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It is the responsibility of any shareholder outside Hong Kong who wishes to receive the Interim Dividend in scrip form, either wholly or partly, to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities.



Directors:

Executive Directors:

Dr. CHENG Kar-Shun, Henry, *GBM GBS (Chairman)*

Dr. CHENG Chi-Kong, Adrian, *JP*

(Executive Vice-chairman and General Manager)

Ms. KI Man-Fung, Leonie, *GBS SBS JP*

Mr. CHENG Chi-Heng

Ms. CHENG Chi-Man, Sonia

Mr. AU Tak-Cheong

Registered Office:

30th Floor,
New World Tower,
18 Queen's Road Central,
Hong Kong.

Non-executive Directors:

Mr. DOO Wai-Hoi, William, *JP (Non-executive Vice-chairman)*

Mr. CHENG Kar-Shing, Peter

Independent Non-executive Directors:

Mr. YEUNG Ping-Leung, Howard

Mr. CHA Mou-Sing, Payson, *JP*

(alternate director to Mr. Cha Mou-Sing, Payson:

Mr. CHA Mou-Zing, Victor)

Mr. HO Hau-Hay, Hamilton

Mr. LEE Luen-Wai, John, *BBS JP*

Mr. LIANG Cheung-Biu, Thomas

20 April 2018

*To the shareholders and, for information purposes only,
the holders of the outstanding share options of the Company*

Dear Sir or Madam,

INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Particulars of the Interim Dividend

On 27 February 2018, the Directors of New World Development Company Limited (新世界發展有限公司) (the "Company") announced an interim dividend for the six months ended 31 December 2017 of HK\$0.14 per share (the "Interim Dividend") to shareholders on the register of members of the Company on 26 March 2018. The Interim Dividend is to be payable in cash, with an option to receive new and fully paid shares of the Company (the "New Shares") in lieu of cash.

Accordingly, each shareholder has the choices of receiving in respect of the Interim Dividend:-

- (a) cash of HK\$0.14 per share; or
- (b) an allotment of New shares credited as fully paid and having an aggregate market value (as defined below) equals to the total amount of Interim Dividend which such shareholder could elect to receive in cash in respect of HK\$0.14 per share; or
- (c) partly New Shares and partly cash.

For the purpose of calculating the number of New Shares to be allotted under (b) and (c) above, the market value of a New Share will be calculated as an amount equal to 95% of the average of the closing prices of one existing share of the Company on The Stock Exchange of Hong Kong Limited for the five consecutive trading days commencing from and including 23 April 2018 (on which such price is available) as follows:

$$\begin{array}{l} \text{Number of New Shares} \\ \text{to be received} \end{array} = \begin{array}{l} \text{Number of existing} \\ \text{shares for which New} \\ \text{Shares election is made} \end{array} \times \frac{\text{HK\$0.14}}{\begin{array}{l} \text{five trading days} \\ \text{average closing price} \end{array}} \times \frac{95}{100}$$

Consequently, it will not be possible to determine until after the close of business on 27 April 2018, the exact number of New Shares to which those shareholders electing to receive New Shares will be entitled.

An announcement setting out the basis of allotment of the New Shares will be made after the close of business on 27 April 2018.

The number of New Shares to be issued to each shareholder will be rounded down to the nearest whole number. Fractional entitlements to New Shares under choices (b) and (c) above will not be issued but will be refunded in cash to the respective shareholders concerned.

Stock Exchange Listing and Certificates

The shares of the Company are listed and dealt in on The Stock Exchange of Hong Kong Limited. No part of the Company's securities are listed or dealt in on any other stock exchange, nor is listing or permission to deal on any other exchange being or proposed to be sought.

Application has been made to the Listing Committee of The Stock Exchange of Hong Kong Limited for the grant of listing of and permission to deal in the New Shares.

It is expected that certificates for the New Shares and cheques for cash entitlements will be posted to shareholders at the risk of those entitled thereto on or before 31 May 2018. The New Shares when issued and allotted will not rank for the Interim Dividend but will rank pari passu in all other respects with the existing shares of the Company. Dealing of the New Shares on The Stock Exchange of Hong Kong Limited will commence on 1 June 2018 after despatch to shareholders of the certificates for the New Shares.

Form of Election

A form of election has been prepared and sent herewith for use by shareholders who wish to receive the Interim Dividend wholly in New Shares or partly in cash and partly by the issue of New Shares, or to make a permanent election to receive new shares in lieu of any future dividend in cash form.

Shareholders who wish to elect to receive all or part of the Interim Dividend in New Shares in lieu of cash must complete the form of election in accordance with the instructions printed thereon and return them to the Company's Share Registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong so as to arrive not later than 4:30 p.m. on Tuesday, 8 May 2018. No acknowledgment of receipt of the form of election will be issued. Those shareholders electing to receive New Shares are advised to refer to the announcement to be made after the close of business on 27 April 2018 regarding the basis of allotment of the New Shares.

Shareholders who wish to receive the Interim Dividend wholly in form of cash should not complete the form of election.

No form of election will be sent to any shareholder who has made earlier a permanent election to receive cash or new shares for any future dividend payable by the Company. Any such shareholder wishing to change his existing permanent election for cash or new shares must give at least seven days' notice in writing before 8 May 2018 (i.e. on or before 1 May 2018) to Tricor Tengis Limited at the address stated above.

Overseas Shareholders

The form of election has not been sent to shareholders with a registered address in the United States of America or any of its territories or possessions (the "U.S."). After making enquiries with its U.S. legal advisers regarding U.S. legal restrictions and regulatory requirements, the Company understands that there are restrictions on inviting shareholders with a registered address in the U.S. to receive the Interim Dividend in scrip form, either wholly or partly, unless local approval, registration and/or other requirements are satisfied. In light of the foregoing, the Directors have decided to prohibit shareholders with a registered address in the U.S. from receiving the Interim Dividend in scrip form, either wholly or partly. Such shareholders will receive the Interim Dividend wholly in cash. This document will be sent to those shareholders for information purposes only.

Pursuant to the terms of the depositary agreement governing the American Depositary Receipts ("ADR") in respect of the Company, even if an ADR holder instructs the depositary to elect to receive the dividend in New Shares, ADR holders will only receive cash proceeds from sale of the relevant New Shares issued to the depositary as distribution of dividends by the Company.

All other shareholders with a registered address outside Hong Kong or otherwise resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to receive the Interim Dividend in scrip form, either wholly or partly or if any governmental or other consent is required or other formalities need to be observed. No person resident in any territory outside Hong Kong and no person receiving in any territory outside Hong Kong a copy of this document and/or a form of election may treat the same as an invitation to him to subscribe shares unless in the relevant territory such invitation could lawfully be made to him without having to comply with any unfulfilled registration or other legal requirements. This document and the form of election will not be registered in Hong Kong or in any other jurisdiction.

The Directors have been advised by the relevant local legal advisers that in relation to shareholders who are resident in the provinces of British Columbia and Ontario, Canada (the “Canadian Shareholders”), the New Shares obtained by Canadian Shareholders by way of scrip dividend will be restricted securities in Canada. Accordingly, Canadian Shareholders that intend to sell the New Shares acquired in the scrip form of the Interim Dividend must: (i) effect the sale through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirement under applicable provincial and territorial securities laws, instruments and rules in Canada and (ii) satisfy the prospectus filing requirement under local provincial and territorial securities laws, instruments and rules in Canada or rely on an exemption from the same.

In relation to shareholders with a registered address in Australia, the offer of New Shares in connection with the Interim Dividend is exempt under section 708(13) of the Corporations Act 2001 (Cth) (“Corporations Act”) from disclosure under Part 6D.2 of the Corporations Act on the basis that the offer is made under a dividend reinvestment plan. No person referred to in this document holds an Australian financial services license. The information in this document is not personal advice and has been prepared without taking into account any investor’s investment objectives, financial situation or particular needs. Before acting on the information the investor should consider its appropriateness having regard to their investment objectives, financial situation and needs and consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission (“ASIC”) to give such advice. This document has not been prepared specifically for Australian investors and does not purport to include all of the information required in a product disclosure statement, prospectus or other disclosure document under the Corporations Act. This document does not constitute a product disclosure statement, prospectus or other disclosure document under the Corporations Act and will not be lodged with ASIC. The issue of New Shares in connection with the Interim Dividend is not for the purpose of selling or transferring them or granting, issuing or transferring interests in, or options or warrants over, them.

This document does not constitute a prospectus for the purposes of Prospectus Rules of the Financial Conduct Authority, made under Part VI of the Financial Services and Markets Act 2000 pursuant to European Union Directive (2003/71/EC) (as amended by European Directive (2010/73/EC)), by virtue of Article 4.1(d) of that Directive and has not been approved by or filed with a competent authority in the United Kingdom.

This document has not and will not be registered as a prospectus with the Monetary Authority of Singapore and the securities are being offered to persons in Singapore pursuant to the exemption invoked under Section 273(1)(cd) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except as specified under Section 273(1)(cd) of the SFA.

The Company has been advised by lawyers in Malaysia that based on a clarification issued by the Securities Commission of Malaysia (“SC”), the scrip dividend scheme does not require the registration of a prospectus with the SC. This is because of an exemption under the Capital Markets and Services Act 2007 which applies to a distribution of shares in lieu of dividends payable by the Company to shareholders and on the basis that a prospectus was issued earlier when the Company undertook its initial public offering.

Shareholders having a registered address in the Philippines should note that exemption from the registration requirement is claimed under the provision of Subsection 10.1(d) of the Philippine Securities Regulation Code. No confirmation has been obtained from the Philippine Securities and Exchange Commission that the scrip dividend scheme qualifies as an exempt transaction. ***THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE SECURITIES REGULATION CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.***

Further, the issuance outside of the Philippines of securities is beyond the regulatory reach of the Philippine Securities and Exchange Commission, since the Securities Regulation Code has no extraterritorial effect.

After considering the legal advice from the legal advisers of the relevant jurisdictions, Canadian Shareholders and shareholders who are resident in Australia, the United Kingdom, Singapore, Malaysia and Philippines and other shareholders with a registered address outside Hong Kong or otherwise resident outside Hong Kong are advised to consult their own professional advisers as to whether to elect to receive the Interim Dividend in scrip form or cash form and in relation to future sale of any shares so acquired.

General

Whether or not it is to your advantage to receive New Shares or cash, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each shareholder.

Shareholders who are trustees are recommended to take professional advice as to whether the choice of shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Dealings in the shares of the Company may be settled through the Central Clearing and Settlement System. Investors should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

Expected timetable

Fix the market value of a New Share (5 trading days average)	Monday, 23 April 2018 to Friday, 27 April 2018
Publish an announcement setting out the basis of allotment of the New Shares	after the close of business on Friday, 27 April 2018
Last day of receipt of form of election	Tuesday, 8 May 2018
Despatch of dividend warrant and share certificate to all shareholders	Thursday, 31 May 2018
Commencement of dealings in the New Shares	Friday, 1 June 2018

Yours faithfully,
DR. CHENG KAR-SHUN, HENRY
Chairman