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新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

CONNECTED TRANSACTION

On 10 December 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor and the Vendor's Guarantor, pursuant to which the Vendor conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and accept the assignment of, the Sale Shares and the Sale Loan (if any) at the Consideration, which will be satisfied by way of cash.

Upon completion of the Restructuring, the principal business of the Target Group will be the investment and holding of the Properties. The Group is the developer of the land comprising the Properties and has a 50% development interest in the Properties. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Dr. Cha, an independent non-executive Director has notified his interests in approximately 49.72% of the issued share capital of the Vendor's Guarantor. Accordingly, the Vendor and the Vendor's Guarantor are connected persons of the Company and the Acquisition constitutes a connected transaction for the Company under Rule 14A.32(1) of the Listing Rules. As all the percentage ratios (as defined in the Listing Rules) are less than 5%, the Acquisition is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirement.

THE AGREEMENT

Date

10 December 2010

Parties

- (i) HK Resort International Limited as the Vendor;
- (ii) HKR International Limited as the Vendor's Guarantor; and
- (iii) Bright Scope Holdings Limited as the Purchaser.

Pursuant to the Agreement, the Vendor's Guarantor has unconditionally and irrevocably guaranteed to the Purchaser the due and punctual performance and observance by the Vendor of all its obligations under the Agreement and agreed to indemnify the Purchaser against all losses, damages, costs and expenses which the Purchaser may suffer arising from or in connection with any breach by the Vendor of such obligations.

Assets to be acquired

Pursuant to the terms and conditions of the Agreement, the Vendor has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase and accept the assignment of, the Sale Shares and the Sale Loan (if any). The Sale Shares represent the entire issued share capital of the Target Company. The Sale Loan represents the entire unsecured and non-interest bearing shareholder's loan owing from the Target Group to the Vendor and/or its associates as at the date of Completion (if any).

Consideration

The Consideration is equal to the aggregate of (i) 100% of the amount of the issued share capital and reserves of each of the Target Company and its subsidiary; and (ii) 50% of the amount of the issued share capital and reserves of each of DPCSL and DPFSL, in each case, as calculated by reference to the audited balance sheet of each of the Target Company, its subsidiary, DPCSL and DPFSL as at the date of Completion. Based on the unaudited proforma balance sheet of each of the Target Company, its subsidiary, DPCSL and DPFSL as at 30 September 2010 prepared on the basis as if the Restructuring had been implemented, the Consideration is approximately HK\$1,378.2 million.

The Consideration shall be paid in cash by the Purchaser to the Vendor in the following manner:

- (i) a deposit of HK\$140 million has been paid upon signing of the Agreement; and
- (ii) the remaining balance of the Consideration will be paid upon Completion (subject to any adjustment which may be made after receipt of the audited balance sheet of each of the Target Company, its subsidiary, DPCSL and DPFSL).

The Consideration was determined between the Purchaser and the Vendor after arm's length negotiations with reference to the appraised value of the Properties based on the valuation report prepared by an independent professionally qualified valuer. The Consideration will be funded by the Group's internal resources.

Based on the above, the Directors (including the independent non-executive Directors but excluding Dr. Cha who is considered to have a material interest in the transaction) consider that the terms of the Agreement including the Consideration, which have been arrived at after arm's length negotiations, are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

Completion

Completion shall take place on the fifth business day after fulfillment or, as applicable, waiver of the last of the conditions contained in the Agreement or such other date agreed by the Vendor and the Purchaser in writing. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Conditions

Completion shall be conditional upon, inter alia:

- (i) the Agreement and the transactions contemplated thereunder being approved by the shareholders of the Vendor's Guarantor in accordance with the requirements of the Listing Rules, if necessary;
- (ii) completion of the Restructuring to the satisfaction of the Purchaser;
- (iii) the Target Company effecting a name change to remove reference to "HKR";

- (iv) the Purchaser notifying the Vendor in writing that it is satisfied with its due diligence review on the Target Group and the Properties;
- (v) the Agreement and the transactions contemplated thereunder being approved by the Shareholders in accordance with the requirements of the Listing Rules, if necessary; and
- (vi) all necessary consents, authorisations, waivers or other approvals (if any) of any kind which may be required of any third party, governmental or regulatory authority in Hong Kong or elsewhere, for the consummation of the transactions contemplated by the Agreement having been obtained.

If any of the conditions set out in the Agreement is not fulfilled or waived (as applicable) on or before 31 March 2011 or such other extended date as may be mutually agreed between the Vendor and the Purchaser in writing, the rights and obligations of the parties under the Agreement shall lapse and be of no further force and effect, and the parties shall be released from all further obligations thereunder without any liability save to any antecedent breach and the deposit paid by the Purchaser shall be returned forthwith with interest thereon at the rate of 1.5% per annum from the date of the Agreement to and including the date of refund to the Purchaser.

INFORMATION ON THE VENDOR GROUP AND THE TARGET GROUP

The Vendor's Guarantor is an investment holding company. Its subsidiaries (including the Vendor) are principally engaged in the development, management and provision of essential and recreational services for residential housing and leisure projects in Discovery Bay, Lantau Island, other property development, property investment, hotel operation, manufacturing, securities investments and provision of healthcare services.

The Target Company was incorporated in Hong Kong and is a wholly-owned subsidiary of the Vendor. Apart from the Properties, the Target Company also has, as at the date hereof, interests in various other investments (including 50% interest in each of DPCSL and DPFSL) and properties. In accordance with the terms of the Agreement, the Vendor will implement the Restructuring so that after completion thereof, the only assets of the Target Company will be the Properties and its direct or indirect interests in a subsidiary and two associated companies, namely, DPCSL and DPFSL.

The Properties comprise a shopping mall on levels 1, 2 and 3 and car parking spaces on levels 3 to 7 of Discovery Park, Tsuen Wan, New Territories, Hong Kong with a gross floor area of approximately 465,000 square feet. The Group is the developer of the land comprising the Properties. The Group and the Target Company each has a 50% development interest in the Properties and 50% interest in each of DPCSL and DPFSL.

DPCSL is the leasing and estate manager of the Properties and DPFSL provides second mortgage finance to purchasers of residential units in Discovery Park, Tsuen Wan, New Territories, Hong Kong in 1997. Both DPCSL and DPFSL were companies incorporated in Hong Kong.

Based on the unaudited proforma management accounts of the Target Company prepared on the basis as if the Restructuring had been implemented, the total net asset value of the Target Company as at 30 September 2010 was approximately HK\$1,137.6 million. Set out below is a summary of the unaudited proforma financial information of the Target Company for each of the two years ended 31 March 2010 and 2009 prepared on the basis as if the Restructuring had been implemented:

	For the year ended 31 March	
	2010	2009
	HK\$ million	HK\$ million
Net profit before taxation and extraordinary items	58.2	59.9
Net profit after taxation and extraordinary items	48.6	50.0

As the Vendor has been the shareholder of the Target Company since the date of incorporation of the Target Company, there is no original purchase cost of the Sale Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITION

One of the main business areas of the Group is investment in and development of properties in Hong Kong. The acquisition of interests in the Target Company, which is the owner of the Properties, is consistent with the core business strategies of the Group.

The Group is the developer of the land comprising the Properties and has a 50% development interest in the Properties. The Directors believe that the Acquisition is a viable investment and will broaden the asset and earnings base of the Group and is beneficial to the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Dr. Cha, an independent non-executive Director has notified his interests in approximately 49.72% of the issued share capital of the Vendor's Guarantor. Accordingly, the Vendor and the Vendor's Guarantor are connected persons of the Company and the Acquisition constitutes a connected transaction for the Company under Rule 14A.32(1) of the Listing Rules. As all the percentage ratios (as defined in the Listing Rules) are less than 5%, the Acquisition is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirement. None of the Directors present at the Board meeting approving the Acquisition is required to abstain from voting on the relevant Board resolution.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

"Acquisition"	the acquisition of the Sale Shares and the Sale Loan (if any) by the Purchaser in accordance with the terms and conditions of the Agreement and the performance of the transactions contemplated under the Agreement
"Agreement"	the conditional sale and purchase agreement dated 10 December 2010 entered into between the Vendor, the Vendor's Guarantor and the Purchaser in relation to the Acquisition
"Board"	the board of Directors
"Company"	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 (Stock code: 0017)
"Completion"	completion of the Acquisition
"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules

"Consideration"	the aggregate purchase price for the Sale Shares and the Sale Loan (if any) which is equal to the aggregate of (i) 100% of the amount of the issued share capital and reserves of each of the Target Company and its subsidiary; and (ii) 50% of the amount of the issued share capital and reserves of each of DPCSL and DPFSL, in each case, as calculated by reference to the audited balance sheet of each of the Target Company, its subsidiary, DPCSL and DPFSL as at the date of Completion
"Director(s)"	director(s) of the Company
"DPCSL"	Discovery Park Commercial Services Limited, a company incorporated in Hong Kong and a 50% owned associated company of the Target Company
"DPFSL"	Discovery Park Financial Services Limited, a company incorporated in Hong Kong and a 50% owned associated company of the Target Company
"Dr. Cha"	Dr. Cha Mou Sing, Payson, an independent non-executive Director
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Properties"	the Commercial Podium of Discovery Park, 398 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong
"Purchaser"	Bright Scope Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Restructuring"	the proposed restructuring of the Target Company and its assets so that after completion thereof, the only assets of the Target Company will be the Properties and its direct or indirect interests in a subsidiary and two associated companies
"Sale Loan"	the entire amount of the unsecured and non-interest bearing shareholder's loan owing from the Target Group to the Vendor and/or its associates as at the date of Completion (if any)
"Sale Shares"	4,000 shares of HK\$0.25 each in the capital of the Target Company, representing its entire issued share capital
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	HKR Properties Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
"Target Group"	the Target Company and its subsidiary and associated companies after the Restructuring
"Vendor"	HK Resort International Limited, a company incorporated in the Cayman

Islands with limited liability and a wholly-owned subsidiary of the Vendor's Guarantor

"Vendor's Guarantor" HKR International Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 0480)

"HK\$" Hong Kong dollars, the lawful currency of Hong Kong

"%" per cent.

By order of the Board
Leung Chi Kin, Stewart
Company Secretary

Hong Kong, 10 December 2010

As at the date of this announcement; (a) the executive Directors are Dato' Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry, Dr. Sin Wai Kin, David, Mr. Liang Chong Hou, David, Mr. Leung Chi Kin, Stewart, Mr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng; (b) the non-executive Directors are Mr. Cheng Kar Shing, Peter, Mr. Chow Kwai Cheung, Mr. Liang Cheung Bui, Thomas and Ms. Ki Man Fung, Leonie; and (c) the independent non-executive Directors are Mr. Yeung Ping Leung, Howard, Dr. Cha Mou Sing, Payson (alternate Director to Dr. Cha Mou Sing, Payson: Mr. Cha Mou Zing, Victor), Mr. Ho Hau Hay, Hamilton and Mr. Lee Luen Wai, John.