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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)

UPDATE ON PLACING OF NEW SHARES

The number of Placing Shares expected to be issued pursuant to the Placing Agreement will be reduced from 280,000,000 to 107,000,000, representing approximately 3.06% of the existing issued share capital of the Company and approximately 2.97% of the issued share capital as enlarged by the issue of such Placing Shares.

Reference is made to the First Announcement. Terms defined in the First Announcement shall have the same meanings when used in this announcement, unless otherwise defined in this announcement.

The Executive has ruled that one of the Placees procured by the Placing Agent to subscribe for 174,000,000 Placing Shares is a person presumed to be acting in concert with CTF under the Takeovers Code. The Executive has stated that if the relevant parties wish to rebut such presumption, the matter must be considered by the Panel. The Company has been informed by the Placing Agent that although CTF and such Placee do not concede that such Placee is a person acting in concert with CTF and such Placee has not actively cooperated with CTF to obtain or consolidate control of the Company through the acquisition by such Placee of Shares, in view of the time limit for fulfilment of the condition precedent of the Placing Agreement and the time, effort and other resources involved in such review process, such Placee has decided, in relation to the Placing, not to take the matter before the Panel.

In view of the above development, the number of Placing Shares expected to be issued pursuant to the Placing Agreement, after taking into account an additional Placee procured by the Placing Agent, will be reduced from 280,000,000 to 107,000,000, representing approximately 3.06% of the existing issued share capital of the Company and approximately 2.97% of the issued share capital of the Company as enlarged by the issue of such Placing Shares. The Placing Agent has informed the Company that based on information available, such additional individual Placee is not acting in concert (as defined in the Takeovers Code) with CTF and is not a connected person of the Company (as defined in the Listing Rules). On such basis, the net proceeds from the Placing are expected to be reduced to approximately HK\$1.2 billion. The Company intends to apply such net proceeds from the Placing for repayment of part of the bank loans of the Group.

Set out below is a table showing (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the Company's shareholding structure immediately after the completion of the Placing on the basis that 107,000,000 Placing Shares are issued pursuant to the Placing Agreement and assuming that no new Shares will be issued by, and there are no other changes in the shareholding of, the Company from the date of this announcement to the Completion Date:

	As at the date of this announcement		Immediately after completion of the Placing	
	Shares	%	Shares	%
CTF	1,240,160,658	35.52%	1,240,160,658	34.46%
The Directors	5,576,246	0.16%	5,576,246	0.16%
The Placees	—	—	107,000,000	2.97%
Public Shareholders	<u>2,245,828,719</u>	<u>64.32%</u>	<u>2,245,828,719</u>	<u>62.41%</u>
	<u>3,491,565,623</u>	<u>100.00%</u>	<u>3,598,565,623</u>	<u>100.00%</u>

As mentioned in the First Announcement, the Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant permission to deal in and listing of the Placing Shares. As at the date of this announcement, such condition has not been fulfilled yet.

DEFINITIONS

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

CTF	Chow Tai Fook Enterprises Limited, a controlling Shareholder within the meaning of the Listing Rules
Executive	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
First Announcement	the announcement of the Company in relation to the placing of new Shares dated 12 December 2005
Panel	the Takeovers and Mergers Panel

By order of the Board
New World Development Company Limited
Leung Chi-Kin, Stewart
Company Secretary

Hong Kong, 21 December 2005

As at the date of this announcement, the Board comprises (1) Dato' Dr. CHENG Yu-Tung, Dr. CHENG Kar-Shun, Henry, Dr. SIN Wai-Kin, David, Mr. LIANG Chong-Hou, David and Mr. LEUNG Chi-Kin, Stewart as executive Directors; (2) Mr. CHENG Yue-Pui, Mr. CHENG Kar-Shing, Peter, Mr. CHOW Kwai-Cheung, Mr. HO Hau-Hay, Hamilton and Mr. LIANG Cheung-Biu, Thomas as non-executive Directors; and (3) Lord SANDBERG, Michael, Mr. YEUNG Ping-Leung, Howard, Dr. CHA Mou-Sing, Payson, JP, Mr. CHA Mou-Zing, Victor (alternate director to Dr. CHA Mou-Sing, Payson) and Mr. LEE Luen-Wai, John, JP as independent non-executive Directors.

Please also refer to the published version of this announcement in The Standard.