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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)

 **New World China Land Limited**
新世界中國地產有限公司
(incorporated in Cayman Islands with limited liability)
(Stock Code: 917)

CONNECTED TRANSACTION

ACQUISITION OF A HOTEL MANAGEMENT COMPANY

On 16 December 2013, NWHM, an indirect wholly-owned subsidiary of NWCL, entered into the Sale and Purchase Agreement with CTF Holdings, a wholly-owned subsidiary of CTF Enterprises, pursuant to which NWHM agrees to acquire and CTF Holdings agrees to sell the entire issued share capital of PHHL at the consideration of €13,536,000 (equivalent to approximately HK\$144,835,200). Such consideration will be fully settled by NWHM in cash. The PHHL Group is principally engaged in the business of hotel management in Europe.

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. CTF Holdings, being a company wholly and beneficially owned by CTF Enterprises, is also considered as a connected person of NWCL. Accordingly, the Acquisition constitutes a connected transaction for NWCL under Chapter 14A of the Listing Rules.

Since NWD holds approximately 69.74% attributable interest in the total issued share capital of NWCL, the Acquisition also constitutes a connected transaction for NWD under Chapter 14A of the Listing Rules.

Since more than one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but all of them are less than 5% for each of NWD and NWCL, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for each of NWD and NWCL.

THE SALE AND PURCHASE AGREEMENT

Date

16 December 2013

Parties

- (1) CTF Holdings as vendor; and
- (2) NWHM as purchaser

Assets to be acquired

The Sale Shares, representing the entire issued share capital of PHHL.

Consideration

The consideration is €13,536,000 (equivalent to approximately HK\$144,835,200), which shall be paid by NWHM as follows:

- (a) €2,707,200 (equivalent to approximately HK\$28,967,040), being 20% of the consideration, is payable within 3 business days after the date of the Sale and Purchase Agreement; and
- (b) the balance of €10,828,800 (equivalent to approximately HK\$115,868,160) is payable at Completion.

The consideration was determined after arm's length negotiation between CTF Holdings and NWHM with reference to the business enterprise value of the PHHL Group which was assessed at the range of €8,800,000 (equivalent to HK\$94,160,000) to €17,900,000 (equivalent to HK\$191,530,000) as at 31 July 2013 by an independent valuer.

The consideration will be fully settled in cash and funded by internal resources of NWCL.

COMPLETION

Completion shall take place on or before 31 December 2013 (or such other date as CTF Holdings and NWHM may agree in writing). Upon Completion, PHHL will become an indirect wholly-owned subsidiary of NWCL.

CONDITIONS PRECEDENT

Completion of the Acquisition is subject to, among other things, the fulfilment of the following conditions:

- (a) all approval and consents of the respective board of directors of CTF Holdings, NWHM, NWD and NWCL, and any approvals and consents required of NWD and NWCL pursuant to the Listing Rules; and
- (b) the warranties given by CTF Holdings not being untrue or inaccurate or misleading at Completion which results in a material adverse change to the PHHL Group.

INFORMATION ON PHL GROUP

PHHL is a company incorporated in the BVI with limited liability and an investment holding company. As at the date of this announcement, CTF Holdings holds the entire interest in PHHL and PHHL holds the entire interest in PHGG, a company incorporated in Germany with limited liability which 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, PHGG is providing hotel management services to a total of 24 hotels.

As at 31 December 2012, the unaudited consolidated net asset value of PHHL was approximately US\$486,000 (equivalent to approximately HK\$3,781,080). The original purchase cost of PHHL is not available as the business of the PHHL Group was developed by the PHHL Group.

For the two financial years ended 31 December 2011 and 31 December 2012, the unaudited consolidated net (loss) / profits (both before and after taxation) of PHHL were as follows:

	For the year ended 31 December 2012	For the year ended 31 December 2011
	<i>US\$</i>	<i>US\$</i>
Consolidated net (loss) / profit before and after taxation	112,205 (equivalent to approximately HK\$872,955)	(560,023) (equivalent to approximately HK\$(4,356,980))

REASONS FOR AND BENEFITS OF THE ACQUISITION

The PHHL Group manages hotels in Europe principally under the “Penta” brand name. It has positioned itself as a hotel management group which offers innovative concept and neighbourhood lifestyle in the hospitality industry that are translated into a unique mixture of simplicity, functionality and creativity in the management, design and operation of the hotels under its management. Supported by its experienced hotel management team and comprehensive sales and marketing and reservation platforms, the PHHL Group manages a total of 24 hotels in Europe which provide a stable source of revenue. Each of the NWD Board and the NWCL Board considers that the Acquisition will broaden the business and income base of the NWCL Group and will provide a favourable strategic investment opportunity to the NWCL Group to achieve multi-brand integration and synergetic initiatives in collaboration with the existing hotel management arm of the NWCL Group.

The directors of NWCL (including the independent non-executive directors of NWCL) consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of NWCL and its shareholders as a whole.

The directors of NWD (including the independent non-executive directors of NWD) consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of NWD and its shareholders as a whole.

GENERAL

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. NWHM is an investment holding company.

To the best knowledge of the NWD Board and the NWCL Board, CTF Holdings is an investment holding company.

BOARD'S APPROVAL

The Sale and Purchase Agreement has been approved by the NWD Board, none of the directors of NWD has a material interest in the Acquisition or is required to abstain from voting on the resolutions of the NWD Board to approve the Sale and Purchase Agreement and the Acquisition. Dr. Cheng Kar-shun, Henry who was present at the meeting of the executive committee of the NWD Board voluntarily abstained from voting on the board resolutions to approve the Sale and Purchase Agreement and the Acquisition.

The Sale and Purchase Agreement has been approved by the NWCL Board, none of the directors of NWCL has a material interest in the Acquisition or is required to abstain from voting on the resolutions of the NWCL Board to approve the Sale and Purchase Agreement and the Acquisition. Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter who were present at the meeting of the NWCL Board voluntarily abstained from voting on the resolutions of the NWCL Board to approve the Sale and Purchase Agreement and the Acquisition.

LISTING RULES IMPLICATIONS

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. CTF Holdings, being a company wholly and beneficially owned by CTF Enterprises, is also considered as a connected person of NWCL. Accordingly, the Acquisition constitutes a connected transaction for NWCL under Chapter 14A of the Listing Rules.

Since NWD holds approximately 69.74% attributable interest in the total issued share capital of NWCL, the Acquisition also constitutes a connected transaction for NWD under Chapter 14A of the Listing Rules.

Since more than one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but all of them are less than 5% for each of NWD and NWCL, the Acquisition is subject to the reporting and announcement

requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for each of NWD and NWCL.

As at the date of the Sale and Purchase Agreement, there are certain ongoing, continuing or recurring transactions between certain group members of CTF Enterprises on the one hand and PHGG on the other hand. It is expected that these transactions will continue after Completion and would constitute continuing connected transactions for each of NWD and NWCL immediately after Completion. Each of NWD and NWCL will comply with the requirements of the relevant Listing Rules in respect of these continuing connected transactions, where applicable. Further announcement will be made by each of NWD and NWCL as and when appropriate in accordance with the requirements of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of PHHL by NWHM in accordance with the Sale and Purchase Agreement
“BVI”	the British Virgin Islands
“Completion”	completion of the Acquisition
“connected person”	has the meaning ascribed to it in the Listing Rules
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability and is a substantial shareholder of NWD
“CTF Holdings”	CTF Holdings Limited, a company incorporated under the laws of the BVI with limited liability and beneficially and wholly owned by CTF Enterprises
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWCL”	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)
“NWCL Board”	the board of directors of NWCL

“NWCL Group”	NWCL and its subsidiaries
“NWD”	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)
“NWD Board”	the board of directors of NWD
“NWD Group”	NWD and its subsidiaries
“NWHM”	New World Hotel Management (BVI) Limited, a company incorporated under the laws of the BVI with limited liability and indirectly wholly-owned by NWCL
“percentage ratios”	has the meaning ascribed to it in the Listing Rules
“PHGG”	Penta Hotels Germany GmbH, a company incorporated under the laws of Germany with limited liability and a wholly-owned subsidiary of PHHL
“PHHL”	Penta Hotel Holdings Limited, a company incorporated under the laws of the BVI with limited liability
“PHHL Group”	PHHL and PHGG
“Sale and Purchase Agreement”	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
“Sale Shares”	1,000 shares of US\$1 each, representing the entire issued share capital of PHHL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“€”	Euro, the lawful currency of the member states of the European Union
“%”	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, 16 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.

For the purpose of this announcement, the translation of Euro into HK\$ is based on the approximate exchange rate of €1=HK\$10.70; and the translation of US\$ into HK\$ is based on the approximate exchange rate of US\$1 = HK\$7.78.