

4 June 2026

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

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
THE 2026 CTFE MASTER SERVICES AGREEMENT**

**INTRODUCTION**

We refer to our engagement (the “**Engagement**”) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2026 CTFE Master Services Agreement, the CTFE Transactions contemplated thereunder and the CTFE Annual Caps, details of which are set out in the circular of the Company to the Shareholders dated 4 June 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As at the Latest Practicable Date, CTFE is a substantial shareholder of the Company and therefore a connected person of the Company. The CTFE Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since all the amounts and the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the CTFE Annual Caps exceed HK\$10,000,000 and are more than 5%, respectively, the entering into of the 2026 CTFE Master Services Agreement, the CTFE Transactions and the CTFE Annual Caps are subject to the reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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 whether the entering into of the 2026 CTFE Master Services Agreement, the CTFE Transactions contemplated thereunder and the CTFE Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into of the 2026 CTFE Master Services Agreement and the CTFE Transactions

contemplated thereunder is in the ordinary and usual course of business of the Group, on normal commercial terms or better and fair and reasonable; (ii) whether the entering into of the 2026 CTFE Master Services Agreement and the CTFE Transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole; and (iii) whether the CTFE Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **BASIS OF OUR OPINION**

In formulating our opinion, 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.

The Directors have confirmed in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. 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 date 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.

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 not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Group or any of its respective subsidiaries or associates.

## **INDEPENDENCE DECLARATION**

Within two years prior to the Engagement and up to the date of this letter, Ballas Capital Limited (“**Ballas Capital**”) has been/was engaged as (a) the independent financial adviser of the Company in respect of (i) a connected transaction as disclosed in its circular dated 2 August 2024; (ii) a connected transaction as disclosed in its announcement dated 26 September 2024; (iii) a connected transaction exempt from announcement and independent shareholders’ approval requirements in June 2025; and (iv) the continuing connected transactions in relation to long duration agreements as set out in its announcement dated 24 April 2026 (the “**Other NWD Engagements**”). Other than the professional fees received under the Engagement and the Other NWD Engagements which were negotiated between the Company and Ballas Capital on an arm’s length basis, Ballas Capital has not received any other professional fees from the Company within two years prior to the Engagement and up to the date of this letter.

Furthermore, within two years prior to the Engagement and up to the date of this letter, Ballas Capital has been/was engaged as (a) the independent financial adviser of New World Department Store China Limited (“NWDS”) (stock code: 00825) in respect of the continuing connected transactions as set out in the announcement of NWDS dated 24 April 2026; and (b) the independent financial adviser of CTF Services Limited (“CTFS”) (stock code: 00659) in respect of (i) various option adjustments as disclosed in its announcements dated 19 April 2024, 20 November 2025 and 23 December 2025, respectively; and (ii) the continuing connected transactions as set out in its announcement dated 29 September 2025 (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 2026 CTFE Master Services Agreement, the CTFE Transactions contemplated thereunder and the CTFE Annual Caps.

As at the Latest Practicable Date, we are not aware of any relationships or interests between Ballas Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Ballas Capital’s independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2026 CTFE Master Services Agreement, the CTFE Transactions contemplated thereunder and the CTFE Annual Caps.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

### **1. Information on the Group and the CTFE Group**

#### ***1.1 Information on 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.

#### ***1.2 Information on CTFE and the CTFE Group***

As at the Latest Practicable Date and based on publicly available information, CTFE is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited; Chow Tai Fook (Holding) Limited is an approximately 90.52%-owned subsidiary of Chow Tai Fook Capital Limited; and Chow Tai Fook Capital Limited is owned as to approximately 48.98% and approximately 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. To the best knowledge of the Directors, CTFE is principally engaged in investment holding.

## **2. Background and reasons of the Transactions**

On 28 April 2023, CTFE and the Company entered into the 2023 CTFE Master Services Agreement in relation to the CTFE Transactions. The initial term of the 2023 CTFE Master Services Agreement will expire on 30 June 2026. On 24 April 2026, CTFE and the Company entered into the 2026 CTFE Master Services Agreement in relation to the CTFE Transactions and agreed to terminate the 2023 CTFE Master Services Agreement upon the 2026 CTFE Master Services Agreement becoming effective on the CTFE Effective Date.

We have discussed with the management of the Company and understand that the transactions contemplated under the 2026 CTFE Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the CTFE Group and the Group. The 2026 CTFE Master Services Agreement is intended to streamline the continuing connected transactions between members of the CTFE Group and members of the Group. The 2026 CTFE Master Services Agreement provides a single basis on which the Company will comply with the reporting, announcement and independent Shareholders' approval requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or renewal of the agreements in respect of the provision of the CTFE Services.

Pursuant to the 2026 CTFE Master Services Agreement, the CTFE Services cover a wide range of services including CTFE Administrative Services, CTFE Contracting Services, General and Rental Services, Insurance, Medical and Health Care Services, Project Management and Consultancy Services, Concessionaire and Rental Services, and such other types of services as CTFE and the Company may agree upon from time to time in writing.

On the other hand, the Group has been and will continue to provide services to the CTFE Group. The Company is of the view that the provision of the relevant services is a furtherance of the Group's business, whilst the 2026 CTFE Master Services Agreement allows the Group the flexibility, but not the obligation, to provide such services.

In conclusion, we are of the view that the entering into of the 2026 CTFE Master Services Agreement is in the ordinary course of business of the Group and in the interests of the Group and the Shareholders as a whole.

## **3. Principal terms of the 2026 CTFE Master Services Agreement**

Pursuant to the 2026 CTFE Master Services Agreement, the relevant members of the CTFE Group may from time to time enter into Definitive CTFE Agreement(s) with the relevant members of the Group in respect of any CTFE Transaction upon, and subject to, the terms and conditions in compliance with the 2026 CTFE Master Services Agreement as may be agreed between the relevant members of the CTFE Group and the relevant members of the Group. All existing agreements between relevant members of the CTFE Group and relevant members of the Group in respect of the CTFE Transactions (to the extent which cover the CTFE Transactions on or after the CTFE Effective Date) will be treated as

Definitive CTFE Agreements made pursuant to the 2026 CTFE Master Services Agreement as from the CTFE Effective Date and shall continue to be subject to the terms of the 2026 CTFE Master Services Agreement. With effect from the CTFE Effective Date, the CTFE Transactions shall be conducted (a) in the ordinary and usual course of business of the CTFE Group and the Group; (b) on normal commercial terms or better (as defined in the Listing Rules) and based on the then prevailing market rates; and (c) in compliance with all applicable provisions of the Listing Rules (including the CTFE Annual Caps), the applicable laws, the 2026 CTFE Master Services Agreement and the relevant Definitive CTFE Agreement.

As disclosed in the letter from the Board contained in the Circular (the “**Letter from the Board**”), the pricing policies are set out below:

- a) in respect of the CTFE Administrative Services: the consideration will be fixed at a monthly fee based on the estimated amount of work to be done, with reference to at least one market comparable obtained at the best endeavour of the parties from time to time;
- b) in respect of the CTFE Contracting Services: where the Group participates in a tender or quotation with all bidders (including independent third parties in the market), the tender price will be determined on a cost-plus basis (which could be varied according to the scale or, if applicable, the unique nature of the project agreed to be undertaken by the Group), by making reference to at least one quote provided to independent third parties for similar services, if applicable. The winning bid will generally be the lowest tender amount or the recommended bid with better technical knowhow and capability, in accordance with the employer’s tender procedures; where the engagement is through direct appointment by the CTFE Group, the consideration will be on a cost-plus basis, with reference to the Group’s prevailing cost structure and historical profit margin for at least one project of a similar nature and scale undertaken for independent third-party customers, taking into account project complexity, risk profile and resource requirements, which is in line with the basis for engagements by independent third parties for projects of similar nature and size; where a member of the CTFE Group is nominated as contractor designated by ultimate employer, the consideration will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer; and where the Group has the right to select contractor(s), the Group will obtain two quotations from independent third-party contractors on its list of pre-approved contractors and compare them with the terms offered by the CTFE Group;
- c) in respect of the General and Rental Services: for lessor/lessee arrangements, the parties will obtain two market comparative quotes and/or review two comparable transactions with independent third parties; for procurement services, the consideration will be fixed after analysis of the project requirements, and make references to at least one recent job quotation, as applicable, offered to/obtained from independent third party for similar services and the historical purchase price, and any quotation(s) offered by the Group to the CTFE Group or any

quotation(s) offered to the Group by the CTFE Group will be on terms no less favourable to the Group as compared to those offered to/by independent third parties for comparable services, as applicable; and for the provision of other services, the consideration will be fixed at an amount with reference to the prevailing market rate, which will be determined with reference to at least one market comparable offered to/by independent third party, if applicable;

- d) in respect of the Insurance, Medical and Health Care Services: the consideration will be fixed on the basis to meet the target profitability requirement measured by profit margin, which is determined with reference to the Group's overall pricing framework for comparable insurance, medical and health care products provided to independent corporate customers, having regard to underwriting factors including risk exposure, claims history, reinsurance terms and administrative costs. Where such services are provided by the CTFE Group to the Group, the Group will, depending on the nature and complexity of the relevant insurance services, obtain one or more quotations, if applicable, from independent third-party service providers for comparable services, and any quotation from the CTFE Group accepted by the Group will be on terms no less favourable to the Group than those offered by independent third parties for comparable services;
- e) in respect of the Project Management and Consultancy Services: the consideration will be fixed on the basis of cost plus a prevailing market rate which could be varied according to the size or, if applicable, the unique nature of the project and/or the extent of services required;
- f) in respect of the Concessionaire and Rental Services: a quote will be provided by the relevant member(s) of the Group on a cost-plus basis, taking into account the estimated or actual costs to be incurred by the Group and a profit margin which shall be no less favourable to the Group than that charged by the Group to at least one independent third party for similar services, if applicable; the relevant member(s) of the CTFE Group may, through its operational and technical departments and based on relevant policies and other quotes for similar arrangements obtained from independent third parties in the market, either accept the quote and proceed or reject the quote; and
- g) in respect of the other CTFE Services: the consideration will be fixed at an amount with reference to the prevailing market rate compared to the relevant immediately expired Definitive CTFE Agreement(s), with reference to at least one market comparable obtained at the best endeavour of the parties from time to time.

The consideration offered by or accepted by the Group under each Definitive CTFE Agreement shall be no less favourable to the Group than that offered by the Group to, or offered to the Group by, independent third parties for comparable services.

### *3.1 Our work done*

Based on the detailed annual cap breakdown provided by the management of the Company, we note that the services to be provided by the CTFE Group to the Group account for approximately 80.7%, 87.3% and 88.7% of the total CTFE Annual Caps for FY2027, FY2028 and FY2029, respectively. We further note that, within such services, CTFE contracting services are the dominant component, accounting for approximately 89.7%, 94.4% and 94.4% of the relevant directional cap for FY2027, FY2028 and FY2029, respectively, and approximately 72.4%, 82.4% and 83.7% of the total CTFE Annual Caps for the corresponding years. Against this background, our work focused on the review of the relevant tender procedures, selected historical transactions and the underlying project schedules supporting the projected CTFE contracting services. Apart from the due diligence on CTFE contracting services as detailed below, we have also discussed with the management of the Company and reviewed the pricing policies set out in the Letter from the Board in respect of other services (i) provided by the CTFE Group to the Group; and (ii) provided by the Group to the CTFE Group. Based on the detailed annual cap breakdown, we note that none of these individual service categories represents a significant percentage of the overall CTFE Annual Caps comparable to CTFE contracting services. Accordingly, while our detailed transaction-level review focused on CTFE contracting services as the principal driver of the CTFE Annual Caps, we have considered whether the pricing policies and internal control framework described in the Letter from the Board are capable of governing such other service categories.

We have discussed with the Company and reviewed the list of tenders held by the Company during the two financial years ended 30 June 2024 (“FY2024”) and 2025 (“FY2025”) and the six months ended 31 December 2025 (the “1H2026”) (together, the “Review Period”) and selected all three projects which were newly awarded by the Company to the CTFE Group (the “Selected Projects”).

We have reviewed the Company’s tender manual which set out guidelines for the tender procedures, such as the duty and composition of the tender committee, the approval process based on project value, selection criteria for and number of tenderers to invite for tender and tender assessment and evaluation. Pursuant to the tender manual, tenders of projects with contract sum exceeding HK\$500,000 are approved by the tender committee, and approval from the independent non-executive Directors will be sought before awarding any contract to the CTFE Group with contract sum exceeding HK\$100,000,000.

Further, as part of the tender evaluation, the Group would evaluate, among other criteria, tender offers, background, qualification, historical performance, track record, reputation, financial standing and operational capabilities of the respective tenderers and the winning bid will be the one with the lowest tender amount in accordance with the internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation.

We have reviewed the relevant documents of the Selected Projects, including the tenderer list with all qualifying tenderers and the tender committee memo comparing the tender offers between all bidders and the final assessment setting out the decision process and reason of award, and noted that the Company has complied with the tender procedure manual and adhered to the guidelines for tender procedure. We also noted from the tender committee memo that the terms of the Selected Projects awarded to the CTFE Group were no less favourable to the Group as compared to those offered by the other independent third party tenderers.

In addition, we understand from the management of the Company that once a contractor was appointed as the contractor and/or consultant to a property development and investment project of the Group, a designated project team from the Group will continue to monitor the ongoing costs incurred by the selected contractor/consultant on the relevant project and project related costs will either be ascertained by an independent professional quantity surveyor to be appointed by the Group or an in-house qualified professional quantity surveyor before relevant payments are made to the contractor and/or consultant for their work. For the Selected Projects which already commenced the payment stage, we reviewed the relevant documents of such project, including the subcontractor payment certificate issued by an independent professional quantity surveyor and we note that the project related costs were ascertained by a qualified professional quantity surveyor. We have further noted the internal control measures as disclosed in the Letter from the Board, regarding definitive CTFE Agreement review and assessment, tendering process and quotations, transactions monitoring and reporting, biannual review by internal audit function, and annual review by external auditors and independent non-executive Directors. In particular, we noted that prior to entering into any Definitive CTFE Agreement under the scope of the 2026 CTFE Master Services Agreement, the relevant personnel of the Group will review and assess the terms of the Definitive CTFE Agreements to ensure that they are consistent with the principles and provisions set out in the 2026 CTFE Master Services Agreement. Furthermore, the Group is required to follow its internal tender guidelines when submitting tenders/quotations or when conducting tender review for tenders held by the Group, so as to ensure that the price and terms offered by or to the Group are fair, reasonable and comparable to those offered by or to independent third parties. In determining the tender or quotation price and in selecting the winning bidder, the Group will take into account factors such as comparable tenders or quotations, estimated costs, expected profit margin, project complexity, risk profile, resource requirements, overall commercial terms and service capability, with a view to ensuring that the accepted terms are on normal commercial terms or better and no less favourable to the Group than those offered by independent third parties, where applicable. In respect of the annual review of the continuing connected transactions by the independent non-executive Directors and the auditor of the Company, we reviewed the relevant disclosures in the annual report of the Company for FY2025 (the “**Annual Report**”), as set out in the section headed ‘5. Requirements by the Listing Rules regarding the CTFE Transactions contemplated under the 2026 CTFE Master Services Agreement’ in this letter.

### 3.2 Our view

In conclusion, based on our review of (i) the pricing policies set out in the Letter from the Board for the CTFE Services; (ii) the underlying documents of the Selected Projects in respect of CTFE contracting services, being the principal driver of the CTFE Annual Caps; (iii) the pricing policies for each type of CTFE Services disclosed in the Letter from the Board; and (iv) the internal control measures such as the review and assessment of terms of the Definitive CTFE Agreements by relevant personnel and the tendering or quotation procedures to be applied before entering into the relevant transactions, we are of the view that the Group's pricing policy together with the internal control procedures provide a reasonable and sufficient basis to ensure that the CTFE Transactions contemplated under the 2026 CTFE Master Services Agreement are in the ordinary and usual course of business of the Group and will be conducted on normal commercial terms or better (as defined in the Listing Rules) that are no less favourable to the Group than those available to independent third parties.

## 4. The CTFE Annual Caps

The tables below set out (i) the aggregate historical transaction amounts of the CTFE Transactions for FY2024, FY2025 and 1H2026; and (ii) the proposed CTFE Annual Caps for the three financial years ending 30 June 2027 ("FY2027"), 2028 ("FY2028") and 2029 ("FY2029"):

	Historical transaction amounts			Annual caps		
	FY2024	FY2025	1H2026	FY2027	FY2028	FY2029
	HK\$'	HK\$'	HK\$'	HK\$'	HK\$'	HK\$'
	million	million	million	million	million	million
	(note)	(note)	(note)			
<b>Historical aggregate transaction amounts (approximately)/annual caps of the CTFE Transactions</b>						
Services by the Group to the CTFE Group	531.4	247.0	74.8	632.2	625.5	556.0
Services by the CTFE Group to the Group	<u>468.0</u>	<u>864.5</u>	<u>904.6</u>	<u>2,640.0</u>	<u>4,296.9</u>	<u>4,355.4</u>
Total	<u>999.4</u>	<u>1,111.5</u>	<u>979.4</u>	<u>3,272.2</u>	<u>4,922.4</u>	<u>4,911.4</u>

*Note:* The historical aggregate transaction amounts shown in the table above do not include the transaction amounts of the Concessionaire and Rental Services and the leasing and licensing transactions recorded under the Master Leasing and Licensing Agreement, as those services were not covered under the 2023 CTFE Master Services Agreement but contemplated under the 2026 CTFE Master Services Agreement. For the two financial years ended 30 June 2024 and 2025 and the six months ended 31 December 2025, the aggregate transaction amounts relating to the Concessionaire and Rental Services paid by the CTFE Group to the Group amounted to approximately HK\$30.4 million, HK\$22.3 million and HK\$9.8 million, respectively, and the

aggregate transaction amounts relating to the leasing and licensing transactions recorded under the Master Leasing and Licensing Agreement paid by the CTFE Group to the Group amounted to approximately HK\$78.5 million, HK\$79.5 million and HK\$39.9 million, respectively.

We note that the historical aggregate transaction amounts under the 2023 CTFE Master Services Agreement were approximately HK\$999.4 million, HK\$1,111.5 million and HK\$979.4 million for FY2024, FY2025 and 1H2026, respectively. We further note from the Letter from the Board that such historical aggregate transaction amounts did not include the transaction amounts relating to the Concessionaire and Rental Services and the leasing and licensing transactions recorded under the Master Leasing and Licensing Agreement, which amounted to approximately HK\$108.9 million, HK\$101.8 million and HK\$49.7 million, respectively, for the corresponding periods. On such basis, the historical aggregate transaction amounts (“**Combined Historical Amounts**”) on a more comparable basis would have been approximately HK\$1,108.3 million, HK\$1,213.3 million and HK\$1,029.1 million, respectively. Annualising the Combined Historical Amount for 1H2026 implies an annualised amount of approximately HK\$2,058.2 million. On this basis, the CTFE Annual Caps for FY2027, FY2028 and FY2029 represent increases of approximately 59%, 139% and 139%, respectively. In this regard, we understand from the management of the Company that such increase is principally attributable to (i) the project timeline and construction progress of the ongoing projects, as the relevant transaction amounts to be recognised in a given financial period depend on the stage of completion of the relevant projects; and (ii) the inclusion of estimated fees from projects on hand which may be awarded to the CTFE Group. We further understand that the CTFE Group is included in the Group’s list of pre-approved contractors and may participate in the tender/bidding process for such projects. As such, we consider it reasonable for the Company to take into account the potential transaction amounts relating to such projects when determining the CTFE Annual Caps.

As explained above, based on the detailed annual cap breakdown provided by the management of the Company, we note that the services to be provided by the CTFE Group to the Group represent the majority of the overall CTFE Annual Caps, accounting for approximately 80.7%, 87.3% and 88.7% of the total CTFE Annual Caps for FY2027, FY2028 and FY2029, respectively. Within such services, CTFE contracting services are the dominant component, accounting for approximately 89.7%, 94.4% and 94.4% of the relevant directional cap for FY2027, FY2028 and FY2029, respectively, and approximately 72.4%, 82.4% and 83.7% of the total CTFE Annual Caps for the corresponding years.

We have reviewed the breakdown of the projected amount for the CTFE contracting services in the calculation of the CTFE Annual Caps and discussed with the management of the Company. We note that, in determining the annual caps for the CTFE contracting services, the management of the Group has prepared the project schedules, which set out, among others, the estimated contract values on a project-by-project basis for FY2027, FY2028 and FY2029. We have reviewed the project schedules and note that the projected amount for the CTFE contracting services mainly comprises (i) the expected fees to be recognised in accordance with the completion progress of the existing projects; and (ii) the expected fees to be incurred from the Company’s projects on hand which may be awarded to the CTFE Group. We understand from the management of the Company that the expected fees for ongoing projects are estimated based on the latest progress and construction

schedule of the relevant projects, while the expected fees for projects not yet awarded are estimated with reference to the expected timing and project size of the relevant projects. We further understand that such project-by-project estimations are prepared by in-house qualified professional quantity surveyor within project management team and reviewed by senior management of the Company. Having considered the project-by-project nature of the estimation, the involvement of personnel responsible for the relevant projects and the review by senior management, we consider such basis of estimation to be reasonable.

We further note that the balance of the CTFE Annual Caps is attributable to other service categories contemplated under the 2026 CTFE Master Services Agreement. We have reviewed the underlying schedules prepared by the relevant business units of the Group and discussed with the management of the Company the basis of the relevant projections. We note that such projections are generally supported by identified counterparties, existing and potential arrangements and/or specific projects, as applicable.

Having considered (i) the historical transaction amounts under the 2023 CTFE Master Services Agreement; (ii) the Combined Historical Amounts after taking into account the Concessionaire and Rental Services and the leasing and licensing transactions recorded under the Master Leasing and Licensing Agreement; (iii) the project schedules for the CTFE contracting services; (iv) the basis of estimation of the projected CTFE contracting services as discussed with the management of the Company; and (v) the relevant pricing policies and internal control procedures, including the annual review by the independent non-executive Directors and the auditors for the latest available financial year, we consider that the basis adopted by the Company in determining the CTFE Annual Caps is reasonable, and the CTFE Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

#### **5. Requirements by the Listing Rules regarding the CTFE Transactions contemplated under the 2026 CTFE Master Services Agreement**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the CTFE Transactions contemplated under the 2026 CTFE Master Services Agreement are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the CTFE Transactions contemplated under the 2026 CTFE Master Services Agreement and confirm in the annual report that the CTFE Transactions have been entered into:
  - in the ordinary and usual course of business of the Group;
  - on normal commercial terms or better; and
  - according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

- (b) each year the auditors of the Company must provide a letter to the Board confirming that the CTFE Transactions contemplated under the 2026 CTFE Master Services Agreement:
- have received the approval of the Board;
  - are, in all material respects, in accordance with the pricing policies of the Company if the CTFE Transactions involve provision of goods or services by the Company;
  - have been entered into, in all material respects, in accordance with the relevant agreement governing the continuing connected transactions; and
  - have not exceeded the related CTFE Annual Caps.
- (c) the Company must allow, and ensure that the relevant counterparties to the 2026 CTFE Master Services Agreement allow, the Company's auditors sufficient access to their records for the purpose of reporting on the transactions. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (b) above; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above respectively.

We have reviewed the continuing connected transactions section in the Annual Report and noted that the independent non-executive Directors had reviewed the continuing connected transactions and confirmed that such transactions had been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the relevant agreements on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole. We also noted that the auditor of the Company had issued an unqualified letter in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. In light of the reporting requirements attached to the 2026 CTFE Master Services Agreement, in particular, (i) the restriction of the value of the relevant transactions by way of the related CTFE Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the 2026 CTFE Master Services Agreement and the related CTFE Annual Caps not being exceeded, we are of the view that appropriate measures are in place to govern the conduct of the 2026 CTFE Master Services Agreement and safeguard the interests of the Shareholders.

## RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that:

- (a) the entering into of the 2026 CTFE Master Services Agreement, and the CTFE Transactions contemplated thereunder is in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms and fair and reasonable;
- (b) the entering into of the 2026 CTFE Master Services Agreement and the CTFE Transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole; and
- (c) the related CTFE Annual Caps are 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 ourselves recommend the Independent Shareholders to vote in favour of the resolution in relation to the entering into of the 2026 CTFE Master Services Agreement, the CTFE Transactions contemplated thereunder and the related CTFE Annual Caps.

Yours faithfully,  
For and on behalf of  
**Ballas Capital Limited**



**Heidi Cheng**  
*Managing Director*



**Cathy Leung**  
*Director*

*Note:* Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2004, and Ms. Cathy Leung of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2019.