

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ANNOUNCEMENT PURSUANT TO THE INSIDE INFORMATION PROVISIONS AND RULE 13.09(2) OF THE LISTING RULES

THE SHARE PURCHASE AGREEMENT AND THE PUT OPTION AGREEMENT

This announcement is made by NWD and NWS pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Listing Rules.

The NWD Board and the NWS Board jointly announce that SFH and Nam Kwong entered into the Share Purchase Agreement on 15 May 2014 pursuant to which SFH agreed to sell, and Nam Kwong agreed to purchase, 90% of the issued share capital in SFED and the SFH Shareholder Loans, for the aggregate cash consideration of US\$612 million (equivalent to HK\$4,755.24 million). SFED in turn owns approximately 42.2% of the issued capital in Macau Power as at the date of this announcement. In connection with the Disposal, SFH and KCL entered into the Put Option Agreement on 15 May 2014 pursuant to which SFH granted KCL the Option to require SFH to purchase, through the SPV, effectively 9% of the issued share capital in SFED. Upon Completion and assuming the Option is exercised by KCL, SFH will have disposed of its 81% interest in SFED and will hold effectively 9% interest in SFED or approximately 3.8% interest in Macau Power.

Assuming both the Completion and the exercise of the Option had taken place on 30 April 2014, the expected gain on the transactions attributable to the NWS Group would amount to approximately HK\$1.5 billion.

The completion of the transactions contemplated under the Share Purchase Agreement and the Put Option Agreement are subject to the fulfillment of certain conditions precedent which may or may not proceed. Besides, the Option may or may not be exercised by KCL. Accordingly, the issue of this announcement does not in any way imply that the transactions contemplated under the Share Purchase Agreement and the Put Option Agreement will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of NWD and/or NWS.

This announcement is made by NWD and NWS pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Listing Rules.

THE SHARE PURCHASE AGREEMENT

The NWD Board and the NWS Board jointly announce that SFH and Nam Kwong entered into the Share Purchase Agreement on 15 May 2014 pursuant to which (i) SFH agreed to sell and Nam Kwong agreed to purchase the Sale Shares, representing 90% of the issued share capital in SFED, which in turn owns approximately 42.2% of the issued capital in Macau Power as at the date of this announcement; and (ii) SFH agreed to assign all of its interest in the SFH Shareholder Loans to Nam Kwong for the aggregate cash consideration of US\$612 million (equivalent to HK\$4,755.24 million). The aggregate consideration shall be subject to adjustments for dividends declared or distributed by SFED and any reduction in the amount of the SFH Shareholder Loans.

Completion is conditional upon certain conditions precedent including, among other things, SFH and Nam Kwong having performed and complied in all material respects with their obligations under the Share Purchase Agreement, the Macau Power Resolutions having been passed, and other customary conditions within 150 days (or such later date as may be extended by mutual written consent of SFH and Nam Kwong) after the date of the Share Purchase Agreement.

Upon Completion, SFH will cease to have any interest in SFED until and unless the Option is exercised.

THE PUT OPTION AGREEMENT

On 15 May 2014, SFH and KCL entered into the Put Option Agreement pursuant to which SFH granted KCL the Option to require SFH to purchase the Option Shares and the KCL Shareholder Loans.

Upon the exercise of the Option, SFH shall (through the SPV) purchase the Option Shares and the KCL Shareholder Loans for an aggregate consideration equal to one-ninth of the amount of the consideration under the Share Purchase Agreement as finally determined (including the necessary adjustments in accordance with its terms). The consideration shall be satisfied as to 90% by cash, and 10% by the allotment and issuance to KCL of 10% of the enlarged issued share capital of the SPV. The Option will be exercisable by KCL within a period of around seven months after Completion.

The obligations of SFH under the Put Option Agreement are conditional upon completion of the Share Purchase Agreement and Nam Kwong having consented or waived its right of first refusal under the shareholders' agreement relating to SFED. The Put Option Agreement shall be terminated automatically upon the termination of the Share Purchase Agreement in accordance with its terms.

Upon the exercise of the Option and completion of the sale and purchase of the Option Shares and the assignment of the KCL Shareholder Loans pursuant to the Put Option Agreement, the SPV will hold 10% of the issued shares in SFED, and SFH and KCL will hold 90% and 10%, respectively, of the issued shares in the SPV. Accordingly, SFH will hold effectively 9% interest in SFED or approximately 3.8% interest in Macau Power.

The completion of the transactions contemplated under the Share Purchase Agreement and the Put Option Agreement are subject to the fulfillment of certain conditions precedent which may or may not proceed. Besides, the Option may or may not be exercised by KCL. Accordingly, the issue of this announcement does not in any way imply that the transactions contemplated under the Share Purchase Agreement and the Put Option Agreement will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of NWD and/or NWS.

REASONS FOR, AND BENEFITS OF, THE DISPOSAL AND THE GRANT OF THE OPTION

The NWS Directors consider that the Disposal would allow SFH to concentrate its resources on the water and related businesses.

Under the shareholders' agreement relating to SFED, the Disposal requires the consent and waiver of the right of first refusal over the Sale Shares from KCL. It is the intention of KCL to co-sell its interest in SFED with SFH. In consideration of KCL granting the KCL Waiver, SFH agreed to grant KCL the Option to sell to SFH effectively 9% interest in SFED so that upon completion of the exercise of the Option, SFH and KCL will have effectively disposed of 81% and 9% interest respectively in SFED, in the same proportion to their existing shareholding in SFED.

The NWS Directors consider that the abovementioned transactions are in line with SFH's long term strategy focus and would enable the NWS Group to enhance shareholders' value. The share of the cash proceeds attributable to the NWS Group pursuant to the aforesaid transactions will be deployed as general working capital and allow the NWS Group to capitalize on new investment opportunities.

FINANCIAL EFFECTS OF THE DISPOSAL AND THE EXERCISE OF THE OPTION

Assuming both the Completion and the exercise of the Option had taken place on 30 April 2014, the expected gain on the transactions attributable to the NWS Group would amount to approximately HK\$1.5 billion, without taking into account the change in the carrying value of SFH's interest in SFED as a result of the profit or loss of SFED for the period from 1 May 2014 to the date of Completion and change in fair value of the Option for the period from the date of Completion to the date when the Option is exercised.

DEFINITIONS

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

“Completion”	completion of the transactions contemplated under the Share Purchase Agreement
“Disposal”	the sale of the Sale Shares and the assignment of the SFH Shareholder Loans by SFH pursuant to the Share Purchase Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“KCL”	King Class Limited, a company incorporated in Hong Kong and is beneficially wholly-owned by Dr. Ho Hung Sun, Stanley
“KCL Shareholder Loans”	the outstanding shareholder loans owed by SFED to KCL amounting to HK\$20,450,000 or the US\$ equivalent of US\$2,631,917.63 as at the date of the Share Purchase Agreement
“KCL Waiver”	the consent and waiver of the right of first refusal by KCL in respect of the Sale Shares to be sold under the Share Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of The People’s Republic of China
“Macau Power”	Companhia de Electricidade de Macau – CEM, S.A., a public utility company incorporated in Macau with the sole concession to transmit, distribute and sell high, medium and low voltage electricity in Macau, which is owned as to approximately 42.2% by SFED and the remaining approximately 57.8% by other independent third parties

“Macau Power Resolutions”	the resolutions to be passed at a shareholders’ meeting of Macau Power for the election, amongst others, of representatives of Nam Kwong to become members of the board of directors and the executive committee of Macau Power as required under the Share Purchase Agreement
“Nam Kwong”	Nam Kwong Development (H.K.) Limited, a company incorporated in Hong Kong and an independent third party. Nam Kwong is ultimately beneficially owned by Nam Kwong Group Company Limited which is incorporated in Macau and a central enterprise directly under the State-owned Assets Supervision and Administration Commission of the State Council of The People’s Republic of China
“NWD”	New World Development Company Limited, 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) and the holding company of NWS
“NWD Board”	the board of directors of NWD
“NWS”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659) and beneficially owned as to approximately 61.30% by NWD as at the date of this announcement
“NWS Board”	the board of NWS Directors
“NWS Director(s)”	the director(s) of NWS
“NWS Group”	NWS and its subsidiaries from time to time
“Option”	the option granted by SFH to KCL under the Put Option Agreement to require SFH to purchase the Option Shares and the KCL Shareholder Loans
“Option Shares”	1,000 ordinary shares in the capital of SFED comprising 10% of its issued share capital and held by KCL
“Put Option Agreement”	the put option agreement dated 15 May 2014 between SFH and KCL in relation to the granting of the Option to KCL
“Sale Shares”	9,000 ordinary shares in the capital of SFED, comprising 90% of its issued share capital and held by SFH

“SFED”	Sino-French Energy Development Company Limited, a company incorporated in Hong Kong which is owned as to 90% by SFH and 10% by KCL
“SFH”	Sino-French Holdings (Hong Kong) Limited, a company incorporated in Hong Kong and a joint venture of NWS which is beneficially owned as to 50% by NWS and 50% by Suez Environnement
“SFH Shareholder Loans”	the outstanding shareholder loans owed by SFED to SFH amounting to HK\$184,050,000 or the US\$ equivalent of US\$23,687,258.69 as at the date of the Share Purchase Agreement
“Share Purchase Agreement”	the share purchase agreement dated 15 May 2014 between Nam Kwong as the purchaser and SFH as the seller for the sale and purchase of the Sale Shares and the SFH Shareholder Loans
“SPV”	a special purpose vehicle to be set up by SFH pursuant to the Put Option Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

Conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.77.

The exchange rate referred to above is for the use in this announcement and for illustration purpose only; no representation is made or given that any amount in any currency referred to above can be converted at such rate or any other rate.

By order of the board of directors of
New World Development Company Limited
Wong Man Hoi
Company Secretary

By order of the board of directors of
NWS Holdings Limited
Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 15 May 2014

As at the date of this announcement, (a) the executive directors of NWD 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; (b) the non-executive directors of NWD are Mr. Doo Wai Hoi, William and Mr. Cheng Kar Shing, Peter; and (c) the independent non-executive directors of NWD 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 Bui, Thomas.

As at the date of this announcement, (a) the executive directors of NWS are Dr. Cheng Kar Shun, Henry, Mr. Tsang Yam Pui, Mr. Lam Wai Hon, Patrick, Mr. Cheung Chin Cheung, Mr. William Junior Guilherme Doo and Mr. Cheng Chi Ming, Brian; (b) the non-executive directors of NWS are Mr. To Hin Tsun, Gerald and Mr. Dominic Lai; and (c) the independent non-executive directors of NWS are Mr. Kwong Che Keung, Gordon, Dr. Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr. Wilfried Ernst Kaffenberger (alternate director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun Wah, David) and Mr. Lee Yiu Kwong, Alan.

** For identification purposes only*