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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)

GRANT OF DEFAULT CALL RIGHT TO JV PARTNER

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 22 April 2014, the Company and USL, a wholly-owned subsidiary of the Company, have entered into the Shareholders' Agreement with the JV Partner, the JV Partner Parent, the JV Partner Subsidiary and the Joint Venture to regulate the relationship between the shareholders of the Joint Venture and the management of the affairs of the Joint Venture. The Joint Venture has been granted the rights to develop the TW6 Project.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 22 April 2014, the Company and USL entered into the Shareholders' Agreement with the JV Partner, the JV Partner Parent, the JV Partner Subsidiary and the Joint Venture. The issued share capital of the Joint Venture is owned as to 80% by USL and 20% by the JV Partner Subsidiary. The Joint Venture has been granted the rights to develop the TW6 Project.

DEFAULT CALL RIGHT

In order to regulate the relationship between the shareholders of the Joint Venture and the management of the affairs of the Joint Venture, the parties to the Shareholders' Agreement have agreed, among other things, that if a party commits an Event of Default, the non-Defaulting Party or its Affiliate which is a shareholder of the Joint Venture shall have the right to acquire all the interest held by the Defaulting Party and/or its Affiliates in the Joint Venture. (the "**Default Call Right**")

An "**Event of Default**" occurs if a party to the Shareholders' Agreement (other than the Joint Venture) commits one of the following:

- (i) it commits a material breach of the Shareholders' Agreement and either: (a) the breach is not capable of being remedied or (b) the Defaulting Party does not remedy that breach to the reasonable satisfaction of the other parties within thirty (30) days after any other party sending it written notice requiring it to remedy that breach;

- (ii) it or any of its Affiliate (excluding the Joint Venture) commits any acts or omissions which directly lead to a material breach by the Joint Venture of the development documentation of TW6 Project and the counterparty thereto is entitled to exercise, and has exercised, its rights against the Joint Venture by commencing legal proceedings under the relevant clause of the development documentation of TW6 Project by reason of such material breach by the Joint Venture;
- (iii) it is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or takes any step with a view to a general or partial reconstruction, readjustment or rescheduling of any material part of its debts or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or any class of its creditors;
- (iv) any corporate action, legal proceedings or other procedure or step is taken (or any analogous procedure or step is taken in any jurisdiction) that shall remain unvacated and unstayed for a period of ninety (90) days in relation to:
 - (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise);
 - (b) a composition, assignment or arrangement with any creditor;
 - (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any of its assets; or
 - (d) enforcement of any security over any of its material assets;
- (v) any person attaches, arrests or seizes, or distress, execution, sequestration or other similar process is levied or enforced upon or sued out against, the whole or any material part of the assets, undertakings, rights or revenues of such Defaulting Party; or
- (vi) there is a “Change in Control” of a party within the meaning set out below:
 - (a) in the case of USL, it is no longer wholly and beneficially owned by the Company or its Affiliates;
 - (b) in the case of the JV Partner Subsidiary, it is no longer wholly and beneficially owned by the JV Partner or its Affiliates; or
 - (c) in the case of the Company or the JV Partner (as the case may be), not less than 30% (or such other amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of its issued share capital has been acquired by a person other than its existing controlling shareholder as at the date hereof.

The consideration to acquire the Defaulting Party's interest in the Joint Venture shall be determined after arm's length negotiation between the parties, but which shall be equivalent to a discount (as stipulated in the Shareholders' Agreement) to the fair market value of such interest in the Joint Venture. If the parties fail to reach an agreement on such fair market value within ten (10) Business Days after a transfer notice has been delivered, then such fair market value shall be determined by an independent expert.

In the event that the Company or USL defaults, the non-Defaulting Party or its Affiliate which is a shareholder of the Joint Venture will be entitled to exercise the JV Partner's Default Call Right at its sole discretion and, upon exercise, the Company's Affiliate which is a shareholder of the Joint Venture will be forced to dispose of its 80% effective interest in the Joint Venture. The Company will no longer have any interest in the Joint Venture and the Joint Venture will cease to be a subsidiary of the Company.

The transfer of shares upon exercise of the relevant Default Call Right will be subject to the terms of the relevant development documentation of the TW6 Project.

REASONS FOR AND BENEFITS OF THE GRANT OF THE JV PARTNER'S DEFAULT CALL RIGHT

The grant of the Default Call Right is a reciprocal arrangement, under which (i) the Company or its Affiliate which is a shareholder of the Joint Venture could exercise its Default Call Right if the JV Partner, the JV Partner Parent or the JV Partner Subsidiary commits an Event of Default; or (ii) the JV Partner or its Affiliate which is a shareholder of the Joint Venture could exercise its Default Call Right if the Company or USL commits an Event of Default.

The grant of a default call right is a common arrangement in joint venture transactions, and is intended to protect the rights and interests of each party by providing a method to buy out the defaulting party in case the latter has committed some acts which could materially and adversely affect the operations of the joint venture.

INFORMATION ABOUT THE TW6 PROJECT

The TW6 Project involves the non-industrial development of a land lot (known as Tsuen Wan Town Lot No. 402) located near the West Rail Tsuen Wan West Station, Tsuen Wan, New Territories, Hong Kong.

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT THE JV PARTNER GROUP

The JV Partner Group is principally engaged in property investment and management and property development.

DEFINITIONS

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

“Affiliate”	in relation to any person (other than an individual), any company or other business entity (i) that is controlled by such person, (ii) that controls such person or (iii) is under common control with, such person. For purposes of this announcement, “control” means direct or indirect ownership of more than fifty per cent. (50%) of the voting securities or interests in another person, or the ability to direct the management or policies of such person, whether by contract or otherwise;
“Board”	board of Directors;
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong;
“Company”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 0017);
“Default Call Right”	has the meaning ascribed to it under the section headed “Default Call Right”;
“Defaulting Party”	the party to the Shareholders’ Agreement who commits an Event of Default;
“Director(s)”	director(s) of the Company;
“Event of Default”	has the meaning ascribed to it under the section headed “Default Call Right”;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Joint Venture”	Ultimate Vantage Limited, whose issued share capital is beneficially owned as to 20% by JV Partner Subsidiary and 80% by USL;
“JV Partner”	Vanke Property (Overseas) Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 01036);

“JV Partner Group”	the JV Partner and its subsidiaries;
“JV Partner Parent”	Vanke Property (Hong Kong) Company Limited, which indirectly owns 75% equity interest in the JV Partner;
“JV Partner Subsidiary”	Wkdeveloper Limited, a company indirectly wholly-owned by the JV Partner and holding 20% of the issued share capital of the Joint Venture;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“Shareholders’ Agreement”	the shareholders’ agreement in relation to the Joint Venture dated 22 April 2014 and entered into among the Company, USL, the JV Partner Subsidiary, the JV Partner Parent, the JV Partner and the Joint Venture;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TW6 Project”	West Rail Tsuen Wan West Station TW6 Property Development Project on Tsuen Wan Town Lot No. 402, and the business and operations in connection with such project;
“USL”	Ultimate Sail Limited, a company wholly-owned by the Company and holding 80% of the issued share capital of the Joint Venture; and
“%”	per cent.

By order of the Board
New World Development Company Limited
Wong Man-Hoi
Company Secretary

22 April 2014, Hong Kong

As at the date of this announcement, the Board comprises (a) seven 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, Ms. Cheng Chi-Man, Sonia and Mr. Au Tak-Cheong; (b) two non-executive directors, namely Mr. Doo Wai-Hoi, William 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.