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CONNECTED TRANSACTION

DISPOSAL OF THE DISPOSAL COMPANY

The NWD Board and the NWS Board jointly announce that the Vendor and the Purchaser have entered into the SP Agreement on 8 April 2014 in respect of the Disposal, the principal terms and conditions of which are set out in this announcement.

As at the date of this announcement, approximately 61.30% interest in NWS is held by the NWD Group and the Vendor is a subsidiary of each of NWD and NWS.

Mr. Doo is a connected person of each of NWD and NWS under the Listing Rules as Mr. Doo is the Vice-chairman and a non-executive director of NWD and was the Deputy Chairman and a non-executive director of NWS within the preceding 12 months of the date of the SP Agreement, who resigned as the Deputy Chairman and a non-executive director of NWS with effect from 1 July 2013. As Mr. Doo has an indirect 90% interest in the Purchaser, the Purchaser is an associate of Mr. Doo and hence a connected person of each of NWD and NWS under the Listing Rules. The Disposal therefore constitutes a connected transaction for each of NWD and NWS.

As one of the applicable percentage ratios in respect of the Disposal is less than 5% but more than 0.1% for NWD and all the applicable percentage ratios in respect of the Disposal are less than 5% but more than 0.1% for NWS, the Disposal is subject to the reporting and announcement requirements but not the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for each of NWD and NWS. Relevant details of the Disposal will also be included in the next published annual report and consolidated financial statements of each of NWD and NWS in accordance with Rule 14A.45 of the Listing Rules.

INTRODUCTION

The NWD Board and the NWS Board jointly announce that the Vendor and the Purchaser have entered into the SP Agreement on 8 April 2014 in respect of the Disposal, the principal terms and conditions of which are set out below.

THE DISPOSAL

Date of the SP Agreement

8 April 2014

Parties

Vendor: the Vendor (a subsidiary of each of NWD and NWS)

Purchaser: Young's and Tridant, each of them is a limited liability company beneficially owned as to 90% by Mr. Doo and as to the remaining 10% by an independent third party and a member of the Purchaser's Group

Assets to be disposed of under the SP Agreement

The subject matter of the Disposal is the Sale Shares, representing the entire registered and paid up capital of the Disposal Company. The Sale Shares are to be purchased by the Purchaser as to 51% by Young's and as to the remaining 49% by Tridant.

Consideration for the Disposal

The consideration for the Disposal is in the sum of approximately RMB177.1 million (equivalent to approximately HK\$221.4 million) and was paid in full on the date of signing of the SP Agreement by the Purchaser to the Vendor.

The consideration for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser having regard to the NAV of the Disposal Company of approximately RMB177.1 million (equivalent to approximately HK\$221.4 million).

The consideration shall be adjusted for the net asset value attributable to the non-engineering business of the Disposal Company as at the Completion Date.

Conditions precedent to Completion

Completion is conditional upon:

- (1) all necessary approvals, consents, authorizations and/or waivers (as appropriate) as are required under the laws, rules and regulations of the PRC in respect of the sale and purchase or otherwise transfer of the Sale Shares and matters incidental thereto (including without limitation, changes in shareholder, board and management composition and the articles of the Disposal Company) having been obtained from the relevant PRC Government authorities;
- (2) (if necessary) all other necessary approvals, consents, authorizations, or waivers (as appropriate) from, or notices to, third parties, the Stock Exchange, government authorities and/or regulatory authorities having been obtained and/or given (as the case may be) in respect of the entering into and performance of the SP Agreement and the transactions contemplated thereunder; and
- (3) (if necessary) each of NWD and NWS having complied with the applicable requirements of the Listing Rules in respect of the entering into and performance of the SP Agreement and the transactions contemplated thereunder.

The Vendor may at any time on or prior to the Long Stop Date waive the above condition (1) in whole or in part subject to such terms and conditions as the Vendor may determine.

If the above conditions shall not have been satisfied (or, in relation to the above condition (1) only, is not otherwise waived by the Vendor) by the Long Stop Date, all rights and obligations of the parties under the SP Agreement shall cease and terminate and the Vendor shall refund the consideration paid under the SP Agreement to the Purchaser without interest forthwith.

Completion

Upon fulfillment (or, as the case may be, waiver) of all the conditions set out in the paragraph headed “Conditions precedent to Completion” of this announcement and conclusion of miscellaneous matters preliminary to Completion unless they are to be effected or performed after Completion, Completion shall take place on the Completion Date.

Upon Completion, NWD and NWS will cease to have any equity interest in the Disposal Company and the Disposal Company will cease to be a subsidiary of NWD and NWS.

Major undertaking by the Purchaser

Subject to Completion, the Purchaser shall effect a change in the name of the Disposal Company within 12 months following Completion (or such other period as the Vendor may agree) such that it shall not use the name or mark of NWS, New World, 新創建, 新創 and 新世界 as part of its registered company name or trade marks or in any trade or business of the Disposal Company or those of the Purchaser and/or its associate. In the event of breach of the undertaking by the Purchaser, the Purchaser shall indemnify and keep the Vendor and other members of the NWD Group and/or the NWS Group fully and effectually indemnified from and against, among others, all losses, damages, compensations, fines, penalties, interests, costs and expenses which may be suffered or otherwise incurred by, and all actions, proceedings, arbitrations, claims or demands of whatever nature which may be taken or otherwise made against, all or any of them.

INFORMATION OF THE DISPOSAL COMPANY

The unaudited net profits (both before and after income tax) of the Disposal Company as accounted for in the audited consolidated income statement of NWD and NWS respectively are as follows:

	For the financial year ended		For the financial year ended	
	30 June 2013		30 June 2012	
	<i>RMB</i>	<i>equivalent to</i>	<i>RMB</i>	<i>equivalent to</i>
	<i>('million)</i>	<i>HK\$</i>	<i>('million)</i>	<i>HK\$</i>
		<i>('million)</i>		<i>('million)</i>
Net profit before income tax	56.4	70.5	20.1	25.1
Net profit after income tax	46.6	58.3	16.3	20.4

FINANCIAL EFFECTS OF THE DISPOSAL

Assuming the Completion had taken place on 31 March 2014, the expected unaudited gain to be derived from the Disposal for the NWD Group and the NWS Group would amount to approximately HK\$73.3 million before tax and related expenses, representing mainly the release of exchange reserve to consolidated income statement upon disposal of a subsidiary.

CONNECTED TRANSACTIONS FOR NWD AND NWS AND THE LISTING RULES IMPLICATIONS

As at the date of this announcement, approximately 61.30% interest in NWS is held by the NWD Group and the Vendor is a subsidiary of each of NWD and NWS.

Mr. Doo is a connected person of each of NWD and NWS under the Listing Rules as Mr. Doo is the Vice-chairman and a non-executive director of NWD and was the Deputy Chairman and a non-executive director of NWS within the preceding 12 months of the date of the SP Agreement, who resigned as the Deputy Chairman and a non-executive director of NWS with effect from 1 July 2013. As Mr. Doo has an indirect 90% interest in the Purchaser, the Purchaser is an associate of Mr. Doo and hence a connected person of each of NWD and NWS under the Listing Rules. The Disposal therefore constitutes a connected transaction for each of NWD and NWS.

Save as disclosed immediately above, to the best of the knowledge, information and belief of the NWD Directors and the NWS Directors having made all reasonable enquiry, the ultimate beneficial owner of the remaining 10% interest in the Purchaser is a third party independent of each of NWD and NWS and their respective connected persons.

As one of the applicable percentage ratios in respect of the Disposal is less than 5% but more than 0.1% for NWD and all the applicable percentage ratios in respect of the Disposal are less than 5% but more than 0.1% for NWS, the Disposal is subject to the reporting and announcement requirements but not the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for each of NWD and NWS. Relevant details of the Disposal will also be included in the next published annual report and consolidated financial statements of each of NWD and NWS in accordance with Rule 14A.45 of the Listing Rules.

Mr. Doo (the Vice-chairman and a non-executive director of NWD) has a material interest in the Disposal. At the respective board meetings of NWD and NWS approving the Disposal:

- Mr. Doo and those of his associates who are also members of the NWD Board (i.e. Dr. Cheng Kar Shun, Henry (the Chairman and an executive director of NWD), Mr. Cheng Kar Shing, Peter (a non-executive director of NWD), Mr. Cheng Chi Kong, Adrian (an executive director and the Joint General Manager of NWD), Ms. Cheng Chi Man, Sonia (an executive director of NWD) and Mr. Cheng Chi Heng (an executive director of NWD)) have abstained from voting on the resolutions of the NWD Board approving the Disposal; and
- Dr. Cheng Kar Shun, Henry (the Chairman and an executive director of NWS), Mr. Cheng Chi Ming, Brian (an executive director of NWS) and Mr. William Junior Guilherme Doo (an executive director of NWS) have abstained from voting on the resolutions of the NWS Board approving the Disposal as Mr. Doo, who is an associate of each of them, has a material interest in the Disposal for having an indirect interest of 90% in the Purchaser.

REASONS FOR AND THE BENEFITS OF THE DISPOSAL AND USE OF NET SALE PROCEEDS

The Disposal Company is a wholly foreign owned enterprise established in the PRC on 23 July 2003, the engineering business of which was acquired by a member of the Purchaser's Group as announced in the joint announcement of NWD and NWS on 11 June 2010 and approved by their respective independent shareholders on 20 July 2010. As there were assets of the NWS Group held by the Disposal Company, the Disposal Company was therefore not sold to the Purchaser's Group at that time. The assets retained by the NWS Group and held by the Disposal Company have since around the end of 2012 been disposed of entirely, other than cash and bank balances, by the NWS Group and given that the Disposal Company no longer holds any assets, other than cash and bank balances, or operates any business under the NWS Group, the Disposal would allow the NWS Group to rationalize its group structure by disposing of the Disposal Company, which no longer forms any part of its core businesses and to realize its investment in the Disposal Company. Each of the NWD Board and the NWS Board considers that the SP Agreement has been entered into on normal commercial terms and the terms of which are fair and reasonable and in the interests of its own company and shareholders as a whole.

The net sale proceeds of the Disposal of approximately HK\$221.4 million, after deduction of incidental expenses of the transaction, will be used as general working capital of the NWS Group.

GENERAL INFORMATION

Information on the Purchaser

Each of Young's and Tridant is beneficially owned as to 90% by Mr. Doo. The principal activity of the Purchaser is provision of mechanical and electrical engineering services.

Information on the NWD Group

The principal businesses of the NWD Group include 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 61.30% of the total issued share capital of NWS as at the date of this announcement.

Information on the NWS Group

The NWS Group is principally engaged in (1) the investment in and/or operation of facilities, construction, transport and strategic investments; and (2) the development, investment, operation and/or management of power plants, water treatment and waste management plants, roads as well as ports and logistics facilities.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the SP Agreement
“Completion Date”	on or before 30 June 2014, being the date on which Completion is to take place (or such later date as the parties to the SP Agreement may mutually agree) subject to fulfillment of all the conditions set out in the paragraph headed “Conditions precedent to Completion” of this announcement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Disposal”	the proposed disposal of the Sale Shares and the performance of the transactions contemplated thereunder
“Disposal Company”	新創機電工程有限公司 (NWS Engineering Ltd), a company established in the PRC, the entire registered capital of which is held by the Vendor as at the date of the SP Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on 30 June 2014 (or such later date as the parties to the SP Agreement may agree in writing)
“Mr. Doo”	Mr. Doo Wai Hoi, William, the Vice-chairman and a non-executive director of NWD and was the Deputy Chairman and a non-executive director of NWS within the preceding 12 months of the date of the SP Agreement, who resigned as the Deputy Chairman and a non-executive director of NWS with effect from 1 July 2013. He is also the beneficial owner of several corporate substantial shareholders of certain subsidiaries of NWD. Mr. Doo is the brother-in-law of Dr. Cheng Kar Shun, Henry (the Chairman and an executive director of NWD and the Chairman and an executive director of NWS) and Mr. Cheng Kar Shing, Peter (a non-executive director of NWD), the uncle of Mr. Cheng Chi Kong, Adrian (an executive director and the Joint General Manager of NWD), Ms. Cheng Chi Man, Sonia (an executive director of NWD), Mr. Cheng Chi Ming, Brian (an executive director of NWS) and Mr. Cheng Chi Heng (an executive director of NWD) and the father of Mr. William Junior Guilherme Doo (an executive director of NWS)

“NAV”	the unaudited net asset value attributable to the non-engineering business of the Disposal Company as at 8 April 2014 in the amount of approximately RMB177.1 million (equivalent to approximately HK\$221.4 million) after adjustment for the dividend in respect of the profits for the period up to 31 December 2012 to be distributed or otherwise paid to the Vendor (or other members of the NWS Group as the Vendor may direct)
“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 61.30% 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 (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Young’s Engineering Company Limited (“Young’s”) and Tridant Engineering Company Limited (“Tridant”), each is a company incorporated in Hong Kong with limited liability which is beneficially owned as to 90% by Mr. Doo and the remaining 10% by an independent third party and a member of the Purchaser’s Group

“Purchaser’s Group”	the group of companies which is beneficially owned as to 90% by Mr. Doo and the remaining 10% by an independent third party and of which the Purchaser is a member
“Sale Shares”	the entire registered and paid up capital of the Disposal Company in the amount of RMB150,000,000 which carries with it all dividends or distribution which may be declared, paid or made in respect of them on or after the Completion Date but without any right whatsoever to all dividends, distributions or otherwise in respect of the profits for the period up to 31 December 2012 to be distributed or otherwise paid to the Vendor (or other members of the NWS Group as the Vendor may direct)
“SP Agreement”	the conditional sale and purchase agreement dated 8 April 2014 entered into by the Vendor as vendor and the Purchaser as purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	NWS Holdings (China) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of NWS
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this announcement and for illustration purpose only, amounts denominated in RMB have been translated into HK\$ using the following rate: HK\$1.00=RMB0.80. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates at all.

By order of the board of directors of
New World Development Company Limited
Wong Man Hoi
Company Secretary

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

Hong Kong, 8 April 2014

As at the date of this announcement, (a) the executive directors of NWD are 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) the non-executive directors of NWD are Mr. Doo Wai Hoi, William and Mr. Cheng Kar Shing, Peter; and (c) the independent non-executive directors of NWD are 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 Bui, Thomas.

As at the date of this announcement, (a) the executive directors of NWS 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 directors of NWS are Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (c) the independent non-executive directors of NWS are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Wilfried Ernst Kaffenberger (alternate director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun Wah, David) and Mr. Lee Yiu Kwong, Alan.

* For identification purposes only