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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: 17)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
CERTAIN OF THE GROUP’S HOTELS IN HONG KONG ON
THE STOCK EXCHANGE OF HONG KONG LIMITED**

POSSIBLE DISCLOSEABLE AND CONNECTED TRANSACTION

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance, Rule 13.09(2) of the Listing Rules and Practice Note 15.

Reference is made to the announcement made by the Company on 8 March 2013 where the Company stated that it was considering the possibility of a separate listing of certain of the Group’s hospitality assets on the Stock Exchange.

The Board announces that the Company proposes to spin off and separately list the Group’s interests in three hotels in Hong Kong, comprising Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui, by way of a listing of Share Stapled Units to be jointly issued by NW Hotel Investments and NWHICL on the Main Board of the Stock Exchange.

The NW Hotel Investments Group is established primarily to own and invest in a portfolio of completed hotels in Asia which are managed under internationally recognised hotel brands, with an initial focus on completed hotels located in Hong Kong. Each of Grand Hyatt Hong Kong and Renaissance Harbour View Hotel, Hong Kong is currently owned as to 64% by the Group and 36% by CTFE, the controlling shareholder of the Company. The Group currently has a contractual entitlement to 99.5% of the results of operations of Hyatt Regency Hong Kong, Tsim Sha Tsui. Upon Listing, the NW Hotel Investments Group will own 100% interest in these three Hotels.

On 25 March 2013, the Company submitted a proposal to the Stock Exchange pursuant to Practice Note 15 in relation to the Proposed Spin-off and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 2 May 2013, the Trustee-Manager, as trustee-manager of NW Hotel Investments, and NWHICL, submitted a listing application (Form A1) to the Stock Exchange for the listing of, and permission to deal in, the Share Stapled Units on the Main Board of the Stock Exchange.

It is intended that upon Listing, the Company will have an interest in not less than 35% of the Share Stapled Units in issue and the Company and CTFE will hold in aggregate more than 50% of the Share Stapled Units in issue. It is also intended that the Company will consolidate the financial results of the NW Hotel Investments Group as its subsidiary following the Listing as a result of the Company retaining de facto control of the NW Hotel Investments Group.

Under Practice Note 15, the Company is required to give due regard to the interests of the Shareholders and it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the Share Stapled Units by way of a preferential application in the Global Offering will be offered to qualifying Shareholders on terms to be finalised.

Prior to the Listing, NWHICL is owned as to 64% by the Company and 36% by CTFE. The Proposed Spin-off, if it proceeds, will constitute (a) a deemed disposal by the Company of its interests in NWHICL under Rule 14.29 of the Listing Rules and (b) a connected transaction of the Company under Rule 14A.13(1)(b)(i) of the Listing Rules since CTFE (being a substantial shareholder and the controlling shareholder of the Company) is a controller of NWHICL. As one or more of the percentage ratios represented by the Proposed Spin-off is or are expected to be more than 5% but less than 25%, the Proposed Spin-off, if it proceeds, will also constitute a discloseable transaction of the Company under the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the independent shareholders' approval requirement in respect of the Proposed Spin-off being a connected transaction of the Company which, in the absence of such waiver, would be subject to the approval of the independent Shareholders since one or more of the percentage ratios represented by the Proposed Spin-off is or are expected to be more than 5%. Accordingly, neither the approval of the Shareholders nor the approval of the independent Shareholders is required for the implementation of the Proposed Spin-off. The Company will, however, comply with the other applicable requirements of Chapter 14 and Chapter 14A of the Listing Rules (including the announcement requirement) as and when required.

Rothschild (Hong Kong) Limited has been appointed as the financial adviser to the Company, the Trustee-Manager and NWHICL in connection with the Listing.

Deutsche Securities Asia Limited, HSBC Corporate Finance (Hong Kong) Limited and J.P. Morgan Securities (Far East) Limited have been appointed by the Trustee-Manager and NWHICL as the joint sponsors for the Listing.

The implementation of the Proposed Spin-off is subject to, among others, the approval of the Stock Exchange, the final decision of the Board and of the respective boards of directors of the Trustee-Manager and NWHICL and market conditions. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

1. INTRODUCTION

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance, Rule 13.09(2) of the Listing Rules and Practice Note 15.

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The Board announces that the Company proposes to spin-off and separately list the Group's interests in three hotels in Hong Kong, comprising Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui, by way of a listing of Share Stapled Units to be jointly issued by NW Hotel Investments and NWHICL on the Main Board of the Stock Exchange.

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2. THE PROPOSED SPIN-OFF

(a) Overview of the Proposed Spin-off

The Proposed Spin-off involves the spin-off and separate listing of the Hotels by way of the listing of Share Stapled Units to be jointly issued by NW Hotel Investments and NWHICL on the Main Board of the Stock Exchange.

The Proposed Spin-off will be conditional upon, among others, the Listing Committee granting approval for the listing of, and permission to deal in, the Share Stapled Units on the Main Board of the Stock Exchange and the obligations of the underwriters under the underwriting agreements to be entered into by the Trustee-Manager and NWHICL in respect of the Global Offering becoming unconditional and not having terminated in accordance with their respective terms.

It is intended that upon Listing, the Company will have an interest in not less than 35% of the Share Stapled Units in issue and the Company and CTFE will hold in aggregate more than 50% of the Share Stapled Units in issue. It is also intended that the Company will consolidate the financial results of the NW Hotel Investments Group as its subsidiary following the Listing as a result of the Company retaining de facto control of the NW Hotel Investments Group.

The net proceeds from the issue of the Share Stapled Units pursuant to the Global Offering (which cannot be determined at this time) will be primarily used by the NW Hotel Investments Group to fund part of the consideration for the acquisition of the Hotels from the Group and CTFE, as further described in paragraph (f) below headed “Proposed Reorganisation”.

(b) NWHICL

NWHICL is currently owned as to 64% by the Company and 36% by CTFE. Pursuant to the Proposed Spin-off, NWHICL will become the holding company of the NWHICL Group.

The NWHICL Group is being established primarily to own and invest in a portfolio of completed hotels in Asia which are managed under internationally recognised hotel brands and it will only acquire Asian hospitality assets which fit the distribution and yield profile and/or strategy of the NWHICL Group. “Internationally recognised hotel brands” are those hotel brands with a presence in more than one continent.

The Board’s intention is to include the most suitable hotels into the NWHICL Group and the Board has determined that the initial geographical focus of the NWHICL Group will be Hong Kong. This is because Hong Kong is a mature and developed market and the Hong Kong hospitality industry has exhibited strong growth fundamentals.

The initial hotel portfolio of the NWHICL Group upon Listing will comprise the Hotels, being Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui. The Hotels are located in prime locations in Hong Kong, are managed under internationally recognised hotel brands by internationally renowned hotel operators (being Hyatt and Marriott) and have an established track record of generating revenues and cash flows for the Group (in particular Grand Hyatt Hong Kong and Renaissance Harbour View Hotel, Hong Kong which have been in operation for 24 years each). Accordingly, the Board considers that the Hotels are the most suitable hotel assets to be included in the NWHICL Group.

(c) NW Hotel Investments

NW Hotel Investments will be a fixed single investment trust constituted by the Trust Deed to be entered into between the Trustee-Manager and NWHICL. As a fixed single investment trust, NW Hotel Investments will only invest in the securities and other interests in NWHICL and will confer on registered holders of units in NW Hotel Investments a beneficial interest in specifically identified property (being the ordinary shares in NWHICL) held by NW Hotel Investments.

(d) The Trustee-Manager

The Trustee-Manager is a wholly-owned subsidiary of the Company. Under the terms of the Trust Deed, the Trustee-Manager will be appointed as the trustee and manager of NW Hotel Investments and will have legal ownership of the assets of NW Hotel Investments and will declare in the Trust Deed that it will hold those assets on trust for the registered holders of units of NW Hotel Investments.

The Trustee-Manager will have a specific and limited role, which is to administer NW Hotel Investments, and it will not be actively engaged in the management of the Hotels, which will be owned by the NWHICL Group but managed by the independent hotel managers of the Hotels pursuant to the relevant hotel management agreements.

Under the terms of the Trust Deed, the Trustee-Manager may be removed and replaced as the trustee-manager of NW Hotel Investments by an ordinary resolution passed by the registered holders of units in NW Hotel Investments.

(e) Share Stapled Units

The Share Stapled Units to be jointly issued by NW Hotel Investments and NWHICL pursuant to the Global Offering will comprise a combination of the following securities or interests in securities which, subject to the terms of the Trust Deed, can only be dealt with together:

- (i) a unit being an undivided interest in NW Hotel Investments;
- (ii) a beneficial interest in a specifically identified ordinary share in NWHICL which is linked to the unit in NW Hotel Investments and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of NW Hotel Investments); and
- (iii) a specifically identified preference share in NWHICL which is stapled to the unit in NW Hotel Investments.

The rationale for the share stapling arrangement described above is to ensure that the Share Stapled Units are subject to all of the provisions of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Hong Kong Code on Takeovers and Mergers, including, but not limited to, the provisions on the protection of investors.

There will be a single price quotation on the Stock Exchange for a Share Stapled Unit. No price quotations will be given for the individual components (unit, beneficial interest in an ordinary share or preference share) of a Share Stapled Unit.

(f) Proposed Reorganisation

Grand Hyatt Hong Kong and Renaissance Harbour View Hotel, Hong Kong are currently indirectly owned as to 64% by the Group and 36% by CTFE, the controlling shareholder of the Company. The Group currently has a contractual entitlement to 99.5% of the results of operations of Hyatt Regency Hong Kong, Tsim Sha Tsui.

It is proposed that in connection with the Proposed Spin-off, a reorganisation (the “**Reorganisation**”) will be implemented pursuant to which the NWHICL Group will acquire:

- (i) the entire interest of the Group and CTFE in Beames Holdings Limited (“**Beames**”), which indirectly owns Grand Hyatt Hong Kong and Renaissance Harbour View Hotel, Hong Kong;
- (ii) the entire legal and beneficial title to the hotel property of Hyatt Regency Hong Kong, Tsim Sha Tsui; and
- (iii) the hotel operations of Hyatt Regency Hong Kong, Tsim Sha Tsui.

Upon Listing, the NW Hotel Investments Group will own 100% interest in these three Hotels.

Consideration for the Acquisition of the Hotels

The consideration payable for the acquisition of Beames will be determined by reference to the net asset value of Beames, taking into account the appraised value of Grand Hyatt Hong Kong and Renaissance Harbour View Hotel, Hong Kong as determined by an independent property valuer and adjusted to reflect the value of these two Hotels implied by the final offer price of the Share Stapled Units in the Global Offering.

The consideration payable for the acquisition of the hotel property of Hyatt Regency Hong Kong, Tsim Sha Tsui will be determined by reference to the appraised value of this Hotel as determined by an independent property valuer (excluding an amount equal to the book value of the assets and liabilities relating to the hotel operations of Hyatt Regency Hong Kong, Tsim Sha Tsui) and adjusted to reflect the value of this Hotel implied by the final offer price of the Share Stapled Units in the Global Offering.

The consideration payable for the acquisition of the hotel operations of Hyatt Regency Hong Kong, Tsim Sha Tsui will be determined by reference to the book value of the assets and liabilities relating to such operations.

The consideration for the acquisition of the Hotels will be settled by (a) the issue of Share Stapled Units to the Company and CTFE and (b) the payment of cash from the net proceeds of the Global Offering and the proceeds from a loan facility to be entered into by a subsidiary of NWHICL.

Completion of the Reorganisation

Completion of the Reorganisation is expected to take place on the day prior to the Listing Date.

(g) Proposed Global Offering

The Proposed Spin-off will involve a Global Offering of Share Stapled Units to be jointly issued by NW Hotel Investments and NWHICL on the Main Board of the Stock Exchange. The Global Offering is expected to comprise (a) a public offering of Share Stapled Units in Hong Kong, (b) an international offering of Share Stapled Units to professional, institutional and other investors and (c) a preferential offering of Share Stapled Units to qualifying Shareholders.

(h) Assured Entitlement

Under Practice Note 15, the Company is required to give due regard to the interests of the Shareholders and it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the Share Stapled Units by way of a preferential application in the Global Offering will be offered to qualifying Shareholders on terms to be finalised.

3. OBJECTIVES OF THE NW HOTEL INVESTMENTS GROUP AND DISTRIBUTIONS

The objectives of the NW Hotel Investments Group are (a) to focus principally on distributions to holders of Share Stapled Units with a clearly expressed intention as to its distribution policy stated in the Trust Deed and the articles of association of NWHICL and (b) to provide holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and enhancement in the value of the NW Hotel Investments Group's hotel portfolio.

Trust Distributable Income

The Trustee-Manager (on behalf of NW Hotel Investments) will distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager from NWHICL in respect of the ordinary shares in NWHICL, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as the operating expenses of NW Hotel Investments) (the “**Trust Distributable Income**”).

Group Distributable Income

The distributions received by the Trustee-Manager from NWHICL will be derived from the Group Distributable Income (as defined below).

It is currently intended that NWHICL will declare and distribute to the Trustee-Manager:

- (a) 100% of the Group Distributable Income in respect of the period from the Listing Date to 30 June 2014 and the financial year ending 30 June 2015; and
- (b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter.

“Group Distributable Income” refers to the consolidated audited net profit or loss after tax of the NWHICL Group for the relevant financial year or the relevant distribution period after:

- (a) eliminating the effects of adjustments of certain items which are charged or credited to the income statement of the NWHICL Group;
- (b) adjusting for changes in working capital;
- (c) deducting the actual amount of capital expenditure incurred, the actual amount of taxes paid and the actual amount of interest received or paid; and
- (d) deducting, at the discretion of the directors of NWHICL, a sum equal to the aggregate of (i) any amounts set aside for the reserve for furniture, fixtures and equipment and (ii) any amounts set aside for the purpose of servicing future debt repayments and/or for the purpose of complying with covenants in any credit facility agreement.

For the purposes of determining the Group Distributable Income for the financial years ending 30 June 2014, 2015 and 2016 only, as the funding for the expected capital expenditure to be incurred for these financial years has been arranged and will be in place upon Listing, it is intended that the amount of capital expenditure for these financial years will not be deducted from the consolidated audited net profit or loss after tax of the Group for the relevant financial year.

The amount of distributions will be dependent upon, among others, the financial performance of the Hotels and the ability of the NWHICL Group to generate sufficient profits.

4. FURTHER INFORMATION ON THE HOTELS

Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui are all High Tariff A hotels under the classification set out by the Hong Kong Tourism Board, which is the highest category.

Grand Hyatt Hong Kong and Renaissance Harbour View Hotel, Hong Kong are located on top of the Hong Kong Convention and Exhibition Centre in Wan Chai on Hong Kong Island while Hyatt Regency Hong Kong, Tsim Sha Tsui is strategically located in Tsim Sha Tsui on the Kowloon peninsula, with direct access to the Tsim Sha Tsui and East Tsim Sha Tsui MTR stations. The Hotels are conveniently located near transportation links that provide easy access to business and leisure destinations in Hong Kong.

Grand Hyatt Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui are managed by Hyatt International – Asia Pacific, Limited (“**Hyatt**”), a wholly-owned subsidiary of Hyatt Hotels Corporation (“**HHC**”). HHC is a globally renowned hospitality company which manages, franchises, owns and develops Hyatt-branded hotels, resorts and residential and vacation ownership properties around the world.

Renaissance Harbour View Hotel, Hong Kong is managed by Luxury Hotels International of Hong Kong Limited (“**LHI**”), a wholly-owned subsidiary of Marriott International, Inc. (“**Marriott**”). Marriott is a worldwide operator, franchisor and licensor of hotels and timeshare properties under numerous brand names at different price and service points.

The following table sets out some key information with respect to each of the Hotels:

	Grand Hyatt Hong Kong	Renaissance Harbour View Hotel, Hong Kong	Hyatt Regency Hong Kong, Tsim Sha Tsui
Address	1 Harbour Road, Wan Chai, Hong Kong	1 Harbour Road, Wan Chai, Hong Kong	18 Hanoi Road, Tsim Sha Tsui, Hong Kong
Year of commencement of operations	1989	1989	2009
Hong Kong Tourism Board rating	High Tariff A	High Tariff A	High Tariff A
Gross floor area (’000 square feet)	541	561	278
Number of rooms	549	857	381
Number of food and beverage facilities	8	4	4
Number of ballrooms and function rooms	24	13	7
Average room rate for the year ended 30 June 2012 (HK\$)	3,345	2,152	2,001
Occupancy rate for the year ended 30 June 2012	74.5%	70.1%	86.3%

	Grand Hyatt Hong Kong	Renaissance Harbour View Hotel, Hong Kong	Hyatt Regency Hong Kong, Tsim Sha Tsui
RevPAR for the year ended 30 June 2012 (HK\$) ⁽¹⁾	2,494	1,509	1,727
Revenue for the year ended 30 June 2012 (HK\$'000)	1,071,022	689,775	395,041

Note:

- (1) RevPAR refers to revenue per available room, calculated as the total room revenue divided by the total number of room nights available during the relevant year.

Please refer to the Appendix to this announcement for selected operating statistics of the Hotels and selected financial information of the Hotels and of the NWHICL Group.

5. THE BUSINESS OF THE GROUP AND THE CTFE GROUP

Business of the Group

The Group is principally engaged in property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology businesses.

Following the completion of the Proposed Spin-off, the Group will continue to hold interests in and manage hotels under its own hotel brands, being the “Rosewood”, “New World” and “pentahotel” hotel brands, as well as hold interests and invest in other hotel assets in Asia. “Rosewood” branded hotels are located in the United States, Canada, Mexico, the Caribbean and Saudi Arabia while “pentahotel” branded hotels are located in Europe and China. “New World” branded hotels are located in China and Southeast Asia only. Accordingly, the “Rosewood” and “pentahotel” brands would be regarded as internationally recognised hotel brands as they have a presence in more than one continent.

Business of the CTFE Group

CTFE is an investment holding company and the controlling shareholder of the Company with an interest in approximately 42.44% of the issued share capital of the Company. Following the completion of the Proposed Spin-off, in addition to the indirect interests in the hotel assets held by the Group, the CTFE Group will continue to hold interests in other hotel assets in Asia.

The hotel interests of the Group and the CTFE Group in Asia will be subject to the arrangements as described in the section headed “Other Proposed Arrangements in Relation to the Proposed Spin-off” below.

6. OTHER PROPOSED ARRANGEMENTS IN RELATION TO THE PROPOSED SPIN-OFF

Arrangements Regarding Other Hotels Owned by the Group and the CTFE Group in Asia

To ensure a clear delineation in the future operations of the NW Hotel Investments Group (on the one hand) and the Group and the CTFE Group (on the other hand), it is proposed that if the Proposed Spin-off proceeds, the following arrangements will be put in place with effect from the Listing Date:

- (a) the Group will offer to transfer to the NWHICL Group its contractual entitlement to the results of operations of Hyatt Regency Sha Tin when consent for the transfer of such entitlement has been obtained by the Group from the other contractual counterparty;
- (b) the Company and/or CTFE will offer to sell, or will procure the relevant member of the Group and/or the CTFE Group to offer to sell, to the NWHICL Group their respective interests in existing completed hotels in Asia which are managed under internationally recognised hotel brands and in respect of which they hold in aggregate an effective interest of at least 30% (the “**Relevant Hotels**”) within five years from the Listing Date;
- (c) the Company and/or CTFE will offer to sell, or will procure the relevant member of the Group and/or the CTFE Group to offer to sell, to the NWHICL Group their respective interests in any Relevant Hotels which are being developed or will be developed in the future within five years from the date of commencement of operations of such hotels;
- (d) if the New World hotel brand becomes an internationally recognised hotel brand in the future, within five years of the date on which a New World branded hotel first commences operations outside Asia, the Company and/or CTFE will offer to sell, or will procure the relevant member of the Group and/or the CTFE Group to offer to sell, to the NWHICL Group their respective interests in the Relevant Hotels which are managed under the New World hotel brand; and

- (e) the Group and/or the CTFE Group will offer to the NWHICL Group the opportunity to participate in investment opportunities which they receive to invest in any Relevant Hotels.

The above arrangements are subject to compliance by each of the Group, the CTFE Group and the NW Hotel Investments Group with any applicable legal and regulatory requirements (including the Listing Rules) and any applicable contractual restrictions.

The above arrangements are expected to commence on the Listing Date and will terminate on the earlier of:

- (a) the date on which the Company and CTFE, directly or indirectly, hold in aggregate less than 30% of the Share Stapled Units in issue; and
- (b) the date on which the Share Stapled Units cease to be listed on the Stock Exchange.

Distribution Guarantee and Top-Up Payments

Grand Hyatt Hong Kong recently commenced the renovation of its hotel rooms and facilities, which is expected to be completed in 2016, and accordingly, Grand Hyatt Hong Kong's operations and financial performance may be adversely affected during the renovation period. In order to provide holders of Share Stapled Units with certainty as to the expected income and yield from their holdings of Share Stapled Units during the first financial year of the NW Hotel Investments Group following the Listing and some assurance of the level of income of the NWHICL Group during the financial years ending 30 June 2015 and 2016, it is expected that if the Proposed Spin-off proceeds, the Company and CTFE will provide the following:

- (a) a guarantee that the distributions payable to the holders of Share Stapled Units (including the Company and CTFE) for the financial year ending 30 June 2014 will not be less than an amount to be finalised. If the actual Trust Distributable Income for that year is less than the guaranteed amount, the Company and CTFE will pay the shortfall amount to the Trustee-Manager. The Trustee-Manager will aggregate the shortfall amount with the actual Trust Distributable Income and will pay such aggregated amount to the holders of Share Stapled Units (including the Company and CTFE in respect of the Share Stapled Units held by them); and
- (b) a top-up payment to the Trustee-Manager for the financial years ending 30 June 2015 and 2016 of an amount to be finalised. Such top-up payment will be made regardless of the actual performance of Grand Hyatt Hong Kong during that period. The Trustee-Manager will aggregate the top-up payment with the actual Trust Distributable Income for the relevant financial year and will pay such aggregated amount to the holders of Share Stapled Units (including the Company and CTFE in respect of the Share Stapled Units held by them).

Any payments to be made by the Company and CTFE pursuant to the proposed arrangements described above will be made in proportion to their initial shareholding interest in NWHICL, being 64% by the Company and 36% by CTFE.

It is currently expected that any payments to be made by the Company pursuant to the proposed arrangements described above will not be material. The Directors consider that the proposed arrangements would enable investors to evaluate the performance of the Hotels and attribute a valuation to the Hotels which is not impacted by the interruption to the operations of Grand Hyatt Hong Kong as a result of the renovations. The Directors consider that the proposed arrangements are being implemented as part of the Reorganisation and the Proposed Spin-off, and are in the interests of the Shareholders as a whole.

7. REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that the Proposed Spin-off and separate listing of the Hotels are in the interests of the Company and the Shareholders taken as a whole for the following reasons:

- (a) ***Unlocks the value of the Hotels:*** The Board believes that a separate listing of the Hotels will unlock their value for the Shareholders and identify and establish the fair value of the Hotels. Given that the Company will continue to consolidate the financial results of the NW Hotel Investments Group as its subsidiary, the Board anticipates that this value will represent an enhancement to their existing value within the confines of the Company's listing as the Shareholders will continue to benefit from the growth of the NW Hotel Investments Group. Listing the Hotels separately is expected to align their cash flow generating characteristic with the appropriate investor base that favours a clearly expressed distribution policy and pure-play investments, increase visibility of their future earnings and encourage direct research coverage, resulting in a more transparent and fairer valuation of the Hotels.
- (b) ***Allows a more defined focus and efficient resource allocation:*** The Proposed Spin-off will allow the different management teams of the Group and the NW Hotel Investments Group to focus more effectively on their respective businesses. It will also facilitate the development of separate strategies for the NW Hotel Investments Group to further grow and capture opportunities in relation to internationally recognised branded hotels in Asia.
- (c) ***Creates own investor base for the Hotels:*** Through the Proposed Spin-off, the Hotels will be able to be valued on a standalone basis and investors will be provided with more details of the operating performance of each of the Group and the NW Hotel Investments Group. The Proposed Spin-off will also help to create a new investor base for the NW Hotel Investments Group as it will be able to attract new investors who are seeking investments specifically in the hospitality sector.

- (d) ***Enhances financing flexibility:*** As a result of the Proposed Spin-off, the Group and the NW Hotel Investments Group will have separate fundraising platforms in the equity and debt capital markets, which will increase financing flexibility for both entities to support their respective growth. A separate listing of the Hotels will also provide clarity to the credit profile of the NW Hotel Investments Group and to financial institutions who wish to analyse and lend against the credit rating of a hotels business.
- (e) ***Allows fundraising for the Group:*** The significant funding raised by the Company through the Proposed Spin-off will enable the Group to continue to expand its existing businesses.

8. LISTING RULES IMPLICATIONS

Prior to the Listing, NWHICL is owned as to 64% by the Company and 36% by CTFE. The Proposed Spin-off, if it proceeds, will constitute (a) a deemed disposal by the Company of its interests in NWHICL under Rule 14.29 of the Listing Rules and (b) a connected transaction of the Company under Rule 14A.13(1)(b)(i) of the Listing Rules since CTFE (being a substantial shareholder and the controlling shareholder of the Company) is a controller of NWHICL. As one or more of the percentage ratios represented by the Proposed Spin-off is or are expected to be more than 5% but less than 25%, the Proposed Spin-off, if it proceeds, will also constitute a discloseable transaction of the Company under the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the independent shareholders' approval requirement in respect of the Proposed Spin-off being a connected transaction of the Company which, in the absence of such waiver, would be subject to the approval of the independent Shareholders since one or more of the percentage ratios represented by the Proposed Spin-off is or are expected to be more than 5%. The waiver was granted on the basis that there is equal treatment of the Company and CTFE in respect of the consideration which they would receive from the disposal of their respective interests in Beames to the NWHICL Group and there are clear commercial benefits to NWHICL in the Proposed Spin-off and no adverse impact on the interests of the Shareholders.

Accordingly, neither the approval of the Shareholders nor the approval of the independent Shareholders is required for the implementation of the Proposed Spin-off. The Company will, however, comply with the other applicable requirements of Chapter 14 and Chapter 14A of the Listing Rules (including the announcement requirement) as and when required.

9. GENERAL

In connection with the Global Offering, the price of the Share Stapled Units may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) will be contained in the prospectus to be issued in connection with the public offering of the Share Stapled Units in Hong Kong.

The implementation of the Proposed Spin-off is subject to, among others, the approval of the Stock Exchange, the final decision of the Board and of the respective boards of directors of the Trustee-Manager and NWHICL and market conditions. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Further announcements will be made by the Company in respect of the Proposed Spin-off if and when appropriate.

10. DEFINITIONS

“Board”	the board of directors of the Company
“Company”	New World Development Company Limited (stock code: 17), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“CTFE”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of the Company
“CTFE Group”	CTFE and its subsidiaries
“Global Offering”	the proposed global offering of the Share Stapled Units to be jointly issued by NW Hotel Investments and NWHICL for subscription
“Group”	the Company and its subsidiaries, excluding the NW Hotel Investments Group, except where the context otherwise requires
“Hotels”	Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui

“Listing”	the listing of the Share Stapled Units on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Share Stapled Units are first listed and from which dealings in the Share Stapled Units are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NW Hotel Investments”	NW Hotel Investments, a fixed single investment trust which will be constituted pursuant to the Trust Deed, the trustee of which will be the Trustee-Manager, for the purposes of the Proposed Spin-off
“NW Hotel Investments Group”	NW Hotel Investments and the NWHICL Group
“NWHICL”	NW Hotel Investments Company Limited, a company incorporated in the Cayman Islands with limited liability
“NWHICL Group”	NWHICL and its subsidiaries, as if the Proposed Spin-off had been completed
“Practice Note 15”	Practice Note 15 of the Listing Rules
“Proposed Spin-off”	the proposed spin-off and the separate listing of the Share Stapled Units on the Main Board of the Stock Exchange
“Share Stapled Units”	<p>the combination of the following securities or interests in securities which, subject to the terms of the Trust Deed, can only be dealt with together:</p> <ul style="list-style-type: none"> (a) a unit being an undivided interest in NW Hotel Investments; (b) a beneficial interest in a specifically identified ordinary share in NWHICL which is linked to the unit in NW Hotel Investments and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of NW Hotel Investments); and (c) a specifically identified preference share in NWHICL which is stapled to the unit in NW Hotel Investments

“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed to be entered into by the Trustee-Manager and NWHICL to constitute NW Hotel Investments
“Trustee-Manager”	NWHI Manager Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company

By Order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 2 May 2013

As at the date of this announcement, the Board of the Company comprises (a) six executive directors, namely Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng and Ms. Cheng Chi-Man, Sonia; (b) two non-executive directors, namely Mr. Liang Chong-Hou, David and Mr. Cheng Kar-Shing, Peter; and (c) five independent non-executive directors, namely Mr. Yeung Ping-Leung, Howard, Mr. Cha Mou-Sing, Payson (alternate director to Mr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas.

APPENDIX

SELECTED OPERATING STATISTICS OF THE HOTELS

Average Room Rates

All three Hotels are High Tariff A hotels. The following table sets out the average room rates for the Hotels for the periods indicated:

	Year ended 30 June			Six months ended 31 December	
	2010	2011	2012	2011	2012
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Hotel					
Grand Hyatt Hong Kong	2,627	3,097	3,345	3,292	3,317
Renaissance Harbour View Hotel	1,523	1,800	2,152	2,128	2,126
Hyatt Regency Hong Kong, Tsim Sha Tsui	1,512	1,783	2,001	1,998	2,104
Weighted average for all Hotels	1,859	2,209	2,484	2,458	2,480

Occupancy Rates

The following table sets out the occupancy rates of the Hotels for the periods indicated:

	Year ended 30 June			Six months ended 31 December	
	2010	2011	2012	2011	2012
Hotel					
Grand Hyatt Hong Kong	67.5%	74.3%	74.5%	76.7%	75.8%
Renaissance Harbour View Hotel ⁽¹⁾	75.5%	69.4%	70.1%	72.6%	72.3%
Hyatt Regency Hong Kong, Tsim Sha Tsui	69.4%	82.3%	86.3%	87.9%	89.6%
Weighted average for all Hotels	71.9%	73.7%	75.0%	77.2%	77.1%

Occupancy rate is the aggregate number of room nights sold as a percentage of the total number of room nights available during the relevant period, which may not directly reflect the total rooms in inventory due to renovations and other considerations.

⁽¹⁾ Renaissance Harbour View Hotel underwent a major room renovation programme during the year ended 30 June 2011 and 2012 and the six months ended 31 December 2012.

Revenue per Available Room (RevPAR)

The following table sets out the RevPAR for the Hotels for the periods indicated:

	Year ended 30 June			Six months ended 31 December	
	2010	2011	2012	2011	2012
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Hotel					
Grand Hyatt Hong Kong	1,773	2,300	2,494	2,524	2,513
Renaissance Harbour View Hotel, Hong Kong	1,150	1,249	1,509	1,545	1,537
Hyatt Regency Hong Kong, Tsim Sha Tsui	1,049	1,469	1,727	1,757	1,886
Weighted average for all Hotels	1,336	1,629	1,864	1,898	1,911

RevPAR represents total room revenue divided by the total number of room nights available during the relevant period, which may not directly reflect the total rooms in inventory due to renovations and other considerations.

SELECTED FINANCIAL INFORMATION OF THE HOTELS

The financial information set out below has been extracted from the draft financial information for Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui for the three financial years ended 30 June 2012 and the six months ended 31 December 2011 and 2012.

The following table sets out a breakdown of selected results of operations of the individual Hotels, for the periods indicated.

	Year ended 30 June			Six months ended 31 December	
	2010	2011	2012	2011	2012
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Grand Hyatt Hong Kong					
Total Revenue	<u>786,942</u>	<u>969,032</u>	<u>1,071,022</u>	<u>553,444</u>	<u>555,231</u>
– Room	356,545	462,591	501,073	254,944	253,847
– Food and beverage	395,028	468,871	529,689	279,905	281,740
– Ancillary services ⁽¹⁾	35,369	37,570	40,260	18,595	19,644
Operating Profit	236,990	328,474	353,923	189,800	202,382
Renaissance Harbour View Hotel, Hong Kong					
Total Revenue	<u>552,648</u>	<u>566,156</u>	<u>689,775</u>	<u>346,884</u>	<u>371,410</u>
– Room	361,533	370,657	457,255	233,049	242,403
– Food and beverage	173,692	179,546	217,085	105,885	121,949
– Ancillary services ⁽¹⁾	17,423	15,953	15,435	7,950	7,058
Operating Profit	201,420	174,039	218,681	110,589	124,270
Hyatt Regency Hong Kong, Tsim Sha Tsui⁽²⁾					
Total Revenue	<u>176,878</u>	<u>336,484</u>	<u>395,041</u>	<u>201,505</u>	<u>218,233</u>
– Room	106,581	204,230	240,776	123,148	132,189
– Food and beverage	67,423	127,459	149,347	75,894	83,375
– Ancillary services ⁽¹⁾	2,874	4,795	4,918	2,463	2,669
Operating Profit	9,979	112,304	136,759	70,180	82,329

Notes:

- (1) “Ancillary services” includes revenue other than room revenue and food and beverage revenue, such as revenue from laundry, spa, telephone charges and other services.
- (2) 100% of the property and the hotel operations of Hyatt Regency Hong Kong, Tsim Sha Tsui will be acquired by the NW Hotel Investments Group pursuant to the Reorganisation.

House Profit

The Directors also assess the operating performance of the hotel managers of the Hotels by analysing the House Profit from each Hotel during the three financial years ended 30 June 2012 and the six months ended 31 December 2012. House Profit is derived by adding back to Operating Profit the following items: (a) the hotel management base and incentive fees, (b) depreciation of hotel operating assets, (c) property insurance and (d) rents and rates. The Directors are of the view that House Profit more closely measures the operating efficiencies of the hotel managers of the Hotels as these expenses and charges are borne by the owners of the Hotels. “House Profit” and “House Profit margin” are not standard measures under Hong Kong Financial Reporting Standards and should not be considered in isolation or construed as alternatives to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. House Profit and House Profit margin presented below may not be comparable to (i) similarly titled measures presented by other companies or (ii) the data included in the Group’s annual report.

Set out below is a table illustrating the reconciliation of Operating Profit to House Profit for the Hotels during the three financial years ended 30 June 2012 and the six months ended 31 December 2011 and 2012.

Grand Hyatt Hong Kong

	Year ended 30 June			Six months ended 31 December	
	2010	2011	2012	2011	2012
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue	786,942	969,032	1,071,022	553,444	555,231
Operating Profit	236,990	328,474	353,923	189,800	202,382
Adjusted for:					
Hotel management fees	41,229	53,051	57,619	30,290	32,080
Depreciation of hotel operating assets	32,462	27,720	27,338	13,142	15,515
Property insurance	1,406	1,657	1,934	887	1,119
Rents and rates	16,273	16,051	17,158	8,101	9,615
House Profit	<u>328,360</u>	<u>426,953</u>	<u>457,972</u>	<u>242,220</u>	<u>260,711</u>
House Profit margin	<u>41.7%</u>	<u>44.1%</u>	<u>42.8%</u>	<u>43.8%</u>	<u>47.0%</u>

Renaissance Harbour View Hotel, Hong Kong

	Year ended 30 June			Six months ended 31 December	
	2010	2011	2012	2011	2012
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue	552,648	566,156	689,775	346,884	371,410
Operating Profit	201,420	174,039	218,681	110,589	124,270
Adjusted for:					
Hotel management fees	35,206	34,753	43,616	21,701	24,261
Depreciation of hotel operating assets	28,871	43,341	61,301	28,287	34,480
Property insurance	1,263	1,276	1,268	634	651
Rents and rates	7,231	7,148	9,040	4,214	5,279
House Profit	<u>273,991</u>	<u>260,557</u>	<u>333,906</u>	<u>165,425</u>	<u>188,941</u>
House Profit margin	<u>49.6%</u>	<u>46.0%</u>	<u>48.4%</u>	<u>47.7%</u>	<u>50.9%</u>

Hyatt Regency Hong Kong, Tsim Sha Tsui

	Year ended 30 June			Six months ended 31 December	
	2010 ⁽¹⁾	2011	2012	2011	2012
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue	176,878	336,484	395,041	201,505	218,233
Operating Profit	9,979	112,304	136,759	70,180	82,329
Adjusted for:					
Hotel management fees	5,344	12,328	14,701	7,536	8,487
Depreciation of hotel operating assets	3,315	4,075	4,299	2,149	2,548
Property insurance	853	221	719	331	368
Rents and rates	3,220	4,285	4,669	2,335	2,340
House Profit	<u>22,711</u>	<u>133,213</u>	<u>161,147</u>	<u>82,531</u>	<u>96,072</u>
House Profit margin	<u>12.8%</u>	<u>39.6%</u>	<u>40.8%</u>	<u>41.0%</u>	<u>44.0%</u>

Note:

(1) Hyatt Regency Hong Kong, Tsim Sha Tsui commenced operations in October 2009.

SELECTED FINANCIAL INFORMATION OF THE GROUP

The financial information set out below has been extracted from the draft combined financial statements for the NW Hotel Investments Group and the draft financial information for Hyatt Regency Hong Kong, Tsim Sha Tsui for the three financial years ended 30 June 2012 and the six months ended 31 December 2011 and 2012.

	Year ended 30 June			Six months ended 31 December	
	2010	2011	2012	2011	2012
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Aggregated net profit					
for the year/period⁽¹⁾	365,351	504,821	584,798	305,709	338,245

Note:

- (1) Aggregated net profit is derived by adding the net profit of Hyatt Regency Hong Kong, Tsim Sha Tsui during the indicated periods to the corresponding net profit of the combined results of operations of the NW Hotel Investments Group (i.e. Grand Hyatt Hong Kong and Renaissance Harbour View Hotel, Hong Kong) for the periods indicated without any adjustment. The aggregated net profit is presented for illustrative purposes only and is not necessarily indicative of the net profit that would have been achieved had the acquisition of Hyatt Regency Hong Kong, Tsim Sha Tsui taken place as at 1 July 2009.