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JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

Reference is made to the voluntary announcement of NWS dated 15 February 2016 in relation to the strategic review over its wholly-owned interest in NWS Kwai Chung Logistics Centre. The respective boards of directors of NWD and NWS are pleased to announce that on 20 June 2016, the Vendor (an indirect wholly-owned subsidiary of NWS) and the Vendor's Guarantor (a direct wholly-owned subsidiary of NWS) entered into the Sale and Purchase Agreement with the Purchaser and the Purchaser's Guarantor in respect of the disposal of Shine Fame (an investment holding company which holds the entire interest in the Property where NWS Kwai Chung Logistics Centre is situated) and the Assignment of Debt at an aggregate cash consideration of HK\$3.75 billion.

The gain arising from the Disposal will be largely recognized by means of fair value gain of approximately HK\$0.85 billion in the financial year ending 30 June 2016.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25% for each of NWD and NWS, the Disposal constitutes a discloseable transaction for each of NWD and NWS that is subject to the notification and announcement requirements under Rule 14.34 of the Listing Rules, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the voluntary announcement of NWS dated 15 February 2016 in relation to the strategic review over its wholly-owned interest in NWS Kwai Chung Logistics Centre, a long-term investment property owned by NWS Group.

The respective boards of directors of NWD and NWS are pleased to announce that on 20 June 2016, the Vendor (an indirect wholly-owned subsidiary of NWS) and the Vendor's Guarantor (a direct wholly-owned subsidiary of NWS) entered into the Sale and Purchase Agreement with the Purchaser and the Purchaser's Guarantor in respect of the disposal of Shine Fame (an investment holding company which holds the entire interest in the Property where NWS Kwai Chung Logistics Centre is situated) and the Assignment of Debt at an aggregate cash consideration of HK\$3.75 billion.

Set out below are the major terms of the Sale and Purchase Agreement.

MAJOR TERMS OF THE SALE AND PURCHASE AGREEMENT

Date

20 June 2016

Parties

1. Vendor: NWS FM Limited
2. Purchaser: Delaware Industrial Limited
3. Vendor's Guarantor: NWS Service Management Limited (新創建服務管理有限公司)
4. Purchaser's Guarantor: China Resources Enterprise, Limited (華潤創業有限公司)

The Disposal

Pursuant to the Sale and Purchase Agreement, the Disposal shall comprise the Share Sale from the Vendor to the Purchaser, and the Assignment of Debt (such debt being the aggregate loans which have been advanced by the Vendor's Guarantor to Shine Fame) by the Vendor's Guarantor to the Purchaser (or its nominee).

Consideration

The Consideration payable by the Purchaser to the Vendor (or its nominee(s)) is HK\$3.75 billion, which is subject to adjustments based on the net current assets or liabilities (as the case may be) of Shine Fame as at the date of Completion.

The aggregate sum of the Consideration is payable by the Purchaser in cash as follows:

- (1) the Deposit, within five business days after the date of the Sale and Purchase Agreement; and
- (2) the Balance, on the date of Completion.

The Consideration is also subject to the Post-Completion Adjustment.

The Consideration was determined after arm's length negotiations between the parties having regard to the assets and liabilities of Shine Fame. Please refer to the section headed "Reasons for, and Benefits of, the Disposal" below for further information.

Completion

The Share Sale and the Assignment of Debt will be completed simultaneously, and Completion is expected to take place on or before 31 August 2016, or such other date as mutually agreed between the Vendor and the Purchaser in writing.

Completion is conditional upon the representations and warranties made by the Vendor and the Vendor's Guarantor in respect of the Share and such loans to be assigned under the Assignment of Debt remain true and accurate and there being no serious damage to the Property or a substantial part of it prior to Completion. If these conditions are not satisfied, the Purchaser is not obliged to proceed with Completion and is entitled to have the Deposit returned.

Undertaking to the Government

Regarding a guarantee provided by the Vendor's Guarantor to the Hong Kong Government in relation to the development of the Property, prior to a release of this guarantee being obtained, (i) the Purchaser is required to give and/or use its best endeavours to procure a member of the Purchaser's group (the "**Replacement Guarantor**") to give a guarantee in favour of the Hong Kong Government upon the Vendor's demand; and (ii) the Purchaser's Guarantor shall execute a back-to-back guarantee in favour of the Vendor's Guarantor upon signing of the Sale and Purchase Agreement.

Guarantee from the Purchaser's Guarantor

The Purchaser's Guarantor entered into the Sale and Purchase Agreement to guarantee the due performance and observance by (i) the Purchaser and/or the Replacement Guarantor of their obligations, covenants, undertakings and warranties, and has agreed to fully indemnify the Vendor and/or the Vendor's Guarantor against all of their losses, liabilities, damages, costs and expenses arising from the Purchaser's and/or the Replacement Guarantor's breach or default in performing and observing the aforesaid undertaking to the Hong Kong Government; and (ii) the Purchaser of its obligations, covenants, undertakings and warranties, and has agreed to fully indemnify the Vendor against all of its losses, liabilities, damages, costs and expenses arising from the Purchaser's breach or default in performance of its obligations, covenants, undertakings and warranties under the Sale and Purchase Agreement.

Guarantee from the Vendor's Guarantor

The Vendor's Guarantor entered into the Sale and Purchase Agreement to guarantee the due performance and observance by the Vendor of its obligations, covenants, undertakings and warranties, and has agreed to fully indemnify the Purchaser against all of its losses, liabilities, damages, costs and expenses arising from the Vendor's breach or default in performance of its obligations, covenants, undertakings and warranties under the Sale and Purchase Agreement.

Deed of Tax Indemnity

The Vendor and the Vendor's Guarantor will enter into a deed of tax indemnity with and in favour of the Purchaser and Shine Fame, pursuant to which the Vendor and the Vendor's Guarantor agree to indemnify the Purchaser and Shine Fame from and against certain tax liabilities of Shine Fame prior to the deed, subject to the terms and limitations therein.

REASONS FOR, AND BENEFITS OF, THE DISPOSAL

The Disposal will be a good opportunity for NWS Group to realize its long-term investment in the Property. By unlocking the value in the Property through the Disposal, NWS Group realizes cash resources to fund its general working capital as well as other investment projects which will further enhance the shareholder value of NWD and NWS.

The Property has been accounted for as an investment property by NWS Group which is carried at fair value. The Consideration reflects the prevailing market value of the Property, which in turn approximates the carrying value of Shine Fame. The gain arising from the Disposal will be largely recognized by means of fair value gain of approximately HK\$0.85 billion in the financial year ending 30 June 2016.

Upon Completion, Shine Fame will cease to be a subsidiary of each of NWD and NWS, and the financial results of Shine Fame will cease to be consolidated as a subsidiary with the group financial results of NWD Group and NWS Group, respectively.

The NWD Directors (including the independent non-executive directors of NWD) and the NWS Directors (including the independent non-executive directors of NWS) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair, reasonable and in the interests of NWD Group, NWS Group and their respective shareholders as a whole.

INFORMATION ON THE PARTIES

NWD Group

NWD Group (including NWS Group) is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, services and technology. NWD is the ultimate holding company of NWS and is, together with certain of its subsidiaries, interested in approximately 61.32% of the total issued share capital of NWS as at the date of this announcement.

NWS Group

NWS Group is principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, construction, transport and strategic investments.

The Vendor and the Vendor's Guarantor

Both the Vendor and the Vendor's Guarantor are investment holding companies which are wholly-owned subsidiaries of NWS.

The Purchaser and the Purchaser's Guarantor

The Purchaser, being a wholly-owned subsidiary of the Purchaser's Guarantor (together with its subsidiaries) is principally engaged in the investment, operation and/or management of logistics facilities in Hong Kong.

The Purchaser's Guarantor is China Resources Enterprise, Limited, which is a wholly-owned subsidiary of China Resources (Holdings) Company Limited. The Purchaser's Guarantor is the holding company of Hong Kong listed China Resources Beer (Holdings) Company Limited and is principally engaged in beer, food, beverage, investment properties, logistics businesses and the operation of the coffee chain Pacific Coffee.

To the best knowledge, information and belief of the NWD Directors and the NWS Directors having made all reasonable enquiries, each of the Purchaser, the Purchaser's Guarantor and their respective ultimate beneficial owners is a third party independent of NWD, NWS and their respective connected persons.

Shine Fame

Shine Fame, a direct wholly-owned subsidiary of the Vendor, is an investment holding company and the owner of the Property.

According to the audited financial statements of Shine Fame for the financial year ended 30 June 2015, the net asset value of Shine Fame as of 30 June 2015 amounted to approximately HK\$1,009.7 million; and the net profit before and after taxation for the financial years ended 30 June 2014 and 30 June 2015 are set out below:

	For the financial year ended 30 June	
	2014	2015
	HK\$	HK\$
	(million)	(million)
Net profit before taxation	145.1 [#]	292.7 [#]
Net profit after taxation	131.0 [#]	279.2 [#]

[#] *The Property is accounted for as an investment property of Shine Fame which is carried at fair value in accordance with Hong Kong Financial Reporting Standards. The figures include fair value gains on the Property as a result of the increase in valuation during the relevant financial years.*

LISTING RULES IMPLICATIONS

As at the date of this announcement, both the Vendor and the Vendor's Guarantor are wholly-owned subsidiaries of NWS. NWS is a subsidiary of NWD. As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25% for each of NWD and NWS, the Disposal constitutes a discloseable transaction for each of NWD and NWS that is subject to the notification and announcement requirements under Rule 14.34 of the Listing Rules, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITION

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meaning:

“Assignment of Debt”	the assignment by the Vendor’s Guarantor to the Purchaser (or its nominee) at Completion of all the aggregate loans which have been advanced by the Vendor’s Guarantor to Shine Fame including all principal and other sums payable by Shine Fame in respect of the loans (but excluding interest accrued prior to Completion in respect of the loans), as contemplated under the Sale and Purchase Agreement;
“Balance”	the amount payable by the Purchaser to the Vendor (or its nominee(s)) on the date of Completion, which is equal to the Consideration as adjusted by the net current assets or liabilities (as the case may be) of Shine Fame as at the date of Completion (as set out in its draft unaudited accounts for the period from 1 July 2016 to the date of Completion), less the amount of Deposit;
“Completion”	completion of the Disposal;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	the aggregate consideration for the Disposal in the amount of HK\$3.75 billion payable by the Purchaser in cash to the Vendor (or its nominee(s)) in accordance with the Sale and Purchase Agreement;
“Deposit”	the deposit of HK\$375 million, being 10% of the Consideration, to be paid by the Purchaser to the Vendor (or its nominee(s)) within five business days after the date of the Sale and Purchase Agreement, which shall constitute part payment of the Consideration;
“Disposal”	collectively the Share Sale and Assignment of Debt, as contemplated under the Sale and Purchase Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China;

“Hong Kong Government”	the government of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17);
“NWD Directors”	the directors of NWD;
“NWD Group”	NWD and its subsidiaries from time to time;
“NWS”	NWS Holdings Limited (新創建集團有限公司*), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659);
“NWS Directors”	the directors of NWS;
“NWS Group”	NWS and its subsidiaries from time to time;
“Post-Completion Adjustment”	the amount being the difference between (i) the net current assets or liabilities (as the case may be) of Shine Fame as at the date of Completion (as set out in its draft unaudited accounts for the period from 1 July 2016 to the date of Completion); and (ii) the net current assets or liabilities (as the case may be) of Shine Fame as at the date of Completion (as set out in its audited accounts for the period from 1 July 2016 to the date of Completion, such audited accounts to be completed and delivered to each of the Vendor and the Purchaser within 60 days after date of Completion), the shortfall or excess of which is payable by the Purchaser or the Vendor (as the case may be) within ten business days after the receipt by the Vendor and the Purchaser of the audited accounts above, failing which an interest at 5% per annum on such shortfall/excess amount shall be payable by the defaulting party;
“Property”	the piece or parcel of ground registered in the Land Registry of Hong Kong as KWAI CHUNG TOWN LOT NO. 507, together with the messuage(s) erection(s) and building(s) thereon known as No. 2 Tat Mei Road, Kwai Chung, New Territories, Hong Kong, where NWS Kwai Chung Logistics Centre is situated and which is wholly-owned by Shine Fame;

“Purchaser”	Delaware Industrial Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by the Purchaser’s Guarantor;
“Purchaser’s Guarantor”	China Resources Enterprise, Limited (華潤創業有限公司), a company incorporated in Hong Kong with limited liability;
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Disposal entered into among the Vendor, the Purchaser, the Vendor’s Guarantor and the Purchaser’s Guarantor on 20 June 2016;
“Share”	one share of par value of US\$1.00 of Shine Fame, which represents the entire issued share capital of Shine Fame;
“Share Sale”	the sale by the Vendor to the Purchaser of the Share as contemplated under the Sale and Purchase Agreement;
“Shine Fame”	Shine Fame Holdings Limited (耀名控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by the Vendor prior to Completion;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed thereto in the Listing Rules;
“Vendor”	NWS FM Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by the Vendor’s Guarantor; and
“Vendor’s Guarantor”	NWS Service Management Limited (新創建服務管理有限公司), a company incorporated in the Cayman Islands with limited liability, which is wholly-owned by NWS.

By order of the board of directors of
New World Development Company Limited
(新世界發展有限公司)
Dr. Cheng Kar Shun, Henry
Chairman

By order of the board of directors of
NWS Holdings Limited
(新創建集團有限公司*)
Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 20 June 2016

As at the date of this announcement, (a) the executive directors of NWD are Dr. Cheng Kar Shun, Henry, Dr. 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. Hui Hon Chung, Mr. Cheung Chin Cheung and Mr. Cheng Chi Ming, Brian; (b) the non-executive directors of NWS are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai, Mr. Lam Wai Hon, Patrick and Mr. William Junior Guilherme Doo; 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. Lee Yiu Kwong, Alan and Mrs. Oei Fung Wai Chi, Grace.

** For identification purposes only*