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新創建 NWS

新創建集團有限公司*

NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 659)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
FORMATION OF A JOINT VENTURE COMPANY AND
PROVISION OF FINANCIAL ASSISTANCE TO
THE JOINT VENTURE COMPANY,**

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
PROVISION OF CONSTRUCTION MANAGEMENT SERVICES
FOR THE KAI TAK SPORTS PARK PROJECT**

AND

DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES

The Board is pleased to announce that on 28 December 2018, KTSPL, which is held as to 75% by New World Sports (a direct wholly-owned subsidiary of NWD) and 25% by NWS Sports (an indirect wholly-owned subsidiary of the Company), was awarded a contract for the design, construction and operation of Kai Tak Sports Park at the total construction contract sum of HK\$29.993 billion. On the same day (after trading hours), NWD, New World Sports, the Company and NWS Sports entered into the Shareholders' Agreement to regulate the respective rights and obligations of New World Sports and NWS Sports towards the operation and management of KTSPL for the purpose of jointly undertaking the Project. The estimated maximum funding commitment of NWS Sports in relation to KTSPL is approximately HK\$0.5 billion.

It is expected that KTSPL would enter into the DBO Contract with the Government for the design, construction and operation of the Project when called upon to do so by the Government. Before the DBO Contract is formally executed, a binding agreement has been constituted between the Government and KTSPL upon the Government's issuance of a letter of acceptance to KTSPL on 28 December 2018.

New World Sports and NWS Sports have undertaken to provide the Guarantee in favour of the Government to jointly and severally guarantee, as a primary obligation, the punctual, true and faithful performance and observance by KTSPL of the obligations and liabilities of KTSPL under the DBO Contract and any further related agreement. The Indemnity has been entered into among New World Sports, NWD, NWS Sports and the Company, pursuant to which (i) New World Sports and NWD have agreed to indemnify the Group from all liabilities and claims suffered or incurred by the Group under the Guarantee or other guarantees provided for the obligations of KTSPL to the extent in excess of 25%; and (ii) NWS Sports and the Company have agreed to indemnify the NWD Group from all liabilities and claims suffered or incurred by the NWD Group under the Guarantee or other guarantees provided for the obligations of KTSPL to the extent in excess of 75%.

Further, the Government has requested that a guarantee and an undertaking be provided by NWD in favour of the Government to, among other things, guarantee as a primary obligation the punctual, true and faithful performance and observance by KTSPL of the obligations and liabilities of KTSPL under the DBO Contract and any further related agreement. It is expected that, upon or before the NWD Guarantee is provided by NWD to the Government, the Further Counter-Indemnity will be entered into between the Company and NWD, under which the Company will agree to indemnify NWD from all liabilities and claims suffered or incurred by NWD under the NWD Guarantee for the obligations of KTSPL to the extent in excess of 75%.

As at the date of this announcement, NWD together with its subsidiaries hold approximately 61% of the total issued share capital of the Company. New World Sports and KTSPL are subsidiaries of NWD. Accordingly, NWD, New World Sports and KTSPL are connected persons of the Company and KTSPL is a commonly held entity of the Company under Chapter 14A of the Listing Rules. The Joint Venture Transaction, including the provision of the Guarantee by NWS Sports for the obligations of KTSPL, the Indemnity and the Further Counter-Indemnity, constitute connected transactions of the Company under Chapter 14A of the Listing Rules. A waiver from compliance with the circular and independent shareholders' approval requirements in relation to the Guarantee and the Indemnity pursuant to Rule 14A.104 of the Listing Rules has been granted by the Stock Exchange.

The Stock Exchange has also accepted an alternative size test in respect of the formation of the joint venture company between New World Sports and NWS Sports through KTSPL. Since the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Joint Venture Transaction (including the estimated maximum funding commitment in relation to KTSPL to be made by NWS Sports, and the Guarantee, the Indemnity and the Further Counter-Indemnity) under the alternative size test are more than 5% but less than 25%, the Joint Venture Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shortly after the date of this announcement, KTSPL and Hip Hing Engineering (an indirect wholly-owned subsidiary of the Company) will enter into the Construction Management Agreement, pursuant to which Hip Hing Engineering will provide the Construction Management Services to KTSPL for the Project. As KTSPL is a connected person of the Company under Chapter 14A of the Listing Rules, the provision of the Construction Management Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As it is expected that the Construction Management Agreement to be entered into between KTSPL and Hip Hing Engineering will have a term exceeding three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Ballas Capital Limited as its independent financial adviser to explain why the Construction Management Agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

The Guarantee undertaken by NWS Sports to provide in favour of the Government in respect of the obligations of KTSPL, after taking into account the Indemnity, amounts to approximately HK\$7.5 billion, which exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules and therefore triggers a general disclosure obligation pursuant to Rule 13.13 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 December 2018, KTSPL, which is held as to 75% by New World Sports (a direct wholly-owned subsidiary of NWD) and 25% by NWS Sports (an indirect wholly-owned subsidiary of the Company), was awarded a contract for the design, construction and operation of Kai Tak Sports Park at the total construction contract sum of HK\$29.993 billion. On the same day (after trading hours), NWD, New World Sports, the Company and NWS Sports entered into the Shareholders' Agreement to regulate the respective rights and obligations of New World Sports and NWS Sports towards the operation and management of KTSPL for the purpose of jointly undertaking the Project.

THE PROJECT

Scope	KTSP will be responsible for the design, construction and operation of Kai Tak Sports Park
Location	North apron of the former Hong Kong International Airport in Kai Tak, Kowloon City District, Kowloon, Hong Kong
Site area	Around 28 hectares
Contract period	25 years (including design, construction and operation period) The Government may consider extending the operation phase for up to 10 years and entering into new operation agreement with KTSP after receiving request from KTSP.
Construction contract sum	HK\$29.993 billion (in respect of the works for design and construction)
Funding and income	<p>The Government will own the facilities and venues constructed under the Project and will fund the initial lump sum design and construction costs of the Project. KTSP will receive milestone payments from the Government upon achievement of certain design and construction works milestones during the design and construction phase.</p> <p>KTSP will, among others, bear the operating costs in operating and managing the facilities and venues and pay 3% of the gross income share and HK\$1.724 billion to the Government during the operation period, and fulfil fixed commitment on Sports Events Support Scheme. KTSP will receive revenue from pursuing various commercial opportunities (such as hire fees, licence fees, sponsorship fees, merchandise sales and/or commission and car park charges) in respect of the precinct.</p>
Major facilities	The Project involves the development of a 50,000-seat main stadium, an indoor sports centre with a 10,000-seat main arena and a 500-seat ancillary sports hall, a 5,000-seat public sports ground, commercial facilities, all surrounded by extensive public open space.

It is expected that KTSP will enter into the DBO Contract for the Project with the Government when called upon to do so by the Government. Before the DBO Contract is formally executed, a binding agreement has been constituted between the Government and KTSP upon the Government's issuance of a letter of acceptance to KTSP on 28 December 2018.

THE SHAREHOLDERS' AGREEMENT

Date

28 December 2018

Parties

1. NWD
2. New World Sports
3. The Company
4. NWS Sports

Scope of business

Except otherwise agreed between the KTSPL Shareholders, the business of the KTSPL Group will be to submit a tender for, and if the tender is successful, entering into a contract with the Government for, the design, construction and operation for the Project; to enter into or carry on such other business and activities ancillary thereto or otherwise relating to the Project as the KTSPL Board may decide; and to carry on any other business(es) as may be decided upon by the KTSPL Shareholders in compliance with the Shareholders' Agreement.

Financing

The KTSPL Shareholders have paid a total of approximately HK\$907 million to KTSPL by way of share capital injection.

To the extent the additional financing need of the KTSPL Group is not met by financing from banks and/or other financial institutions (“**External Financing**”) as decided by the KTSPL Board or if the KTSPL Board decides not to meet such financing needs by External Financing, each Shareholder shall contribute additional working capital to KTSPL (by way of shareholder's loans) in proportion to the respective shareholding percentages held by them in KTSPL for the purposes of financing its business and operations. The interest (if any) to be charged on the shareholder's loans shall be decided by the KTSPL Board from time to time in consultation with the KTSPL Shareholders.

In case of any support from the KTSPL Shareholders or their respective affiliates or associated companies (whether by way of loans, security, guarantee or indemnity) is required to procure any External Financing for the KTSPL Group, such support shall be given by the KTSPL Shareholders on a several basis in proportion to the respective shareholding percentages held by them in KTSPL, and not on a joint or joint and several basis.

The maximum funding commitment in KTSPL to be made by NWS Sports and New World Sports is currently estimated to be approximately HK\$2.0 billion and accordingly, the maximum funding commitment to be made by NWS Sports in proportion to its 25% shareholding interest in KTSPL is expected to be approximately HK\$0.5 billion. The funding commitment of NWS Sports is expected to be financed by internal resources and/or external financing of the Group as deemed appropriate by the Company.

Management of KTSPL

Pursuant to the Shareholders' Agreement, unless and until otherwise agreed in writing by all KTSPL Shareholders, the KTSPL Board shall comprise no more than four directors. New World Sports shall have the right to nominate three directors of KTSPL and NWS Sports shall have the right to nominate one director of KTSPL, provided that if the relative shareholdings of the KTSPL Shareholders in KTSPL are altered, the KTSPL Shareholders shall procure that such right to nominate directors of KTSPL shall be amended so that it is substantially in proportion to the relevant KTSPL Shareholders' respective shareholdings in KTSPL. The chairman of each meeting of the KTSPL Board shall be elected by the KTSPL Board at the meeting of the KTSPL Board concerned, or as otherwise required from time to time in accordance with the applicable laws and regulations.

Dividend and distribution of profit

The directors of KTSPL shall decide at a meeting of the KTSPL Board where at least one director of KTSPL nominated by New World Sports and one director of KTSPL nominated by NWS Sports is present (or has the right to be present), the amount (if any) of the profits after tax of KTSPL that shall be retained by KTSPL in respect of reserves for the general working capital requirements of the KTSPL Group for the following financial year, reinvestment back into the KTSPL Group in accordance with its annual business plan, operating budget and financial forecast, and/or any other debt of the KTSPL Group falling due for repayment in the following financial year together with any interest accrued thereon.

Restrictions on share transfers

None of the KTSPL Shareholders shall transfer any of its shares of KTSPL unless the transfer is to an affiliate of any one of them, or in accordance with the rights of first refusal procedures under the Shareholders' Agreement. Under the rights of first refusal procedures, if a KTSPL Shareholder (the "**Offeror**") desires to transfer any share(s) in KTSPL other than a transfer to its affiliate, the Offeror shall first offer such share(s) in KTSPL to the other KTSPL Shareholder, and the other KTSPL Shareholder will have a right of first refusal to accept the offer and to purchase such share(s) in KTSPL.

Further, any transfer of shares of KTSPL shall be made only if any condition or restriction imposed under any agreement or contractual requirements by which the KTSPL Group is bound, any licence, permit or authorization held by or granted to the KTSPL Group, and any applicable legal or regulatory requirement to which the KTSPL Group is subject are all satisfied and complied with.

THE GUARANTEE, THE INDEMNITY AND THE FURTHER COUNTER-INDEMNITY

New World Sports and NWS Sports have undertaken to provide the Guarantee in favour of the Government. Pursuant to the Guarantee, New World Sports and NWS Sports will jointly and severally guarantee to the Government, as a primary obligation, the punctual, true and faithful performance and observance by KTSPL of the obligations, terms, conditions and liabilities to be performed, observed and assumed by KTSPL under the DBO Contract and any further agreement entered into between the Government and KTSPL in connection with the DBO Contract.

Pursuant to the Guarantee, New World Sports and NWS Sports will also irrevocably and unconditionally indemnify the Government against all losses, damages, costs and expenses suffered or incurred by the Government arising by reason of any act, default or omission on the part of (i) KTSPL in the performance, observance and assumption of KTSPL's obligations, terms, conditions and liabilities under the provisions of the DBO Contract and of any further agreement entered into between the Government and KTSPL in connection with the DBO Contract; and (ii) New World Sports and NWS Sports in the performance and observance of their obligations under the Guarantee.

New World Sports, NWD, NWS Sports and the Company have entered into the Indemnity pursuant to which (i) each of New World Sports and NWD has agreed to indemnify NWS Sports and the Company and their respective subsidiaries from all liabilities, charges, expenses, actions, proceedings, claims and demands suffered or incurred by NWS Sports and the Company and their respective subsidiaries under the Guarantee and any other liability guaranteed to the Government or any third party creditor for the obligations of KTSPL to the extent in excess of 25%; and (ii) each of NWS Sports and the Company has agreed to indemnify New World Sports and NWD and their respective subsidiaries (except the Group) from all liabilities, charges, expenses, actions, proceedings, claims and demands suffered or incurred by New World Sports and NWD and their respective subsidiaries (except the Group) under the Guarantee and any other liability guaranteed to the Government or any third party creditor for the obligations of KTSPL to the extent in excess of 75%.

Further, the Government has requested that a guarantee and an undertaking be provided by NWD in favour of the Government (the "**NWD Guarantee**") to guarantee as a primary obligation the punctual, true and faithful performance and observance by KTSPL of the obligations and liabilities of KTSPL under the DBO Contract and any further agreement entered into between the Government and KTSPL in connection with the DBO Contract, and to undertake not to sell or transfer its ownership of shareholding or interest in KTSPL or take any action which may result in KTSPL being unable to comply with its obligations under the DBO Contract. It is expected that, upon or before the NWD Guarantee is provided by NWD to the Government, the Further Counter-Indemnity will be entered into between the Company and NWD, under which the Company will agree to indemnify NWD from all liabilities and claims suffered or incurred by NWD under the NWD Guarantee for the obligations of KTSPL to the extent in excess of 75%.

In the event that the Group is called upon to fulfill its obligations under the Guarantee, the Indemnity and/or the Further Counter-Indemnity, the fulfillment of such obligations is expected to be financed by internal resources and/or external financing of the Group as deemed appropriate by the Company.

THE CONSTRUCTION MANAGEMENT AGREEMENT

It is expected that KTSPL and Hip Hing Engineering, an indirect wholly-owned subsidiary of the Company, will shortly enter into the Construction Management Agreement, pursuant to which Hip Hing Engineering will provide construction management services to KTSPL for the Project and the scope of works will include (amongst other things): (i) division of the design and construction of the Project into various trade packages to ensure economic and efficient execution and completion of the Project; (ii) preparation of documentation for the trade packages and assisting KTSPL in preparing and negotiating the trade contracts; (iii) advising KTSPL on design development and implementation as well as monitoring the design progress; (iv) providing the project management personnel; (v) monitoring construction progress and directing and co-ordinating on behalf of KTSPL in order to ensure that the requirements of KTSPL are satisfied and the requirements of the business plan are met; (vi) ensuring that the works are carried out in a good and workmanlike manner and otherwise in accordance with the DBO Contract, the trade contracts and all applicable laws; and (vii) providing cost management, quantity surveying, and contract administration services for all trade packages and consulting agreements (the “**Construction Management Services**”). The term of the Construction Management Agreement is expected to commence on the date of that agreement and expire on the achievement of operational acceptance as required in the DBO Contract (which is anticipated to occur 1,640 days after the date of the Construction Management Agreement), unless terminated earlier in accordance with the terms of the Construction Management Agreement, plus the retention period. The Construction Management Services will be performed by Hip Hing Engineering until the completion of the construction work for the Project (with an agreed retention period thereafter during which Hip Hing Engineering will be responsible for the reperformance of defective or deficient services).

The fee payable to Hip Hing Engineering as compensation for the performance of the Construction Management Services will be a fixed amount equal to HK\$1.4 billion (the “**Services Fee**”). The Services Fee shall be payable in instalments of 5% of the costs actually incurred on a monthly basis and the balance will be settled within the term of the agreement. The Construction Management Agreement also provides for the sharing by Hip Hing Engineering with KTSPL of project cost savings at 40:60 basis, as an incentive to Hip Hing Engineering in keeping the project cost within budget. The Services Fee and incentive payable to Hip Hing Engineering under the Construction Management Agreement were determined after arm’s length negotiations between KTSPL and Hip Hing Engineering taking into account various relevant factors including, among other things, size and complexity of the project, scope of works, technical expertise requirements, resources requirements as well as duration of the services.

Please also refer to the section headed “Listing Rules implications” below for further details relating to the provision of the Construction Management Services to KTSPL and the implications under the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Kai Tak Sports Park is one of the most important sports infrastructure in Hong Kong in recent decades. Occupying around 28 hectares of land, Kai Tak Sports Park is about 9 hectares larger than the Victoria Park and will contribute significantly to sports development of Hong Kong. Situated in the city hub and by the harbourfront, and conveniently located in proximity to MTR station(s) and close access to public transportation, Kai Tak Sports Park is planned to be developed into a large complex covering sports, leisure, entertainment, retail and dining facilities. By partnering the Group with the NWD Group through the joint venture arrangement, KTSPL will be able to leverage on the Group's own expertise and experience, including the construction and management of the operation of Hong Kong Convention and Exhibition Centre, and at the same time draw on the solid financial strength, expertise, experience and network of the NWD Group for the development of such a large-scale landmark project. It is considered that the Joint Venture Transaction and the Construction Management Transaction will enable the Group to benefit from this synergistic partnership and generate revenue stream from the Project. Participation in such a mega-sized and signature infrastructure project of Hong Kong will further enhance the reputation of the Group. The Directors (including the independent non-executive Directors) consider that the Joint Venture Transaction and the Construction Management Transaction are on normal commercial terms, in the ordinary and usual course of business of the Group and the terms of the Shareholders' Agreement and the Construction Management Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The provision of the Guarantee by all KTSPL Shareholders has been required by the Government as one of the tender conditions for the Project. Having considered the benefits that the Project may bring to the Group and that the provision of the Guarantee by all KTSPL Shareholders is a prerequisite for the undertaking of the Project by KTSPL together with the counter-indemnity provided by NWD and New World Sports in favour of the Group under the Indemnity, the Directors (including the independent non-executive Directors) consider that the provision of the Guarantee by NWS Sports is on normal commercial terms, in the ordinary and usual course of business of the Group and the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The provision of the NWD Guarantee by NWD (as required by the Government) is one of the tender conditions for the Project. Having considered the benefits that the Project may bring to the Group and that the provision of the NWD Guarantee by NWD is a prerequisite for the undertaking of the Project by KTSPL, the Directors (including the independent non-executive Directors) consider that the provision of the Further Counter-Indemnity by the Company is on normal commercial terms, in the ordinary and usual course of business of the Group and the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

NWD is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. As at the date of this announcement, NWD together with its subsidiaries hold approximately 61% of the total issued share capital of the Company. NWD and its subsidiaries are principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology.

New World Sports is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of NWD. New World Sports is an investment holding company.

The Group is principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, duty free shops, healthcare, construction, transport and strategic investments.

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

KTSP is a company incorporated in Hong Kong with limited liability and is held as to 75% by New World Sports and 25% by NWS Sports. KTSP has been established for the purpose of undertaking the Project for the design, construction and operation of Kai Tak Sports Park.

Hip Hing Engineering is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in building construction, civil engineering, provision of construction related services and investment holding.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD together with its subsidiaries hold approximately 61% of the total issued share capital of the Company. New World Sports and KTSP are subsidiaries of NWD. Accordingly, NWD, New World Sports and KTSP are connected persons of the Company and KTSP is a commonly held entity under Chapter 14A of the Listing Rules. The Joint Venture Transaction, including the provision of the Guarantee by NWS Sports for the obligations of KTSP, the Indemnity and the Further Counter-Indemnity, constitute connected transactions of the Company under Chapter 14A of the Listing Rules. A waiver from compliance with the circular and independent shareholders' approval requirements in relation to the Guarantee and the Indemnity pursuant to Rule 14A.104 of the Listing Rules has been granted by the Stock Exchange.

The Stock Exchange has also accepted an alternative size test in respect of the formation of the joint venture company between New World Sports and NWS Sports through KTSPL. Since the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Joint Venture Transaction (including the estimated maximum funding commitment in KTSPL to be made by NWS Sports, and the Guarantee, the Indemnity and the Further Counter-Indemnity) under the alternative size test are more than 5% but less than 25%, the Joint Venture Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As KTSPL is a connected person of the Company under Chapter 14A of the Listing Rules, the provision of the Construction Management Services by Hip Hing Engineering to KTSPL will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The provision of the Construction Management Services by Hip Hing Engineering to KTSPL is expected to be of a nature falling within the scope of Operational Services under the New NWD Master Services Agreement (within the meaning of those expressions in the announcement issued by the Company on 10 April 2017 and the circular of the Company dated 9 May 2017) during the period up to 30 June 2020.

As it is expected that the Construction Management Agreement to be entered into between Hip Hing Engineering and KTSPL will have a term exceeding three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Ballas Capital Limited, its Independent Financial Adviser, to explain why the Construction Management Agreement requires a term longer than three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

The Independent Financial Adviser explained to the Company that in assessing the reasons for the duration of the Construction Management Agreement to be longer than three years, it has considered factors including: (i) the contract period of the Project is 25 years, including the technical phase (i.e. the design and construction phase, with a duration of approximately 4.5 years) in respect of which Hip Hing Engineering will act as the construction manager under the Construction Management Agreement up to the achievement of operational acceptance as required in the DBO Contract, plus a twelve month retention period; (ii) it is commercially justifiable that KTSPL and Hip Hing Engineering would enter into the Construction Management Agreement with a term that covers the length of the technical phase of the Project, plus a retention period, to ensure the continued availability of the Construction Management Services throughout the design and construction period of the Project; and (iii) the duration of the Construction Management Agreement of approximately 4.5 years plus a retention period will enable Hip Hing Engineering to generate steady revenue stream throughout the appointment period.

Furthermore, in considering whether it is normal business practice for agreements of a similar nature to the Construction Management Agreement to have a term of longer than three years, the Independent Financial Adviser has reviewed all relevant construction management agreements which are entered into between Hip Hing Group and independent third parties and/or joint venture companies formed with independent third parties from 1 January 2008 up to the date of this announcement (the “**Reviewed Transactions**”).

From the Reviewed Transactions, the Independent Financial Adviser noted that the relevant construction management agreements ran for the full duration of the construction projects and up to the completion of all relevant construction works plus a retention period, i.e. the duration of the appointment as construction manager coincides with the length of the construction period plus a retention period. From the Reviewed Transactions, the Independent Financial Adviser also noted that there were construction projects involving Hip Hing Group as construction manager which lasted for more than three years. The length of the technical phase of the Project, being approximately 4.5 years, and the duration of Hip Hing Engineering's appointment as construction manager under the Construction Management Agreement, being approximately 4.5 years plus a retention period, are therefore consistent with the Independent Financial Adviser's observations from the Reviewed Transactions.

Based on the above, the Independent Financial Adviser confirmed they are of the view that the term of approximately 4.5 years plus a retention period under the Construction Management Agreement is a normal commercial term of a transaction of this nature and consider that it is normal business practice for the agreements of this type to be of such duration.

Dr. Cheng Kar Shun, Henry, being a Director, is also a director of NWD. Accordingly, Dr. Cheng Kar Shun, Henry, Mr. Cheng Chi Ming, Brian (a Director and the son of Dr. Cheng Kar Shun, Henry) and Mr. William Junior Guilherme Doo (a Director and the nephew of Dr. Cheng Kar Shun, Henry) abstained from voting on the resolutions approving the Transactions at the meeting of the Board. Save as disclosed, no other Director is regarded as having a material interest in the Transactions and hence no other Director is required under the Listing Rules to abstain from voting on the resolutions approving the Transactions at the meeting of the Board.

ADVANCE TO AN ENTITY

The Guarantee undertaken to be given by NWS Sports in favour of the Government (details of the Guarantee are set out in the section headed "The Guarantee, the Indemnity and the Further Counter-Indemnity" above), after taking into account the Indemnity, amounts to approximately HK\$7.5 billion.

Pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligation arises where the relevant advance to an entity exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. As the Guarantee undertaken to be provided by NWS Sports in respect of the obligations of KTSPL, after taking into account the Indemnity, amounts to approximately HK\$7.5 billion, which exceeds 8% under the assets ratio of the Company, pursuant to Rule 13.13 of the Listing Rules, the Company is under a general obligation to disclose the details of the Guarantee and the disclosure herein is made in compliance with that rule. The Company will comply with the relevant disclosure requirements in accordance with Rule 13.20 of the Listing Rules for so long as circumstances giving rise to such disclosure obligations continue to exist.

DEFINITIONS

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

“Board”	the board of Directors
“commonly held entity”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Construction Management Agreement”	the construction management agreement to be entered into between KTSPL and Hip Hing Engineering relating to the provision of the Construction Management Services by Hip Hing Engineering to KTSPL for the Project
“Construction Management Services”	has the meaning ascribed to it in the section headed “The Construction Management Agreement”
“Construction Management Transaction”	the provision of the Construction Management Services by Hip Hing Engineering to KTSPL for the Project pursuant to the Construction Management Agreement
“DBO Contract”	the contract to be entered into between the Government and KTSPL (as the successful tenderer) for the design, construction and operation of the Project
“Director(s)”	director(s) of the Company
“Further Counter-Indemnity”	a deed of counter-indemnity to be entered into between the Company and NWD in relation to the provision of indemnity by the Company to NWD from all liabilities and claims suffered or incurred by NWD under any guarantee provided or to be provided by NWD for the obligations of KTSPL to the extent in excess of 75%, details of which are set out in the section headed “The Guarantee, the Indemnity and the Further Counter-Indemnity” in this announcement

“Government”	the Government of Hong Kong
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	the joint and several guarantee to be entered into by New World Sports and NWS Sports in favour of the Government in relation to the performance and observance by KTSPL of the obligations and liabilities of KTSPL under the DBO Contract and any further agreement entered into between the Government and KTSPL in connection with the DBO Contract, details of which are set out in the section headed “The Guarantee, the Indemnity and the Further Counter-Indemnity” in this announcement
“Hip Hing Engineering”	Hip Hing Engineering Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Hip Hing Group”	NWS Construction Limited, an indirect wholly-owned subsidiary of the Company, and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indemnity”	the deed of counter-indemnity dated 10 August 2018 entered into among New World Sports, NWD, NWS Sports and the Company in relation to the provision of indemnity (i) by New World Sports and NWD to the Group from all liabilities and claims suffered or incurred by the Group under the guarantees provided for the obligations of KTSPL to the extent in excess of 25%; and (ii) by NWS Sports and the Company to the NWD Group from all liabilities and claims suffered or incurred by the NWD Group under the guarantees provided for the obligations of KTSPL to the extent in excess of 75%, details of which are set out in the section headed “The Guarantee, the Indemnity and the Further Counter-Indemnity” in this announcement
“Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser to provide an independent opinion in relation to the length of the term of the Construction Management Agreement

“Joint Venture Transaction”	the formation of a joint venture company between New World Sports and NWS Sports through KTSPL and the total funding commitment in KTSPL by NWS Sports and the performance of the transactions contemplated thereunder, together with the Guarantee, the Indemnity and the Further Counter-Indemnity
“KTSPL”	Kai Tak Sports Park Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are held as to 75% by New World Sports and as to 25% by NWS Sports
“KTSPL Board”	the board of directors of KTSPL
“KTSPL Group”	KTSPL and its subsidiaries (if any) from time to time
“KTSPL Shareholders”	the shareholders of KTSPL for the time being
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New World Sports”	New World Sports Development Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of NWD
“NWD”	New World Development Company Limited, 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: 17). As at the date of this announcement, NWD together with its subsidiaries hold approximately 61% of the total issued share capital of the Company
“NWD Group”	NWD and its subsidiaries (excluding the Group)
“NWD Guarantee”	has the meaning ascribed to it in the section headed “The Guarantee, the Indemnity and the Further Counter-Indemnity”
“NWS Sports”	NWS Sports Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Project”	the Kai Tak Sports Park project at Kai Tak, Kowloon City District, Kowloon, Hong Kong
“Shareholders’ Agreement”	the shareholders’ agreement dated 28 December 2018 entered into among NWD, New World Sports, the Company and NWS Sports to regulate the respective rights and obligations of New World Sports and NWS Sports towards the operation and management of KTSPL

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Transactions”	the Joint Venture Transaction and the Construction Management Transaction
“%”	per cent.

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

Hong Kong, 28 December 2018

As at the date of this announcement, (a) the executive Directors are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Ma Siu Cheung, Mr. Cheung Chin Cheung, Mr. Cheng Chi Ming, Brian, Mr. Ho Gilbert Chi Hang and Mr. Chow Tak Wing; (b) the non-executive Directors are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Lam Wai Hon, Patrick and Mr. William Junior Guilherme Doo; and (c) the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Fung Wai Chi, Grace and Mr. Wong Kwai Huen, Albert.

* *For identification purposes only*