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新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

VOLUNTARY ANNOUNCEMENT

AWARD OF TENDER FOR A CONTRACT FOR THE DESIGN, CONSTRUCTION AND OPERATION OF KAI TAK SPORTS PARK

AND

FORMATION OF A JOINT VENTURE

The Board is pleased to announce that on 28 December 2018, KTSPL was awarded a contract for the design, construction and operation of Kai Tak Sports Park at the total construction contract sum of HK\$29.993 billion. KTSPL is a joint venture company held as to 75% by New World Sports (a wholly-owned subsidiary of the Company) and 25% by NWS Sports (a wholly-owned subsidiary of NWS). As at the date of this announcement, the Company together with its subsidiaries hold approximately 61% of the total issued share capital of NWS.

On the same day, the Company, New World Sports, NWS and NWS Sports entered into the Shareholders' Agreement to regulate the respective rights and obligations of New World Sports and NWS Sports towards the operation and management of KTSPL for the purpose of jointly undertaking the Project. The estimated maximum funding commitment of New World Sports in relation to KTSPL is approximately HK\$1.5 billion.

It is expected that KTSPL would enter into the DBO Contract with the Government for the design, construction and operation of the Project when called upon to do so by the Government. Before the DBO Contract is formally executed, a binding agreement has been constituted between the Government and KTSPL upon the Government's issuance of a letter of acceptance to KTSPL on 28 December 2018.

Shortly after the date of this announcement, KTSPL and Hip Hing Engineering (an indirect wholly-owned subsidiary of NWS and accordingly a subsidiary of the Company) will enter into the Construction Management Agreement, pursuant to which Hip Hing Engineering will provide the Construction Management Services to KTSPL for the Project.

INTRODUCTION

The Board is pleased to announce that on 28 December 2018, KTSPL was awarded a contract for the design, construction and operation of Kai Tak Sports Park at the total construction contract sum of HK\$29.993 billion. KTSPL is a joint venture company held as to 75% by New World Sports (a wholly-owned subsidiary of the Company) and 25% by NWS Sports (a wholly-owned subsidiary of NWS). As at the date of this announcement, the Company together with its subsidiaries hold approximately 61% of the total issued share capital of NWS.

THE PROJECT

Kai Tak Sports Park is one of the most important sports infrastructure in Hong Kong in recent decades. Occupying around 28 hectares of land, Kai Tak Sports Park is about 9 hectares larger than the Victoria Park and will contribute significantly to sports development of Hong Kong. Situated in the city hub and by the harbourfront, and conveniently located in proximity to MTR station(s) and close access to public transportation, Kai Tak Sports Park is planned to be developed into a large complex covering sports, leisure, entertainment, retail and dining facilities. By partnering the NWD Group with the NWS Group through the joint venture arrangement, KTSPL will be able to draw on the solid financial strength, expertise, experience and network of the NWD Group for the development of such a large-scale landmark project, and at the same time build on the NWS Group's expertise and experience, including the construction and management of the operation of Hong Kong Convention and Exhibition Centre. The Board believe that the participation in the Project will enable the NWD Group and the NWS Group to benefit from this synergistic partnership and generate revenue stream from the Project. Participation in such a mega-sized and signature infrastructure of Hong Kong will further enhance the reputation of the NWD Group and the NWS Group.

Scope: KTSPL will be responsible for the design, construction and operation of Kai Tak Sports Park

Location: North apron of the former Hong Kong International Airport in Kai Tak, Kowloon City District, Kowloon, Hong Kong

Site area: Around 28 hectares

Contract period: 25 years (including design, construction and operation period)

The Government may consider extending the operation phase for up to 10 years and enter into new operation agreement with KTSPL after receiving request from KTSPL.

Construction contract sum: HK\$29.993 billion (in respect of the works for design and construction)

Funding and income: The Government will own the facilities and venues constructed under the Project and will fund the initial lump sum design and construction costs of the Project. KTSPL will receive milestone payments from the Government upon achievement of certain design and construction works milestones during the design and construction phase.

KTSPL will, among others, bear the operating costs in operating and managing the facilities and venues and pay 3% of the gross income share and HK\$1.724 billion to the Government during the operation period, and fulfil fixed commitment on Sports Events Support Scheme. KTSPL will receive revenue from pursuing various commercial opportunities (such as hire fees, licence fees, sponsorship fees, merchandise sales and/or commission and car park charges) in respect of the precinct.

Major facilities: The Project involves the development of a 50,000-seat main stadium, an indoor sports centre with a 10,000-seat main arena and a 500-seat ancillary sports hall, a 5,000-seat public sports ground, commercial facilities, all surrounded by extensive public open space.

It is expected that KTSPL will enter into the DBO Contract for the Project with the Government when called upon to do so by the Government. Before the DBO Contract is formally executed, a binding agreement has been constituted between the Government and KTSPL upon the Government's issuance of a letter of acceptance to KTSPL on 28 December 2018.

THE SHAREHOLDERS' AGREEMENT

On 28 December 2018, the Company, New World Sports, NWS and NWS Sports entered into the Shareholders' Agreement to regulate the respective rights and obligations of New World Sports and NWS Sports towards the operation and management of KTSPL for the purpose of jointly undertaking the Project.

Date

28 December 2018

Parties

1. The Company
2. New World Sports
3. NWS
4. NWS Sports

Scope of business

Except otherwise agreed between the KTSPL Shareholders, the business of the KTSPL Group will be to submit a tender for, and entering into a contract with the Government for, the design, construction and operation for the Project; to enter into or carry on such other business and activities ancillary thereto or otherwise relating to the Project as the KTSPL Board may decide; and to carry on any other business(es) as may be decided upon by the KTSPL Shareholders in compliance with the Shareholders' Agreement.

Financing

The two KTSPL Shareholders have paid a total of approximately HK\$907 million to KTSPL by way of share capital injection.

To the extent the additional financing need of the KTSPL Group is not met by financing from banks and/or other financial institutions ("**External Financing**") as decided by the KTSPL Board or if the KTSPL Board decides not to meet such financing needs by External Financing, each KTSPL Shareholder shall contribute additional working capital to KTSPL (by way of shareholder's loans) in proportion to its shareholding percentage in KTSPL for the purposes of financing KTSPL's business and operations. The interest (if any) to be charged on the shareholders' loans shall be decided by the KTSPL Board from time to time in consultation with the KTSPL Shareholders.

In case any support from the KTSPL Shareholders or their respective affiliates or associated companies (whether by way of loans, security, guarantee or indemnity) is required to procure any External Financing for the KTSPL Group, such support shall be given by the KTSPL Shareholders on a several basis in proportion to the respective shareholding percentages held by them in KTSPL, and not on a joint or joint and several basis.

The maximum funding commitment in KTSPL to be made by New World Sports and NWS Sports is currently estimated to be approximately HK\$2.0 billion and accordingly, the funding commitment to be made by New World Sports in proportion to its 75% shareholding interest in KTSPL is expected to be approximately HK\$1.5 billion. The funding commitment of New World Sports is expected to be financed by internal

resources and/or external financing of the NWD Group as deemed appropriate by the Company.

Management of KTSPL

Pursuant to the Shareholders' Agreement, unless and until otherwise agreed in writing by all KTSPL Shareholders, the KTSPL Board shall comprise no more than four directors. New World Sports shall have the right to nominate three directors of KTSPL and NWS Sports shall have the right to nominate one director of KTSPL, provided that if the relative shareholdings of the KTSPL Shareholders in KTSPL are altered, the KTSPL Shareholders shall procure that such right to nominate directors of KTSPL shall be amended so that it is substantially in proportion to the relevant KTSPL Shareholders' respective shareholdings in KTSPL. The chairman of each meeting of the KTSPL Board shall be elected by the KTSPL Board at the meeting of the KTSPL Board concerned or as otherwise required from time to time in accordance with the applicable laws and regulations.

Dividend and distribution of profit

The directors of KTSPL shall decide at a meeting of the KTSPL Board where at least one director of KTSPL nominated by New World Sports and one director of KTSPL nominated by NWS Sports is present (or has the right to be present), the amount (if any) of the profits after tax of KTSPL that shall be retained by KTSPL in respect of reserves for the general working capital requirements of the KTSPL Group for the following financial year, reinvestment back into the KTSPL Group in accordance with its annual business plan, operating budget and financial forecast, and/or any other debt of the KTSPL Group falling due for repayment in the following financial year together with any interest accrued thereon.

Restrictions on share transfers

None of the KTSPL Shareholders shall transfer any of its shares of KTSPL unless the transfer is to an affiliate of any one of them, or in accordance with the rights of first refusal procedures under the Shareholders' Agreement. Under the rights of first refusal procedures, if a KTSPL Shareholder (the "**Offeror**") desires to transfer any share(s) in KTSPL other than a transfer to its affiliate, the Offeror shall first offer such share(s) in KTSPL to the other KTSPL Shareholder, and the other KTSPL Shareholder will have a right of first refusal to accept the offer and to purchase such share(s) in KTSPL.

Further, any transfer of shares of KTSPL shall be made only if any condition or restriction imposed under any agreement or contractual requirements by which the KTSPL Group is bound, any licence, permit or authorisation held by or granted to the KTSPL Group, and any applicable legal or regulatory requirement to which the KTSPL Group is subject are all satisfied and complied with.

THE GUARANTEE, THE INDEMNITY, AND THE FURTHER COUNTER-INDEMNITY

New World Sports and NWS Sports have undertaken to provide the Guarantee in favour of the Government. Pursuant to the Guarantee, New World Sports and NWS Sports will jointly and severally guarantee to the Government as a primary obligation, the punctual, true and faithful performance and observance by KTSPL of the obligations, terms, conditions and liabilities to be performed, observed and assumed by KTSPL under the DBO Contract and any further agreement entered into between the Government and KTSPL in connection with the DBO Contract.

Pursuant to the Guarantee, New World Sports and NWS Sports will also irrevocably and unconditionally indemnify the Government against all losses, damages, costs and expenses suffered or incurred by the Government arising by reason of any act, default or omission on the part of (i) KTSPL in the performance, observance and assumption of KTSPL's obligations, terms, conditions and liabilities under the provisions of the DBO Contract and of any further agreement entered into between the Government and KTSPL in connection with the DBO Contract; and (ii) New World Sports and NWS Sports in the performance and observance of their obligations under the Guarantee.

New World Sports, the Company, NWS Sports and NWS have entered into the Indemnity pursuant to which (i) each of New World Sports and the Company has agreed to indemnify NWS Sports and NWS and their respective subsidiaries from all liabilities, charges, expenses, actions, proceedings, claims and demands suffered or incurred by NWS Sports, NWS and their respective subsidiaries under the Guarantee and any other liability guaranteed to the Government or any third party creditor for the obligations of KTSPL to the extent in excess of 25%; and (ii) each of NWS Sports and NWS has agreed to indemnify New World Sports and the Company and their respective subsidiaries (except the NWS Group) from all liabilities, charges, expenses, actions, proceedings, claims and demands suffered or incurred by New World Sports and the Company and their respective subsidiaries (except the NWS Group) under the Guarantee and any other liability guaranteed to the Government or any third party creditor for the obligations of KTSPL to the extent in excess of 75%.

Further, the Government has requested that a guarantee and an undertaking be provided by the Company in favour of the Government (the "**NWD Guarantee**") to guarantee as a primary obligation the punctual, true and faithful performance and observance by KTSPL of the obligations and liabilities of KTSPL under the DBO Contract and any further agreement entered into between the Government and KTSPL in connection with the DBO Contract, and to undertake not to sell or transfer its ownership of shareholding or interest in KTSPL or take any action which may result in KTSPL being unable to comply with its obligations under the DBO Contract. It is expected that, upon or before the NWD Guarantee is provided by the Company to the Government, the Further Counter-Indemnity will be entered into between NWS and the Company, under which NWS will agree to indemnify the Company from all liabilities and claims suffered or

incurred by the Company under the NWD Guarantee for the obligations of KTSPL to the extent in excess of 75%.

In the event that the NWD Group is called upon to fulfill its obligations under the Guarantee, the Indemnity and/or the NWD Guarantee, the fulfillment of such obligations is expected to be financed by internal resources and/or external financing of the NWD Group as deemed appropriate by the Company.

THE CONSTRUCTION MANAGEMENT AGREEMENT

It is expected that KTSPL and Hip Hing Engineering, an indirect wholly-owned subsidiary of NWS and accordingly a subsidiary of the Company, will shortly enter into the Construction Management Agreement, pursuant to which Hip Hing Engineering will provide construction management services to KTSPL for the Project, the scope of which will include (amongst other things): (i) division of the design and construction of the Project into various trade packages to ensure economic and efficient execution and completion of the Project; (ii) preparation of documentation for the trade packages and assisting KTSPL in preparing and negotiating the trade contracts; (iii) advising KTSPL on design development and implementation as well as monitoring the design progress; (iv) providing the project management personnel; (v) monitoring construction progress and directing and co-ordinating on behalf of KTSPL in order to ensure that the requirements of KTSPL are satisfied and the requirements of the business plan are met; (vi) ensuring that the works are carried out in a good and workmanlike manner and otherwise in accordance with the DBO Contract, the trade contracts and all applicable laws; and (vii) providing cost management, quantity surveying, and contract administration services for all trade packages and consulting agreements (the “**Construction Management Services**”).

INFORMATION ON THE PARTIES

The Company is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. As at the date of this announcement, the Company together with its subsidiaries hold approximately 61% of the total issued share capital of NWS.

The NWD 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.

New World Sports is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. New World Sports is an investment holding company.

The NWS Group is principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, duty free shops, healthcare, construction, transport and strategic investments.

NWS Sports is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of NWS. NWS Sports is an investment holding company.

KTSP is a company incorporated in Hong Kong with limited liability and is held as to 75% by New World Sports and 25% by NWS Sports. KTSP has been established for the purpose of undertaking the Project for the design, construction and operation of Kai Tak Sports Park.

Hip Hing Engineering is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of NWS and accordingly a subsidiary of the Company. Hip Hing Engineering is principally engaged in building construction, civil engineering, provision of construction related services and investment holding.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0017)
“Construction Management Agreement”	the construction management agreement to be entered into between KTSP and Hip Hing Engineering relating to the provision of the Construction Management Services by Hip Hing Engineering to KTSP for the Project
“Construction Management Services”	has the meaning ascribed to it in the section headed “The Construction Management Agreement” in this announcement
“DBO Contract”	the contract to be entered into between the Government and KTSP (as the successful tenderer) for the design, construction and operation of the Project
“Further Counter-Indemnity”	a deed of counter-indemnity to be entered into between NWS and the Company in relation to the provision of indemnity by NWS to the Company from all liabilities and claims suffered or incurred by the Company under any guarantee provided or to be provided by the Company for the obligations of KTSP to the extent in excess of 75%, details of which are set out in the section headed “The Guarantee, the Indemnity, and the

	Further Counter-Indemnity” in this announcement
“Government”	the Government of Hong Kong
“Guarantee”	the joint and several guarantee entered into by New World Sports and NWS Sports in favour of the Government in relation to the performance and observance by KTSPL of the obligations and liabilities of KTSPL under the DBO Contract and any further agreement entered into between the Government and KTSPL in connection with the DBO Contract, details of which are set out in the section headed “The Guarantee, the Indemnity, and the Further Counter-Indemnity” in this announcement
“Hip Hing Engineering”	Hip Hing Engineering Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of NWS and accordingly a subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indemnity”	the deed of counter-indemnity dated 10 August 2018 entered into among New World Sports, the Company, NWS Sports and NWS in relation to the provision of indemnity (i) by New World Sports and the Company to the NWS Group from all liabilities and claims suffered or incurred by the NWS Group under the guarantees provided for the obligations of KTSPL to the extent in excess of 25%; and (ii) by NWS Sports and NWS to the NWD Group from all liabilities and claims suffered or incurred by the NWD Group under the guarantees provided for the obligations of KTSPL to the extent in excess of 75%, details of which are set out in the section headed “The Guarantee, the Indemnity, and the Further Counter-Indemnity” in this announcement
“KTSPL”	Kai Tak Sports Park Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are held as to 75% by New World Sports and as to 25% by NWS Sports
“KTSPL Board”	the board of directors of KTSPL

“KTSPL Group”	KTSPL and its subsidiaries (if any) from time to time
“KTSPL Shareholders”	the shareholders of KTSPL for the time being
“New World Sports”	New World Sports Development Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“NWD Group”	the Company and its subsidiaries (excluding the NWS Group)
“NWD Guarantee”	has the meaning ascribed to it in the section headed “The Guarantee, the Indemnity, and the Further Counter-Indemnity” in this announcement
“NWS”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659). As at the date of this announcement, the Company together with its subsidiaries hold approximately 61% of the total issued share capital of NWS
“NWS Group”	NWS and its subsidiaries from time to time
“NWS Sports”	NWS Sports Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of NWS
“Project”	the Kai Tak Sports Park project at Kai Tak, Kowloon City District, Kowloon, Hong Kong
“Shareholders’ Agreement”	the shareholders’ agreement dated 28 December 2018 entered into among the Company, New World Sports, NWS and NWS Sports to regulate the respective rights and obligations of New World Sports and NWS Sports towards the operation and management of KTSPL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent.

By Order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 28 December 2018

As at the date of this announcement, the Board comprises (a) seven executive directors, namely Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia, Mr. Au Tak-Cheong, Mr. Sitt Nam-Hoi and Mr. So Chung-Keung, Alfred; (b) three non-executive directors, namely, Mr. Doo Wai-Hoi, William, Mr. Cheng Kar-Shing, Peter and Ms. Ki Man-Fung, Leonie; and (c) six independent non-executive directors, namely 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, Mr. Liang Cheung-Biu, Thomas and Mr. Ip Yuk-Keung.