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(Stock Code: 0017)

## CONNECTED TRANSACTION

### DISPOSAL OF ENTIRE INTEREST IN RAMADA PROPERTY LTD.

On 27 October 2017, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares at the Consideration of RMB1.85 billion, subject to adjustment. The main assets of the Target Group are the Properties.

Upon Completion, the Target Group will cease to be the subsidiaries of the Company.

As the Purchaser is a company wholly owned by Mr. Doo, the Vice-chairman and Non-executive Director, the Purchaser is an associate of Mr. Doo and hence a connected person of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest of all applicable percentage ratios in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 27 October 2017, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares at the Consideration of RMB1.85 billion, subject to adjustment. The principal terms of the Sale and Purchase Agreement are set out below.

## THE SALE AND PURCHASE AGREEMENT

**Date:** 27 October 2017

## Parties:

- (1) The Vendor: New World Development (China) Limited 新世界發展(中國)有限公司, an indirect wholly-owned subsidiary of the Company.
- (2) The Purchaser: Oriental Triumph Inc. 東凱有限公司, a company wholly owned by Mr. Doo, and hence a connected person of the Company under the Listing Rules.

## Assets to be disposed of

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares. The Sale Shares represent the entire issued share capital of the Target Company which together with its subsidiaries owns the Properties and operates Shanghai Ramada Plaza and the Hotels.

## Consideration

The Consideration for the Disposal is RMB1.85 billion, subject to adjustment, and shall be paid by the Purchaser to the Vendor in the following manner:

- (1) RMB185,000,000 was paid by the Purchaser to the Vendor as first deposit (the “**First Deposit**”) upon the execution of the Sale and Purchase Agreement;
- (2) RMB185,000,000, being the second deposit (the “**Second Deposit**”), shall be paid on 1 March 2018; and
- (3) RMB1,480,000,000, being the balance of the Consideration, shall be paid by the Purchaser to the Vendor on the Completion Date.

The Consideration was determined between the Purchaser and the Vendor after arm’s length negotiations with reference to, among others, the appraised value of the Properties based on the valuation reports prepared by independent professionally qualified valuers and financial condition of the Target Group.

The Consideration will be adjusted in accordance with the provisions of the Sale and Purchase Agreement based on the pro-forma balance sheet of the Target Group delivered by the Vendor on Completion or the unaudited consolidated balance sheet of the Target Group delivered by the Purchaser after Completion (if any), as the case may be, as follows: (1) if the NAV of the Target Group as at the Completion Date is greater than the amount of the Consideration, the Consideration shall be increased by the amount of difference between the Consideration and the NAV; (2) if the NAV of the Target Group as at the Completion Date is less than the amount of the Consideration, the Consideration shall be decreased by the amount of difference between the Consideration and the NAV; or (3) if the NAV equals the Consideration, no adjustment to the Consideration will be made.

## Conditions

Completion is conditional upon:

- (1) the obtaining of all approval, consent, ratification, waiver or other authorization which are necessary or desirable in respect of the Sale and Purchase Agreement and the transactions contemplated by the Vendor and the Purchaser under the Sale and Purchase Agreement;

- (2) none of warranties given by the Vendor or the Purchaser being found to be, or no event occurring or matter arising which may render or renders any of such warranties, untrue or inaccurate or misleading on and as at the Completion Date; and
- (3) the execution of the Sale and Purchase Agreement and the transactions contemplated thereunder having been complied with all applicable requirements under the Listing Rules.

If the above conditions shall not be satisfied or waived by the Vendor (as to item (2) above in respect of the warranties provided by the Purchaser) or by the Purchaser (as to item (1) and item (2) above in respect of the warranties provided by the Vendor) on or before 31 July 2018 (or such other later date as may be agreed between the Vendor and the Purchaser in writing), all rights and obligations of the Vendor and the Purchaser under the Sale and Purchase Agreement shall lapse with immediate effect and the Vendor shall return all and any amount of the First Deposit and the Second Deposit received by it (without interest) pursuant to the Sale and Purchase Agreement to the Purchaser within 5 Business Days.

### **Other Obligation**

Pursuant to the Sale and Purchase Agreement, the Purchaser acknowledges that the Transferring Company shall be retained by the Vendor and be transferred to the group company of the Vendor pending completion of registration with the PRC authority. In the event that the registration of the said transfer cannot be completed by the Completion Date, the Purchaser undertakes to the Vendor that it shall procure such registration to be completed as soon as possible and to hold all rights, interests and title in such Transferring Company on trust and for the benefit of the Vendor with effect from the Completion Date until completion of such transfer.

### **Pre-Completion Obligations**

From the date of the Sale and Purchase Agreement and until Completion:

- (1) the Vendor shall procure that the relevant Target Group company to authorize and delegate to the Purchaser or its nominee the authority to negotiate on behalf of such Target Group company over the 90 car parking spaces specified in the Sale and Purchase Agreement provided that the Purchaser shall indemnify, and keep indemnified (on an after tax basis), pay upon demand and hold harmless the Vendor and the relevant Target Group company and each of their respective directors, officers, agents and employees (each an “**Indemnified Person**”) from and against any and all losses specified in the Sale and Purchase Agreement which may be suffered, made or incurred by the Indemnified Person (save and except for losses incurred that have been finally judicially determined to have primarily arisen out of the fraud, willful default or gross negligence of the Indemnified Person); and
- (2) no capital expenditure and commitment by any Target Group company in an amount in excess of RMB500,000 shall be made without the prior consultation with the Purchaser.

### **Completion**

Completion shall take place on the Completion Date or such other time and place as the Vendor and the Purchaser may agree.

Upon Completion, the Target Group will cease to be the subsidiaries of the Company.

## **SIDE LETTER**

Pursuant to the Sale and Purchase Agreement, upon Completion, the Purchaser shall deliver to the Vendor the First Right to Lease Side Letter with the following major terms:

### **Parties to the First Right to Lease Side Letter**

- (1) The Purchaser; and
- (2) The Vendor

### **Major Terms of the First Right to Lease Side Letter**

Pursuant to the First Right to Lease Side Letter, the Purchaser irrevocably and unconditionally undertakes that in the event that the Purchaser shall carry out and complete a renovation (which may or may not involve a rearrangement of space) of the Renovated Premises, the Vendor or the Vendor's nominee shall have the First Right to Lease, exercisable once only within two (2) months from the Vendor's receipt of the Purchaser's notice of intention to lease the Renovated Premises from the Purchaser at fair market rent and on such other fair and reasonable terms and conditions as the Vendor and the Purchaser may further agree upon.

The Company will comply with the relevant requirements under the Listing Rules in the event that the Vendor exercises the First Right to Lease.

### **Termination of the First Right to Lease Side Letter**

The First Right to Lease Side Letter shall terminate on the date of the earliest to occur of the following events:

- (1) Mr. Doo ceases to have control of the Purchaser or ceases to be the ultimate holder of controlling interest in the Renovated Premises;
- (2) no renovation of the retail premises and car parking spaces in Shanghai Ramada Plaza (for the avoidance of doubt, the Hotels are excluded) has taken place within three (3) years from the date of the First Right to Lease Side Letter; and
- (3) the Vendor does not exercise the First Right to Lease within two (2) months from the Vendor's receipt of the Purchaser's notice of intention to lease the Renovated Premises.

## **INFORMATION OF THE TARGET GROUP**

The Target Company, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company. The main assets of the Target Group are the Properties. The Target Group is principally engaged in the operation of the Shanghai Ramada Plaza and the Hotels.

Set out below is a summary of the unaudited consolidated net profit of the Target Company for each of the two years ended 30 June 2016 and 2017 prepared in accordance with HKFRS:

	For the year ended 30 June	
	2017	2016
	HK\$ million	HK\$ million
Net profit before taxation and extraordinary items	19.1	78.7
Net (loss)/profit after taxation and extraordinary items	(13.7)	80.3

According to the unaudited consolidated financial statements of the Target Company for the year ended 30 June 2017 prepared in accordance with HKFRS, the unaudited consolidated negative net asset value of the Target Group as at 30 June 2017 was HK\$1.8 million.

After taking into account the Consideration, the net asset value of the Target Company as at the date of the Sale and Purchase Agreement and the related transaction costs, it is estimated that an unaudited gain of approximately HK\$328.2 million will be recorded in respect of the Disposal.

### **INFORMATION OF THE PURCHASER**

The Purchaser is an investment holding company. It is a company wholly owned by Mr. Doo.

### **INFORMATION OF 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.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal enables the Group to realize cash resources and unlock the value in low-yielding assets held by the Target Group at fair market value. The proceeds arising from the Disposal will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement have been negotiated on an arm's length basis and on normal commercial terms, in the ordinary course of business, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As the Purchaser is wholly owned by Mr. Doo, the Vice-chairman and Non-executive Director, the Purchaser is an associate of Mr. Doo and hence a connected person of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest of all applicable percentage ratios in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

Other than Mr. Doo, none of the Directors has a material interest in the Sale and Purchase Agreement. Mr. Doo, Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng 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 Disposal and accordingly they did not vote on the relevant resolution approving the Disposal.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday or Sunday) on which commercial banks are open for business in Hong Kong, or the next Business Day where the Sale and Purchase Agreement provides that any action be taken on or before a day which is not a Business Day
“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 shares of which are listed on the main board of the Stock Exchange (Stock Code: 0017)
“Completion”	completion of the Disposal
“Completion Date”	the later of (a) 31 May 2018 and (b) the 5 <sup>th</sup> Business Day following the date on which the last of the conditions set out in the Sale and Purchase Agreement (except such conditions which are expressed to be satisfied on or as at Completion) are satisfied or waived, or such later date as the Vendor and the Purchaser may agree
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	RMB1.85 billion, being the consideration for the Sale Shares, subject to adjustment, if any
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“First Right to Lease”	the first right (but not the obligation), exercisable at the Vendor’s sole and absolute discretion, to lease the Renovated Premises
“First Right to Lease Side Letter”	a side letter in favour of the Vendor to be executed by the Purchaser and delivered upon Completion in relation to the First Right to Lease
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hotels”	New World Shanghai Hotel and pentahotel Shanghai

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai-Hoi, William, the Non-executive Vice-chairman of the Company, a director of certain subsidiaries of the Company, the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company, the brother-in law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng and Ms. Cheng Chi-Man, Sonia
“NAV”	an amount that is equal to (a) RMB1.85 billion plus (b) the aggregate of the value of the current assets and the value of other long term assets (excluding value of the investment properties and hotel properties) and minus (c) the aggregate of (i) the value of the current liabilities (including, without limitation, the bank loans owing by the Target Group, if such bank loans have not yet been repaid at Completion, termination payment under employment contracts and other statutory payments, if any, for all the directors, officers, secretaries and employees of the Target Group up to the Completion Date regardless of whether or not their respective employment contracts will be terminated upon Completion) and (ii) the value of the long term liabilities
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the Subject Lands together with the buildings erected thereon, including Shanghai Ramada Plaza and the Hotels
“Purchaser”	Oriental Triumph Inc. 東凱有限公司, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Doo
“Renovated Premises”	the retail premises and car parking spaces in Shanghai Ramada Plaza (for the avoidance of doubt, excluding the Hotels)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 27 October 2017 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Shares”	103,271,870 shares of US\$1.00 each in the share capital of the Target Company, being its entire issued share capital

“Shanghai Ramada Plaza”	the shopping mall complex, Shanghai Ramada Plaza, located at 823 Changning Road, Changning District, Shanghai, PRC, 1555 Dingxi Road, Changning District, Shanghai, PRC, 1525 Dingxi Road, Changning District, Shanghai, PRC, 1515 Dingxi Road, Changning District, Shanghai, PRC and 1507 Dingxi Road, Changning District, Shanghai, PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Lands”	the various pieces of land specified in the land use right certificates Hu Fang Di Chang Zi (2016) No. 014687 (dated 22 August 2016); Hu Fang Di Chang Zi (2014) No. 007199 (dated 16 June 2014); Hu Fang Di Chang Zi (2011) No. 004099 (dated 31 March 2011); Hu Fang Di Chang Zi (2011) No. 004092 (dated 31 March 2011) and Hu Fang Di Chang Zi (2011) No. 004091 (dated 31 March 2011), all held by various members of the Target Group as at the date of the Sale and Purchase Agreement
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Ramada Property Ltd., a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“Transferring Company”	any company held by the Target Group companies as at the date of the Sale and Purchase Agreement that is not a subsidiary of the Target Group companies (and therefore not a member of the Target Group companies)
“Vendor”	New World Development (China) Limited 新世界發展(中國)有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board  
**Wong Man Hoi**  
*Company Secretary*

Hong Kong, 27 October 2017

*As at the date of this announcement, (a) the executive Directors 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 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.*