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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)

**PROPOSED RIGHTS ISSUE OF
RIGHTS SHARES AT
HK\$5.68 EACH
ON THE BASIS OF
ONE RIGHTS SHARE FOR
EVERY TWO SHARES HELD
ON THE RECORD DATE
AND
CLOSURE OF REGISTER OF MEMBERS**

**Joint Bookrunners to the Rights Issue
(in alphabetical order)**



RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$11,331.96 million, before expenses, and not more than HK\$12,336.70 million, before expenses, by way of rights issue of not less than 1,995,062,501 Rights Shares and not more than 2,171,953,511 Rights Shares on the basis of one Rights Share for every two Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$5.68 per Rights Share payable in full on acceptance. The Company will provisionally allot one Rights Share in nil-paid form for every two existing Shares held by each Qualifying Shareholder on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to Non-Qualifying Shareholders.

Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company.

The aggregate number of Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50% of the Company's issued share capital as at the Latest Practicable Date and will represent approximately 33% of the Company's enlarged issued share capital immediately after the completion of the Rights Issue.

Pursuant to Rule 7.19(6)(a) of the Listing Rules, as the Rights Issue would increase the issued share capital of the Company by no more than 50%, the Rights Issue is not conditional on the approval of the Shareholders.

The fully-paid Rights Shares will not entitle the holders thereof to the proposed final dividend of HK\$0.28 per Share for the financial year ended 30 June 2011 as announced by the Company in the "Annual Results Announcement 2010/2011" dated 29 September 2011.

IRREVOCABLE UNDERTAKINGS OF THE MAJOR SHAREHOLDER

As at the Latest Practicable Date, the Major Shareholder together with the Major Shareholder's Subsidiaries held 1,616,317,555 Shares in aggregate, representing approximately 40.51% of the existing issued share capital of the Company. Pursuant to the Underwriting Agreement, the Major Shareholder has irrevocably undertaken to the Company and the Underwriters, among other things, (i) to take up, and to procure the Major Shareholder's Subsidiaries to take up, their respective entitlements to the Rights Shares under the Rights Issue pursuant to the terms of the Issue Documents in respect of the Shares beneficially owned by them as at the Record Date and to lodge or procure to be lodged with the Company acceptance in respect of such Rights Shares provisionally allotted to them, with payment in full therefor in cash; and (ii) that they will not dispose of or transfer (directly or indirectly, including without limitation by the creation of any option, charge or encumbrance or rights over or in respect of) their beneficial interests in any of the Shares owned by them as at the date of the Irrevocable Undertaking and shall procure that there shall be no change to the registered owners of such Shares from the date of the Irrevocable Undertaking up to and including the Record Date. The Rights Issue is fully underwritten by the Underwriters other than all the Rights Shares that will be provisionally allotted and to be taken up by the Major Shareholder and the Major Shareholder's Subsidiaries pursuant to the Irrevocable Undertaking on the terms and conditions set out in the Underwriting Agreement.

The obligations of the Underwriters to underwrite the Underwritten Shares are conditional on (i) the satisfaction (or, as applicable, waiver) of the conditions of the Underwriting Agreement referred to in the section headed “Conditions of the Rights Issue” in this announcement below, and (ii) the Underwriting Agreement not being terminated by the Joint Bookrunners in accordance with its terms. If the conditions of the Underwriting Agreement are not fulfilled (or waived) or the Underwriting Agreement is terminated pursuant to its terms, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALINGS IN SHARES AND RIGHTS SHARES

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. It should also be noted that the Underwriting Agreement contains provisions granting the Joint Bookrunners the right to terminate their obligations on the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement” in this announcement below for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares or other securities of the Company up to the date on which all the conditions to which the Rights Issue is subject (as set out under the paragraph headed “Conditions of the Rights Issue” in this announcement) are fulfilled (and the date on which the right of termination of the Joint Bookrunners under the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Thursday, 10 November 2011 to Thursday, 17 November 2011 (both days inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

TRADING ARRANGEMENTS

The last day for dealing in the Shares on a cum-rights basis is Friday, 21 October 2011. The Shares will be dealt with on an ex-rights basis from Monday, 24 October 2011. The Rights Shares are expected to be dealt with in their nil-paid form from Thursday, 10 November 2011 to Thursday, 17 November 2011 (both days inclusive).

To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is currently expected to be Friday, 28 October 2011. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar for registration by 4:30 p.m. on the Last Day for Transfer. The register of members will be closed from Wednesday, 26 October 2011 to Friday, 28 October 2011 (both days inclusive).

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Final Acceptance Date or such later date as the Company and the Underwriters may agree. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. For details of the trading arrangements, please refer to the section headed “Expected Timetable of the Rights Issue”.

REASONS FOR THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

The principal businesses of the Company include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology. The Directors consider that taking into account the prevailing market conditions, it would be in the best interests of the Company and the Shareholders as a whole to raise long term equity funding for its general working capital.

Having considered other fund raising alternatives for the Group, including the issuance of debt securities and share placements, and taking into account the benefits and costs of each alternative, the Directors consider that the Rights Issue is the preferred means for the Group to raise long-term funds without subjecting itself to interest burden or additional debt. The Rights Issue also offers existing Shareholders the opportunity to participate without dilution of their interest in the Company. The Directors consider that the net proceeds of the Rights Issue will also strengthen the Company's capital base and enhance the Group's financial resilience, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms.

The Directors believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole, for the reasons mentioned above.

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, of approximately HK\$177.00 million, will be borne by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be not less than approximately HK\$5.59 and not more than approximately HK\$5.59.

The estimated net proceeds of the Rights Issue will be approximately HK\$11,154.96 million after the deduction of all estimated expenses of HK\$177.00 million (assuming that no Shares have been allotted or issued on or before the Record Date pursuant to any exercise of the Conversion and Subscription Rights), or approximately HK\$12,134.50 million after the deduction of all estimated expenses of HK\$202.20 million (assuming that Shares have been allotted and issued on or before the Record Date pursuant to full exercise of all outstanding Conversion and Subscription Rights). The Directors currently intend to use the net proceeds of the Rights Issue for (i) financing the subscription of the NWCL Rights Shares if the NWCL Rights Issue proceeds in accordance with its terms; (ii) funding the development costs of the Group's property projects; and (iii) general working capital for the Group.

The Rights Issue and the NWCL Rights Issue are not inter-conditional. In the event the Rights Issue will not proceed, the Company intends to finance the subscription and underwriting of the NWCL Rights Shares from its internal resources and/or bank borrowings.

GENERAL

The Company expects to send the Issue Documents to the Qualifying Shareholders on or before Tuesday, 8 November 2011. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders and if required by the terms and conditions of the Convertible Bonds and the terms of the Share Option Scheme, to the respective holders of the Convertible Bonds and Share Options for their information only but will not send any PAL or EAF to them.

RIGHTS ISSUE

Issue Statistics

Basis of Rights Issue	:	One Rights Share for every two existing Shares held on the Record Date
Number of Shares in issue	:	3,990,125,002 Shares
Number of Rights Shares to be issued under the Rights Issue	:	not less than 1,995,062,501 Rights Shares (assuming no Shares have been allotted and issued on or before the Record Date pursuant to any exercise of the Conversion and Subscription Rights) and not more than 2,171,953,511 Rights Shares (assuming that Shares have been allotted and issued on or before the Record Date pursuant to full exercise of all outstanding Conversion and Subscription Rights)
Subscription Price	:	HK\$5.68 per Rights Share
Amount to be raised	:	Not less than approximately HK\$11,331.96 million, before expenses (assuming no Shares have been allotted and issued on or before the Record Date pursuant to any exercise of the Conversion and Subscription Rights) and not more than approximately HK\$12,336.70 million, before expenses (assuming that Shares have been allotted and issued on or before the Record Date pursuant to full exercise of all outstanding Conversion and Subscription Rights)
Aggregate nominal value of the Rights Shares	:	Not less than HK\$1,995.06 million and not more than HK\$2,171.95 million
Underwriters	:	HSBC; Standard Chartered; and the Major Shareholder

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be issued and allotted on the Record Date, including Shares which may be allotted and issued on the Record Date pursuant to the exercise of outstanding Conversion and Subscription Rights on or before the Record Date.

As at the Latest Practicable Date:

- (1) there were outstanding Convertible Bonds in the aggregate principal amount of HK\$6,000.00 million convertible into 224,014,336 Shares at the conversion price of HK\$26.784 per Share (subject to adjustments). Assuming full exercise of the conversion rights attaching to the Convertible Bonds and Shares are allotted and issued pursuant to such exercise on or before the Record Date, a total of 224,014,336 new Shares would fall to be issued, which would result in the issue of 112,007,168 additional Rights Shares; and
- (2) there were outstanding Share Options in respect of 129,767,684 Shares, of which Shares Options in respect of 129,767,684 Shares are Vested Share Options. Assuming full exercise of the subscription rights attaching to the Vested Share Options and Shares are allotted and issued pursuant to such exercise on or before the Record Date, a total of 129,767,684 new Shares would fall to be issued, which would result in the issue of 64,883,842 additional Rights Shares.

Save for the outstanding Convertible Bonds and Share Options as mentioned above, the Company has no other outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

The aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50% of the Company's issued share capital as at the Latest Practicable Date and will represent approximately 33% of the Company's enlarged issued share capital immediately after the completion of the Rights Issue.

Qualifying Shareholders

The Company expects to send the Issue Documents to Qualifying Shareholders only on or before Tuesday, 8 November 2011. To the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders and if required by the terms and conditions of the Convertible Bonds and the terms of the Share Option Scheme, to the respective holders of the Convertible Bonds and the Share Options for their information only, but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder or an investor must:

- (i) be registered as a member of the Company on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

The last day for dealing in the Shares on a cum-rights basis is Friday, 21 October 2011. The Shares will be dealt with on an ex-rights basis from Monday, 24 October 2011.

In order to be registered as a member of the Company on the Record Date, any transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by 4:30 p.m. on the Last Day for Transfer.

Holders of the Convertible Bonds who wish to participate in the Rights Issue should exercise the conversion rights attaching to the Convertible Bonds in accordance with the terms and conditions thereof and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Holders of the Vested Share Options who wish to participate in the Rights Issue should exercise the subscription rights attaching to the Vested Share Options in accordance with their respective terms and conditions and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Final Acceptance Date. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 26 October 2011 to Friday, 28 October 2011 (both days inclusive). No transfer of Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription Price

The Subscription Price is HK\$5.68 per Rights Share, payable in full upon a Qualifying Shareholder accepting the relevant provisional allotment of the Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (1) a discount of approximately 36.89% to the Last Closing Price;
- (2) a discount of approximately 28.04% to the theoretical ex-rights price (assuming no exercise of the Conversion and Subscription Rights) of approximately HK\$7.89 per Share, which is calculated based on the Last Closing Price;
- (3) a discount of approximately 34.53% to the average of the closing prices of approximately HK\$8.68 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on the Last Trade Day;
- (4) a discount of approximately 29.70% to the average of the closing prices of approximately HK\$8.08 per Share as quoted on the Stock Exchange for the ten consecutive trading days ending on the Last Trade Day; and

- (5) a discount of approximately 78.16% to the audited consolidated net asset value attributable to equity holders of the Company per Share as at 30 June 2011 of approximately HK\$26.01.

Each Rights Share has a par value of HK\$1.00.

The Subscription Price was determined by the Directors with reference to the market price of the Shares under the prevailing market conditions. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date.

After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and Use of the Proceeds” below, the Directors consider that the terms of the Rights Issue, including the Subscription Price and the discount to the relative values as indicated above, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

One Rights Share (in nil-paid form) for every two existing Shares held by a Qualifying Shareholder on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares, when fully paid, issued and allotted, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of issue and allotment of the fully-paid Rights Shares except that **the fully-paid Rights Shares will not entitle the holders thereof to the proposed final dividend of HK\$0.28 per Share for the year ended 30 June 2011 as announced by the Company in the “Annual Results Announcement 2010/2011” dated 29 September 2011.**

Rights of Non-Qualifying Shareholders

The Issue Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders with registered addresses in territories outside Hong Kong. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, send copies of the Prospectus to the Non-Qualifying Shareholders for their information only. The Company will not send the PAL or EAF to the Non-Qualifying Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, there were a total of 177 Overseas Shareholders, whose registered addresses as shown in the register of members of the Company were outside Hong Kong, namely in Australia, Brunei, Canada, Channel Islands, Cyprus, Germany, Japan, Macau, Malaysia, Netherlands, New Zealand, Papua New Guinea, Philippines, PRC, Singapore, South Africa, Spain, Taiwan, Thailand, the United Kingdom and the United States.

The Company is in the process of making enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and will only exclude from the Rights Issue the Overseas Shareholders whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions, consider it necessary or expedient to exclude. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus.

The Company will make arrangements for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be provisionally allotted (in nil-paid form) to Standard Chartered or its nominee/agent, and will be sold in the market in their nil-paid form as soon as practicable after dealing in the nil-paid Rights Shares commences, if a premium (net of expenses) can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their shareholdings on the Record Date) in Hong Kong dollars, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be available for excess application by the Qualifying Shareholders under the EAFs.

Fractional Entitlement to the Rights Shares

The Company will not provisionally allot and will not accept application for any fraction of the Rights Shares. No odd-lot matching services will be provided. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to Standard Chartered or its nominee/agent, and will be sold in the market for the benefit of the Company. If a premium of more than HK\$100 (net of expenses) can be obtained, the Company will retain the proceeds from such sale for its own benefit. Any unsold fractions of Rights Shares will be available for excess application by the Qualifying Shareholders under the EAFs.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made only by Qualifying Shareholders by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) subject to the availability of excess Rights Shares, preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them i.e. Qualifying Shareholders applying for a smaller number of Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for whereas Qualifying Shareholders applying for a larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they may still receive a greater number of Rights Shares than those applying for a smaller number).

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee should note that the aforesaid arrangement in relation to the top-up of odd-lots for allocation of excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to 4:30 p.m. on the Last Day for Transfer.

Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar, by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Wednesday, 26 October 2011 to Friday, 28 October 2011 (both days inclusive).

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment, must complete and sign the EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date or such later time and/or date as may be agreed between the Company and the Underwriters.

Share Certificates for Rights Shares and Refund Cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for fully-paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Wednesday, 30 November 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before Wednesday, 30 November 2011.

Application for listing and dealings

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the Shares is listed, or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any other stock exchange. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares i.e. 1,000 Shares in one board lot.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day after the date of the transaction. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement:

- Date : 17 October 2011
- Underwriters : HSBC, Standard Chartered and the Major Shareholder
- Number of Rights Shares underwritten : The Rights Issue will be fully underwritten by the Underwriters other than those Rights Shares that the Major Shareholder has irrevocably undertaken to take up, and to procure Major Shareholder's Subsidiaries to take up, by way of their respective rights entitlements under the Rights Issue. The Major Shareholder has agreed to underwrite the first 90,000,000 Rights Shares not taken up by the Shareholders by way of their rights entitlements, with the balance to be underwritten by HSBC and Standard Chartered in equal proportions
- Underwriters' Commission : 2.5% of the aggregate Subscription Price payable in respect of the Underwritten Shares determined on the Record Date

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, HSBC, Standard Chartered and their respective ultimate holding companies are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Directors consider that the terms of the Underwriting Agreement including the rate of commission are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The obligations of the Underwriters under the Underwriting Agreement are conditional upon:

- (1) publication of this announcement pursuant to the Listing Rules by no later than 8:30 a.m. on the business day following the date of the Underwriting Agreement;
- (2) the listing approval from the Listing Committee of the Stock Exchange ("**Listing Approval**") having been obtained by no later than six business days after the Record Date, and such permission not being withdrawn prior to the Latest Termination Time;
- (3) each condition to enable the nil-paid rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the Listing Approval) having been satisfied not later than six business days after the Record Date and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

- (4) the Stock Exchange issuing a certificate authorising registration of the Prospectus with the Hong Kong Companies Registry under section 38D of the Companies Ordinance no later than the Despatch Date (or such later time and/or date as the Company and the Joint Bookrunners may agree in writing) and, following registration of the Prospectus with the Hong Kong Companies Registry, a copy of the Prospectus having been submitted to the Stock Exchange for publication on its website not later than the Despatch Date (or such later time and/or date as the Company and the Joint Bookrunners may agree in writing);
- (5) a duly certified copy of the Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than the Despatch Date, and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than the Despatch Date;
- (6) posting of the Issue Documents to the Qualifying Shareholders not later than the Despatch Date;
- (7) delivery of the duly executed Irrevocable Undertaking and the Underwriting Agreement by the Major Shareholder to the Company and the Joint Bookrunners;
- (8) the representations and warranties of the Company and the Major Shareholder in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company and the Major Shareholder referred to in the Underwriting Agreement being breached;
- (9) compliance by the Company with all of its obligations under the Underwriting Agreement;
- (10) compliance by the Major Shareholder with all of its obligations under the Underwriting Agreement and under the Irrevocable Undertaking; and
- (11) receipt by the Underwriters (in the form and substance to the reasonable satisfaction of the Underwriters) of all the relevant documents to be provided by the Company by the times specified in the Underwriting Agreement.

The Company and the Major Shareholder shall use their best endeavours to procure the fulfilment of respective conditions to be fulfilled by them by the due time and/or date referred to in each case (or if no date is specified, by the Latest Termination Time) and in particular shall furnish such information, supply such documents, pay (in the case of the Company) such fees, give such undertakings and do all such acts and things as may reasonably be required by the Joint Bookrunners and the Stock Exchange in connection with the listing of the Rights Shares.

If any of the above conditions shall not have been fulfilled, or waived if permitted by the terms of the Underwriting Agreement in whole or in part by the Joint Bookrunners, by the specified time and date or the date on which the Latest Termination Time occurs, the Underwriting Agreement shall terminate (save in respect of certain rights or obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

The Joint Bookrunners shall jointly have the right, in their absolute discretion, by giving written notice to the Company and the Major Shareholder on or before the latest time at which, or the latest day on which, any of the above conditions may be fulfilled:

- (1) to extend the deadline for the fulfilment of any condition by such time or number of days or in such manner as the Underwriters may determine;
- (2) to waive such condition (other than conditions (2) and (3) above), and such waiver may be made subject to such terms and conditions as the Underwriters may determine.

The Major Shareholder, being also the controlling shareholder of the Company, together with the Major Shareholder's Subsidiaries are interested in aggregate 1,616,317,555 Shares, representing approximately 40.51% of the issued share capital of the Company. The Major Shareholder has irrevocably undertaken to, and to procure the Major Shareholder's Subsidiaries to, take up their respective entitlements under the Rights Issue in full.

Assuming that (a) the Rights Issue proceeds and is completed; (b) the Major Shareholder and the Major Shareholder's Subsidiaries have taken up their respective entitlements under the Rights Issue in full; (c) the Major Shareholder is required to take up the 90,000,000 Rights Shares under its underwriting obligation pursuant to the Underwriting Agreement; and (d) no Shares have been allotted and issued on or before the Record Date pursuant to the exercise of the Conversion and Subscription Rights, the Major Shareholder and the Major Shareholder's Subsidiaries will in aggregate be interested in approximately 42.01% of the issued share capital of the Company immediately after completion of the Rights Issue.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Joint Bookrunners, by notice in writing to the Company, the right to terminate the Underwriting Agreement on the occurrence of certain events.

The Joint Bookrunners may at any time prior to the Latest Termination Time, by notice in writing to the Company, terminate the Underwriting Agreement if:

- (1) any matter or circumstance arises as a result of which any of the conditions set out in the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (2) any breach of any of the representations, warranties or undertakings given by the Company and the Major Shareholder in the Underwriting Agreement comes to the knowledge of the Joint Bookrunners, or there has been a material breach on the part of the Company or the Major Shareholder of any other provision of the Underwriting Agreement or the Joint Bookrunners have cause to believe that any such breach has occurred;
- (3) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any of the dates or before any time on which the representations, warranties and undertakings are deemed to be given by the Company and the Major Shareholder would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect, comes to the knowledge of the Joint Bookrunners and the Major Shareholder;

- (4) any statement contained in the Prospectus has become or been discovered to be untrue, inaccurate, incomplete or misleading in any material respect;
- (5) any matter arises or is discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom;
- (6) the Company's application to the Main Board of the Stock Exchange for permission for the listing of the Rights Shares (nil paid and fully paid) and permission to deal in the Rights Shares (nil paid and fully paid) on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (7) any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement;
- (8) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the opinion of the Joint Bookrunners acting in good faith is material in the context of the Rights Issue; or
- (9) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change in, or any event or series of events likely to result in any change in (whether or not permanent) local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in Hong Kong, the United States, the European Union, the United Kingdom or the PRC;
 - (ii) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders judgements, decrees or rulings of any governmental authority (the "Laws") or changes in existing Laws or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC;
 - (iii) any event of force majeure affecting Hong Kong, the United States, the European Union, the United Kingdom or the PRC including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, civil commotion, economic sanctions, explosion, epidemic, calamity or lock-out (whether or not covered by insurance);
 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange; the London Stock Exchange, the New York Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong or on commercial banking activities in Hong Kong, due to exceptional financial circumstances or otherwise;

- (v) a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong or the PRC; or
- (vi) any suspension of dealings in the Shares for a period of over three consecutive business days (other than as a result of announcing the Rights Issue),

which, in the sole opinion of the Joint Bookrunners:

- (i) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial trading or other condition or prospects of the Group or to any present or prospective Shareholder in its capacity as such;
- (ii) has or will have or is likely to have a material adverse impact on the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or
- (iii) makes it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in this announcement and the Issue Documents.

In the event the Joint Bookrunners exercise their rights to terminate the Underwriting Agreement prior to the Latest Termination Time, the obligations of all parties thereunder shall terminate forthwith (save in respect of certain rights or obligations under the Underwriting Agreement) and no party will have any claim against any other for costs, damages, compensation or otherwise provided that such termination shall be without prejudice to the rights of the Company, the Major Shareholder, HSBC and Standard Chartered hereto in respect of any breach of the Underwriting Agreement occurring prior to such termination.

If the Joint Bookrunners exercise such rights, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Joint Bookrunners.

Lock-up

The Company has undertaken to the Joint Bookrunners, and the Major Shareholder has undertaken to the Joint Bookrunners to procure, that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the date on which the Underwriting Agreement becomes unconditional (which is expected to be on 25 November 2011), the Company shall not (except for the Rights Shares):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (except for the allotment or issue of Shares (1) upon exercise of the conversion rights under the outstanding Convertible Bonds; (2) upon exercise of the outstanding Share Options; or (3) as scrip dividend of the Company for the financial year ended 30 June 2011;
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above,

unless with prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed).

The Major Shareholder has undertaken to the Joint Bookrunners that for the period from the Final Acceptance Date and ending on the date which is 90 days from the date on which the Underwriting Agreement becomes unconditional (which is expected to be on 25 November 2011 (the “**Lock-up Period**”)), it shall not and shall procure none of the Major Shareholder’s nominees and companies controlled by it (whether individually or together and whether directly or indirectly) shall not:

- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Rights Shares) or any interests therein beneficially owned or held by the Major Shareholder or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests (for the avoidance of doubt, the Major Shareholder shall not be restricted or prohibited from receiving scrip dividend of the Company for the financial year ended 30 June 2011);
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above,

unless with the prior written consent of the Joint Bookrunners, provided that the above restrictions shall not apply (i) if the Underwriting Agreement does not become unconditional and is terminated; or (ii) if the Underwriting Agreement is terminated by the Joint Bookrunners pursuant to the termination events in the Underwriting Agreement and the Major Shareholder may during the Lock-up Period, with the prior consent of either Joint Bookrunner, pledge any Shares (including the Rights Shares) or any interests therein beneficially owned or held by the Major Shareholder. For the avoidance of doubt, the Major Shareholder shall not be restricted from purchasing any Shares during the Lock-up Period provided that such purchase(s) is/are conducted in compliance with all applicable laws and without triggering any general offer obligation under the Takeovers Code on Mergers & Share Repurchases.

Irrevocable undertaking from the Major Shareholder

As at the Latest Practicable Date, the Major Shareholder together with the Major Shareholder's Subsidiaries held 1,616,317,555 Shares in aggregate, representing approximately 40.51% of the existing issued share capital of the Company. Pursuant to the Underwriting Agreement, the Major Shareholder has irrevocably undertaken to the Company and the Underwriters, among other things, (i) to take up, and to procure the Major Shareholder's Subsidiaries to take up, their respective entitlements to the Rights Shares under the Rights Issue pursuant to the terms of the Issue Documents in respect of the Shares beneficially owned by them as at the Record date and to lodge or procure to be lodged with the Company acceptance in respect of such Rights Shares provisionally allotted to them, with payment in full therefor in cash; and (ii) that they will not dispose of or transfer (directly or indirectly, including without limitation by the creation of any option, charge or encumbrance or rights over or in respect of) their beneficial interests in any of the Shares owned by them and shall procure that there shall be no change to the registered owners of such Shares from the date of the Irrevocable Undertaking up to and including the Record Date. The Rights Issue is fully underwritten by the Underwriters other than all the Rights Shares that will be provisionally allotted and to be taken up by the Major Shareholder and the Major Shareholder's Subsidiaries pursuant to the Irrevocable Undertaking on the terms and conditions set out in the Underwriting Agreement.

NWCL RIGHTS ISSUE

Reference is also made to the NWCL Rights Issue Announcement dated the same date as this announcement whereby NWCL announced that it proposed to raise not less than HK\$4,293.15 million (before expenses) and not more than HK\$4,346.50 million (before expenses) by way of rights issue of not less than 2,881,306,455 NWCL Rights Shares and not more than 2,917,117,291 NWCL Rights Shares at the subscription price of HK\$1.49 per NWCL Rights Shares, on the basis of one NWCL Rights Share for every two NWCL Shares held by NWCL's qualifying shareholders on the NWCL Record Date.

As at the Latest Practicable Date, the Company directly owns, and through its wholly-owned subsidiary, Easywin, indirectly owns, 3,976,476,914 NWCL Shares in aggregate, representing approximately 69.00% of the total issued shares of NWCL. Pursuant to the NWCL Underwriting Agreement, the Company has irrevocably undertaken to NWCL, that it will, and will procure Easywin to, fully accept and subscribe for their respective allocated NWCL Rights Shares which will be provisionally allotted to them respectively under the NWCL Rights Issue, at the subscription price of HK\$1.49 per NWCL Rights Shares, pursuant to the terms of the NWCL Rights Issue. The NWCL Rights Issue will also be fully underwritten by the Company.

The NWCL Rights Issue is subject to fulfilment of conditions, and accordingly, the NWCL Rights Issue will not proceed if the conditions for the NWCL Rights Issue are not fulfilled and/or waived in accordance with the terms of the NWCL Rights Issue. Please refer to the NWCL Rights Issue Announcement dated the same date as this announcement for details relating to the NWCL Rights Issue and the NWCL Rights Shares Participation.

REASONS FOR THE RIGHTS ISSUE AND USE OF THE PROCEEDS

The principal businesses of the Company include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology. The Directors consider that taking into account the prevailing market conditions, it would be in the best interests of the Company and the Shareholders as a whole to raise long term equity funding for its general working capital.

Having considered other fund raising alternatives for the Group, including the issuance of debt securities and share placements and taking into account the benefits and costs of each alternative, the Directors consider that the Rights Issue is the preferred means for the Group to raise long-term funds without subjecting itself to interest burden or additional debt. The Rights Issue also offers existing Shareholders the opportunity to participate without dilution of their interest in the Company. The Directors consider that the net proceeds of the Rights Issue will also strengthen the Company's capital base and enhance the Group's financial resilience, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms.

The Directors believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole, for the reasons mentioned above.

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, of approximately HK\$177.00 million, will be borne by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be not less than approximately HK\$5.59 and not more than approximately HK\$5.59.

The estimated net proceeds of the Rights Issue will be approximately HK\$11,154.96 million after the deduction of all estimated expenses of HK\$177.00 million (assuming that no Shares have been allotted or issued on or before the Record Date pursuant to any exercise of the Conversion and Subscription Rights), or approximately HK\$12,134.50 million after the deduction of all estimated expenses of HK\$202.20 million (assuming that Shares have been allotted or issued on or before the Record Date pursuant to full exercise of all outstanding Conversion and Subscription Rights). The Directors currently intend to use the net proceeds of the Rights Issue for (i) financing the subscription of the NWCL Rights Shares if the NWCL Rights Issue proceeds in accordance with its terms; (ii) funding the development costs of the Group's property projects; and (iii) general working capital for the Group.

The Rights Issue and the NWCL Rights Issue are not inter-conditional. In the event the Rights Issue will not proceed, the Company intends to finance the subscription and underwriting of the NWCL Rights Shares from its internal resources and/or bank borrowings.

Assuming the maximum number of Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Conversion and Subscription Rights, additional net proceeds of approximately HK\$979.54 million will result from the increase in the number of Rights Shares. Such additional net proceeds are intended by the Directors to be used as general working capital for the Group.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Rights Issue are and will be as follows:

Scenario 1:

Assuming no Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue.

	As at the Record Date ¹		Immediately after completion of the Rights Issue (assuming all Rights Shares are taken up by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no Rights Shares are taken up by the Qualifying Shareholders (save for the Majority Shareholder, Majority Shareholder's Subsidiaries and the Underwriters))	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Majority Shareholder	1,465,378,551	36.73	2,198,067,824	36.73	2,288,067,824	38.23
Majority Shareholder's Subsidiaries	150,939,004	3.78	226,408,505	3.78	226,408,505	3.78
	1,616,317,555	40.51	2,424,476,329	40.51	2,514,476,329	42.01
Directors	5,770,876	0.14	8,656,314	0.14	5,770,876	0.10
Public	2,368,036,571	59.35	3,552,054,860	59.35	2,368,036,571	39.57
HSBC ²	-	-	-	-	548,451,864	9.16
Standard Chartered ²	-	-	-	-	548,451,863	9.16
Total	<u>3,990,125,002</u>	<u>100.00</u>	<u>5,985,187,503</u>	<u>100.00</u>	<u>5,985,187,503</u>	<u>100.00</u>

Notes:

- 1 Assuming no change in shareholdings from the Latest Practicable Date.
- 2 Pursuant to its underwriting obligations and excluding any principal interests.

Scenario 2:

Assuming Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Conversion and Subscription Rights but otherwise no other Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue.

	As at the Record Date ¹		Immediately after completion of the Rights Issue (assuming all Rights Shares are taken up by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no Rights Shares are taken up by the Qualifying Shareholders (save for the Majority Shareholder, Majority Shareholder's Subsidiaries and the Underwriters))	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Majority Shareholder	1,465,378,551	33.73	2,198,067,824	33.73	2,288,067,824	35.12
Majority Shareholder's Subsidiaries	150,939,004	3.47	226,408,505	3.47	226,408,505	3.47
	1,616,317,555	37.20	2,424,476,329	37.20	2,514,476,329	38.59
Directors	120,943,393	2.78	181,415,089	2.78	120,943,393	1.87
Public	2,606,646,074	60.02	3,909,969,115	60.02	2,606,646,074	40.00
HSBC ²	-	-	-	-	636,897,369	9.77
Standard Chartered ²	-	-	-	-	636,897,368	9.77
Total	<u>4,343,907,022</u>	<u>100.00</u>	<u>6,515,860,533</u>	<u>100.00</u>	<u>6,515,860,533</u>	<u>100.00</u>

Notes:

- 1 Assuming no change in shareholdings from the Latest Practicable Date other than pursuant to the exercise of all outstanding Conversion and Subscription Rights.
- 2 Pursuant to its underwriting obligations and excluding any principal interests.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

2011

Last day of dealings in Shares on a cum-rights basis	Friday, 21 October
First day of dealings in Shares on an ex-rights basis	Monday, 24 October
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:30 p.m. on Tuesday, 25 October
Book closure period (both days inclusive)	Wednesday, 26 October to Friday, 28 October
Record Date	Friday, 28 October
Issue Documents expected to be despatched on	Tuesday, 8 November
First day of dealings in nil-paid Rights Shares	Thursday, 10 November
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Monday, 14 November
Last day of dealings in nil-paid Rights Shares	Thursday, 17 November
Latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Tuesday, 22 November
Latest time for termination of the Underwriting Agreement	5:00 p.m. on Friday, 25 November
Rights Issue expected to become unconditional on or before	5:00 p.m. on Friday, 25 November
Publication of announcement of results of the Rights Issue and excess applications	Tuesday, 29 November
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be despatched on or before	Wednesday, 30 November
Certificates for fully-paid Rights Shares expected to be despatched on or before	Wednesday, 30 November
First day of dealings in fully-paid Rights Shares	Friday, 2 December

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Rights Issue will be published or notified to Shareholders and the Stock Exchange as appropriate.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES AND APPLICATION FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares may be extended if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 22 November 2011. Instead the latest time for acceptance of and payment for the Rights Shares and for application for excess Rights Shares will be extended to 5:00 p.m. on the same business day; and
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 22 November 2011. Instead the latest time for acceptance of and payment for the Rights Shares and for application for excess Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 12:00 noon and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application for excess Rights Shares does not take place on the Final Acceptance Date, the dates mentioned in the section headed “Expected Timetable for the Rights Issue” above may be affected. The Company will notify the Shareholders by way of an announcement of any change to the expected timetable as soon as practicable.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

Save for the Rights Issue, the Company has not undertaken any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

GENERAL

The Prospectus or Issue Documents, as appropriate, containing further information on the Rights Issue will be despatched to Shareholders as soon as practicable. Shareholders and potential investors should exercise caution in dealing in the Shares.

Pursuant to Rule 7.19(6)(a) of the Listing Rules, since the Rights Issue would increase the issued share capital of the Company by no more than 50%, the Rights Issue is not conditional on approval by the Shareholders.

POSSIBLE ADJUSTMENT TO THE CONVERTIBLE BONDS AND SHARE OPTIONS

As at the Latest Practicable Date, there are outstanding Convertible Bonds with an aggregate principal amount of HK\$6,000.00 million convertible into 224,014,336 Shares at the conversion price of HK\$26.784 per Share (subject to adjustments). Assuming full exercise of the conversion rights attaching to the Convertible Bonds and Shares are allotted and issued pursuant to such exercise on or before the Record Date, a total of 224,014,336 new Shares would fall to be issued, which would result in the issue of 112,007,168 additional Rights Shares. There are also outstanding Share Options in respect of 129,767,684 Shares, of which Share Options in respect of 129,767,684 Shares are Vested Share Options. Assuming full exercise of the subscription rights attaching to the Vested Share Options and Shares are allotted and issued pursuant to such exercise on or before the Record Date, a total of 129,767,684 new Shares would fall to be issued, which would result in the issue of 64,883,842 additional Rights Shares.

As a result of the Rights Issue, the conversion price of the outstanding Convertible Bonds and the exercise price of the outstanding Share Options may be adjusted in accordance with the respective terms and conditions of the Convertible Bonds and the Share Option Scheme. The Company expects to make a further announcement on the appropriate adjustments (if any) and the date it is to take effect in due course.

WARNING OF THE RISKS OF DEALINGS IN SHARES AND RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from Monday, 24 October 2011. Dealings in the Rights Shares in the nil-paid form are expected to take place from Thursday, 10 November 2011 to Thursday, 17 November 2011 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. It should also be noted that the Underwriting Agreement contains provisions granting the Joint Bookrunners the right to terminate their obligations on the occurrence of certain events including force majeure. Please refer to the section headed “Termination of the Underwriting Agreement” in this announcement for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares or other securities of the Company up to the date on which all conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Thursday, 10 November 2011 to Thursday, 17 November 2011 (both days inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company. Any buying or selling of the securities of the Company from now up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, and any buying or selling of nil-paid Rights Shares, is at each investor’s own risk that the Rights Issue may not become unconditional and may not proceed.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“business day”	any day (other than a Saturday, a Sunday or a day on which typhoon signal no. 8 or a “black” rainstorm warning is hoisted in Hong Kong) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Committed Shares”	the 808,158,774 Rights Shares which the Major Shareholder has irrevocably undertaken to subscribe or procure subscribers for the Rights Issue
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Company”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Conversion and Subscription Rights”	the conversion rights attaching to the Convertible Bonds and the subscription rights attaching to the Vested Share Options
“Convertible Bonds”	the Zero Coupon Convertible Bonds due 2014 of an aggregate principal amount of HK\$6,000.00 million issued by Sherson Limited, a wholly-owned subsidiary of the Company, in 2007 and guaranteed by the Company, convertible into Shares at the conversion price of HK\$26.784 per Share (subject to adjustments) at any time after 16 July 2007 up to the close of business on 25 May 2014, such Convertible Bonds being listed on the Singapore Exchange Securities Trading Limited
“Despatch Date”	Tuesday, 8 November 2011 or such later date as may be agreed between the Company and the Underwriters for the despatch of the Issue Documents
“Directors”	the directors of the Company
“EAF(s)”	the application form(s) for excess Rights Shares
“Easywin”	Easywin Enterprises Corporation Limited, a wholly-owned subsidiary of the Company

“Final Acceptance Date”	such date as the Company may approve as the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently scheduled to be on Tuesday, 22 November 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contract) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Irrevocable Undertaking”	the irrevocable undertaking dated 17 October 2011 given by the Major Shareholder in favour of the Company and the Joint Bookrunners
“Issue Documents”	the Prospectus, the PAL and the EAF
“Joint Bookrunners”	HSBC and Standard Chartered
“Last Closing Price”	the closing price of HK\$9.00 per Share as quoted on the Stock Exchange on the Last Trade Day
“Last Day for Transfer”	Tuesday, 25 October 2011, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company
“Last Trade Day”	Monday, 17 October 2011, being the last full trading day for the Shares before the release of this announcement
“Latest Practicable Date”	Monday, 17 October 2011, being the last full trading day for the Shares before the release of this announcement
“Latest Termination Time”	5:00 p.m. on the third business day after the Final Acceptance Date

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Shareholder”	Chow Tai Fook Enterprises Limited
“Major Shareholder’s Subsidiaries”	subsidiaries of the Major Shareholder which are beneficially interested in the Shares, namely, Anderson & Kirkwood Limited, Wing Fung Development Company, Limited, Yu Yek Enterprises Company Limited and Fook Hop Securities Company Limited
“Non-Qualifying Shareholders”	the Overseas Shareholder(s) to whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions and on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Rights Shares
“NWCL”	New World China Land Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“NWCL Record Date”	such date as NWCL may specify as the record date for determining entitlements to participate in the NWCL Rights Issue
“NWCL Rights Issue”	the proposed issue by NWCL of not less than 2,881,306,455 NWCL Rights Shares and not more than 2,917,117,291 NWCL Rights Shares at HK\$1.49 per NWCL Rights Share by way of rights on the basis of one NWCL Rights Share for every two NWCL Shares held on the NWCL Record Date, the details of which are disclosed in the NWCL Rights Issue Announcement
“NWCL Rights Issue Announcement”	the announcement of NWCL dated the same date as this announcement relating to the NWCL Rights Issue
“NWCL Rights Shares”	new NWCL Shares proposed to be issued by NWCL under the NWCL Rights Issue
“NWCL Rights Shares Participation”	the entering into the NWCL Underwriting Agreement pursuant to which the Company has agreed to underwrite not less than 893,067,998 NWCL Rights Shares and not more than 928,878,834 NWCL Rights Shares and the irrevocable undertaking of the Company to accept and to procure Easywin to accept the provisional allotment of the NWCL Rights Shares pursuant to their respective rights entitlements under the NWCL Rights Issue

“NWCL Share(s)”	share(s) of HK\$0.10 each in the share capital of NWCL
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appeared on the register of members of the Company on the Record Date but whose addresses as shown on the register of members of the Company were outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appeared on the register of members of the Company as at the Record Date
“Record Date”	such date as the Company may specify as the record date for determining entitlements to participate in the Rights Issue, which is currently scheduled to be on Friday, 28 October 2011
“Registrar”	the Company’s Hong Kong share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price by way of rights on the basis of one Rights Share for every two Shares held on the Record Date
“Rights Shares”	not less than 1,995,062,501 new Shares (assuming no Shares have been allotted and issued on or before the Record Date pursuant to the exercise of the outstanding Conversion and Subscription Rights) and not more than 2,171,953,511 new Shares to be issued and allotted under the Rights Issue (assuming Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of the outstanding Conversion and Subscription Rights)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share Option Scheme”	the share option scheme adopted by the Company on 24 November 2006

“Share Option(s)”	the option(s) to subscribe for Share(s) granted under the Share Option Scheme
“Shareholder(s)”	holder(s) of Shares(s)
“Share(s)”	existing share(s) of HK\$1.00 each in the share capital of the Company
“Standard Chartered”	Standard Chartered Securities (Hong Kong) Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (Asset Management) regulated activities as defined under the SFO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$5.68 per Rights Share
“Underwriters”	HSBC, Standard Chartered and the Major Shareholder
“Underwriting Agreement”	the underwriting agreement dated 17 October 2011 entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares other than the Committed Shares
“US” or “United States”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“US Person(s)”	any person(s) or entity(s) deemed to be a US person for purposes of Regulation S under the US Securities Act
“US Securities Act”	the US Securities Act of 1933, as amended
“Vested Share Option”	the Share Options that are validly vested to and exercisable by the holders thereof to enable them to subscribe for Shares to be allotted and issued to them on or before the Record Date (being Share Options in respect of 129,767,684 Shares as at the Latest Practicable Date)

By order of the board
Wong Man-Hoi
Company Secretary

Hong Kong, 18 October 2011

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. CHENG Chi-Kong, Adrian and Mr. CHENG Chi-Heng; (b) the non-executive Directors are Mr. CHENG Kar-Shing, Peter, Mr. LEUNG Chi-Kin, Stewart, Mr. CHOW Kwai-Cheung, Mr. LIANG Cheung-Biu, 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.