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## **COMPLETION OF THE ACQUISITION AND CONTINUING CONNECTED TRANSACTIONS**

### **COMPLETION OF THE ACQUISITION**

Reference is made to the Joint Announcement in relation to the Acquisition. The NWD Board and the NWCL Board are pleased to announce that all the conditions precedent to the Completion have been fulfilled and the transaction contemplated under the Sale and Purchase Agreement has been completed on 19 December 2013. Immediately following Completion, the PHHL Group has become wholly-owned subsidiaries of NWCL, and subsidiaries of NWD.

### **CONTINUING CONNECTED TRANSACTIONS**

Prior to Completion, PHGG has entered into the Hotel Agreements with the Owners, the subsidiaries of CTF Enterprises, in the ordinary course of its business. As a result of PHGG becoming a wholly-owned subsidiary of the NWCL Group upon Completion, the services to be provided to the Owners under these Hotel Agreements will be provided by the NWCL Group through PHGG.

As at the date of this announcement, CTF Enterprises holds approximately 42.54% of the total issued share capital of NWD, while NWD holds approximately 69.74% attributable interest in the total issued share capital of NWCL and is a substantial shareholder of NWCL. CTF Enterprises is therefore considered as a connected person of NWCL. The Owners, being subsidiaries of CTF Enterprises, are also considered as connected persons of NWCL. Accordingly, the Hotel Agreements constitute continuing connected transactions for NWCL under Chapter 14A of the Listing Rules upon Completion.

Since NWD holds approximately 69.74% attributable interest in the total issued share capital of NWCL, the Hotel Agreements also constitute continuing connected transactions for NWD under Chapter 14A of the Listing Rules upon Completion.

This announcement is made and details of the Hotel Agreements are disclosed pursuant to Rule 14A.41 of the Listing Rules. Each of NWD and NWCL will comply with the annual review requirement under Chapter 14A of the Listing Rules in respect of the Hotel Agreements and comply with applicable reporting, announcement and, if applicable, independent shareholder's approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the terms of the Hotel Agreements.

## **COMPLETION OF THE ACQUISITION**

Reference is made to the Joint Announcement in relation to the Acquisition. The NWD Board and the NWCL Board are pleased to announce that all the conditions precedent to the completion of the Sale and Purchase Agreement have been fulfilled and the transaction contemplated under the Sale and Purchase Agreement has been completed on 19 December 2013.

## **CONTINUING CONNECTED TRANSACTIONS**

### **Background**

Prior to Completion, PHGG has entered into the Hotel Agreements with each of the Owners relating to the management of the Hotels and the grant of the licence to use the "Penta" brand name in its ordinary course of business. Details of the Hotel Agreements are set out as follows.

#### *(a) Hotel Management Agreements*

PHGG has entered into 24 Hotel Management Agreements with the respective Owners of the Hotels with substantially the same terms, details of which are as follows:

Dates:	Divers dates between February 2007 and March 2013
Parties:	Various subsidiaries of CTF Enterprises as Owners PHGG as manager
Scope of the services:	Supervising, directing and controlling the management and operation of the Hotels by PHGG as manager pursuant to the terms of the respective Hotel Management Agreements.
Locations of the Hotels:	Germany, the United Kingdom, Belgium, Czech Republic and Austria.

Term: The term of the respective Hotel Management Agreements are as follows:

- (i) for those 15 Hotels which are owned by the Owners, 15 years from the respective effective dates of the Hotel Management Agreements, which expiry dates shall fall on divers dates between 2026 and 2028; or
- (ii) for those 9 Hotels which are leased by the Owners, from the respective effective dates of the Hotel Management Agreements to the termination of the Lease Agreements, which shall fall on divers dates between 2016 and 2032.

Services fees: Under the Hotel Management Agreements, PHGG will be entitled to:

- (i) a base management fee of 1% of the gross revenues of the respective Hotels; and
- (ii) an incentive management fee of 4% of the gross operating profit of the respective Hotels (i.e. gross revenues less expenses).

Termination: The Hotel Management Agreements are coterminous with the Licence and Royalty Agreements.

*(b) Licence and Royalty Agreements*

PHGG has entered into 24 Licence and Royalty Agreements with the same Owners under each of the respective Hotel Management Agreements with substantially the same terms, details of which are as follows:

Dates: Divers dates between February 2007 and March 2013

Parties: PHGG as licensor

The respective Owners as licensees

Subject matter: The grant of a sublicense by PHGG to each respective Owner to use the “Penta” brand name in connection with the goods and services offered in the Hotels.

Term: The term of the Licence and Royalty Agreement is the same as the term of the Hotel Management Agreement in respect of the same Hotel.

Royalty fees:	Under the Licence and Royalty Agreement, PHGG will be entitled to a royalty fee of 1/12 <sup>th</sup> of 1% of the gross revenues of the respective Hotels.
Termination:	The Licence and Royalty Agreements are coterminous with the Hotel Management Agreements.

## **REASONS FOR AND BENEFITS OF THE HOTEL AGREEMENTS**

PHGG manages hotels in Europe principally under the “Penta” brand name. The Hotel Agreements were entered into by PHGG in its ordinary and usual course of business and the transactions contemplated thereunder are of recurrent nature. For the purpose of maintaining continuity to assure the fulfillment of any existing contractual obligations or any contractual commitments of PHGG, the Hotel Agreements shall continue in full force and effect after Completion in accordance with the terms of the relevant Hotel Agreements.

As far as the directors of NWD (including the independent non-executive directors of NWD) are aware, the Hotel Agreements were arrived at after arm’s length negotiation between PHGG and the respective Owners. The directors of NWD (including the independent non-executive directors of NWD) consider that the terms of the Hotel Agreements are on normal commercial terms, fair and reasonable and in the interests of NWD and its shareholders as a whole.

As far as the directors of NWCL (including the independent non-executive directors of NWCL) are aware, the Hotel Agreements were arrived at after arm’s length negotiation between PHGG and the respective Owners. The directors of NWCL (including the independent non-executive directors of NWCL) consider that the terms of the Hotel Agreements are on normal commercial terms, fair and reasonable and in the interests of NWCL and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Prior to Completion, PHGG has entered into the Hotel Agreements with the Owners, the subsidiaries of CTF Enterprises, in the ordinary course of its business. As a result of PHGG becoming a wholly-owned subsidiary of the NWCL Group upon Completion, the services to be provided to the Owners under these Hotel Agreements will be provided by the NWCL Group through PHGG.

As at the date of this announcement, CTF Enterprises holds approximately 42.54% of the total issued share capital of NWD, while NWD holds approximately 69.74% attributable interest in the total issued share capital of NWCL and is a substantial shareholder of NWCL. CTF Enterprises is therefore considered as a connected person of NWCL. The Owners, being subsidiaries of CTF Enterprises, are also considered as connected persons of NWCL. Accordingly, the Hotel Agreements constitute continuing connected transactions for NWCL under Chapter 14A of the Listing Rules upon Completion.

Since NWD holds approximately 69.74% attributable interest in the total issued share capital of NWCL, the Hotel Agreements also constitute continuing connected transactions for NWD under Chapter 14A of the Listing Rules upon Completion.

This announcement is made and details of the Hotel Agreements are disclosed pursuant to Rule 14A.41 of the Listing Rules. Each of NWD and NWCL will comply with the annual review requirement under Chapter 14A of the Listing Rules in respect of the Hotel Agreements and comply with applicable reporting, announcement and, if applicable, independent shareholder's approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the term of the Hotel Agreements.

## **GENERAL**

The PHHL Group is principally engaged in the business of hotel management in various locations in European countries, consisting Germany, the United Kingdom, Belgium, Czech Republic and Austria. As at the date of this announcement, the PHHL Group provides hotel management services to a total of 24 hotels.

To the best knowledge of the NWD Board and the NWCL Board, each of the Owners is the owner or the lessee of the sites of the respective Hotels. Each of the Owners is owned, either directly or indirectly, by Hotel Property Investments (B.V.I.) Limited, which is an indirect subsidiary of CTF Enterprises.

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

The NWCL Group is principally engaged in property development, property investment and rental and hotel operation in the PRC, as well as hotel management business.

## **DEFINITIONS**

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

<b>“Acquisition”</b>	the acquisition of the entire issued share capital of PHHL by NWHM in accordance with the Sale and Purchase Agreement
<b>“BVI”</b>	the British Virgin Islands
<b>“Completion”</b>	completion of the transaction under the Sale and Purchase Agreement
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules

<b>“CTF Enterprises”</b>	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability and is a substantial shareholder of NWD
<b>“CTF Holdings”</b>	CTF Holdings Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by CTF Enterprises
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Hotels”</b>	the hotels located in various sites in Austria, Belgium, Czech Republic, Germany and the United Kingdom which are operated by PHGG and owned or leased by the Owners
<b>“Hotel Agreements”</b>	the Hotel Management Agreements and the Licence and Royalty Agreements
<b>“Hotel Management Agreements”</b>	the management agreements entered into by PHGG as manager and the relevant Owners as owner in relation to the management of the Hotels by PHGG, details of the management agreements are set out in the paragraph headed “Continuing Connected Transaction – (a) Hotel Management Agreements” of this announcement
<b>“Joint Announcement”</b>	the joint announcement dated 16 December 2013 issued by NWD and NWCL in relation to the Acquisition
<b>“Licence and Royalty Agreements”</b>	the license and royalty agreements entered into between PHGG as licensor and the relevant Owners as licensees, details of the license and royalty agreements are set out in the paragraph headed “Continuing Connected Transaction – (b) Licence and Royalty Agreements” of this announcement
<b>“Lease Agreements”</b>	the lease agreements entered into between the respective Owners and the relevant landlord in respect of certain sites of the Hotels
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange

<b>“NWCL”</b>	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 917)
<b>“NWCL Board”</b>	the board of directors of NWCL
<b>“NWCL Group”</b>	NWCL and its subsidiaries
<b>“NWD”</b>	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 17)
<b>“NWD Board”</b>	the board of directors of NWD
<b>“NWD Group”</b>	NWD and its subsidiaries
<b>“NWHM”</b>	New World Hotel Management (BVI) Limited, a company incorporated under the laws of the BVI with limited liability and indirectly wholly-owned by NWCL
<b>“Owners”</b>	the respective owners of the Hotels which are parties to the respective Hotel Management Agreements and Licence and Royalty Agreements, all being subsidiaries of CTF Enterprises
<b>“PHGG”</b>	Penta Hotels Germany GmbH, a company incorporated under the laws of Germany and a wholly-owned subsidiary of PHHL
<b>“PHHL”</b>	Penta Hotel Holdings Limited, a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of NWHM
<b>“PHHL Group”</b>	PHHL and PHGG
<b>“Sale and Purchase Agreement”</b>	the sale and purchase agreement dated 16 December 2013 entered into between CTF Holdings as vendor and NWHM as purchaser in respect of the Acquisition
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it in the Listing Rules

“%”

per cent

By order of the board of  
**New World Development Company Limited**  
**Wong Man-hoi**  
*Company Secretary*

By order of the board of  
**New World China Land Limited**  
**Ngan Man-ying, Lynda**  
*Company Secretary*

Hong Kong, 19 December 2013

*As at the date of this announcement, the NWD Board comprises the following members: the executive Directors 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; the non-executive Directors are Mr. Doo Wai-hoi, William and Mr. Cheng Kar-shing, Peter; and the independent non-executive Directors 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-biu, Thomas.*

*As at the date of this announcement, the NWCL Board comprises the following members: the executive Directors are Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Ms. Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; and the independent non-executive Directors are Dr. Cheng Wai-chee, Christopher, Hon. Tien Pei-chun, James, Mr. Lee Luen-wai, John and Mr. Ip Yuk-keung, Albert.*