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(Stock Code: 0017)

CONNECTED TRANSACTIONS

ACQUISITION OF BROAD REACH COMPANY LIMITED

On 15 July 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the OH Agreement, the GS Agreement and the TT Agreement with King Choi, Eagle Step and King Host respectively. Pursuant to the Agreements, the Vendors conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and accept the assignment of, the Sale Shares and the Sale Loans respectively at a total consideration of HK\$326.0 million.

As at the date of this announcement, Broad Reach is held as to 50% by Onwise Holdings, 25% by Glory Success and 25% by Trafalgar Trading, and Broad Reach is the registered owner of the Property known as New Kowloon Inland Lot No.4873 (vacant land situated at No.21 Luk Hop Street, Kowloon). Upon completion of the Agreements, the Purchaser will hold the entire issued share capital of Onwise Holdings, Glory Success and Trafalgar Trading and Broad Reach will become an indirect wholly-owned subsidiary of the Company.

The Agreements are inter-conditional and completion of the Agreements shall take place simultaneously.

King Choi, the vendor under the OH Agreement, is a wholly-owned subsidiary of Cheung Hung. As Cheung Hung is an associate of CTFE, which in turn together with its subsidiaries own approximately 43.95% of the issued share capital of the Company as at the date of this announcement, King Choi is a connected person of the Company and the OH Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As Cheung Hung indirectly owns 50% interest in Broad Reach, the GS Acquisition and the TT Acquisition also constitute connected transactions for the Company pursuant to Rule 14A.28 of the Listing Rules. Given that the Agreements are inter-conditional and related to the acquisition of the entire interest in Broad Reach, the Acquisitions are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one of the applicable percentage ratios (as defined in the Listing Rules) is more than 0.1% but less than 5%, the Acquisitions are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

THE AGREEMENTS

(A) OH Agreement

Date

15 July 2016

Parties

- (i) King Choi as vendor;
- (ii) Cheung Hung as King Choi's guarantor; and
- (iii) The Purchaser as purchaser.

King Choi, a wholly-owned subsidiary of Cheung Hung, is an associate of CTFE, which in turn together with its subsidiaries own approximately 43.95% of the issued share capital of the Company as at the date of this announcement. Accordingly, King Choi is a connected person of the Company and the OH Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the terms and conditions of the OH Agreement, King Choi has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase and accept the assignment of, the OH Sale Share and the OH Sale Loan. The OH Sale Share represents the entire issued share capital of Onwise Holdings. The OH Sale Loan represents the aggregate amount of the unsecured and non-interest bearing shareholder's loan owing from Onwise Holdings and Broad Reach to King Choi as at the date of OH Completion.

As at the date of this announcement, Onwise Holdings owns 50% of the entire issued share capital of Broad Reach.

OH Consideration

The OH Consideration is HK\$163.0 million (subject to customary closing adjustments as set out in the OH Agreement) and shall be paid in cash by the Purchaser to King Choi in the following manner:

- (a) the Purchaser has paid the OH Deposit to King Choi upon the signing of the OH Agreement and King Choi shall treat the same as part payment of the OH Consideration upon OH Completion; and
- (b) a sum of HK\$121.75 million shall be paid upon OH Completion.

The OH Consideration was determined between the Purchaser and King Choi after arm's length negotiations with reference to the attributable net asset value of the Target Group and the appraised value of the Property based on the valuation report prepared by an independent professionally qualified valuer. The OH Consideration will be funded by the Group's internal resources.

OH Completion

OH Completion shall take place on the fourteenth Business Day after fulfillment or waiver (as applicable) of the conditions contained in the OH Agreement or such other date as agreed between King Choi and the Purchaser in writing. OH Completion shall take place simultaneously with GS Completion and TT Completion. Upon OH Completion, Onwise Holdings will become an indirect wholly-owned subsidiary of the Company.

Conditions

OH Completion shall be conditional upon:

- (a) King Choi having proved, given and shown a good title to the Property and the Purchaser having been satisfied with the due diligence review on Onwise Holdings, Broad Reach and the Property;
- (b) all existing permits in respect of the operation of the business of Onwise Holdings and Broad Reach remaining valid and subsisting and no notice (actual or constructive) having been received by King Choi, Onwise Holdings or Broad Reach that the same will be terminated, revoked, withdrawn or suspended;
- (c) all necessary consents, authorisations and approvals (or waivers) of any kind (including but not limited to any regulatory authority and recognised stock exchange) having been obtained by King Choi and the Purchaser for completion of the transactions contemplated under the OH Agreement and for the uninterrupted continuation of the business of Onwise Holdings and Broad Reach and of the current rights enjoyed by Onwise Holdings and Broad Reach after OH Completion;
- (d) the Purchaser having received legal opinions dated the date of OH Completion relating to, inter alia, the shareholding interests in each of King Choi, Onwise Holdings and Broad Reach, the title to the Property and such other matters (as appropriate) as the Purchaser may require from a qualified lawyer in each of the jurisdictions in which each of King Choi, Onwise Holdings and Broad Reach is incorporated or the Property is located to be approved by the Purchaser and at the sole costs and expenses of King Choi and such legal opinions shall be in such form and substance acceptable to the Purchaser; and
- (e) the GS Agreement and the TT Agreement having become unconditional in all respects except for the condition therein relating to the OH Agreement having become unconditional.

Save for the condition set out in paragraph (c) above, the Purchaser may in its absolute discretion at any time before OH Completion waive any of the above conditions by notice in writing to King Choi. If the above conditions are not fulfilled or waived by the Purchaser (as the case may be) on or before 30 September 2016 or such other date as may be mutually agreed between King Choi and the Purchaser in writing, the rights and obligations of the parties under the OH Agreement shall lapse and be of no further force and effect and no party to the OH Agreement shall have any liability thereunder (without prejudice to the rights of the parties in respect of any antecedent breaches).

(B) GS Agreement

Date

15 July 2016

Parties

- (i) Eagle Step as vendor;
- (ii) the GS Guarantor as Eagle Step's guarantor; and
- (iii) the Purchaser as purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the GS Guarantor and Eagle Step are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the terms and conditions of the GS Agreement, Eagle Step has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase and accept the assignment of, the GS Sale Share and the GS Sale Loan. The GS Sale Share represents the entire issued share capital of Glory Success. The GS Sale Loan represents the aggregate amount of the unsecured and non-interest bearing shareholder's loan owing from Glory Success and Broad Reach to Eagle Step as at the date of GS Completion.

As at the date of this announcement, Glory Success owns 25% of the entire issued share capital of Broad Reach.

GS Consideration

The GS Consideration is HK\$81.5 million (subject to customary closing adjustments as set out in the GS Agreement) and shall be paid in cash by the Purchaser to Eagle Step in the following manner:

- (a) the Purchaser has paid the GS Deposit to Eagle Step upon the signing of the GS Agreement and Eagle Step shall treat the same as part payment of the GS Consideration upon GS Completion; and
- (b) a sum of HK\$60.875 million shall be paid upon GS Completion.

The GS Consideration was determined between the Purchaser and Eagle Step after arm's length negotiations with reference to the attributable net asset value of the Target Group and the appraised value of the Property based on the valuation report prepared by an independent professionally qualified valuer. The GS Consideration will be funded by the Group's internal resources.

GS Completion

GS Completion shall take place on the fourteenth Business Day after fulfillment or waiver (as applicable) of the conditions contained in the GS Agreement or such other date as agreed between Eagle Step and the Purchaser in writing. GS Completion shall take place simultaneously with OH Completion and TT Completion. Upon GS Completion, Glory Success will become an indirect wholly-owned subsidiary of the Company.

Conditions

GS Completion shall be conditional upon:

- (a) Eagle Step having proved, given and shown a good title to the Property and the Purchaser having been satisfied with the due diligence review on Glory Success, Broad Reach and the Property;
- (b) all existing permits in respect of the operation of the business of Glory Success and Broad Reach remaining valid and subsisting and no notice (actual or constructive) having been received by Eagle Step, Glory Success or Broad Reach that the same will be terminated, revoked, withdrawn or suspended;

- (c) all necessary consents, authorisations and approvals (or waivers) of any kind (including but not limited to any regulatory authority and recognised stock exchange) having been obtained by Eagle Step and the Purchaser for completion of the transactions contemplated under the GS Agreement and for the uninterrupted continuation of the business of Glory Success and Broad Reach and of the current rights enjoyed by Glory Success and Broad Reach after GS Completion;
- (d) the Purchaser having received legal opinions dated the date of GS Completion relating to, inter alia, the shareholding interests in each of Eagle Step, Glory Success and Broad Reach, the title to the Property and such other matters (as appropriate) as the Purchaser may require from a qualified lawyer in each of the jurisdictions in which each of Eagle Step, Glory Success and Broad Reach is incorporated or the Property is located to be approved by the Purchaser and at the sole costs and expenses of Eagle Step and such legal opinions shall be in such form and substance acceptable to the Purchaser; and
- (e) the OH Agreement and the TT Agreement having become unconditional in all respects except for the condition therein relating to the GS Agreement having become unconditional.

Save for the condition set out in paragraph (c) above, the Purchaser may in its absolute discretion at any time before GS Completion waive any of the above conditions by notice in writing to Eagle Step. If the above conditions are not fulfilled or waived by the Purchaser (as the case may be) on or before 30 September 2016 or such other date as may be mutually agreed between Eagle Step and the Purchaser in writing, the rights and obligations of the parties under the GS Agreement shall lapse and be of no further force and effect and no party to the GS Agreement shall have any liability thereunder (without prejudice to the rights of the parties in respect of any antecedent breaches).

(C) TT Agreement

Date

15 July 2016

Parties

- (j) King Host as vendor;
- (ii) the TT Guarantor as King Host's guarantor; and
- (iii) the Purchaser as purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the TT Guarantor and King Host are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the terms and conditions of the TT Agreement, King Host has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase and accept the assignment of, the TT Sale Share and the TT Sale Loan. The TT Sale Share represents the entire issued share capital of Trafalgar Trading. The TT Sale Loan represents the aggregate amount of the unsecured and non-interest bearing shareholder's loan owing from Trafalgar Trading and Broad Reach to King Host as at the date of TT Completion.

As at the date of this announcement, Trafalgar Trading owns 25% of the entire issued share capital of Broad Reach.

TT Consideration

The TT Consideration is HK\$81.5 million (subject to customary closing adjustments as set out in the TT Agreement) and shall be paid in cash by the Purchaser to King Host in the following manner:

- (a) the Purchaser has paid the TT Deposit to King Host upon the signing of the TT Agreement and King Host shall treat the same as part payment of the TT Consideration upon TT Completion; and
- (b) a sum of HK\$60.875 million shall be paid upon TT Completion.

The TT Consideration was determined between the Purchaser and King Host after arm's length negotiations with reference to the attributable net asset value of the Target Group and the appraised value of the Property based on the valuation report prepared by an independent professionally qualified valuer. The TT Consideration will be funded by the Group's internal resources.

TT Completion

TT Completion shall take place on the fourteenth Business Day after fulfillment or waiver (as applicable) of the conditions contained in the TT Agreement or such other date as agreed between King Host and the Purchaser in writing. TT Completion shall take place simultaneously with OH Completion and GS Completion. Upon TT Completion, Trafalgar Trading will become an indirect wholly-owned subsidiary of the Company.

Conditions

TT Completion shall be conditional upon:

- (a) King Host having proved, given and shown a good title to the Property and the Purchaser having been satisfied with the due diligence review on Trafalgar Trading, Broad Reach and the Property;
- (b) all existing permits in respect of the operation of the business of Trafalgar Trading and Broad Reach remaining valid and subsisting and no notice (actual or constructive) having been received by King Host, Trafalgar Trading or Broad Reach that the same will be terminated, revoked, withdrawn or suspended;
- (c) all necessary consents, authorisations and approvals (or waivers) of any kind (including but not limited to any regulatory authority and recognised stock exchange) having been obtained by King Host and the Purchaser for completion of the transactions contemplated under the TT Agreement and for the uninterrupted continuation of the business of Trafalgar Trading and Broad Reach and of the current rights enjoyed by Trafalgar Trading and Broad Reach after TT Completion;
- (d) the Purchaser having received legal opinions dated the date of TT Completion relating to, inter alia, the shareholding interests in each of King Host, Trafalgar Trading and Broad Reach, the title to the Property and such other matters (as appropriate) as the Purchaser may require from a qualified lawyer in each of the jurisdictions in which each of King Host, Trafalgar Trading and Broad Reach is incorporated or the Property is located to be approved by the Purchaser and at the sole costs and expenses of King Host and such legal opinions shall be in such form

and substance acceptable to the Purchaser; and

- (e) the OH Agreement and the GS Agreement having become unconditional in all respects except for the condition therein relating to the TT Agreement having become unconditional.

Save for the condition set out in paragraph (c) above, the Purchaser may in its absolute discretion at any time before TT Completion waive any of the above conditions by notice in writing to King Host. If the above conditions are not fulfilled or waived by the Purchaser (as the case may be) on or before 30 September 2016 or such other date as may be mutually agreed between King Host and the Purchaser in writing, the rights and obligations of the parties under the TT Agreement shall lapse and be of no further force and effect and no party to the TT Agreement shall have any liability thereunder (without prejudice to the rights of the parties in respect of any antecedent breaches).

INFORMATION ON THE VENDORS AND THE TARGET GROUP

The principal business activity of each of King Choi, Eagle Step and King Host is investment holding.

Each of Onwise Holdings, Glory Success and Trafalgar Trading is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. Broad Reach is a company incorporated in Hong Kong with limited liability and is an investment holding company. The major asset of the Target Group is the Property.

Set out below is a summary of the audited net loss of Broad Reach for each of the two years ended 31 March 2016 and 31 March 2015:

	For the year ended 31 March	
	2016 (audited) HK\$ million	2015 (audited) HK\$ million
Net loss before taxation and extraordinary items	0.006	0.006
Net loss after taxation and extraordinary items	0.006	0.006

According to the records of the Vendors, the original acquisition cost of the Property was approximately HK\$121.72 million. The audited book value of the Property was approximately HK\$134.9 million as at 31 March 2016.

Upon completion of the Agreements, Board Reach will become an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

One of the main business areas of the Group is investment in and development of properties in Hong Kong. The Acquisitions by the Group of interests in the Target Group, which indirectly owns the Property, is consistent with the core business strategies of the Group. The Directors believe that the Acquisitions are viable investments and will broaden the asset and earnings base of the Group.

The respective terms of the Agreements were determined through arm's length negotiations between the respective Vendors and the Purchaser and reflect normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the Agreements including the OH Consideration, the GS Consideration and the TT Consideration,

which have been arrived at after arm's length negotiations, are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLCATIONS

King Choi, the vendor under the OH Agreement, is a wholly-owned subsidiary of Cheung Hung. As Cheung Hung is an associate of CTFE, which in turn together with its subsidiaries own approximately 43.95% of the issued share capital of the Company as at the date of this announcement, King Choi is a connected person of the Company and the OH Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As Cheung Hung indirectly owns 50% interest in Broad Reach, the GS Acquisition and the TT Acquisition also constitute connected transactions for the Company pursuant to Rule 14A.28 of the Listing Rules. Given that the Agreements are inter-conditional and related to the acquisition of the entire interest in Broad Reach, the Acquisitions are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one of the applicable percentage ratios (as defined in the Listing Rules) is more than 0.1% but less than 5%, the Acquisitions are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules. Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Kar-Shing, Peter and Mr. Cheng Chi-Heng, each a Director, are also directors of CTFE. They and their associates, being Mr. Doo Wai-Hoi, William and Ms. Cheng Chi-Man Sonia, were not present at the meeting of the executive committee of the Board held for the approval of the Acquisitions and accordingly they did not vote on the relevant resolution approving the Acquisitions. Save as mentioned above, none of the other Directors has a material interest in the Acquisitions.

DEFINITIONS

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

“Acquisitions”	collectively, the OH Acquisition, the GS Acquisition and the TT Acquisition
“Agreements”	collectively, the OH Agreement, the GS Agreement and the TT Agreement
“Board”	the board of Directors
“Broad Reach”	Broad Reach Company Limited, a company incorporated in Hong Kong with limited liability and the registered owner of the Property
“Business Day”	a day (other than Saturday and other general public holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted or in effect between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“Cheung Hung”	Cheung Hung Development (Holdings) Limited, a company incorporated in Hong Kong with limited liability and an associate of CTFE

“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: 0017)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited, a controlling and substantial Shareholder
"Director(s) "	director(s) of the Company
"Eagle Step"	Eagle Step Investment Limited, a company incorporated in Hong Kong with limited liability
"Glory Success"	Glory Success Inc., a company incorporated in the British Virgin Islands with limited liability and the holder of 25% of the entire issued share capital of Broad Reach
"Group"	the Company and its subsidiaries
“GS Acquisition”	the acquisition of the GS Sale Share and the GS Sale Loan by the Purchaser in accordance with the terms and conditions of the GS Agreement and the performance of the transactions contemplated under the GS Agreement
“GS Agreement”	the conditional sale and purchase agreement dated 15 July 2016 entered into between, inter alia, Eagle Step as vendor and the Purchaser as purchaser in relation to the GS Acquisition
“GS Completion”	completion of the GS Acquisition
“GS Consideration”	HK\$81.5 million, being the aggregate purchase price for the GS Sale Share and the GS Sale Loan
“GS Deposit”	the deposit in the sum of HK\$20.625 million paid by the Purchaser to Eagle Step pursuant to the GS Agreement
“GS Guarantor”	Mr. Ho Chi-Kin, Simon
“GS Sale Loan”	the aggregate amount of the unsecured and non-interest bearing shareholder's loan owing from Glory Success and Broad Reach to Eagle Step as at the date of GS Completion
“GS Sale Share”	the entire issued share capital of Glory Success
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"King Choi"	King Choi Company Limited, a company incorporated in Hong Kong with limited liability

"King Host"	King Host Development Limited, a company incorporated in Hong Kong with limited liability
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"OH Acquisition"	the acquisition of the OH Sale Share and the OH Sale Loan by the Purchaser in accordance with the terms and conditions of the OH Agreement and the performance of the transactions contemplated under the OH Agreement
"OH Agreement"	the conditional sale and purchase agreement dated 15 July 2016 entered into between, inter alia, King Choi as vendor and the Purchaser as purchaser in relation to the OH Acquisition
"OH Completion"	completion of the OH Acquisition
"OH Consideration"	HK\$163.0 million, being the aggregate purchase price for the OH Sale Share and the OH Sale Loan
"OH Deposit"	the deposit in the sum of HK\$41.25 million paid by the Purchaser to King Choi pursuant to the OH Agreement
"OH Sale Loan"	the aggregate amount of the unsecured and non-interest bearing shareholder's loan owing from Onwise Holdings and Broad Reach to King Choi as at the date of OH Completion
"OH Sale Share"	the entire issued share capital of Onwise Holdings
"Onwise Holdings"	Onwise Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the holder of 50% of the entire issued share capital of Broad Reach
"Property"	New Kowloon Inland Lot No.4873 (vacant land situated at No.21 Luk Hop Street, Kowloon)
"Purchaser"	Sun Matrix Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Sale Loans"	collectively, the OH Sale Loan, the GS Sale Loan and the TT Sale Loan
"Sale Shares"	collectively, the OH Sale Share, the GS Sale Share and the TT Sale Share
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Group"	collectively, Onwise Holdings, Glory Success, Trafalgar Trading and Broad Reach

"Trafalgar Trading"	Trafalgar Trading International Limited, a company incorporated in the British Virgin Islands with limited liability and the holder of 25% of the entire issued share capital of Broad Reach
"TT Acquisition"	the acquisition of the TT Sale Share and the TT Sale Loan by the Purchaser in accordance with the terms and conditions of the TT Agreement and the performance of the transactions contemplated under the TT Agreement
"TT Agreement"	the conditional sale and purchase agreement dated 15 July 2016 entered into between, inter alia, King Host as vendor and the Purchaser as purchaser in relation to the TT Acquisition
"TT Completion"	completion of the TT Acquisition
"TT Consideration"	HK\$81.5 million, being the aggregate purchase price for the TT Sale Share and the TT Sale Loan
"TT Deposit"	the deposit in the sum of HK\$20.625 million paid by the Purchaser to King Host pursuant to the TT Agreement
"TT Guarantor"	Mr. Ho David
"TT Sale Loan"	the aggregate amount of the unsecured and non-interest bearing shareholder's loan owing from Trafalgar Trading and Broad Reach to King Host as at the date of TT Completion
"TT Sale Share"	the entire issued share capital of Trafalgar Trading
"Vendors"	collectively, King Choi, Eagle Step and King Host
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

By order of the Board of
New World Development Company Limited
(新世界發展有限公司)
Wong Man-Hoi
Company Secretary

Hong Kong, 15 July 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.