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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)


新創建 NWS
新創建集團有限公司*
NWS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(stock code: 659)

CONNECTED TRANSACTION

The NWD Board and the NWS Board jointly announce that on 24 August 2011, Grace Crystal, an indirect wholly-owned subsidiary of NWS, entered into the Capital Increase Agreement with Tianjin Expressway Group, pursuant to which (i) the total investment amount of Tianjin Xinzhan shall be increased from RMB3,300.00 million to RMB6,957.23 million; and (ii) the registered capital of Tianjin Xinzhan shall be increased from RMB1,320.00 million to RMB2,539.10 million.

Pursuant to the Capital Increase Agreement, Grace Crystal shall contribute 60% of the Capital Increase, being RMB731.46 million (equivalent to approximately HK\$881.28 million), in cash while Tianjin Expressway Group shall contribute 40% of the Capital Increase, being RMB487.64 million (equivalent to approximately HK\$587.52 million), in cash. Upon completion of the Capital Increase, the equity interest held by Grace Crystal and Tianjin Expressway Group in Tianjin Xinzhan shall remain the same at 60% and 40%, respectively.

As at the date of this announcement, NWD holds approximately 59.79% of the total issued share capital of NWS and Tianjin Xinzhan is a subsidiary of each of NWD and NWS. As Tianjin Expressway Group is a substantial shareholder of Tianjin Xinzhan before and after completion of the Capital Increase, Tianjin Expressway Group falls within the definition of a connected person of each of NWD and NWS under the Listing Rules.

Accordingly, the Capital Increase constitutes a connected transaction of each of NWD and NWS under Chapter 14A of the Listing Rules. As the relevant percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the Capital Increase for each of NWD and NWS is more than 1% but less than 5%, the Capital Increase is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement for each of NWD and NWS under Chapter 14A of the Listing Rules.

BACKGROUND

Grace Crystal and Tianjin Expressway Group are the equity interest holders of Tianjin Xinzhan, which is mainly engaged in the construction and management of Tangjin Expressway. In order to further expand Tangjin Expressway from four driving lanes to six driving lanes, it was agreed by the board of Tianjin Xinzhan and Grace Crystal and Tianjin Expressway Group that the total investment amount and the registered capital of Tianjin Xinzhan shall be increased, and on 24 August 2011, the Capital Increase Agreement was entered into by Grace Crystal and Tianjin Expressway Group.

CAPITAL INCREASE AGREEMENT

Pursuant to the Capital Increase Agreement, the total investment amount of Tianjin Xinzhan shall be increased from RMB3,300.00 million to RMB6,957.23 million and the registered capital of Tianjin Xinzhan shall be increased from RMB1,320.00 million to RMB2,539.10 million. The increase of the total investment amount of RMB3,657.23 million, shall be made up of (i) the increase of the registered capital of RMB1,219.10 million; and (ii) bank loans of RMB2,438.13 million.

Date

24 August 2011

Parties

- (1) Grace Crystal; and
- (2) Tianjin Expressway Group

Capital Increase

Pursuant to the Capital Increase Agreement, Grace Crystal shall contribute 60% of the Capital Increase, being RMB731.46 million (equivalent to approximately HK\$881.28 million), in cash while Tianjin Expressway Group shall contribute 40% of the Capital Increase, being RMB487.64 million (equivalent to approximately HK\$587.52 million), in cash. 20% of the respective contributions of Grace Crystal and Tianjin Expressway Group shall be made within 30 days upon approval of the amendments of the JV Contract and the articles of association of Tianjin Xinzhan by the relevant government authorities and the remaining 80% of their respective contributions shall be made within 24 months after the aforesaid approvals have been obtained. Upon completion of the Capital Increase, the equity interest held by Grace Crystal and Tianjin Expressway Group in Tianjin Xinzhan shall remain the same at 60% and 40%, respectively.

The amount of the Capital Increase, being RMB1,219.10 million, which represents approximately one-third of the estimated investment cost for the expansion of Tangjin Expressway, was determined with reference to the registered capital requirement of the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理局) and the approval documents issued by the Tianjin Municipal Commission of Development and Reform (天津市發展和改革委員會).

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Capital Increase reflects the additional funds required to meet the expansion of Tangjin Expressway from four driving lanes to six driving lanes. It is anticipated that the expansion plan will strengthen the competitiveness of Tangjin Expressway with better road condition and also enhance the operation efficiency of Tianjin Xinzhan. The NWS Board believes that the expansion of Tangjin Expressway can capture the high economic growth trend of Tianjin Binhai New Area (天津濱海新區) and it is expected to generate a reasonable return to the NWS Group in the long run.

The terms of the JV Contract and the articles of association of Tianjin Xinzhan will be amended to reflect the changes of the total investment amount and the registered capital of Tianjin Xinzhan.

The NWD Board (including the independent non-executive NWD Directors) is of the view that the terms of the Capital Increase Agreement are fair and reasonable, and in the interests of NWD and its shareholders as a whole.

The NWS Board (including the independent non-executive NWS Directors) is of the view that the terms of the Capital Increase Agreement are fair and reasonable, and in the interests of NWS and its shareholders as a whole.

None of the NWD Directors and the NWS Directors has a material interest in the Capital Increase and accordingly, none of them abstained from voting on the relevant board resolutions to approve the Capital Increase Agreement and the transactions contemplated thereunder.

INFORMATION ABOUT TIANJIN XINZHAN, TIANJIN EXPRESSWAY GROUP, THE NWD GROUP AND THE NWS GROUP

Tianjin Xinzhan

Tianjin Xinzhan is a sino-foreign cooperative joint venture established in the PRC on 31 December 1997, with 60% of its equity interest held by Grace Crystal and 40% of its equity interest held by Tianjin Expressway Group. It is mainly engaged in the construction and management of Tangjin Expressway.

The audited net profits before and after taxation and extraordinary items for the year ended 31 December 2009 of Tianjin Xinzhan were approximately RMB385.33 million and RMB323.35 million, respectively. The audited net profits before and after taxation and extraordinary items for the year ended 31 December 2010 of Tianjin Xinzhan were approximately RMB367.84 million and RMB286.18 million, respectively.

Tianjin Expressway Group

Tianjin Expressway Group is a company established in the PRC with limited liability and its principal business is the construction and management of expressways. It falls within the definition of a connected person of each of NWD and NWS under the Listing Rules as it is a substantial shareholder of Tianjin Xinzhan before and after completion of the Capital Increase.

The NWD Group

The NWD Group is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology. NWD is the ultimate holding company of NWS and is, together with certain of its subsidiaries, interested in approximately 59.79% of the total issued share capital of NWS as at the date of this announcement.

The NWS Group

The NWS Group is principally engaged in (i) the investment in and/or operation of facilities, construction, transport and strategic investments; and (ii) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD holds approximately 59.79% of the total issued share capital of NWS and Tianjin Xinzhan is a subsidiary of each of NWD and NWS. As Tianjin Expressway Group is a substantial shareholder of Tianjin Xinzhan before and after completion of the Capital Increase, Tianjin Expressway Group falls within the definition of a connected person of each of NWD and NWS under the Listing Rules.

Accordingly, the Capital Increase constitutes a connected transaction of each of NWD and NWS under Chapter 14A of the Listing Rules. As the relevant percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the Capital Increase for each of NWD and NWS is more than 1% but less than 5%, the Capital Increase is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement for each of NWD and NWS under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“Capital Increase”	the capital increase in the registered capital of Tianjin Xinzhan from RMB1,320.00 million to RMB2,539.10 million as contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 24 August 2011 entered into between Grace Crystal and Tianjin Expressway Group regarding the Capital Increase
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Grace Crystal”	Grace Crystal Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of NWS
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Contract”	the joint venture contract dated 18 August 2010 in relation to Tianjin Xinzhan, and as amended by the supplemental joint venture contract dated 19 July 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17) and the holding company of NWS
“NWD Board”	the board of NWD Directors
“NWD Director(s)”	the director(s) of NWD
“NWD Group”	NWD and its subsidiaries (including the NWS Group) from time to time
“NWS”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659) and beneficially owned as to approximately 59.79% by NWD as at the date of this announcement
“NWS Board”	the board of NWS Directors
“NWS Director(s)”	the director(s) of NWS
“NWS Group”	NWS and its subsidiaries from time to time
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Tangjin Expressway”	Tangjin Expressway (Tianjin North Section) which is located between Tangshan city and Tianjin city
“Tianjin Xinzhan”	天津新展高速公路有限公司 (Tianjin Xinzhan Expressway Company Limited*), a cooperative joint venture established in the PRC, the equity interest of which is held as to 60% by Grace Crystal and 40% by Tianjin Expressway Group
“Tianjin Expressway Group”	天津高速公路集團有限公司 (Tianjin Expressway Group Co., Ltd*), a company established in the PRC with limited liability
“%”	per cent.

For the purposes of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the exchange rate of RMB0.83 to HK\$1.00 for the purposes of illustration only. No representation is made that any amount in RMB or Hong Kong dollars could have been or could be converted at the above rate or at any other rates.

By order of the board of directors of
New World Development Company Limited
Dr. Cheng Kar Shun, Henry
Managing Director

By order of the board of directors of
NWS Holdings Limited
Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 24 August 2011

As at the date of this announcement, (a) the executive NWD 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 NWD Directors are Mr. Cheng Kar Shing, Peter, Mr. Leung Chi Kin, Stewart, Mr. Chow Kwai Cheung, Mr. Liang Cheung Bui, Thomas and Ms. Ki Man Fung, Leonie; and (c) the independent non-executive NWD 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.

As at the date of this announcement, (a) the executive NWS Directors are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung, Mr. William Junior Guilherme Doo and Mr. Cheng Chi Ming, Brian; (b) the non-executive NWS Directors are Mr. Doo Wai Hoi, William, Mr. Wilfried Ernst Kaffenberger (alternate director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun Wah, David), Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (c) the independent non-executive NWS Directors are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham.

* *For identification purposes only*