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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 16 August 2011, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a consideration of HK\$143,000,000. Unless any part of the Property has become vacant prior to completion of the Disposal Agreement (in which case vacant possession of such part shall be delivered to the Purchaser on completion of the Disposal Agreement), the Property is sold subject to the existing licence and tenancy.

Mr. Doo is a director of certain subsidiaries of the Company and hence a connected person of the Company under the Listing Rules. As the Purchaser is indirectly owned as to 90% by Mr. Doo, it is an associate of Mr. Doo and hence a connected person of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

THE DISPOSAL AGREEMENT

Date: 16 August 2011

Parties:

- (1) The Vendor: Newly Development Limited, a wholly-owned subsidiary of the Company
- (2) The Purchaser: Fast Solution Limited, a company indirectly owned as to 90% by Mr. Doo, a director of certain subsidiaries of the Company, and hence a connected person of the Company under the Listing Rules

The Disposal

Pursuant to the Disposal Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a consideration of HK\$143,000,000. Unless any part of the Property has become vacant prior to completion of the Disposal Agreement (in which case

vacant possession of such part shall be delivered to the Purchaser on completion of the Disposal Agreement), the Property is sold subject to the existing licence and tenancy. The Property comprises the Portion Area and the Premises. The Portion Area is currently being licenced to NWT under the Licence Agreement on a monthly basis commencing from 1 August 2006. The monthly licence fee under the Licence Agreement is HK\$7,435.80. The Premises is currently being leased to Urban Property under the Tenancy Agreement with a lease term up to 31 March 2016 and a current monthly rent of HK\$404,858 up to 31 March 2013 and thereafter a monthly rent of HK\$485,829 up to 31 March 2016 (exclusive of air-conditioning charges, management fees and government rates).

The unaudited net rental income (both before and after taxation and extraordinary items) attributable to the Property for the financial years ended 30 June 2010 and 30 June 2011 were approximately HK\$4,205,000 and HK\$4,730,000 respectively.

Consideration

The consideration for the Disposal is HK\$143,000,000 which shall be paid by the Purchaser to the Vendor in the following manner:-

1. a sum of HK\$14,300,000 being deposit and part payment of the consideration for the Disposal has been paid by the Purchaser to the Vendor upon signing of the Disposal Agreement; and
2. a sum of HK\$128,700,000 being balance of the consideration for the Disposal shall be paid by the Purchaser to the Vendor on completion of the Disposal Agreement.

The consideration for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the appraised value of the Property based on the valuation report prepared by an independent professionally qualified valuer.

As at 30 June 2011, the unaudited carrying value of the Property was approximately HK\$142,500,000. The Disposal is expected to enable the Company to recognise a gain of approximately HK\$500,000 (before expenses), being the premium of the consideration for the Disposal over the carrying value of the Property in the accounts of the Vendor.

Completion

It is provided in the Disposal Agreement that completion of the Disposal Agreement shall take place on or before 31 August 2011.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the Joint Announcement and the circular of the Company dated 2 July 2010 in relation to the Group A Disposal and the Group B Disposal to Fung Seng Enterprises Limited, a company owned as to 90% and 10% by Mr. Doo and Mr. Wong respectively. Completion of the Group B Disposal took place on 30 June 2011.

Subsequent to the entering of the SP Agreements, the Company was approached by Fung Seng Enterprises Limited in relation to the proposed disposal of the Property. In light of the fact that the Property is not a core investment property of the Group and also the fact that the Premises is currently being leased to Urban Property which is a Group B Member under the Tenancy Agreement with a lease term up to 31 March 2016, the Directors believe that the terms of the Disposal are on normal commercial terms which are fair and reasonable and in the interests of the Shareholders as a whole as it provides an opportunity to the Company in realising its non-core investment property. The proceeds arising from the Disposal will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Doo is a director of certain subsidiaries of the Company and hence a connected person of the Company under the Listing Rules. As the Purchaser is indirectly owned as to 90% by Mr. Doo, it is an associate of Mr. Doo and hence a connected person of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the Disposal, but Dato' Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry, Mr. Cheng Kar Shing, Peter, Mr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng, who are associates of Mr. Doo and present at the Board meeting approving the Disposal, have voluntarily abstained from voting on the relevant Board resolution for considering and approving the Disposal Agreement and the transactions contemplated thereunder.

INFORMATION REGARDING MR. DOO, THE PURCHASER AND THE GROUP

Mr. Doo is the director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company. Mr. Doo is the son-in-law of Dato' Dr. Cheng Yu Tung, the brother-in-law of Dr. Cheng Kar Shun, Henry and Mr. Cheng Kar Shing, Peter, the uncle of Mr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng.

The Purchaser is indirectly owned as to 90% by Mr. Doo and principally engaged in property investment.

The Group is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology.

DEFINITIONS

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

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	an agreement dated 16 August 2011 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries from time to time
“Group A Disposal”	has the meaning ascribed to it under the Joint Announcement
“Group B Disposal”	has the meaning ascribed to it under the Joint Announcement
“Group B Member”	has the meaning ascribed to it under the Joint Announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joint Announcement”	the announcement dated 11 June 2010 jointly issued by the Company and NWS Holdings Limited in relation to the Group A Disposal and the Group B Disposal
“Licence Agreement”	a licence agreement dated 31 August 2006 entered into between the Vendor as licensor and NWT as licensee pursuant to which the Vendor has licenced the Portion Area to NWT

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai Hoi, William, a director of certain subsidiaries of the Company and the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company. Mr. Doo is the son-in-law of Dato’ Dr. Cheng Yu Tung, the brother-in-law of Dr. Cheng Kar Shun, Henry and Mr. Cheng Kar Shing, Peter, the uncle of Mr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng
“Mr. Wong”	has the meaning ascribed to it under the Joint Announcement
“NWT”	New World Telecommunications Limited, a wholly-owned subsidiary of the Company
“Portion Area”	the portion area on the Property with a gross floor area of approximately 729 square feet (saleable area: approximately 522 square feet)
“Premises”	the premises on the Property with a gross floor area of approximately 30,671 square feet (saleable area: approximately 21,751 square feet)
“Property”	16 th Floor, Chevalier Commercial Centre (其士商業中心), 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong
“Purchaser”	Fast Solution Limited, a company incorporated in Hong Kong with limited liability and indirectly owned as to 90% by Mr. Doo
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“SP Agreements”	has the meaning ascribed to it under the Joint Announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	a tenancy agreement dated 1 September 2007 entered into between the Vendor as landlord and Urban Property as tenant pursuant to which the Vendor has leased the Premises to Urban Property

“Urban Property”	Urban Property Management Limited, a company incorporated in Hong Kong with limited liability and a Group B Member
“Vendor”	Newly Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Wong Man Hoi
Company Secretary

Hong Kong, 16 August 2011

As at the date of this announcement, (a) the Executive Directors of the Company are Dato’ Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry, Dr. Sin Wai Kin, David, Mr. Liang Chong Hou, David, Mr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng; (b) the Non-executive Directors of the Company are Mr. Cheng Kar Shing, Peter, Mr. Leung Chi Kin, Stewart, Mr. Chow Kwai Cheung, Mr. Liang Cheung Bui, Thomas and Ms. Ki Man Fung, Leonie; and (c) the Independent Non-executive Directors of the Company 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.