

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**(Stock Code: 0017)**

## **CONNECTED TRANSACTIONS**

### **FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 29 September 2017 (after trading hours), (1) Smart Future (an indirect wholly-owned subsidiary of the Company) and HAML entered into the Subscription Agreement, pursuant to which Smart Future agreed to subscribe as principal for, and HAML agreed to allot and issue, four shares, representing 40% of the enlarged issued share capital of HAML, at a subscription price of HK\$10,177,194, on terms and subject to the conditions set out in the Subscription Agreement; and (2) CTFE, Healthcare Ventures, NWSI, Smart Future, NWS Service, Dynamic Ally and HAML entered into the Amended and Restated Joint Venture Agreement upon completion of the Subscription to regulate the respective rights and obligations of Healthcare Ventures, Smart Future and Dynamic Ally towards the management of HAML.

Prior to the completion of the Subscription, HAML was owned as to 50% by Healthcare Ventures and 50% by Dynamic Ally. CTFE, Healthcare Ventures, NWS Service, Dynamic Ally and HAML had on 15 December 2016 entered into the Joint Venture Agreement to regulate the respective rights and obligations of Healthcare Ventures and Dynamic Ally towards the management of HAML.

Immediately after the completion of the Subscription, HAML is owned as to 30%, 40% and 30% by Healthcare Ventures, Smart Future and Dynamic Ally, respectively.

#### **LISTING RULES IMPLICATIONS**

CTFE is a substantial shareholder and a connected person of the Company. Prior to the completion of the Subscription, CTFE indirectly controls more than 30% interest in HAML. HAML is therefore deemed as an associate of CTFE and a connected person of the Company. Healthcare Ventures is a direct wholly-owned subsidiary of CTFE and is therefore deemed as an associate of CTFE and a connected person of the Company. Accordingly, the transactions contemplated under the Subscription Agreement and the Amended and Restated Joint Venture Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Subscription Agreement and the Amended and Restated Joint Venture Agreement, when aggregated with the Initial Investment for Dynamic Ally, is more than 0.1% but less than 5%, the transactions contemplated under the Subscription Agreement and the Amended and Restated Joint Venture Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 29 September 2017 (after trading hours), (1) Smart Future (an indirect wholly-owned subsidiary of the Company) and HAML entered into the Subscription Agreement, pursuant to which Smart Future agreed to subscribe as principal for, and HAML agreed to allot and issue, four shares, representing 40% of the enlarged issued share capital of HAML, at a subscription price of HK\$10,177,194, on terms and subject to the conditions set out in the Subscription Agreement; and (2) CTFE, Healthcare Ventures, NWSI, Smart Future, NWS Service, Dynamic Ally and HAML entered into the Amended and Restated Joint Venture Agreement upon completion of the Subscription to regulate the respective rights and obligations of Healthcare Ventures, Smart Future and Dynamic Ally towards the management of HAML.

Prior to the completion of the Subscription, HAML was owned as to 50% by Healthcare Ventures and 50% by Dynamic Ally. CTFE, Healthcare Ventures, NWS Service, Dynamic Ally and HAML had on 15 December 2016 entered into the Joint Venture Agreement to regulate the respective rights and obligations of Healthcare Ventures and Dynamic Ally towards the management of HAML.

Immediately after the completion of the Subscription, HAML is owned as to 30%, 40% and 30% by Healthcare Ventures, Smart Future and Dynamic Ally, respectively.

## **MAJOR TERMS OF THE SUBSCRIPTION AGREEMENT**

### **Date**

29 September 2017

### **Parties**

1. Smart Future (an indirect wholly-owned subsidiary of NWSI)
2. HAML

### **Subject Matter**

Pursuant to the Subscription Agreement, Smart Future agreed to subscribe as principal for, and HAML agreed to allot and issue, four shares, representing 40% of the enlarged issued share capital of HAML, at a subscription price of HK\$10,177,194, on terms and subject to the conditions set out in the Subscription Agreement.

The subscription price and the shareholder's loan in the amount of HK\$77,333,333 shall be paid in immediately available funds by way of wire transfer on completion and was agreed after arm's length negotiations between Smart Future and HAML taking into account the business potential of HAML.

Immediately after completion of the Subscription, HAML is owned as to 30%, 40% and 30% by Healthcare Ventures, Smart Future and Dynamic Ally, respectively.

### **Conditions Precedent**

Completion of the Subscription is conditional on the satisfaction of the following conditions on or before the date of completion:

1. Smart Future being satisfied with the results of its due diligence on HAML and its group in all material respects;
2. the warranties given by HAML remaining true and accurate in all respects and not misleading in any respect as at completion;
3. the warranties given by Smart Future remaining true and accurate in all respects and not misleading in any respect as at completion;
4. where required, the Company and NWS having duly complied with the relevant Listing Rules in connection with the execution of the Subscription Agreement and the transactions contemplated thereunder;

5. HAML having delivered the audited consolidated financial statements of HAML, the consolidated management accounts of HAML and the calculation table of the subscription price for the Subscription to Smart Future;
6. Smart Future having notified HAML of its nominated directors of HAML at least five business days prior to the date of completion;
7. there not having occurred a material adverse change to the financial, business, prospect or trading position of HAML and its group as a whole;
8. all necessary waivers, consents and approvals to implement the transactions contemplated under the Subscription Agreement having been obtained;
9. the termination agreements in relation to the clinic operation service agreements of the clinics of HAML previously entered into having been duly executed in a manner reasonably satisfied by Smart Future and HAML;
10. the clinic operation service agreements of the clinics of HAML having been duly executed in a manner reasonably satisfied by Smart Future and HAML;
11. the consent letters in relation to the change in control of HAML having been duly executed in a manner reasonably satisfied by Smart Future and HAML; and
12. all existing permits, licences, approvals and consent necessary required for or in connection with the operation and carrying on of the business of HAML and its group remaining valid and subsisting and no actual notice having been received by HAML or its group that any permit, licence, approval and consent necessary required for or in connection with the operation and carrying on of the business of the HAML and its group will be terminated, revoked, withdrawn or suspended.

At any time on or before the Long Stop Date, Smart Future or HAML may waive the condition(s) set out above (in whole or in part) (other than (4)) by notice to HAML or Smart Future (as the case may be) on any terms as the parties may agree.

The Subscription has been completed on the same date following the satisfaction of the applicable conditions precedent as set out above.

## **MAJOR TERMS OF THE AMENDED AND RESTATED JOINT VENTURE AGREEMENT**

### **Date**

29 September 2017

### **Parties**

1. CTFE
2. Healthcare Ventures (a direct wholly-owned subsidiary of CTFE)
3. NWSI (a direct wholly-owned subsidiary of the Company)
4. Smart Future (an indirect wholly-owned subsidiary of NWSI)
5. NWS Service (a direct wholly-owned subsidiary of NWS)
6. Dynamic Ally (an indirect wholly-owned subsidiary NWS Service)
7. HAML

### **Total Commitment**

Healthcare Ventures, Smart Future and Dynamic Ally intend to invest an aggregate amount of up to HK\$780 million in HAML for the investment in, and operation and management of primary healthcare facilities (predominantly clinics and medical centres) located in Asia, with primary focus in the PRC and Hong Kong, of which:

- (i) the Initial Investment has been made by each of Healthcare Ventures and Dynamic Ally;

- (ii) HK\$10,177,194 has been contributed by way of capital injection and HK\$77,333,333 has been contributed by way of interest-free shareholder's loan by Smart Future on the date of completion of the Subscription; and
- (iii) the remaining amount shall be contributed by the shareholders of HAML by way of capital injection and/or shareholder's loan in proportion to their shareholding interests in HAML (i.e. up to HK\$169,946,842, HK\$226,595,789 and HK\$169,946,842 by Healthcare Ventures, Smart Future and Dynamic Ally, respectively), on an as-needed basis pursuant to the Amended and Restated Joint Venture Agreement and shall be subject to any changes as may be agreed by all the shareholders of HAML from time to time.

The parties to the Amended and Restated Joint Venture Agreement further acknowledged and confirmed that each of Healthcare Ventures' and Dynamic Ally's finance obligation under the Joint Venture Agreement has been fully discharged.

The amount of total commitment is determined after arm's length negotiation among Healthcare Ventures, Smart Future and Dynamic Ally with reference to the estimated capital requirements of HAML and the respective shareholding percentage held by Healthcare Ventures, Smart Future and Dynamic Ally in HAML. The total commitment of up to HK\$314.11 million by Smart Future will be funded by the internal resources and/or bank financing of the Group.

In the event that HAML's financial resources are at any stage insufficient to satisfy the working capital requirements as determined by the board of HAML, HAML shall first seek to obtain any additional funding from banks and other financial institutions on commercial terms. In case of any guarantee is required to be given by Healthcare Ventures, Smart Future and Dynamic Ally in support of such external financing, such guarantee shall be given by Healthcare Ventures, Smart Future and Dynamic Ally on a several (in proportion to their shareholding interests in HAML, and not joint or joint and several) basis. If the board of HAML determines that such external financing is not available or is insufficient, HAML may then seek the relevant funding from Healthcare Ventures, Smart Future and Dynamic Ally.

### **Scope of Business**

The parties agreed that HAML shall be an investment holding company and its business shall be the investment in, and operation and management of primary healthcare facilities (predominantly clinics and medical centres) located in Asia, with primary focus in the PRC and Hong Kong.

### **Management of HAML**

Unless and until otherwise agreed in writing by Healthcare Ventures, Smart Future and Dynamic Ally, the maximum number of directors in the board of HAML shall be seven. Healthcare Ventures, Smart Future and Dynamic Ally shall have the right to appoint two, three and two directors, respectively, provided that if the relative shareholdings of the shareholders of HAML in HAML are altered, the relevant shareholder shall procure that such right to appoint and remove directors of HAML shall be amended so that it is substantially in proportion to the relevant shareholders' respective shareholdings in HAML. The chairman of board of HAML shall be appointed by a simple majority.

### **Restrictions on Equity Transfers**

No shareholder of HAML shall have the right to transfer any of its shares of HAML unless in accordance with the provisions of the Amended and Restated Joint Venture Agreement and the articles of association of HAML. In the event that a shareholder of HAML (the "**Selling HAML Shareholder**") proposes to transfer its shares of HAML, the other shareholders of HAML shall have a right of first refusal and tag along, while the Selling HAML Shareholder shall have a right of drag along.

### **Distribution of Profit**

The shareholders of HAML shall procure HAML to distribute such amount of profits by way of dividend as the board of HAML may decide from time to time.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT AND THE AMENDED AND RESTATED JOINT VENTURE AGREEMENT**

In view of the reform of the medical system in the PRC, its aging population, economic growth, improvement in personal income and an increasing awareness of the importance of healthcare, a growing demand for quality healthcare services in the PRC is expected. To capture the opportunities, CTFE and NWS, through their respective wholly-owned subsidiaries, have set up HAML to invest in primary healthcare facilities in Asia. The first two investments made by HAML were the acquisitions of three clinics in Beijing and a clinic in Shanghai (the “**Acquisitions**”), and the Acquisitions were completed on 23 March 2017. Leveraging on UMP Group’s experience in managing and developing healthcare services, on 15 December 2016, HAML and UMP Healthcare China Limited entered into a master operation service agreement for the management and operation of the clinics, and HAML and UMP entered into a medical services and administration agreement to, among other things, make available the medical centre network of HAML and UMP Group to each other.

The Group’s investment in HAML is expected to be a strategic win-win arrangement for all parties concerned as it leverages on (1) the experience of UMP Group in providing healthcare solutions to corporates and their operational excellence in managing clinical network; (2) the extensive experience and relationship of CTFE and NWS in doing business in the PRC; and (3) the Group’s strengths in real estate, corporate relationship, capital investment and customer base. The Board considers that the combination between clinic operation expertise, funding, government connections and real estate assets is powerful and unique, and can generate huge competitive advantage for HAML. The Board therefore considers that the entering into of the Subscription Agreement and the Amended and Restated Joint Venture Agreement is a good opportunity for the Group’s participation in healthcare industry in the PRC market and will benefit the development in this segment of business of the Group in the long-run.

The Directors (including the independent non-executive directors) are of the view that the Subscription Agreement and the Amended and Restated Joint Venture Agreement are on normal commercial terms, and that the terms of the Subscription Agreement and the Amended and Restated Joint Venture Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **INFORMATION ON THE PARTIES**

CTFE is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, CTFE together with its subsidiaries hold approximately 44.15% of the total issued share capital of the Company and CTFE holds approximately 2.49% of the total issued share capital of the NWS. CTFE is principally engaged in investment holding.

Healthcare Ventures is a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of CTFE. Healthcare Ventures is principally engaged in investment holding.

The 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.

NWSI is a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company. NWSI is principally engaged in investment holding.

Smart Future is a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of NWSI. Smart Future is principally engaged in investment holding.

NWS is a company incorporated in Bermuda with limited liability. As at the date of this announcement, NWS is held as to approximately 61.18% by the Company and its subsidiaries and approximately 2.49% by CTFE. NWS 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.

NWS Service is a company incorporated in the Cayman Islands with limited liability, which is a direct wholly-owned subsidiary of NWS. NWS Service is principally engaged in investment holding.

Dynamic Ally is a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of NWS Service. Dynamic Ally is principally engaged in investment holding.

HAML is a company incorporated in Hong Kong with limited liability, which is directly owned as to 30%, 40% and 30% by Healthcare Ventures, Smart Future and Dynamic Ally upon completion of the Subscription and as at the date of this announcement. HAML is principally engaged in investment holding and its business shall be investment in, and operation and management of primary healthcare facilities (predominantly clinics and medical centres) located in Asia, with primary focus in the PRC and Hong Kong. According to the consolidated management accounts of HAML, the net liabilities value of HAML was HK\$8,611,239 as at 30 June 2017, and the net loss before and after taxation are HK\$10,653,373 and HK\$10,220,054 respectively for the period from 29 November 2016 (date of incorporation) to 30 June 2017.

## **LISTING RULES IMPLICATIONS**

CTFE is a substantial shareholder and a connected person of the Company. Prior to the completion of the Subscription, CTFE indirectly controls more than 30% interest in HAML. HAML is therefore deemed as an associate of CTFE and a connected person of the Company. Healthcare Ventures is a direct wholly-owned subsidiary of CTFE and is therefore deemed as an associate of CTFE and a connected person of the Company. Accordingly, the transactions contemplated under the Subscription Agreement and the Amended and Restated Joint Venture Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Subscription Agreement and the Amended and Restated Joint Venture Agreement, when aggregated with the Initial Investment for Dynamic Ally, is more than 0.1% but less than 5%, the transactions contemplated under the Subscription Agreement and the Amended and Restated Joint Venture Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **APPROVAL BY THE BOARD OF DIRECTORS**

Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Kar-Shing, Peter and Mr. Cheng Chi-Heng all being Directors, are also directors of CTFE. They and their associates, being Mr. Doo Wai-Hoi, William and Ms. Cheng Chi-Man, Sonia, abstained from voting on the relevant board resolutions. Further, in view of the existing business arrangements between HAML and the UMP Group, Mr. Lee Luen-Wai, John, being an independent non-executive director of the Company and UMP, voluntarily abstained from voting on the relevant board resolutions. Save as disclosed, no other Director is regarded as having a material interest in the transactions contemplated under the Subscription Agreement and the Amended and Restated Joint Venture Agreement.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Amended and Restated Joint Venture Agreement"	the amended and restated joint venture agreement dated 29 September 2017 entered into among CTFE, Healthcare Ventures, NWSI, Smart Future, NWS Service, Dynamic Ally and HAML
"associate"	has the meaning ascribed to it in the Listing Rules
"Board"	the board of Directors
"Company"	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)
"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 and is a substantial shareholder of the Company
“Directors”	the directors of the Company
“Dynamic Ally”	Dynamic Ally Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of NWS Service
“Group”	the Company and its subsidiaries from time to time
“HAML”	Healthcare Assets Management Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 30%, 40% and 30% by Healthcare Ventures, Smart Future and Dynamic Ally, respectively, upon completion of the Subscription and as at the date of this announcement
“Healthcare Ventures”	Healthcare Ventures Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of CTFE
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Investment”	the initial investment of HK\$63 million by each of Healthcare Ventures and Dynamic Ally towards HAML pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	the joint venture agreement dated 15 December 2016 entered into among CTFE, Healthcare Ventures, NWS Service, Dynamic Ally and HAML to regulate the respective rights and obligations of Healthcare Ventures and Dynamic Ally towards the management of HAML
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	1 January 2018 or such other date mutually accepted by the parties to the Subscription Agreement
“NWS”	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)
“NWSI”	New World Strategic Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company
“NWS Service”	NWS Service Management Limited, a company incorporated in the Cayman Islands with limited liability, which is a direct wholly-owned subsidiary of NWS
“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
“Smart Future”	Smart Future Investments Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of NWSI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement”	the subscription agreement dated 29 September 2017 entered into between Smart Future and HAML
“Subscription”	the subscription of four shares in HAML pursuant to the Subscription Agreement
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“UMP”	UMP Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 722)
“UMP Group”	UMP and its subsidiaries from time to time
“%”	per cent.

By order of the board of  
**New World Development Company Limited**  
(新世界發展有限公司)  
**Wong Man-Hoi**  
*Company Secretary*

Hong Kong, 29 September 2017

*As at the date of this announcement, (a) the executive directors are Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Au Tak-Cheong; (b) the non-executive directors are Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter; and (c) the independent non-executive directors 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-Biu, Thomas.*