

24 October 2025

*To the Independent Board Committee and
the Independent Shareholders of
CTF Services Limited*

Dear Sir or Madam,

**REVISION TO EXISTING FY2026 ANNUAL SALES CAP FOR
CERTAIN CONTINUING CONNECTED TRANSACTIONS UNDER
THE NWD MASTER SERVICES AGREEMENT**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised FY2026 Annual Sales Cap. Details of the terms of the Revised FY2026 Annual Sales Cap are contained in the circular of CTF Services Limited dated 24 October 2025 (the “**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 April 2023, the Company entered into the NWD Master Services Agreement with NWD in respect of the Operational Services for a term of three years commencing on 1 July 2023. Pursuant to the NWD Master Services Agreement, each of the Company and NWD agrees to, and agrees to procure that members of the Group or the NWD Group (to the extent practicable), engage relevant members of the NWD Group or the Group to provide the Operational Services to relevant members of the Group or the NWD Group (as the case may be) during the term of the NWD Master Services Agreement.

As set out in the Letter from the Board, following a review by the Board of the Certain Transactions, the Board envisages that (i) there will be an expected increase in the continuing connected transactions (in terms of volume and transaction values) in respect of the Operational Services to be provided by members of the Group to members of the NWD Group for the financial year ending 30 June 2026 and (ii) therefore the Existing FY2026 Annual Sales Cap for the Certain Transactions for the said period will not be sufficient. In light of the

above, the Board considers it appropriate to revise and increase the maximum aggregate annual value for the provision of Operational Services by members of the Group to members of the NWD Group for such period to the Revised FY2026 Annual Sales Cap.

As at the Latest Practicable Date, CTF Enterprises (through itself and its wholly owned subsidiary, Century Acquisition) held approximately 74.55% of the total issued share capital of the Company and is the holding company and substantial shareholder of the Company. As CTF Enterprises (together with its subsidiaries) held approximately 45.24% of the total issued share capital of NWD as of the Latest Practicable Date, NWD is regarded as an associate of CTF Enterprises and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the Revised FY2026 Annual Sales Cap exceeds 5%, the Revised FY2026 Annual Sales Cap is subject to the reporting, announcement, annual review, circular requirements and approval of the Independent Shareholders under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and Independent Shareholders' approval requirements before the Existing FY2026 Annual Sales Cap is exceeded.

The Independent Board Committee comprising Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Wai Chi Grace Fung, Mr. Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms. Ng Yuen Ting, Yolanda, all being independent non-executive Directors, has been established to advise the Independent Shareholders on whether the Revised FY2026 Annual Sales Cap is in the ordinary and usual course of business of the Group, is fair and reasonable so far as the Company and the Independent Shareholders are concerned 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 AGM. 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 recommendations. 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

We are not associated or connected with the Company, NWD, or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for the appointment as the independent financial adviser to (a) the Company, in respect of an option adjustment as disclosed in its announcement dated 19 April 2024; and (b) NWD in respect of (i) a connected transaction as disclosed in its announcement dated 26 September 2024; (ii) a connected transaction as disclosed in its circular dated 2 August 2024; (iii) a connected transaction exempt from announcement and independent shareholders' approval requirements in February 2024; and (iv) a connected transaction exempt from announcement and independent shareholders' approval requirements in June 2025 (the "**Previous Engagements**"), we did not have any other relationship with or interests in the Group, NWD or their respective core connected persons or associates. As the Previous Engagements were for the role of an independent financial adviser, they would not affect our independence for acting as the independent financial adviser to the Company in respect of the Revised FY2026 Annual Sales Cap.

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 NWD Group

1.1. Information on the Group

The Group invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Its business includes toll roads, financial services, logistics, construction and facilities management.

1.2. Information on the NWD Group

NWD and its subsidiaries are principally engaged in property development, property investment and investment in and/or operation of hotels and other strategic businesses.

2. Background of the NWD Master Services Agreement

As stated in the Letter from the Board, on 28 April 2023, the Company entered into the NWD Master Services Agreement with NWD in respect of the Operational Services for a term of three years commencing on 1 July 2023. Pursuant to the NWD Master Services Agreement, each of the Company and NWD agrees to, and agrees to procure that members of the Group or the NWD Group (to the extent practicable), engage relevant members of the NWD Group or the Group to provide the Operational Services to relevant members of the Group or the NWD

Group (as the case may be) during the term of the NWD Master Services Agreement. On 26 June 2023, the then independent shareholders of the Company approved the NWD Master Services Agreement at the 2023 SGM. Save for the Revised FY2026 Annual Sales Cap, all other terms the NWD Master Services Agreement as disclosed in the announcement of the Company dated 28 April 2023 and the circular of the Company dated 5 June 2023, including but not limited to the pricing policy, shall remain unchanged.

3. Reasons for and benefits of the Revised FY2026 Annual Sales Cap

The Certain Transactions under the NWD Master Services Agreement are expected to be recurring in nature and in the ordinary and usual course of business of the Group and a major portion of the Certain Transactions represents the contracting services.

As a leading construction service provider, the construction business of the Group has an excellent track record in general contracting, construction management, civil engineering and foundation works and has maintained a good reputation within the industry. The NWD Group, with profound experience in the area of services, property development in particular, has demonstrated itself as a reliable customer of the Group over the years. Riding on this long-standing business relationship, the NWD Group is found to be a trustworthy and professional partner of the Group in respect of construction and other services. The Directors also consider that the expertise of the NWD Group in project management in terms of budgeting, quality and timeline requirements aligns with the Group's experience and the services it offers.

NWD completed its divestment of its wholly-owned subsidiary, Hip Seng Construction Group Limited, in June 2023, which mainly acted as the main contractor or project manager for certain of the NWD Group's business or projects. As mentioned in the announcement of NWD dated 28 April 2023 relating to the disposal, the divestment would enable the NWD Group to explore a wider range of external service providers. This has created an opportunity for the Group to enhance its business growth by providing Operational Services to the NWD Group. The increase in annual sales cap is to ensure that the Group has sufficient approved annual sales cap to meet existing and anticipated business growth for transactions with the NWD Group for the year ending 30 June 2026.

To ensure that the transactions under the NWD Master Services Agreement adhere to normal commercial terms, the Group has implemented, and will continue to implement, adequate internal control measures for monitoring all of its continuing connected transactions, including assessing the financial capability of counterparties. The Directors therefore believe that the maintenance of strategic business relationships with the NWD Group will continue to bring sustainable contribution to the Group's profitability in the long run.

As set out in the Letter from the Board, following a review by the Board of the Certain Transactions, the Board envisages that (i) there will be an expected increase in the continuing connected transactions (in terms of volume and transaction values) in respect of the Operational Services to be provided by members of the Group to members of the NWD Group for the financial year ending 30 June 2026 and (ii) therefore the Existing FY2026 Annual Sales Cap for the Certain Transactions for the said period will not be sufficient. In light of the

above, the Board considers it appropriate to revise and increase the maximum aggregate annual value for the provision of Operational Services by members of the Group to members of the NWD Group for such period to the Revised FY2026 Annual Sales Cap.

Taking into account the fact that (i) the nature of the NWD Master Services Agreement falls within the ordinary and usual course of business of the Group; and (ii) the revision of the annual sales cap under the NWD Master Services Agreement will enable the Group to continue to provide the Operational Services to the NWD Group and thereby increasing its revenue and gross profit, we consider the Revised FY2026 Annual Sales Cap is within the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

4. Revised FY2026 Annual Sales Cap

Set out below are the existing annual sales caps and the relevant transacted amounts (if applicable) for the Certain Transactions under the NWD Master Services Agreement for the financial years ended/ending 30 June 2024, 30 June 2025 and 30 June 2026 as approved by the then Independent Shareholders at the 2023 SGM and the Revised FY2026 Annual Sales Cap:

	Aggregate transaction values		
	Financial year ended 30 June 2024 HK\$'million	Financial year ended 30 June 2025 HK\$'million	Financial year ending 30 June 2026 HK\$'million
Existing annual sales caps	1,099.0	1,972.0	2,407.0
Transacted amounts	300.3 (Note 1)	750.1 (Note 2)	228.1 (Note 3)
Cap utilisation	Within cap (Note 4)	Within cap (Note 4)	Expected to exceed existing cap
Revised FY2026 Annual Sales Cap	Not applicable	Not applicable	2,991.0

Notes:

1. The transacted amounts is extracted from the annual report of the Company for the financial year ended 30 June 2024.
2. The transacted amount is extracted from the annual report of the Company for the financial year ended 30 June 2025.
3. The transacted amount is based on the management records of the Group for the period from 1 July 2025 to 31 August 2025 (and therefore is unaudited).
4. The annual sales caps for the financial years ended 30 June 2024 and 30 June 2025 were primarily related to the provision of contracting services by the construction segment of the Group. The actual utilization was lower than estimated mainly because: (i) at the time when the caps were estimated in 2023, the Company took into account probable values under two to three projects but which projects did not materialize at the end; (ii) the change in the Company's holding company from NWD to CTF Enterprises in November 2023, resulting in a joint venture project of NWD no longer constituting a continuing connected transaction of the Company; and (iii) NWD's disposal of its equity interest in Kai Tak Sports Park Limited in November 2024, as a result of which subsequent contracting services provided by the Group for the development of Kai Tak Sports Park were no longer regarded as continuing connected transactions of the Company with the NWD Group (but with CTF Enterprises Group).

As stated in the Letter from the Board, the Revised FY2026 Annual Sales Cap for the Certain Transactions represents a moderate increase from the Existing FY2026 Annual Sales Cap and has been determined with reference to the projected annual or annualized amounts in respect of the Operational Services to be provided by members of the Group to members of the NWD Group respectively in the financial year ending 30 June 2026, having taken into account:

1. the existing projects in progress which affect the demand of the Operational Services by the NWD Group;
2. the estimated demand for the Operational Services by the NWD Group for the financial year ending 30 June 2026 having regard to the upcoming projects expected to be undertaken;
3. the inflation factor (which may vary in nature and can be economic, labour and materials related or otherwise and will result in change in costs), if applicable. The inflation rate will be assessed by the Group by reference to or after taking into account such rate(s) available in public sources, such as the rate reported by the Hong Kong Census and Statistics Department;
4. adjustments to cater for exceptional circumstances or other contingencies; and

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

As disclosed in the Letter from the Board, it is expected that the Revised FY2026 Annual Sales Cap will be constituted, to a substantial extent, by the transaction value for the provision of contracting services by members of the Group to members of the NWD Group. As at the Latest Practicable Date, based on management's latest available information and the expected timing for accounting recognition of the transaction value for existing projects and upcoming/future projects with the NWD Group, the aggregate transaction value that relates to contracting services may reach approximately HK\$2,887 million (about 80% of which relate to existing projects) for the financial year ending 30 June 2026. The remaining 20% of the budgeted amount for contracting services provides a reasonable buffer for (i) new projects which may be awarded in the remaining period of the financial year ending 30 June 2026, (ii) potential maintenance works for commercial and retail projects of the NWD Group, estimated with reference to historical trends and anticipated requirements of the NWD Group and (iii) a reasonable buffer to account for variations in timing of recognition due to actual work progress and possible construction variation work orders.

Our work done

In assessing the fairness and reasonableness of the Revised FY2026 Annual Sales Cap, we have obtained the underlying calculation of the Revised FY2026 Annual Sales Cap and performed the work as described below.

We have discussed with the management of the Group and reviewed the breakdown of the Revised FY2026 Annual Sales Cap. Based on our review, we note that around 97% of the Revised FY2026 Annual Sales Cap relates to the provision of contracting services to the NWD Group, while the remaining minor portion (around 3%) represents the annual sales cap for other types of Operational Services. Accordingly, the Revised FY2026 Annual Sales Cap is predominantly driven by the contracting services. In determining the annual sales cap for contracting services, the management of the Company has prepared a schedule (the “**Project Schedule**”), which sets out, among other things, the estimated contract values on a project-by-project basis, categorized by Operational Services entered into or potentially to be entered into with the NWD Group for the period from 1 July 2025 to 30 June 2026. We have reviewed the Project Schedule and note that within the estimated amount for contracting services, approximately 80% of the revised annual sales cap for contracting services is derived from the transaction values in accordance with the progress of confirmed projects. We have discussed with the management of the Group and understand that the expected project status and progress are assessed by the qualified quantity surveyors, reviewed by the commercial managers, and approved by the commercial director of the Group’s construction segment, based on their technical expertise and professional judgment. The remaining 20% of the estimated amount for contracting services is mainly attributable to potential maintenance works and a buffer to cater for scenarios where revenue recognition of certain confirmed projects may exceed original estimates due to accelerated construction progress or earlier-than-expected achievement of project milestones or any other contingences. For the estimated amount of maintenance works, we understand that it mainly relates to a few commercial and retail development projects, and the potential demand for maintenance services was assessed based on the Group’s observations of the projects’ current conditions. We further understand that the buffer allows reasonable headroom in the annual sales cap to accommodate such variations without exceeding the Revised FY2026 Annual Sales Cap.

We understand from the management of the Company that the transaction values for confirmed projects are estimated based on the latest progress and construction schedules of those projects. The transaction values for potential maintenance works are mainly estimated with reference to the Group’s internal assessment of demand for maintenance services from certain property projects, and the Group’s plans to participate in the relevant tender or quotation processes when they commence.

For the remaining approximately 3% of the Revised FY2026 Annual Sales Cap that relates to other types of Operational Services, we have reviewed the relevant schedule provided by the Company and note that the amount mainly represents estimated transaction values for (i) rental services, for which we note the amount is broadly equivalent to the actual amount recorded for FY2025; and (ii) insurance and healthcare services, for which we have reviewed the estimation basis as provided by the Company and note that it is determined based on the existing insurance policies in place and possible expansion of scope of insurance service.

We note that the Revised FY2026 Annual Sales Cap represents a significant increase compared to the actual transacted amounts for the preceding financial years, during which the utilisation rates were approximately 27% and 38% for FY2024 and FY2025, respectively. We understand from the management of the Company that the lower utilisation of the previous annual sales caps was primarily due to certain projects originally expected to proceed during FY2024 and FY2025 not materialising or ceasing to constitute continuing connected transactions. Notwithstanding these observations, we note that the Revised FY2026 Annual Sales Cap is predominantly attributable to contracting services, of which approximately 80% is derived from confirmed projects based on the latest project schedules. Given the short timeframe between the timing of estimation by the management of the Company and the end of FY2026 (June 2026), we consider that the current estimation of project progress and corresponding transaction values would be relatively more reliable and reflective of the actual construction progress compared to when the previous annual sales cap was determined in FY2023.

Given the above, we consider the Revised FY2026 Annual Sales Cap is fair and reasonable.

5. Requirements by the Listing Rules regarding the transactions contemplated under the NWD Master Services Agreement

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

- (a) Each year the independent non-executive Directors must review the transactions contemplated under the NWD Master Services Agreement and confirm in the annual report that the 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 transactions contemplated under the NWD 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 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 annual caps.
- (c) The Company must allow, and ensure that the relevant counterparties to the NWD 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.

In light of the reporting requirements attached to the NWD Master Services Agreement, in particular, (i) the restriction of the value of the relevant transactions by way of the annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the NWD Master Services Agreement and the annual caps not being exceeded, we are of the view that appropriate measures are in place to govern the conduct of the NWD Master Services Agreement and safeguard the interests of the Shareholders.

RECOMMENDATION

Having considered the aforesaid principal factors and reasons referred to above, we are of the opinion that Revised FY2026 Annual Sales Cap is in the ordinary and usual course of business of the Group, is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the 2025 AGM to approve the Revised FY2026 Annual Sales Cap.

Yours faithfully,
For and on behalf of
Ballas Capital Limited



Heidi Cheng **Cathy Leung**
Managing Director *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.