



THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the “Exchange”)

24 July 2008

The Listing Committee of The Stock Exchange of Hong Kong Limited (the “Listing Committee”) censures New World Development Company Limited (the “Company”) (Stock code: 17) for breaching paragraph 2 of the then Listing Agreement.

On 16 April 2008, the Listing Committee conducted a hearing into the conduct of, among others, the Company in relation to its obligations under paragraph 2 of the then Listing Agreement. The hearing was adjourned and reconvened on 7 May 2008.

Facts

The disciplinary hearing was in relation to the release of price sensitive information by the Company to certain selected investment analysts prior to its publication.

At all material times, a member of staff (the “Relevant Staff Member”) working in the Company’s Corporate Communications Department, was responsible for communicating with the investment community. On 13 March 2001, during his course of employment, the Relevant Staff Member talked to certain selected investment analysts. The Listing Division alleged that the Relevant Staff Member had disclosed to those selected analysts a clear indication of the Company’s interim profit figure prior to its publication to the market. Following these alleged disclosures, revised forecasts were issued by those selected analysts respectively on 13 March 2001 and 14 March 2001, in advance of formal publication of the interim results by the Company which was not until 15 March 2001.

Prior to the publication of its interim accounts for the first half financial year 2001 on 15 March 2001, the actual net profit of the Company was a matter of speculation in the market. On 9 March 2001, an analyst published a forecast of \$730 million for the Company’s interim net profits. On 12 March 2001, another analyst published a forecast of \$628 million.

The Listing Division submitted that, as at 13 March 2001, the interim profit figure of the Company was material information which might reasonably be expected to affect the market activity in and the price of the Company’s securities and which would place persons to whom the information was divulged in a privileged dealing position. In the event, from 9 to 15 March 2001 inclusive, the price of the Company’s securities fell by approximately 24 per cent and on 14 March 2001, a total of 33.5 million of shares were traded on the Exchange, representing approximately 1.60 per cent of the then issued share capital of the Company and approximately 4.40 times the average trading volume of the shares over the 10 days period prior to and including 14 March 2001.

The Listing Division alleged that, in the afternoon of 13 March 2001, the interim accounts of the Company were ready and it came to the knowledge of the Relevant Staff Member that the actual profit figure was about \$300 million. The Relevant Staff Member then telephoned several analysts and disclosed to them a clear indication of the net profit figure. The Company published its interim accounts on 15 March 2001 which stated that the net profits were at \$311 million. Before the said publication, on both 13 and 14 March 2001, there were revised forecasts published by certain investment analysts. These forecasts had been revised and adjusted to a lower sum of about \$300 million.

The Listing Division alleged that, as the Relevant Staff Member was responsible for communicating with the investment community, he therefore had the Company's authority to represent the Company in performance of its communication functions. The selective disclosure of the Company's interim result was an act done by him in the course of his employment. The Listing Division considered the Company was responsible for the actions of the Relevant Staff Member. In the circumstances, the Listing Division alleged that the Company breached paragraph 2 of the then Listing Agreement in respect of the conduct of the Relevant Staff Member in connection with the price sensitive information apparently imparted by him to certain selected analysts.

Relevant Provisions of the Exchange Listing Rules

Pursuant to paragraph 2 of the Listing Agreement in force at the material times, the Issuer was required to keep the Exchange, members of the Issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which was not public knowledge) which:

- a) was necessary to enable them and the public to appraise the position of the group;
- b) was necessary to avoid the establishment of a false market in its securities; and
- c) might reasonably be expected materially to affect market activity in and the price of its securities.

- 2.1 Information should not be divulged outside the Issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

Decision

The Listing Committee concluded that the Company breached paragraph 2 of the then Listing Agreement in that on or about 13 March 2001 it selectively disclosed to certain investment analysts price sensitive information relating to the interim profit figure for the first half financial year 2001.

The Listing Committee decided to impose a public censure on the Company for the said breach.

For the avoidance of doubt, the Exchange confirms that this public censure applies only to the Company and not to any other past or present members of the Board of Directors of the Company.

Richard Williams, Head of Listing, said, “Selective disclosure damages the integrity of the market. This unfair practice is more corrosive when it is conducted methodically without any apparent attempt to properly inform all shareholders and the wider investing public.

The background and history of this long drawn out disciplinary action has been widely covered in the media over the last seven years. Whilst the delay to the conclusion of these proceedings has undoubtedly diluted the regulatory impact of this decision the Listing Division is pleased to note that shareholders and potential investors will in the future have the benefit of a comprehensive independent external review of the Company’s compliance and internal control procedures.”