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DISCLOSEABLE TRANSACTION

ACQUISITION OF A DEVELOPMENT RIGHT OF A COMMERCIAL DEVELOPMENT AT HONG KONG INTERNATIONAL AIRPORT

On 30 April 2018, the Airport Authority notified Roxy (an indirect wholly-owned subsidiary of the Company) that the tender offer submitted by it was accepted and Roxy was awarded the contract for the design, construction, financing and management of the Commercial Development at the Site which is located in the “SKYCITY” at Hong Kong International Airport.

The Company is a Qualified Issuer for the purpose of Rule 14.04(10B) and therefore the Acquisition constitutes a Qualified Property Acquisition under the Listing Rules. As the highest of the applicable percentage ratios is more than 5% but less than 25%, the Acquisition is a discloseable transaction and is subject to reporting and announcement requirements but is exempt from the shareholders’ approval requirement under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Group was awarded the contract for the design, construction, financing and management of the Commercial Development located in the “SKYCITY” at Hong Kong International Airport.

Roxy, an indirect wholly-owned subsidiary of the Company, submitted a tender offer dated 2 February 2018 to the Airport Authority for the Acquisition comprising (i) technical submission and (ii) financial offer. The Group submitted to Airport Authority for evaluation a proposal detailing development and management experience of the Group, design concept, schematic layout and business plan that is set to enhance visitor experience with creativity and state-of-the-art experiential technology. Roxy’s financial offer for the tender was determined by Roxy after having regard to, among others, the business potentials and estimated revenue to be generated from the operation and management of the Commercial Development.

On 30 April 2018, the Airport Authority notified Roxy that the tender offer submitted by Roxy was accepted and Roxy was awarded the contract for the design, construction, financing and management of the Commercial Development. Roxy will enter into the Agreement with the Airport Authority in respect of the Acquisition on or before 30 May 2018.

MAJOR TERMS OF THE ACQUISITION

Parties and subject matter

Roxy, the successful tenderer of the Commercial Development will bear all the costs for design, construction, financing and management of the Commercial Development at the Site.

Within 30 days following the completion of the entire Commercial Development, the Airport Authority which holds the land grant from the Government for the Site will grant a long lease to Roxy in respect of the Commercial Development for a term up to 17 September 2066 (“**Long Lease**”). Roxy will pay the higher of a guaranteed rent or revenue rent which represents 20% of the gross revenue derived from the Commercial Development (subject to subsequent adjustment to 30%) throughout the lease term pursuant to the terms and conditions of the Long Lease. Roxy shall be entitled to operate and manage the Commercial Development and may sub-lease space in the Commercial Development to third parties for income.

Development Costs

The Development Costs to be borne by Roxy is approximately HK\$20 billion.

The Development Costs will be funded by the Group by way of its own internal resources and/or external debt financing.

Guarantee

The Company will guarantee the performance of Roxy under the Agreement and the Long Lease.

The Commercial Development

The Site has a site area of about 79,000 square metres and is located at Site A2 and Site A3 of SKYCITY (Chek Lap Kok Lot No.3) together with certain strata of airspace over two roads at Hong Kong International Airport. Pursuant to the terms of the Acquisition, the completed Commercial Development shall operate a total gross floor area of no less than 332,500 square metres and no more than 350,000 square metres.

The construction of the Commercial Development shall take place in two phases with the expected completion time for each phase to be within 66 months and 108 months from the date of the Agreement respectively. It is preliminary planned that after the completion of both phases, the Commercial Development shall comprise retail, dining and entertainment facilities, transport terminals, a minimum of 2,800 car parking spaces and may also include areas for office use.

INFORMATION ON THE GROUP AND THE AIRPORT AUTHORITY

The Airport Authority, a statutory body wholly-owned by the Government, is responsible for the operation and development of Hong Kong International Airport and is an independent third party of the Company and its connected person.

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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Strategically located adjacent to the passenger terminal buildings of Hong Kong International Airport, the SKYCITY is an integrated development project of the Airport Authority covering approximately 25 hectares of land. In 2016, the Hong Kong International Airport served over 70 million passengers, with passenger traffic expected to increase to over 100 million passengers per year by 2030.

Following completion of the major infrastructure such as the Hong Kong-Zhuhai-Macao Bridge, Three-Runway system and Tuen Mun to Chek Lap Kok Link, the transportation network within the region will be greatly improved. The Commercial Development will become a popular destination for both local residents as well as visitors from Greater Bay Area, the rest of China and the world.

Furthermore, with the Commercial Development becoming one of the largest commercial complexes and a landmark in Hong Kong and the huge demand brought about by both local residents and visitors, it is expected that the Commercial Development will bring a strong recurrent income to the Group.

In view of the above, the Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

The Company is a Qualified Issuer for the purpose of Rule 14.04(10B) and therefore the Acquisition constitutes a Qualified Property Acquisition under the Listing Rules. As the highest of the applicable percentage ratios is more than 5% but less than 25%, the Acquisition is a discloseable transaction and is subject to reporting and announcement requirements but is exempt from the shareholders' approval requirement under the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the development and management right of the Commercial Development by Roxy under the tender awarded by Airport Authority;
“Airport Authority”	the Airport Authority, a statutory body established and operating pursuant to the Airport Authority Ordinance (Chapter 483 of the Laws of Hong Kong);
“Agreement”	the agreement to be entered into between the Airport Authority and the Roxy in respect of the Acquisition;
“Board”	Board of Director(s);

“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 of Hong Kong Limited (stock code: 0017);
“Commercial Development”	the proposed commercial development comprising retail, dining and entertainment facilities, car parking spaces, transport terminal(s) and office (optional) at the Site;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Development Costs”	the aggregate costs for design, construction, financing and management of the Commercial Development and other costs associated with the Acquisition;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Government”	The Government of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Long Lease”	Has the meaning given to it in the section headed “ <i>MAJOR TERMS OF THE ACQUISITION - Parties and subject matter</i> ”;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Qualified Issuer”	has the meaning ascribed to it under Rule 14.04(10B) of the Listing Rules;
“Qualified Property Acquisition”	has the meaning ascribed to it under Rule 14.04(10C) of the Listing Rules;
“Roxy”	Roxy Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Site”	Site A2 and Site A3 of SKYCITY (Chek Lap Kok Lot No.3) together with certain strata of airspace over two roads at Hong Kong International Airport; and
“%”	per cent.

By order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 2 May 2018

As at the date of this announcement, (a) the executive directors of the Company are Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, 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 the Company are Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter; and (c) the independent non-executive directors of the Company 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.