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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: 00659)

**DISCLOSEABLE TRANSACTION
FINANCIAL ASSISTANCE TO GOSHAWK AVIATION LIMITED
IN CONNECTION WITH
THE SALE OF GOSHAWK MANAGEMENT LIMITED
TO SMBC AVIATION CAPITAL LIMITED**

Financial Advisors



The board of Directors of the Company announces that on 16 May 2022 (after trading hours in Hong Kong), Goshawk Aviation (as seller), SMBC AC (as buyer), the Company (as a Seller's Guarantor) and CTFE (as a Seller's Guarantor) entered into the Transaction Agreement. Under the Transaction Agreement, each of the Company and CTFE has agreed to act as a Seller's Guarantor to Goshawk Aviation (a joint venture in which the Company indirectly holds 50% equity interest) to provide the Financial Guarantee in favour of SMBC AC to support the performance of Goshawk Aviation of its payment obligations under the Transaction Agreement and other related transaction documents. The Financial Guarantee is provided by each of the Seller's Guarantors on a 50% several basis by reference to its indirect equity interest in Goshawk Aviation.

The provision of the Financial Guarantee by the Company in favour of SMBC AC under the Transaction constitutes provision of financial assistance by the Company for the benefit of Goshawk Aviation under the Listing Rules. As certain applicable percentage ratios (as determined according to applicable rules in Chapter 14 of the Listing Rules) in respect of the Company's portion of the Financial Guarantee are more than 5% but less than 25% for the Company, the provision of the Financial Guarantee constitutes a discloseable transaction for the Company that is subject to the notification and announcement requirements, but is exempt from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

Completion of the Transaction is subject to satisfaction of conditions and the exercise of any termination right and therefore may or may not occur. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

FINANCIAL GUARANTEE FROM THE COMPANY IN CONNECTION WITH THE TRANSACTION

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Pursuant to the Transaction contemplated under the Transaction Agreement, Goshawk Aviation has agreed to, at Completion, effectively dispose of its interest in the commercial aircraft leasing platform to SMBC AC, which comprises substantially all of the assets, liabilities and contracts of the commercial aircraft leasing business operated by Goshawk Aviation (through the GML Group).

KEY TERMS OF THE TRANSACTION AND FINANCIAL GUARANTEE

Certain key terms of the Transaction and the Financial Guarantee are set out below:

- Parties:
- (i) Goshawk Aviation, as seller
 - (ii) SMBC AC, as buyer
 - (iii) the Company and CTFE, each as a several Seller's Guarantor
- Consideration:
- US\$1,456 million (equivalent to approximately HK\$11,357 million) as the headline consideration (determined by reference to the net assets value as of 30 June 2021 of the assets covered by the Transaction), plus a ticking fee over such headline consideration covering the period from the economic closing date of 30 June 2021 to the date of Completion as is customary for a transaction of this nature. On this basis, the total estimated consideration is US\$1,575 million (equivalent to approximately HK\$12,285 million), which will be payable in full by SMBC AC in cash on Completion.

Subject equity interest and assets: The entire equity interest of GML together with all assets, liabilities and contracts held by Goshawk Aviation which relate to the commercial aircraft leasing business operated by the GML Group, save for the Retained Entities and some non-operating entities of the GML Group to be liquidated in due course.

Financial Guarantee: Each of the Seller's Guarantors has agreed to severally guarantee 50% (which is in proportion to each Seller's Guarantor's indirect equity interest in Goshawk Aviation) of the payment obligations of Goshawk Aviation to satisfy claims that may be brought by SMBC AC against Goshawk Aviation under the Transaction Agreement and other related transaction documents.

Conditions Precedent: (i) The obtaining of approvals from and completion of filings with anti-trust and competition authorities in certain specific jurisdictions; (ii) no occurrence of any event or circumstance that has or would reasonably be expected to have a material adverse effect on the business, assets, liabilities, results of operations or condition (financial or otherwise) of the GML Group (with certain customary exclusions); (iii) the obtaining of third party consents under certain contracts of the GML Group; and (iv) the transfer of the Retained Entities by the GML Group to Goshawk Aviation.

If any of the conditions set forth in (i) and (iii) above is not satisfied by the Longstop Date and Completion does not occur due to this reason, a termination fee is payable by SMBC AC to Goshawk Aviation. As of the date of this announcement, the above conditions precedent remained to be satisfied.

Completion Date: The fifth business day after the satisfaction (or waiver, if applicable) of the last relevant condition precedent to Completion, which date shall not be later than the Longstop Date.

Termination Events:

If (i) there exists a relevant law making the transactions contemplated under the Transaction Agreement illegal or a court order prohibiting any such transaction; (ii) Goshawk Aviation commits a material breach of certain obligations under the Transaction Agreement; or (iii) there is a breach of certain fundamental warranties under the Transaction Agreement by Goshawk Aviation or a Seller's Guarantor, it will give rise to a right of Goshawk Aviation (in the case of (i)) or SMBC AC (in the case of (i) to (iii)) to terminate the Transaction Agreement.

Certain Covenants:

- (i) Each of Goshawk Aviation and the Seller's Guarantors has undertaken not to solicit the employees of the GML Group for employment (except for on-going service arrangements that may be provided by the GML Group to Goshawk Aviation with respect to the Retained Entities) and not to compete with the principal business of the GML Group for a specified period after Completion (with customary exclusions and excluding Goshawk Aviation's interest in the Retained Entities and the business carried out by them).
- (ii) Customary undertakings from Goshawk Aviation in relation to the conduct of the business of the GML Group during the period between the signing of the Transaction Agreement and Completion.
- (iii) Provision by Goshawk Aviation to SMBC AC of up-to-date information on the business, operations and financial statements during the period between the signing of the Transaction Agreement and Completion for purposes relating to the Transaction and any potential fundraising activities of SMBC AC prior to Completion.
- (iv) Cooperation and assistance from Goshawk Aviation for certain post-Completion transitional arrangements with respect to the transfer of assets and liabilities relating to the GML Group falling within the scope of the Transaction Agreement.

Warranties and Indemnities of Goshawk Aviation:	Goshawk Aviation has given, in favour of SMBC AC, customary warranties with respect to the business, operations, contracts and financial condition of the GML Group and customary indemnities with respect to specific historical tax exposures of the GML Group and guarantee exposures of the GML Group for aircraft leases held by the Retained Entities.
Limitations of Liabilities of Goshawk Aviation and Seller's Guarantors:	With exceptions relating to leakages and violation of gap control undertakings, the aggregate liabilities of Goshawk Aviation for breach of obligations, warranties and indemnities under the Transaction Agreement and other related transaction documents are limited to a total amount of approximately US\$672.8 million. Out of the aforementioned amount, approximately US\$394.1 million of such liabilities of Goshawk Aviation are covered by the Financial Guarantee. Accordingly, the liabilities of each Seller's Guarantor under the Financial Guarantee are limited to 50% of such liabilities of Goshawk Aviation, representing an amount of approximately US\$197.1 million (equivalent to approximately HK\$1,537 million).

IMPLICATIONS UNDER THE LISTING RULES FOR THE PROVISION OF THE FINANCIAL GUARANTEE

The provision of the Financial Guarantee by the Company in favour of SMBC AC under the Transaction constitutes provision of financial assistance by the Company for the benefit of Goshawk Aviation under the Listing Rules. As certain applicable percentage ratios (as determined according to applicable rules in Chapter 14 of the Listing Rules) in respect of the Company's portion of the Financial Guarantee are more than 5% but less than 25% for the Company, the provision of the Financial Guarantee constitutes a discloseable transaction for the Company that is subject to the notification and announcement requirements, but is exempt from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules. As the Transaction contemplated by the Transaction Agreement is undertaken by Goshawk Aviation, which is not a subsidiary of the Company, the Transaction is not a disposal transaction of the Company for the purpose of compliance with Chapter 14 of the Listing Rules.

Goshawk Aviation is a joint venture whose equity interest is held as to 50% indirectly by each of the Company and CTFE. As of the date of this announcement and based on publicly available information, CTFE together with its subsidiaries held approximately 45.20% of the total issued share capital of NWD (the holding company of the Company) and CTFE held approximately 2.48% of the total issued share capital of the Company. Accordingly, CTFE is a connected person of the Company at the listed issuer level under the Listing Rules, and Goshawk Aviation (being an associate of CTFE) is also a connected person and a commonly held entity of the Company. The provision of the financial assistance in the form of the Financial Guarantee by the Company for

the benefit of Goshawk Aviation under the Transaction is proportionate to its equity interest in Goshawk Aviation and on normal commercial terms, and is therefore fully exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.89 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTION AND THE FINANCIAL GUARANTEE

The Transaction covers substantially all of the aircraft leasing platform of Goshawk Aviation, except for the Retained Entities and some non-operating entities of the GML Group to be liquidated in due course. Upon Completion, Goshawk Aviation will continue to hold certain aircraft through the Retained Entities and will be serviced by a third party servicer. Goshawk Aviation shall review its investment policies for these aircraft on an on-going basis.

Covid-19 has had a prolonged impact on the aviation industry and the business of a commercial aircraft leasing lessor. Together with the looming rise in interest rate, the outlook for commercial aircraft leasing lessors becomes more uncertain and volatile. Goshawk Aviation has been generating a reasonable return since the Group's investment in it. Considering the present market and industry conditions, the Group sees the attractive valuation of the Transaction as an opportunity to derisk and unlock the underlying value of Goshawk Aviation's commercial aircraft leasing platform, and therefore create value for the Company and its shareholders. It also provides the Company with an opportunity to redeploy its capital in other investment opportunities with an improved risk adjusted return. The provision of the Financial Guarantee by the Seller's Guarantors is a term of the Transaction Agreement and other related transaction documents and represents the support of the Seller's Guarantors for Goshawk Aviation to accomplish the Transaction.

Upon Completion, Goshawk Aviation will cease to have any equity interest in GML and will no longer consolidate the financial results of the GML Group. Goshawk Aviation will continue to hold the Retained Entities and their financial results will remain to be equity accounted for by the Group.

The Company expects that Goshawk Aviation will apply the vast majority of the net proceeds from the Transaction to repay the shareholders' loans from and make distributions to its two shareholders. The Company intends to use the repayments and distributions from Goshawk Aviation for general working capital requirements or other investment opportunities of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction Agreement (including but not limited to the Financial Guarantee) with respect to the Company are on normal commercial terms and are fair, reasonable and in the interests of the Company and its shareholders as a whole. To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, SMBC AC and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and each of CTFE and Goshawk Aviation is a connected person of the Company under the Listing Rules.

INFORMATION ON GOSHAWK AVIATION, SELLER'S GUARANTORS AND SMBC AC

Goshawk Aviation

Goshawk Aviation is a joint venture whose equity interest is held as to 50% indirectly by each of the Company and CTFE. As of 31 December 2021, the number of aircraft owned, managed and committed totalled 219 and the overall appraised value amounted to approximately US\$9.6 billion (which include the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers). As of 30 June 2021, excluding the value associated with the aircraft held by Retained Entities, the enterprise value of Goshawk Aviation was approximately US\$6.7 billion (being the equity value of the Transaction plus outstanding debt minus cash of Goshawk Aviation and its subsidiaries including the GML Group) and the tangible book value (being the equity value of Goshawk Aviation and its subsidiaries including the GML Group adjusting for the value associated with the aircraft held by the Retained Entities and other intangibles) of Goshawk Aviation was approximately US\$1,355 million (equivalent to approximately HK\$10,569 million). For the two financial years ended 31 December 2020 and 2021, Goshawk Aviation's consolidated profit after tax was approximately US\$5 million and US\$63 million, respectively (equivalent to approximately HK\$39 million and HK\$491 million, respectively), and Goshawk Aviation's consolidated net assets as of 30 June 2021 and 31 December 2021 was US\$1,829 million (equivalent to approximately HK\$14,266 million) and US\$1,913 million (equivalent to approximately HK\$14,921 million) respectively. Excluding the net asset value of the aircraft held by the Retained Entities, Goshawk Aviation's pro-forma consolidated net assets as of 30 June 2021 and 31 December 2021 would be approximately US\$1,540 million (equivalent to approximately HK\$12,012 million) and US\$1,623 million (equivalent to approximately HK\$12,659 million) respectively.

Over the above financial periods, as the financial contributions of the GML Group (including the Retained Entities) constituted substantially all of the financial performance and conditions of Goshawk Aviation and its group of companies, and therefore the consolidated financial information of Goshawk Aviation (being the available information) has been presented above.

SELLER'S GUARANTORS

The Company

The principal activity of the Company is investment holding. The Group invests and operates a wide range of businesses predominantly in Hong Kong and the PRC. Its core business includes toll roads, commercial aircraft leasing, construction and insurance, while it also manages a strategic portfolio spanning sectors from logistics to facilities management.

CTFE

As of the date of this announcement and based on publicly available information, CTFE together with its subsidiaries held approximately 45.20% of the total issued share capital of NWD (the holding company of the Company) and CTFE held approximately 2.48% of the total issued share capital of the Company. As of the date of this announcement, CTFE is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited. 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.

SMBC AC

SMBC AC is an aircraft operating lease company based in Dublin, Ireland. Established in 2001, the company was acquired in 2012 by the Japanese consortium of Sumitomo Mitsui Financial Group, owning as to 66%, and Sumitomo Corporation, owning as to 34%. Sumitomo Mitsui Financial Group is listed on the Tokyo Stock Exchange and Nagoya Stock Exchange (under stock code: 8316). Sumitomo Corporation is listed on the Tokyo Stock Exchange (under stock code: 8053).

Completion of the Transaction is subject to satisfaction of conditions and the exercise of any termination right and therefore may or may not occur. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate”	has the meaning ascribed to it in the Listing Rules
“commonly held entity”	has the meaning ascribed to it in the Listing Rules
“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 00659) and held as to approximately 60.86% by NWD and its subsidiaries and approximately 2.48% by CTFE as at the date of this announcement

“Completion”	completion of the transactions contemplated under the Transaction Agreement which shall take place no later than the Longstop Date
“connected person”	has the meaning ascribed to it in the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Directors”	director(s) of the Company
“Financial Guarantee”	the guarantee provided by each of the Seller's Guarantors, on a 50% several basis by reference to its indirect equity interest in Goshawk Aviation, in favour of SMBC AC, to support the performance of Goshawk Aviation of its payment obligations to satisfy claims that may be brought by SMBC AC against Goshawk Aviation under the Transaction Agreement and other related transaction documents
“GML”	Goshawk Management Limited, a company incorporated with limited liability in Ireland and the main wholly-owned operating subsidiary of Goshawk Aviation
“GML Group”	GML together with subsidiaries and special purpose entities whose interests are held or controlled by GML (excluding the Retained Entities)
“Goshawk Aviation”	Goshawk Aviation Limited, an exempted company incorporated with limited liability in the Cayman Islands and a joint venture whose equity interest is held as to 50% indirectly by each of the Company and CTFE
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Longstop Date”	the date that is six months after the signing of the Transaction Agreement which is extendable by either Goshawk Aviation or SMBC AC for ninety (90) days to allow more time to obtain the requisite approvals from and completion of filings with anti-trust and competition authorities in certain specific jurisdictions, or such later date as the parties may agree in writing
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 0017) and held as to approximately 45.20% by CTFE and its subsidiaries as at the date of this announcement
“PRC”	the People's Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Retained Entities”	six entities currently held indirectly by GML which own six aircraft located in Russia as of the date of this announcement with the leasing of such aircraft terminated upon the compliance with applicable sanctions law, the entire equity interest of each of such entities will be retained by Goshawk Aviation after Completion
“Russia”	the Russian Federation
“Seller’s Guarantor(s)”	the Company and CTFE, as several guarantors to Goshawk Aviation as the seller under the Transaction Agreement and other related transaction documents
“SMBC AC”	SMBC Aviation Capital Limited, a company incorporated with limited liability in Ireland
“Transaction”	the transactions contemplated under the Transaction Agreement which will, upon Completion, result in Goshawk Aviation ceasing to own any equity interest in GML, SMBC AC owning the entire equity interest in GML, transfer of contracts (that are related to the commercial aircraft leasing business operated by Goshawk Aviation (through the GML Group)) by Goshawk Aviation to SMBC AC, and Goshawk Aviation retaining interest in the Retained Entities

“Transaction Agreement”	the main transaction agreement dated 16 May 2022 entered into among Goshawk Aviation, SMBC AC and the Seller’s Guarantors that effect the Transaction on the basis of the terms and conditions provided therein
“US\$”	United States dollars, the lawful currency of the United States of America

In this announcement, US\$ has been converted to HK\$ at the exchange rate of US\$1 = HK\$7.80 for illustration purpose only.

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

Hong Kong, 16 May 2022

As at the date of this announcement, (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Mr. Ma Siu Cheung, Mr. Ho Gilbert Chi Hang, Dr. Cheng Chi Kong, Adrian, Mr. Cheung Chin Cheung, Mr. Cheng Chi Ming, Brian and Mr. Cheng Chi Leong, Christopher; (b) the non-executive directors of the Company are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai and Mr. William Junior Guilherme Doo (alternate director to Mr. William Junior Guilherme Doo: Mr. Lam Wai Hon, Patrick); and (c) the independent non-executive directors of the Company are Mr. Kwong Che Keung, Gordon, Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Fung Wai Chi, Grace, Mr. Wong Kwai Huen, Albert and Professor Chan Ka Keung, Ceajer.

* *For identification purposes only*