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## **JOINT ANNOUNCEMENT**

### **CONNECTED TRANSACTIONS**

#### **ACQUISITIONS OF INTERESTS IN GOSHAWK AVIATION LIMITED AND GOSHAWK MANAGEMENT HOLDINGS (CAYMAN) LIMITED**

Reference is made to the announcement made by NWS on 19 October 2016 in relation to the Acquisitions by two indirect subsidiaries of each of NWD and NWS of interests in Goshawk and interests in Manco, respectively. This announcement provides additional information regarding the Acquisitions.

The NWD Board and the NWS Board would like to announce that on 19 October 2016, (a) Natal Global (an indirect subsidiary of each of NWD and NWS), Zion Sky (a direct wholly owned subsidiary of CTFE), Investec and GAL entered into the Goshawk SPA and pursuant to which, each of Natal Global and Zion Sky agreed to purchase (i) 50% of all the Preference Shares held by Investec, representing approximately 4.85% of Goshawk's total issued share capital, and 50% of the Shareholder Loans advanced by Investec; and (ii) 50% of all the Preference Shares held by GAL, representing approximately 5.15% of Goshawk's total issued share capital, and 50% of the Shareholder Loans advanced by GAL, for an aggregate consideration of approximately US\$88.4 million (equivalent to approximately HK\$689.5 million) respectively; and (b) Pure Cosmos (an indirect subsidiary of each of NWD and NWS), Zion Sky and Investec entered into the Manco SPA and pursuant to which, each of Pure Cosmos and Zion Sky agreed to purchase 50% of all the Manco Shares held by Investec, representing 10% of Manco's total issued share capital, for a consideration of US\$13.0 million (equivalent to HK\$101.4 million) respectively. Completion of the acquisitions under the Goshawk SPA and the Manco SPA has taken place on 24 October 2016. Following completion of the acquisitions under the Goshawk SPA and the Manco SPA, each of Natal Global and Zion Sky holds 50% of the entire issued share capital of Goshawk and 50% of all the Shareholder Loans, and each of Pure Cosmos and Zion Sky holds 50% of the entire issued share capital of Manco.

As at the date of signing of the Goshawk SPA and the Manco SPA, Goshawk was held by Natal Global, Zion Sky, Investec and GAL in the proportion of approximately 40%, 40%, 9.71% and 10.29% respectively and Manco was held by Pure Cosmos, Zion Sky and Investec in the proportion of 40%, 40% and 20% respectively. Zion Sky was wholly owned by CTFE and CTFE together with its subsidiaries held approximately 43.92% of the total issued share capital of NWD and CTFE held approximately 2.53% of the total issued share capital of NWS. NWD in turn held approximately 61.32% of the total issued share capital of NWS. Accordingly, pursuant to Rule 14A.28 of the Listing Rules, the Acquisitions constituted connected transactions for each of NWD and NWS.

As at the date of the signing of the Goshawk SPA and the Manco SPA, as certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Acquisitions in aggregate for each of NWD and NWS were more than 0.1% but less than 5%, the Acquisitions were subject to the reporting and announcement requirements but were exempt from the independent shareholders' approval requirement for each of NWD and NWS under Chapter 14A of the Listing Rules.

Reference is made to the announcement made by NWS on 19 October 2016 in relation to the Acquisitions by two indirect subsidiaries of each of NWD and NWS of interests in Goshawk and interests in Manco, respectively. This announcement provides additional information regarding the Acquisitions.

## **THE ACQUISITIONS**

The NWD Board and the NWS Board would like to announce that on 19 October 2016, the share purchase agreements in relation to the Acquisitions were entered into by two indirect subsidiaries of each of NWD and NWS respectively.

### **Acquisition of interests in Goshawk**

As at the date of the signing of the Goshawk SPA, Goshawk was held by Natal Global (an indirect subsidiary of each of NWD and NWS), Zion Sky (a direct wholly owned subsidiary of CTFE), Investec and GAL in the proportion of approximately 40%, 40%, 9.71% and 10.29% respectively.

Pursuant to the Goshawk SPA, each of Natal Global and Zion Sky agreed to purchase (a) 50% of all the Preference Shares held by Investec, representing approximately 4.85% of Goshawk's total issued share capital, and 50% of the Shareholder Loans advanced by Investec; and (b) 50% of all the Preference Shares held by GAL, representing approximately 5.15% of Goshawk's total issued share capital, and 50% of the Shareholder Loans advanced by GAL. The aggregate consideration paid by each of Natal Global and Zion Sky was approximately US\$88.4 million (equivalent to approximately HK\$689.5 million) respectively and was settled in cash on 24 October 2016. The consideration paid by Natal Global was satisfied out of the internal resources and bank financing of NWS Group.

The above consideration under the Goshawk SPA was determined after arm's length negotiations between the parties having regard to the assets and liabilities of Goshawk. Please refer to the section headed "Reasons for and benefits of the Acquisitions" below for further information.

Completion of the acquisitions under the Goshawk SPA has taken place on 24 October 2016. Following completion of the acquisitions under the Goshawk SPA, each of Natal Global and Zion Sky holds 50% of the entire issued share capital of Goshawk and 50% of all the Shareholder Loans.

### **Acquisition of interests in Manco**

As at the date of the signing of the Manco SPA, Manco was held by Pure Cosmos, Zion Sky and Investec in the proportion of 40%, 40% and 20% respectively. Manco is principally engaged, through its wholly owned subsidiary Goshawk Management (Ireland) Limited, in the provision of investment and asset management and advisory services to Goshawk in relation to Goshawk's aircraft portfolio.

Pursuant to the Manco SPA, each of Pure Cosmos and Zion Sky agreed to purchase 50% of all the Manco Shares held by Investec, representing 10% of the total issued share capital of Manco. The consideration paid by each of Pure Cosmos and Zion Sky was US\$13.0 million (equivalent to HK\$101.4 million) respectively and was settled in cash on 24 October 2016. The consideration paid by Pure Cosmos was satisfied out of the internal resources and bank financing of NWS Group.

The above consideration under the Manco SPA was determined after arm's length negotiations between the parties having regard to the management scale and operation capacity of Manco. Please refer to the section headed "Reasons for and benefits of the Acquisitions" below for further information.

Completion of the Manco SPA was conditional on completion of the Goshawk SPA and has taken place on 24 October 2016. Following completion of the acquisitions under the Manco SPA, each of Pure Cosmos and Zion Sky holds 50% of the entire issued share capital of Manco.

### **Assumption of guarantee by NWS and CTFE**

Following completion, each of Natal Global and Zion Sky will assume an equal proportion of the guarantee previously provided by Investec, amounting to the sum of US\$42.5 million (equivalent to HK\$331.5 million) each, being 10% of the total guaranteed liabilities in relation to a facility provided by a bank for the benefit of Goshawk Group.

## REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Acquisitions reflect the confidence of NWS Group in the long-term prospects of the commercial aircraft leasing industry, which has been growing as a result of increasing globalization and growing demand for air travel. In light of this, and that the aircraft leasing business generates strong recurring cashflow and stable income, the NWS Board believes that NWS Group will benefit from the increased investment in commercial aircraft leasing through Goshawk, which is in line with NWS Group's business development strategy to expand its aviation segment.

The NWD Board and the NWS Board (including their respective independent non-executive directors) are of the view that the Acquisitions are on normal commercial terms and that the terms of each of the Goshawk SPA and the Manco SPA are fair and reasonable and in the interests of NWD, NWS and their respective shareholders as a whole.

### Further information on Goshawk

Goshawk Group is principally engaged in investments in commercial aircraft and aircraft leasing. As at the date of this announcement, Goshawk Group has a portfolio of 71 aircraft which are leased to various airlines across the world.

According to the audited consolidated financial statements of Goshawk as at 31 December 2015 and the unaudited consolidated management accounts of Goshawk as at 30 September 2016, both prepared in accordance with IFRS, the consolidated net assets value of Goshawk amounted to approximately US\$633.0 million (equivalent to HK\$4,937.4 million) and approximately US\$847.4 million (equivalent to approximately HK\$6,609.7 million) respectively. According to the audited consolidated financial statements of Goshawk prepared in accordance with IFRS, the audited consolidated profit before and after income tax of Goshawk for the period from the date of incorporation of Goshawk (being 9 October 2013) to 31 December 2014 and for the year ended 31 December 2015 are as follows:

	<b>Period from the date of incorporation (9 October 2013) to 31 December 2014</b>		<b>Year ended 31 December 2015</b>	
	<i>US\$ (million)</i>	<i>Equivalent to HK\$ (million)</i>	<i>US\$ (million)</i>	<i>Equivalent to HK\$ (million)</i>
Profit before income tax	24.9	194.2	69.5	542.1
Profit after income tax	24.2	188.8	65.6	511.7

### Further information on Manco

Manco is principally engaged, through its wholly owned subsidiary Goshawk Management (Ireland) Limited, in the provision of investment and asset management and advisory services to Goshawk Group in relation to its aircraft portfolio.

According to the unaudited consolidated management accounts of Manco as at 30 September 2016 prepared in accordance with IFRS, the consolidated net assets value of Manco amounted to approximately US\$1.4 million (equivalent to approximately HK\$10.9 million). According to the unaudited consolidated management accounts of Manco prepared in accordance with IFRS, the unaudited consolidated profit before and after income tax of Manco for the period from the date of incorporation of Manco (being 8 April 2015) to 31 December 2015 and for the nine-month period ended 30 September 2016 are as follows:

	<b>Period from the date of incorporation (8 April 2015) to 31 December 2015</b>		<b>Nine-month period ended 30 September 2016</b>	
	<i>US\$ (million)</i>	<i>Equivalent to HK\$ (million)</i>	<i>US\$ (million)</i>	<i>Equivalent to HK\$ (million)</i>
Profit before income tax	1.1	8.6	0.5	3.9
Profit after income tax	1.0	7.8	0.4	3.1

Note: Consolidated profit before and after income tax of Manco for the last two financial years preceding the Acquisitions are not available, as Manco was only incorporated on 8 April 2015.

## **INFORMATION ON NWD GROUP, NWS GROUP AND THE PARTIES**

### **NWD Group**

NWD Group (including NWS Group) is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology. NWD is the ultimate holding company of NWS and is, together with certain of its subsidiaries, interested in approximately 61.32% of the total issued share capital of NWS as at the date of this announcement.

### **NWS Group**

NWS 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, construction, transport and strategic investments.

### **Natal Global and Pure Cosmos**

Both Natal Global and Pure Cosmos are investment holding companies which are indirect subsidiaries of each of NWD and NWS.

## **Investec and GAL**

Investec is a wholly owned subsidiary of Investec plc which forms part of the Investec group. Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in three principal markets, namely (i) the United Kingdom and Europe; (ii) South Africa; and (iii) Asia and Australia, as well as certain other countries.

GAL is an investment holding partnership which is an exempted limited partnership registered in the Cayman Islands, the General Partner of which is GAL General Partner Limited, an exempted limited company incorporated in the Cayman Islands. Investec is the Partnership Adviser to GAL.

To the best knowledge, information and belief of the NWD Directors and the NWS Directors having made all reasonable enquiries, each of Investec and GAL and their respective ultimate beneficial owners is a third party independent of NWD and NWS and their respective connected persons.

## **LISTING RULES IMPLICATIONS**

As at the date of signing of the Goshawk SPA and the Manco SPA, Goshawk was held by Natal Global, Zion Sky, Investec and GAL in the proportion of approximately 40%, 40%, 9.71% and 10.29% respectively and Manco was held by Pure Cosmos, Zion Sky and Investec in the proportion of 40%, 40% and 20% respectively. Zion Sky was wholly owned by CTFE and CTFE together with its subsidiaries held approximately 43.92% of the total issued share capital of NWD and CTFE held approximately 2.53% of the total issued share capital of NWS. NWD in turn held approximately 61.32% of the total issued share capital of NWS. Accordingly, pursuant to Rule 14A.28 of the Listing Rules, the Acquisitions constituted connected transactions for each of NWD and NWS.

As at the date of the signing of the Goshawk SPA and the Manco SPA, as certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Acquisitions in aggregate for each of NWD and NWS were more than 0.1% but less than 5%, the Acquisitions were subject to the reporting and announcement requirements but were exempt from the independent shareholders' approval requirement for each of NWD and NWS under Chapter 14A of the Listing Rules.

Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Kar Shing, Peter and Mr. Cheng Chi Heng, all being NWD Directors, are also directors of CTFE. They and their associates, being Mr. Doo Wai Hoi, William and Ms. Cheng Chi Man, Sonia, were not present at the meeting of the executive committee of the NWD Board held for the approval of the Acquisitions, and accordingly they did not vote on the relevant resolutions approving the Acquisitions.

Dr. Cheng Kar Shun, Henry, being a NWS Director, is also a director of CTFE. Accordingly, the associates of Dr. Cheng Kar Shun, Henry who are also NWS Directors (i.e. Mr. Cheng Chi Ming, Brian and Mr. William Junior Guilherme Doo) abstained from voting on the resolutions approving the Acquisitions at the meeting of the NWS Board. Dr. Cheng Kar Shun, Henry was not present at the relevant board meeting of NWS and therefore did not vote on the resolutions approving the Acquisitions.



Save as disclosed above, no other directors of NWD and NWS are regarded as having a material interest in the Acquisitions and hence no other directors of NWD and NWS are required under the Listing Rules to abstain from voting on the resolutions approving the Acquisitions at the respective meetings of the NWD Board and the NWS Board.

## DEFINITIONS

“Acquisitions”	the acquisitions by Natal Global and Pure Cosmos pursuant to the Goshawk SPA and the Manco SPA;
“associate”	has the meaning ascribed to it in the Listing Rules;
“CTFE”	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong and is the sole shareholder of Zion Sky. As at the date of this announcement, it together with its subsidiaries hold approximately 43.92% of the total issued share capital of NWD, NWS’ holding company which holds approximately 61.32% of the total issued share capital of NWS, and it held approximately 2.53% of the total issued share capital of NWS;
“GAL”	GAL Partnership L.P., an exempted limited partnership registered in the Cayman Islands under the Exempted Limited Partnership Law of the Cayman Islands;
“Goshawk”	Goshawk Aviation Limited, an exempted limited liability company incorporated under the laws of the Cayman Islands;
“Goshawk Group”	Goshawk and its subsidiaries from time to time;
“Goshawk SPA”	the share purchase agreement dated 19 October 2016 entered into among Natal Global, Zion Sky, Investec and GAL;
“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;
“IFRS”	International Financial Reporting Standards;
“Investec”	Investec Bank plc, a public limited company incorporated under the laws of England;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;

“Manco”	Goshawk Management Holdings (Cayman) Limited, an exempted limited liability company incorporated under the laws of the Cayman Islands;
“Manco Shares”	the ordinary shares of US\$1.00 each in the capital of Manco;
“Manco SPA”	the share purchase agreement dated 19 October 2016 entered into among Pure Cosmos, Zion Sky and Investec;
“Natal Global”	Natal Global Limited, a company incorporated in the British Virgin Islands, which is an indirect subsidiary of each of NWD and NWS;
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17) and beneficially owned as to approximately 43.92% by CTFE and its subsidiaries as at the date of this announcement;
“NWD Board”	the board of NWD Directors;
“NWD Directors”	the directors of NWD;
“NWD Group”	NWD and its subsidiaries (including NWS Group) from time to time;
“NWS”	NWS Holdings Limited (新創建集團有限公司*), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659) and held as to approximately 61.32% by NWD and approximately 2.53% by CTFE as at the date of this announcement;
“NWS Board”	the board of NWS Directors;
“NWS Directors”	the directors of NWS;
“NWS Group”	NWS and its subsidiaries from time to time;
“Preference Shares”	the preference shares of US\$0.001 each in the capital of Goshawk;



“Pure Cosmos”	Pure Cosmos Limited, a company incorporated in the British Virgin Islands, which is an indirect subsidiary of each of NWD and NWS;
“Shareholder Loans”	shareholder loans advanced to Goshawk;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Zion Sky”	Zion Sky Holdings Limited, a company incorporated in the British Virgin Islands, which is a wholly owned subsidiary of CTFE; and
“%”	per cent.

*Unless otherwise specified in this announcement and for the purpose of illustration only, US\$ is translated into HK\$ at the rate of US\$1.0 = HK\$7.8.*

By order of the board of directors of  
**New World Development Company Limited**  
(新世界發展有限公司)  
**Dr. Cheng Kar Shun, Henry**  
*Chairman*

By order of the board of directors of  
**NWS Holdings Limited**  
(新創建集團有限公司)  
**Dr. Cheng Kar Shun, Henry**  
*Chairman*

Hong Kong, 24 October 2016

*As at the date of this announcement, (a) the executive directors of NWD are Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man Fung, Leonie, Mr. Cheng Chi Heng, Ms. Cheng Chi Man, Sonia and Mr. Au Tak Cheong; (b) the non-executive directors of NWD are Mr. Doo Wai Hoi, William and Mr. Cheng Kar Shing, Peter; and (c) the independent non-executive directors of NWD are Mr. Yeung Ping Leung, Howard, Mr. Cha Mou Sing, Payson (alternate director to Mr. Cha Mou Sing, Payson: Mr. Cha Mou Zing, Victor), Mr. Ho Hau Hay, Hamilton, Mr. Lee Luen Wai, John and Mr. Liang Cheung Bui, Thomas.*

*As at the date of this announcement, (a) the executive directors of NWS are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Hui Hon Chung, Mr. Cheung Chin Cheung and Mr. Cheng Chi Ming, Brian; (b) the non-executive directors of NWS 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 of NWS are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace.*

*\* For identification purposes only*