteristics of the Property.

Based on the above, the market value of the Property as is basis as at the Valuation Date was in the amount of RMB5,018,000,000 (RENMINBI FIVE BILLION AND EIGHTEEN MILLION YUAN).

6 CONFIDENTIALITY AND DISCLAIMERS

The services provided by Colliers comply with professional assessment standards. Our compensation is not contingent upon our conclusions of value. Under the circumstances that we cannot conduct independent verification, we assume the data obtained is accurate. The files and materials obtained or workpapers produced during our work are our property rights. We will retain this data for at least six years.

The valuation is for the purpose indicated herein only. The report and valuation shall only be used in the form of full text. Without using the full text, no part of this report and valuation shall be used. The report and valuation results shall only be used for the above-mentioned purpose. Owning this report or any copy does not imply the right to copy. Without the prior written consent of our company to use part of the text and form, it is not allowed to use the full text or part of the report or mention the name of our company or publish the full text or part of the report in any file, notice or statement.

This report shall only be used for the specified purpose. Without the written consent of Colliers, any third party shall not use this report. This report may be provided in full text for the inclusion in the circular of the Company and the Group and the third party who needs to review the information therein. No one shall use this report as a substitute for the original due diligence process. Without the written consent of Colliers, it is not allowed to use the full text or part of the report or mention the name of Colliers or publish the full text or part of the report in any file, notice or statement.

The Company has agreed to indemnify us against any relevant losses, claims, lawsuits, damage, costs or obligations, including the attorney fees for this engagement with the Company as subject, in order to ensure that we have no relation with them, nor will it assume any liability for any of our omission. The scope of protection should include any related persons of Colliers, including directors, officers, employees, contractors, branches or agents. Should Colliers have to make compensation for any liability arising from this engagement, the amount of our compensation is only limited to three times of the service fees for this engagement. We reserve the right to include the Company in our client list, but we will maintain the confidentiality of all conversations, information obtained, and the contents of the reports. These conditions can only be modified by written documents agreed by both parties.

7 VALUATION CONCLUSION

The valuation has been conducted based on generally accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, which not all of which can be easily quantified or ascertained. While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the entrusting party or Colliers.

In accordance with the purpose and scope of our engagement set out, the fair value of 100% equity interest of the Shenzhen Tiande Real Estate Development Company (深圳天得房地產開發有限公司) as at the Valuation Date is at the amount of RMB5,070,706,031 (RENMINBI FIVE BILLION SEVENTY MILLION SEVEN HUNDRED SIX THOUSAND THIRTY ONE ONLY).

We hereby certify that we have no prospective interests in the PRC JV Company or the Valuation Subject.

Yours faithfully,
For and on behalf of
Colliers Appraisal & Advisory Services Co., Ltd.

Kin Ming Woo James*FRICS AICFC*

Executive Director

Valuation and Advisory Services|China

Contributing Valuer: Eric Tsang*BSc (Hons) MRICS MHKIS MCIREA RPS(GP)*

Senior Director

Valuation and Advisory Services|Asia

Note:

1. Mr. Kin Ming Woo James is a Fellow member of the Royal Institution of Chartered Surveyors. James is co-head of China Valuation Services team at Colliers. He is suitably qualified to carry out the valuation and has over 20 years' experience in the business valuation and over 25 years' valuation of properties of this magnitude and nature in the PRC.
2. Mr. Eric Tsang is a qualified general practice surveyor with over 24 years' experience in valuation of properties in the PRC.

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. DISCLOSURE OF INTERESTS BY DIRECTORS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he/she was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

(I) Long positions in shares

	Number of shares			Total	Approximate % of shareholding as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests		
The Company (Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	5,168,909	—	—	5,168,909	0.21
Dr. Cheng Chi-Kong, Adrian	2,559,118	—	—	2,559,118	0.10
Mr. Cheng Kar-Shing, Peter	213,444	141,641 ⁽¹⁾	—	355,085	0.01
Mr. Cheng Chi-Heng	133,444	—	—	133,444	0.01
Ms. Cheng Chi-Man, Sonia	825,672	—	—	825,672	0.03
Ms. Chiu Wai-Han, Jenny	29,899	—	—	29,899	0.00
New World Department Store China Limited (Ordinary shares of HK\$0.10 each)					
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
Sun Legend Investments Limited (Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	9,500,500 ⁽²⁾	9,500,500	50.00

Notes:

- (1) These shares were jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.
- (2) These shares were beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(II) Long positions in debentures

(i) New World China Land Limited (“NWCL”)

Name	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	—	27,167,400 ⁽¹⁾	—	27,167,400	0.69

Note:

- (1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.

(ii) NWD Finance (BVI) Limited (“NWD Finance”)

Name	Amount of debentures in US\$ issued by NWD Finance				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William	—	107,875,000	10,000,000 ⁽¹⁾	117,875,000	2.56
Mr. Cheng Kar-Shing, Peter	4,000,000	—	—	4,000,000	0.09
Mr. Ip Yuk-Keung, Albert	—	750,000 ⁽²⁾	—	750,000	0.02

Notes:

- (1) These debentures were beneficially owned by a company which was wholly owned by Mr. Doo Wai-Hoi, William.
- (2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse.

(iii) NWD (MTN) Limited (“NWD (MTN)”)

Name	Amount of debentures issued by NWD (MTN)				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Spouse interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	—	78,000,000 ⁽¹⁾	—	78,000,000	0.39
Mr. Ip Yuk-Keung, Albert	—	3,900,000 ⁽²⁾	—	3,900,000	0.02

Notes:

- (1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.
- (2) These debentures were jointly held by Mr. Ip Yuk-Keung, Albert and his spouse, and were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3. COMMON DIRECTORS

The following is a list of Directors who, as at the Latest Practicable Date, were also directors of the companies which had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Common Director	Name of Company
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Cheng Yu Tung Family (Holdings) Limited ("CYTFH")
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Chow Tai Fook Capital Limited ("CTFC")
Dr. Cheng Kar-Shun, Henry Dr. Cheng Chi-Kong, Adrian Mr. Cheng Kar-Shing, Peter Mr. Cheng Chi-Heng	Chow Tai Fook (Holding) Limited ("CTFHL")
Dr. Cheng Kar-Shun, Henry Dr. Cheng Chi-Kong, Adrian Mr. Cheng Kar-Shing, Peter Mr. Cheng Chi-Heng	CTFE

4. INTERESTS IN ASSETS OF THE GROUP

Please refer to disclosures made under the section headed "EGM" of the letter from the Board.

The Group had entered into the following transactions with CTFE and/or its associates since 30 June 2023:

- (a) lease agreements regarding rental of properties between members of the CTFE group and members of the Group, the transactions under which form part of the transactions contemplated under the master services agreement dated 28 April 2023 entered into between the Company and CTFE (the "**CTFE Master Services Agreement**"), and the annual caps of which were revised in November 2023, details of which were disclosed in the circular of the Company dated 13 October 2023; and

(b) on 26 June 2023, Century Acquisition Limited (a wholly-owned subsidiary of CTFE) (the “**Offeror**”) as the offeror announced its intention to make a conditional voluntary general cash offer to acquire all the issued shares of NWS Holdings Limited (“**NWSH**”) not already beneficially owned by CTFHL and its subsidiaries (the “**NWS Offer Share(s)**”) at an offer price of HK\$9.15 per NWS Offer Share (the “**NWS Share Offer**”) subject to the satisfaction or waiver (where applicable) of certain pre-conditions. The pre-conditions were satisfied and the NWS Share Offer was made on behalf of the Offeror pursuant to a composite document jointly issued by CTFE, the Offeror and NWSH dated 13 October 2023. Following the obtaining of the approval by the independent Shareholders at the extraordinary general meeting of the Company held on 2 November 2023, the Group accepted the NWS Share Offer in respect of all its shares in NWSH (the disposal of such NWSH shares by the Group as a result of acceptance of the NWS Share Offer, the “**NWSH Disposal**”). The NWS Share Offer was declared unconditional on 9 November 2023 and the NWSH Disposal was completed at the close of business on 17 November 2023 and the Group ceased to have any interests in NWSH and NWSH ceased to be a subsidiary of the Group.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 30 June 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the interests and short positions of substantial shareholders and other persons in the Shares and underlying 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 were as follows:

Long positions in Shares

Name	Number of Shares			Approximate % of shareholding as at the Latest Practicable Date
	Beneficial interests	Interests of controlled corporation	Total	
CYTFH ⁽¹⁾	—	1,140,728,609	1,140,728,609	45.33
CYTFH-II ⁽²⁾	—	1,140,728,609	1,140,728,609	45.33
CTFC ⁽³⁾	2,300,000	1,138,428,609	1,140,728,609	45.33
CTFHL ⁽⁴⁾	—	1,138,428,609	1,138,428,609	45.24
CTFE ⁽⁵⁾	1,035,392,823	103,035,786	1,138,428,609	45.24

Name	Number of Shares/underlying Shares			Approximate % of shareholding as at the Latest Practicable Date
	Beneficial interests	Interests of controlled corporation	Total	
BlackRock, Inc.	—	146,865,957	146,865,957 ⁽⁶⁾	5.84

Notes:

- (1) CYTFH held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTFC.
- (2) CYTFH-II held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTFC.
- (3) CTFC held approximately 81.03% direct interest in CTFHL and was accordingly deemed to have an interest in the Shares deemed to be interested by CTFHL.
- (4) CTFHL held 100% direct interest in CTFE and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTFE.
- (5) CTFE together with its subsidiaries.
- (6) The interests included interest in 9,520,000 underlying Shares through its holding of certain cash settled unlisted derivatives.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, other than contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation.

7. COMPETING INTEREST

As at the Latest Practicable Date, according to the Listing Rules, the following Directors had interests in the following businesses which were considered to compete or were 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 Group:

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
Dr. Cheng Kar-Shun, Henry	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
	FSE Lifestyle Services Limited group of companies	Property and carpark management	Director
	Ramada Property Limited	Property and hotel property Investment	Director
Mr. Doo Wai-Hoi, William	Ace Action Ltd. group of companies	Property investment	Director
	Fortune Success Limited group of companies	Property investment	Director
	FSE Lifestyle Services Limited group of companies	Property and carpark management	Director
	Fungseng Prosperity Holdings Limited group of companies	Property investment and management	Director
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	Oriental Triumph Inc. group of companies	Property and hotel property investment	Director and shareholder
	Perfect Fine Group Limited group of companies	Property investment	Director
	Silver Success Company Limited group of companies	Hotel property investment	Director
	Supreme Harvest Development Limited group of companies	Property investment and development	Director

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
Dr. Cheng Chi-Kong, Adrian	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
Mr. Cheng Kar-Shing, Peter	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder
Mr. Cheng Chi-Heng	CTFE group of companies	Property investment and development, hotel operations and healthcare investment	Director
Ms. Huang Shaomei, Echo	Chow Tai Fook Business Development (Wuhan) Co., Ltd.	Property investment, development and management	Director
	Chow Tai Fook Chuangdi Real Estate (Wuhan) Co., Ltd.	Property investment and development, estate agency and carpark management	Director
	Guangzhou Junfu Real Estate Development Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyu Operation Management Co., Ltd.	Hotel operations, property investment and management	Director
	Guangzhou Xinyuxian Yinghui Business Management Co., Ltd.	Carpark leasing and management	Director
	Shenzhen Fusheng Investments Co., Ltd.	Hotel operations, property investment and management	Director
	Tianjin New World Huan Bo Hai Real Estate Development Co., Ltd.	Property investment and management	Director
	Wuhan Xinhuiye Real Estate Co., Ltd.	Property investment and development and carpark management	Director

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
Mr. Ma Siu-Cheung	China Resources (Holdings) Co., Ltd.	Property investment, development and management	Director
Mr. Lee Luen-Wai, John	Lippo Limited	Property investment, development and management	Director
	Lippo China Resources Limited	Property investment, development and management	Director
	Hongkong Chinese Limited	Property investment, development and management	Director
Ms. Lo Wing-Sze, Anthea	Menswinton Limited	Hotel operations and hotel property investment	Director and shareholder
	Bothtrend Investments Limited	Hotel operations and hotel property investment	Director and shareholder

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) had interest in any business apart from the business of the Group, which was considered to compete or was likely to compete, either directly or indirectly, with that of the Group.

As the Board is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

8. INTERESTS IN CONTRACTS OR ARRANGEMENTS

Save for contracts amongst group companies, and save for the Directors who are deemed materially interested in the CTFE Master Services Agreement as disclosed in the circular of the Company dated 13 October 2023, and the 2023 Services Group Master Services Agreement as defined and disclosed in the circular of the Company dated 7 June 2023, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 30 June 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. EXPERT

The following sets out the qualifications of the experts who have been named in this circular:

Name	Qualification
Ballas Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Colliers Appraisal & Advisory Services Co., Ltd.	an independent professional valuer

As at the Latest Practicable Date, the Independent Financial Adviser and the Independent Valuer did not have any shareholding, directly or indirectly, in any member of the Group or any 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, the Independent Financial Adviser and the Independent Valuer did not have any interest, directly or indirectly, in any assets which since 30 June 2023, the date to which the latest published audited consolidated financial statements of the Group were made up, had been 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.

11. CONSENT

Each of the Independent Financial Advisor and the Independent Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report and references to its name, in the form and context in which they respectively appear in this circular.

12. MISCELLANEOUS

The English text of this circular and the enclosed proxy form shall prevail over the Chinese text.

13. DOCUMENTS ON DISPLAY

A copy of the Sale and Purchase Agreement will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.nwd.com.hk) for display for a period of 14 days from the date of this circular.



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of New World Development Company Limited (新世界發展有限公司) (the “**Company**”) will be held as a hybrid meeting at the principal meeting place of Meeting Room S423 (Harbour Road Entrance), Level 4, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 22 August 2024 at 11:30 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the sale of three (3) ordinary shares in the issued share capital of Sky Treasure Development Limited (the “**Target Company**”) owned by Total Partner Holdings Limited (the “**Vendor**”), and the assignment of the entire amount of the shareholder’s loan owing from the Target Company to the Vendor as at the date of completion of the Sale and Purchase Agreement (as defined below), in each case by the Vendor to Shine Through Holdings Limited (the “**Purchaser**”) pursuant to the conditional sale and purchase agreement dated 26 June 2024 entered into between the Vendor, the Purchaser and the Company as the Vendor’s guarantor (the “**Sale and Purchase Agreement**”, a copy of which has been produced at the Meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose) (the “**Disposal**”) and the entering into of the Sale and Purchase Agreement by the Vendor and the Company and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company, or any two directors of the Company or any one director and the company secretary of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such documents and agreements and do all such acts and things as he/she or they may in his/her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Sale and Purchase Agreement and the transactions contemplated under and all matters incidental to, ancillary or incidental thereto.”

By order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 2 August 2024

NOTICE OF EGM

Notes:

1. Hybrid Meeting

The Company will conduct a hybrid Meeting with the combination of in-room meeting and virtual meeting using the Tricor e-Meeting System which allows shareholders to participate in the Meeting online in a convenient and efficient way from anywhere with an internet connection. Shareholders will be able to view the live video broadcast of the Meeting and participate in voting and submit questions online via their mobile phones, tablets, or computers. The live broadcast option can also broaden the reach of the Meeting to shareholders who do not wish to attend physically or for other overseas shareholders who are unable to attend in person physically.

How to attend and vote?

Shareholders who wish to attend the Meeting and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the Meeting in person physically and vote at the Meeting venue; OR
- (2) attend the Meeting via an online platform, namely, the Tricor e-Meeting System, which enables live streaming and interactive platform for Q&A and submission of their votes online; OR
- (3) appoint the chairman of the Meeting or other persons as their proxies to vote on their behalf (whether physically or via Tricor e-Meeting System).

Your proxy's authority and instruction will be revoked if you attend and vote in person physically at the Meeting or via the Tricor e-Meeting System.

For corporate shareholders who wish to (1) appoint proxy electronically to attend and vote at the Meeting on their behalf or (2) appoint a corporate representative to attend the Meeting and to vote online, please contact the Company's share registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 by 5:00 p.m., Monday, 19 August 2024 for the necessary arrangements (including the activation of the password provided on the notification letter sent to the shareholders by the Company on 2 August 2024 (the "**Notification Letter**")).

For the beneficial owners whose shares of the Company are held through banks, brokers, custodians or HKSCC Nominees Limited who would like to attend the Meeting in person physically or online, they should consult directly with their banks, brokers, custodians or HKSCC Nominees Limited (as the case may be) for necessary arrangements. You will be asked to provide your email address which will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending the Meeting online via the Tricor e-Meeting System.

2. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
3. To be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be lodged with the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours (excluding a public holiday) before the time appointed for the Meeting (i.e. not later than Tuesday, 20 August 2024 at 11:30 a.m.) or any adjournment thereof (as the case may be).

NOTICE OF EGM

In the case of appointment of proxies submitted in electronic form, the proxy forms must be electronically submitted via Tricor e-Meeting System not less than 48 hours (excluding a public holiday) before the time appointed for the holding of the Meeting (i.e. not later than Tuesday, 20 August 2024 at 11:30 a.m.) or any adjournment thereof (as the case may be) by scanning the QR code provided on the Notification Letter or visiting the designated URL (<https://spot-emeeting.tricor.hk/#/222>). Please use the username and password provided on the Notification Letter.

If your proxy (except when the chairman of the Meeting is appointed as proxy) wishes to attend the Meeting and vote online, you must provide a valid email address of your proxy to the Company's share registrar, Tricor Tengis Limited. If no email address is provided, your proxy cannot attend the Meeting and vote online. The email address so provided will be used by the Company's share registrar, Tricor Tengis Limited, for providing the login details for attending and voting at the Meeting via Tricor e-Meeting System. If your proxy has not received the login details by email by 11:30 a.m. on Wednesday, 21 August 2024, you should contact the Company's share registrar, Tricor Tengis Limited, hotline at (852) 2975 0928 for the necessary arrangements.

4. In the case of joint holders of a share, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto. If more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The register of members of the Company will be closed from Monday, 19 August 2024 to Thursday, 22 August 2024, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the Meeting, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 August 2024.
6. Voting on the above resolution will be taken by poll.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
8. As at the date of this notice, the board of directors of the Company comprises (a) seven executive directors, namely, Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Ma Siu-Cheung, Ms. Cheng Chi-Man, Sonia, Mr. Sitt Nam-Hoi, Ms. Huang Shaomei, Echo and Ms. Chiu Wai-Han, Jenny; (b) four non-executive directors, namely, Mr. Doo Wai-Hoi William, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng and Mr. Cheng Chi-Ming, Brian; and (c) six independent non-executive directors, namely, Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia.