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**(Stock Code: 0017)**

## **ANNOUNCEMENT**

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS JOINT VENTURE ARRANGEMENTS IN RESPECT OF THE DEVELOPMENT OF FOUR PARCELS OF LAND IN SHENZHEN**

The Board is pleased to announce the successful bidding for the Acquisitions by Triumphant Ally (a 51% indirect subsidiary of the Company and a joint venture vehicle with CMSIZ) and the Capital Injections by Guangzhou Xinpei (an indirect wholly-owned subsidiary of the Company) on 8 December 2016. The public tenders for the Acquisitions and Capital Injections were put up by CMSIZ which, until completion of the Acquisitions and the Capital Injections, owns the entire issued share capital of Gao Li and Ever Reliance and the entire equity interest in Shangding and Lewan. It was a condition of the public tenders that the Acquisitions and the Capital Injections shall be bundled together and be awarded to bidders in the same group. The Company will jointly develop the Lands with CMSIZ in the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements. The joint venture vehicle in the Offshore Joint Venture Arrangement will be Triumphant Ally. The joint venture vehicles in the Onshore Joint Venture Arrangements will be Shangding and Lewan after the Capital Injections.

#### **LISTING RULES IMPLICATIONS**

The initial establishment of the Triumphant Ally joint venture between Keen Link and Excel Steps pursuant to the TAI Agreement did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules as all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) was less than 5% as at the date of the TAI Agreement.

Following the establishment of the Triumphant Ally joint venture pursuant to the TAI Agreement, Triumphant Ally is owned by Keen Link (an indirect wholly-owned subsidiary of the Company) and Excel Steps (an indirect wholly-owned subsidiary of CMSIZ) as to 51% and 49%, respectively. Excel Steps is a substantial shareholder of Triumphant Ally and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. CMSIZ, as the ultimate holding company of Excel Steps, is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Accordingly, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements will be entered into with Excel Steps and CMSIZ within a 12-month period and the Lands are adjacent to each other, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are required to be aggregated under Rules 14.22, 14.23, 14A.81 and 14A.82 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements calculated with reference to the total capital commitment of the Company, on an aggregated basis, is above 5% but less than 25%, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements constitute (i) discloseable transactions of the Company subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements when aggregated with the initial establishment of the Triumphant Ally joint venture constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules since the highest applicable percentage ratio is above 5% but less than 25%.

Since (i) Excel Steps and CMSIZ are connected persons at the subsidiary level of the Company; (ii) the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are on normal commercial terms; (iii) the Board has approved the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements; and (iv) the independent non-executive Directors have confirmed that the terms of the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are fair and reasonable, and they are on normal commercial terms and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are exempt from the circular, independent financial advice and shareholders' approval requirements and only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce the successful bidding for the Acquisitions by Triumphant Ally (a 51% indirect subsidiary of the Company and a joint venture vehicle with CMSIZ) and the Capital Injections by Guangzhou Xinpei (an indirect wholly-owned subsidiary of the Company) on 8 December 2016. The public tenders for the Acquisitions and Capital Injections were put up by CMSIZ which, until completion of the Acquisitions and the Capital Injections, owns the entire issued share capitals of Gao Li and Ever Reliance and the entire equity interest in Shangding and Lewan. It was a condition of the public tenders that the Acquisitions and the Capital Injections shall be bundled together and be awarded to bidders in the same group. The Company will jointly develop the Lands with CMSIZ in the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements. The joint venture vehicle in the Offshore Joint Venture Arrangement will be Triumphant Ally. The joint venture vehicles in the Onshore Joint Venture Arrangements will be Shangding and Lewan after the Capital Injections.

## **OFFSHORE JOINT VENTURE ARRANGEMENT**

### **Acquisitions**

The successful bidder for the Acquisitions, i.e. Triumphant Ally, is owned as to 51% by Keen Link (an indirect wholly-owned subsidiary of the Company) and as to 49% by Excel Steps (an indirect wholly-owned subsidiary of CMSIZ). It was formed for the purpose of participating in the acquisitions for domestic and foreign real estate projects.

Upon completion of the Acquisitions, Triumphant Ally will own the entire interest in the issued share capital of Gao Li and Ever Reliance which through their respective subsidiaries hold the entire interest in the land use rights to the GL Land and the ER Land, respectively.

According to the terms of the TAI Agreement, the board of directors of Triumphant Ally, Gao Li and Ever Reliance shall consist of five (5) directors, among which three (3) shall be appointed by Keen Link and two (2) shall be appointed by Excel Steps. Funding for the conduct of the business of Triumphant Ally shall primarily be by way of issued share capital of Triumphant Ally, loans from financial institutions and shareholders' loans. Shareholders' loans and guarantees to be provided by the shareholders of Triumphant Ally shall be proportionate to their shareholding interest in Triumphant Ally according to the TAI Agreement.

### **Information about the GL Land and the ER Land**

The GL Land and the ER Land will be used for the development of long-term commercial properties held for investment purposes.

#### ***GL Land***

DY04-01 plot of land situated in Prince Bay, Shekou, Nanshan District, Shenzhen, Guangdong province, PRC, occupying a site area of 32,581.85 square metres with maximum plot ratio of 3.85, the use of land is for commercial and recreational purposes. CMSIZ acquired the land use rights to the Prince Bay area including GL Land through a public tender, auction and listing-for-sale process, the relevant acquisition cost of land use rights to GL Land was approximately RMB336.2 million. The term of the land use rights of the GL Land is 40 years, expected to commence from October 2016.

#### ***ER Land***

DY04-04 plot of land situated in Prince Bay, Shekou, Nanshan District, Shenzhen, Guangdong province, PRC, occupying a site area of 33,349.39 square metres with maximum plot ratio of 2.89, the use of the land is for commercial and recreational purposes. CMSIZ acquired the land use rights to the Prince Bay area including ER Land through a public tender, auction and listing-for-sale process, the relevant acquisition cost of land use rights to ER Land was approximately RMB266.7 million. The term of the land use rights of the ER Land is 40 years, expected to commence from October 2016.

The final land use rights period, total building area of the project and the saleable area and other relevant planning and design requirements in respect of the GL Land and the ER Land shall be as that set out in the land use rights contract granted by the PRC governmental authorities or as approved by the PRC governmental authorities after the public tender process.

### **Total Capital Commitment in respect of the Offshore Joint Venture Arrangement**

The total capital commitment of Triumphant Ally in respect of the Offshore Joint Venture Arrangement amounts to approximately RMB9,156.8 million, comprising the following:

- (a) Approximately RMB4,822.5 million in respect of the Acquisitions;
- (b) approximately RMB615.2 million in respect of the repayment of existing shareholders' advances granted by CMSIZ and its related parties to Gao Li and Ever Reliance and interest thereon from 1 July 2016 to the date of repayment; and
- (c) approximately RMB3,719.1 million in respect of the estimated construction costs for the development of the GL Land and the ER Land.

The above capital commitment shall in turn be borne by Keen Link and Excel Steps in accordance with the TAI Agreement and their proportionate shareholding interests in Triumphant Ally and is based on both party's actual expenditure. Accordingly, the total capital commitment of the Group in respect of the Offshore Joint Venture Arrangement is approximately RMB4,670 million.

The aggregate acquisition amount of approximately RMB4,822.5 million represented the aggregate minimum bidding price for the Acquisitions. The aggregate tender deposit of RMB964.5 million (representing 20% of the minimum bidding price for the Acquisitions) will be applied towards the payment of the acquisition amounts and the balance shall be paid in one lump sum in cash within three working days from the date of the Acquisition Agreements.

### **Completion of the Acquisitions**

Following the completion of the Acquisitions, Triumphant Ally will hold the entire issued share capital of each of Gao Li and Ever Reliance. As Triumphant Ally is held as to 51% by Keen Link (an indirect wholly-owned subsidiary of the Company), the Company will indirectly hold 51% interest in the land use rights to the GL Land and the ER Land. Gao Li and Ever Reliance will become the indirect subsidiaries of the Company and the financial results of Gao Li, Ever Reliance and their respective subsidiaries will be consolidated into the financial statements of the Group.

### **Formal Agreements**

In accordance with the terms and conditions of the public tenders, Triumphant Ally will enter into the Acquisition Agreements within two working days from the date of notification of successful bidding, i.e. on or before 9 December 2016. The completion of all the relevant procedures relating to the Acquisitions is expected to take place in March 2017.

## **ONSHORE JOINT VENTURE ARRANGEMENTS**

### **Capital Injections**

The successful bidder for the Capital Injections, i.e. Guangzhou Xinpei, is an indirect wholly-owned subsidiary of the Company. It was established for the purpose of participating in the public tenders for the Capital Injections.

Upon completion of the Capital Injections, Guangzhou Xinpei will own 49% equity interest in each of Shangding and Lewan. CMSIZ, the sole existing shareholder of Shangding and Lewin, will own the remaining 51% equity interest in each of Shangding and Lewan. Shangding and Lewan hold the entire interest in the land use rights to the SD Land and the LW Land, respectively.

According to the Capital Injection Agreements, the board of directors of each of Shangding and Lewan shall consist of five (5) directors, among which three (3) shall be appointed by CMSIZ and two (2) shall be appointed by Guangzhou Xinpei. Funding for the conduct of the business of each of Shangding and Lewan shall primarily be by way of shareholder's loans and loans from financial institutions. Shareholders' loans and guarantees to be provided by the shareholders of Shangding and Lewan shall be proportionate to their shareholding interest in Shangding and Lewan according to the Capital Injection Agreements.

CMSIZ undertakes to provide full land tax invoices to Shangding and Lewan in accordance with the valuations of the SD Land and the LW Land held by Shangding and Lewan, respectively. If CMSIZ fails to provide full land tax invoices for the SD Land and the LW Land in accordance with the valuations, resulting in additional tax burden which will affect the derived income of Guangzhou Xinpei from Shangding and Lewan when Shangding and Lewan realise their sales of properties, CMSIZ will compensate Guangzhou Xinpei within the limit in accordance with the established principles and methods.

### **Information about the SD Land and the LW Land**

The SD Land and the LW Land will be used for the development of a mixture of commercial/office/service apartment properties held for sale purposes.

#### ***SD Land***

DY02-02 plot of land situated in Prince Bay, Shekou, Nanshan District, Shenzhen, Guangdong province, PRC, occupying a site area of 13,951.80 square metres with maximum plot ratio of 5.73, the use of land is for commercial purposes. CMSIZ acquired the land use rights to the Prince Bay area including the SD Land through a public tender, auction and listing-for-sale process, the relevant acquisition cost of land use rights to SD Land was approximately RMB189.4 million. The term of the land use rights of the SD Land is 40 years from 8 July 2016.

## ***LW Land***

DY02-04 plot of land situated in Prince Bay, Shekou, Nanshan District, Shenzhen, Guangdong province, PRC, occupying an area of 14,054.52 square metres with maximum plot ratio of 5.69, the use of land is for commercial purposes. CMSIZ acquired the land use rights to the Prince Bay area including the LW Land through a public tender, auction and listing-for-sale process, the relevant acquisition cost of land use rights to LW Land was approximately RMB185.7 million. The term of the land use rights of the LW Land is 40 years from 8 July 2016.

The final land use rights period, total building area of the project and the saleable area and other relevant planning and design requirements in respect of the SD Land and the LW Land shall be as that set out in the land use rights contract granted by the PRC governmental authorities or as approved by the PRC governmental authorities after the public tender process.

## **Total Capital Commitment in respect of the Onshore Joint Venture Arrangements**

### ***Contribution by the Group***

The total capital commitment of the Group in respect of the Onshore Joint Venture Arrangements amounts to approximately RMB5,360.6 million, comprising the following:

- (a) approximately RMB4,067.0 million in respect of the Capital Injections; and
- (b) approximately RMB1,293.6 million in respect of the Group's proportionate contribution in the estimated construction costs for the development of the SD Land and the LW Land.

The aggregate capital injection amount of RMB4,067 million represented the aggregate minimum bidding price for the Capital Injections. The aggregate tender deposit of RMB813.4 million (representing 20% of the minimum bidding price for the Capital Injections) will be applied towards the payment of the capital injection amounts and the balance shall be paid into the account specified by the Chongqing Assets and Equity Exchange in one lump sum in cash within ten working days from the date of the Capital Injection Agreements. The Chongqing Assets and Equity Exchange shall transfer the entire capital contribution amount into the account specified by CMSIZ within three working days from the issue of capital injection trading certificate. The capital injection amounts contributed by Guangzhou Xinpei shall be used as capital reserve of Shangding and Lewan.

### **Repayment of Shareholders' Advances**

The shareholders' advances to Shangding and Lewan by CMSIZ and its related parties and interest thereon from 1 July 2016 to the date of repayment of approximately RMB382.6 million will continue to be borne by Shangding and Lewan and be repaid within ten working days from the receipt of capital injection amounts contributed by Guangzhou Xinpei.

## **Completion of the Capital Injections**

Following the completion of the Capital Injections, the registered capital of each of Shangding and Lewan will increase from RMB30 million to RMB58.8 million. The registered capital of each of Shangding and Lewan will be contributed by CMSIZ as to 51% amounting to RMB30 million and by Guangzhou Xinpei as to 49% amounting to RMB28.8 million.

Accordingly, following the completion of the Capital Injections, the Company (through Guangzhou Xinpei) will hold 49% equity interest in each of Shangding and Lewan and hence 49% interest in the land use rights to the SD Land and the LW Land. Shangding and Lewan will be accounted for as equity joint ventures of the Group by using equity method of accounting.

## **Formal Agreements**

In accordance with the conditions of the public tenders, Guangzhou Xinpei will enter into the Capital Injection Agreements within two working days from the date of notification of successful bidding, i.e. on or before 9 December 2016. All procedures in relation to the Capital Injections are expected to be completed in March 2017.

## **REASONS FOR, AND BENEFITS OF THE ESTABLISHMENT OF THE OFFSHORE JOINT VENTURE ARRANGEMENT AND ONSHORE JOINT VENTURE ARRANGEMENTS**

Property investment and development is the core business of the Group. Following the completion of disposal of five property projects to China Evergrande Group (formerly known as Evergrande Real Estate Group Limited), the Group is actively identifying suitable land acquisition opportunities for future development, with particular focus on projects in the first-tier cities in the PRC such as Guangzhou and Shenzhen. The Lands are located in the Shekou Free Trade Zone in Qianhai, Shenzhen, a major and mature city in the Pearl River delta with a population of over 18 million in Shenzhen with convenient transportation and open sea view. The Directors, having considered the development potential of the Lands, believe that the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements allow the Group and CMSIZ to capitalise on their respective strength to develop a new landmark project in Shenzhen and at the same time represent attractive opportunities for the Group to expand its high-quality property portfolio in the PRC.

## **BOARD'S APPROVAL**

The Directors (including the independent non-executive Directors) consider that the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

None of the Directors have a material interest in the Offshore Joint Venture Arrangement or the Onshore Joint Venture Arrangements and are not required to abstain from voting on the relevant board resolutions.

## LISTING RULES IMPLICATIONS

The initial establishment of the Triumphant Ally joint venture between Keen Link and Excel Steps pursuant to the TAI Agreement did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules as all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) was less than 5% as at the date of the TAI Agreement.

Following the establishment of the Triumphant Ally joint venture pursuant to the TAI Agreement, Triumphant Ally is owned by Keen Link (an indirect wholly-owned subsidiary of the Company) and Excel Steps (an indirect wholly-owned subsidiary of CMSIZ) as to 51% and 49%, respectively. Excel Steps is a substantial shareholder of Triumphant Ally and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. CMSIZ, as the ultimate holding company of Excel Steps, is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Accordingly, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements will be entered into with Excel Steps and CMSIZ within a 12-month period and the Lands are adjacent to each other, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are required to be aggregated under Rules 14.22, 14.23, 14A.81 and 14A.82 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements calculated with reference to the total capital commitment of the Company, on an aggregated basis, is above 5% but less than 25%, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements constitute (i) discloseable transactions of the Company subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements when aggregated with the initial establishment of the Triumphant Ally joint venture constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules since the highest applicable percentage ratio is above 5% but less than 25%.

Since (i) Excel Steps and CMSIZ are connected persons at the subsidiary level of the Company; (ii) the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are on normal commercial terms; (iii) the Board has approved the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements; and (iv) the independent non-executive Directors have confirmed that the terms of the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are fair and reasonable, and they are on normal commercial terms and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangements are exempt from the circular, independent financial advice and shareholders' approval requirements and only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.



## **INFORMATION OF THE PARTIES**

### **The Group**

The Group is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology. The Company is the ultimate holding company of Keen Link.

### **Keen Link**

Keen Link is a company incorporated under the laws of the BVI with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

### **Guangzhou Xinpei**

Guangzhou Xinpei is a company established under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

### **Triumphant Ally**

Triumphant Ally is a company incorporated under the laws of the BVI with limited liability. It is a joint venture company between the Company (through Keen Link) and CMSIZ (through Excel Steps) which is held as to 51% and 49% by Keen Link and Excel Steps, respectively, as at the date of this announcement. According to the terms of the TAI Agreement, Keen Link subscribed for 51 TAI Shares for US\$51 while Excel Steps subscribed for 49 TAI Shares for US\$49, representing 51% and 49% of the issued share capital of Triumphant Ally, respectively. Its principal activities are investment, development, operation and management of real estate projects in and outside of the PRC.

### **CMSIZ**

CMSIZ is a company established under the laws of the PRC in 1992 principally engaged in the investment, development, operation and management of urban area, parks and communities; real estate development and operation; property management; docks and warehousing services, as well as the construction and operation of cruise home ports and ancillary facilities and established the first industrial zone opened to the outside world in the PRC and it has been listed on the Shenzhen Stock Exchange (stock code: 001979.SZ) since December 2015.

### **Excel Steps**

Excel Steps is a company incorporated under the laws of the BVI with limited liability and is an indirect wholly-owned subsidiary of CMSIZ. Its principal activity is investment holding.

## **Gao Li**

Gao Li is a company incorporated under the laws of the BVI on 6 October 2015 with limited liability. Its principal asset is the land use rights to the GL Land. It holds the entire interest in the land use rights to the GL Land through its subsidiaries. Based on the audited consolidated accounts of Gao Li for the financial year ended 31 December 2015 and for the six months ended 30 June 2016, the consolidated net loss of Gao Li before and after taxation for the financial year ended 31 December 2015 is approximately RMB9,000, and the consolidated total asset value and the consolidated net liability value of Gao Li as at 30 June 2016 is approximately RMB336 million and approximately RMB17,000, respectively.

## **Ever Reliance**

Ever Reliance is a company incorporated under the laws of the BVI on 6 October 2015 with limited liability. Its principal asset is the land use rights to the ER Land. It holds the entire interest in the land use rights to the ER Land through its subsidiaries. Based on the audited consolidated accounts of Ever Reliance for the financial year ended 31 December 2015 and for the six months ended 30 June 2016, the consolidated net loss of Ever Reliance before and after taxation for the financial year ended 31 December 2015 is approximately RMB9,000, and the consolidated total asset value and the consolidated net liability value of Ever Reliance as at 30 June 2016 is approximately RMB267 million and approximately RMB17,000, respectively.

## **Shangding**

Shangding is a company established under the laws of the PRC on 26 August 2015. Its principal asset is the land use rights to the SD Land. It holds the entire interest in the land use rights to the SD Land directly. Based on the audited consolidated accounts of Shangding for the financial year ended 31 December 2015 and for the six months ended 30 June 2016, there was no profit or loss of Shangding for the financial year ended 31 December 2015, the consolidated total asset value of Shangding as at 30 June 2016 is approximately RMB189 million and the consolidated net asset value of Shangding is zero.

## **Lewan**

Lewan is a company established under the laws of the PRC on 22 September 2015. Its principal asset is the land use rights to the LW Land. It holds the entire interest in the land use rights to the LW Land directly. Based on the audited consolidated accounts of Lewan for the financial year ended 31 December 2015 and for the six months ended 30 June 2016, there was no profit or loss of Lewan for the financial year ended 31 December 2015, the consolidated total asset value of Lewan as at 30 June 2016 is approximately RMB186 million and the consolidated net asset value of Lewan is zero.

## DEFINITION

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

“Acquisition Agreements”	the GL Acquisition Agreement and the ER Acquisition Agreement;
“Acquisitions”	the GL Acquisition and the ER Acquisition;
“Board”	the board of Directors;
“BVI”	British Virgin Islands;
“Capital Injection Agreements”	the SD Capital Injection Agreement and the LW Capital Injection Agreement;
“Capital Injections”	the SD Capital Injection and the LW Capital Injection;
“CMSIZ”	招商局蛇口工業區控股股份有限公司 (China Merchants Shekou Industrial Zone Holdings Co Ltd), a company established under the laws of the PRC listed on the Shenzhen Stock Exchange (stock code: 001979.SZ);
“Company”	New World Development Company Limited (新世界發展有限公司), 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);
“Director(s)”	the director(s) of the Company;
“ER Acquisition”	the acquisition of the entire issued share capital of Ever Reliance by the successful bidder in the public tender;
“ER Acquisition Agreement”	the share transfer agreement in respect of the transfer of the entire issued share capital of Ever Reliance from Excel Steps to the successful bidder to be entered into between Excel Steps and Triumphant Ally on or before 9 December 2016;
“ER Land”	a parcel of land in Shenzhen, the land use rights of which is indirectly held by Ever Reliance;
“Ever Reliance”	Ever Reliance Enterprises Limited (長誠企業有限公司), a company incorporated under the laws of the BVI with limited liability which holds the entire interest in the land use rights to the ER Land indirectly through its subsidiaries;
“Excel Steps”	Excel Steps Limited, a company incorporated under the laws of the BVI with limited liability and an indirectly wholly-owned subsidiary of CMSIZ;

“Gao Li”	Gao Li Enterprises Limited (高立企業有限公司), a company incorporated under the laws of the BVI with limited liability which holds the entire interest in the land use rights to the GL Land indirectly through its subsidiaries;
“GL Acquisition”	the acquisition of the entire issued share capital of Gao Li by the successful bidder in the public tender;
“GL Acquisition Agreement”	the share transfer agreement in respect of the transfer of the entire issued share capital of Gao Li from Excel Steps to the successful bidder to be entered into between Excel Steps and Triumphant Ally on or before 9 December 2016;
“GL Land”	a parcel of land in Shenzhen, the land use rights of which is indirectly held by Gao Li;
“Group”	the Company and its subsidiaries from time to time;
“Guangzhou Xinpei”	Guangzhou Xinpei Investment Co., Ltd *(廣州新沛投資有限公司), a company established under the laws of the PRC which is an indirect wholly-owned subsidiary of the Company and the successful bidder for the Capital Injections;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Keen Link”	Keen Link Enterprises Limited (建領企業有限公司), a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Lands”	the GL Land, the ER Land, the SD Land and the LW Land;
“Lewan”	Shenzhen City Prince Bay Lewan Properties Co., Ltd.* (深圳市太子灣樂灣置業有限公司), a company established under the laws of the PRC which holds the entire interest in the land use rights to the LW Land directly;
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange;
“LW Capital Injection”	the injection of capital into Lewan by the successful bidder in the public tender to acquire 49% equity interest in Lewan;
“LW Capital Injection Agreement”	the capital injection agreement in respect of the acquisition of 49% equity interest in Lewan by way of capital injection by the successful bidder to be entered into among Lewan, CMSIZ and Guangzhou Xinpei on or before 9 December 2016;
“LW Land”	a parcel of land in Shenzhen, the land use rights of which is directly held by Lewan;

“Offshore Joint Venture Arrangement”	the joint venture arrangement between the Company (through its subsidiaries) and CMSIZ (through its subsidiaries) in respect of the Acquisitions and in connection therewith the development of the GL Land and the ER Land, through their respective interest in Triumphant Ally;
“Onshore Joint Venture Arrangements”	the joint venture arrangements between the Company (through its subsidiaries) and CMSIZ in respect of the Capital Injections and in connection therewith the development of the SD Land and the LW Land, through their respective interest in Shangding and Lewan;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shangding”	Shenzhen City Prince Bay Shangding Properties Co., Ltd.* (深圳市太子灣商鼎置業有限公司), a company established under the laws of the PRC which holds the entire interest in the land use rights to the SD Land directly;
“SD Capital Injection”	the injection of capital into Shangding by the successful bidder in the public tender to acquire 49% equity interest in Shangding;
“SD Capital Injection Agreement”	the capital injection agreement in respect of the acquisition of 49% equity interest in Shangding by way of capital injection by the successful bidder to be entered into among Shangding, CMSIZ and Guangzhou Xinpei on or before 9 December 2016;
“SD Land”	a parcel of land in Shenzhen, the land use rights of which is directly held by Shangding;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“TAI Agreement”	the share subscription and shareholders’ agreement dated 5 November 2016 in respect of Triumphant Ally entered into among Keen Link, Excel Steps and Triumphant Ally;
“TAI Shares”	ordinary shares of US\$1.00 each in the share capital of Triumphant Ally;
“Triumphant Ally”	Triumphant Ally Investments Limited (勝聯投資有限公司), a company incorporated under the laws of the BVI held as to 51% by Keen Link and 49% by Excel Steps which is a non-wholly owned subsidiary of the Company and the successful bidder for the Acquisitions;

“US\$” United States dollars, the lawful currency of the United States;  
and  
“%” per cent.

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*

Hong Kong, 8 December 2016

*As at the date of this announcement, (a) the executive Directors 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 are Mr. Doo Wai Hoi William and Mr. Cheng Kar Shing, Peter; and (c) 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.*

*\* For identification purposes only*