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**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF 30% EQUITY INTEREST IN
SKY TREASURE DEVELOPMENT LIMITED**

THE DISPOSAL

On 26 June 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Company, pursuant to which (i) the Vendor conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and take the assignment of, the Sale Shares and the Sale Loan at the Consideration of RMB1,440,450,187, subject to adjustment (if any); and (ii) the Company agreed to unconditionally and irrevocably guarantee to the Purchaser the due and punctual observance and performance of all obligations of the Vendor under the Sale and Purchase Agreement. The Target Group is principally engaged in the development, management and operation of the Property and the main asset of the Target Group is the Property.

Upon Completion, the Company will cease to own any direct or indirect interest in the Target Group and the Property.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, CTFE (together with its subsidiaries) owns approximately 45.24% of the total issued share capital of the Company. As the Purchaser is a wholly-owned subsidiary of CTFE, it is a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 26 June 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser and the Company, pursuant to which (i) the Vendor conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and take the assignment of, the Sale Shares and the Sale Loan at the Consideration of RMB1,440,450,187, subject to adjustment (if any); and (ii) the Company agreed to unconditionally and irrevocably guarantee to the Purchaser the due and punctual observance and performance of all obligations of the Vendor under the Sale and Purchase Agreement. The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

26 June 2024

Parties

- | | |
|-------------------------|--------------------------------|
| (1) Vendor: | Total Partner Holdings Limited |
| (2) Vendor's guarantor: | the Company |
| (3) Purchaser: | Shine Through Holdings Limited |

Assets to be disposed of

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell and assign, and the Purchaser agreed to purchase and take the assignment of, the Sale Shares and the Sale Loan.

The Sale Shares represent 30% of the entire issued share capital of the Target Company.

The Sale Loan represents the unsecured, non-interest bearing and repayable on demand shareholder's loan owing from the Target Company to the Vendor. As at 31 May 2024, the Sale Loan amounted to approximately HK\$1,556 million, which is lower than the amount of the Initial Consideration of RMB1,440,450,187 (equivalent to approximately HK\$1,557 million).

The Company agreed to unconditionally and irrevocably guarantee to the Purchaser the due and punctual observance and performance of all obligations of the Vendor under the Sale and Purchase Agreement.

CONSIDERATION AND BASIS OF DETERMINATION

The Consideration for the Disposal is the Initial Consideration in the amount of RMB1,440,450,187, subject to adjustment (if any) in accordance with the Sale and Purchase Agreement. The Initial Consideration shall be paid by the Purchaser to the Vendor in cash in the following manner:

- (a) a deposit in the sum of RMB144,045,018.70 (“**Deposit**”), representing 10% of the Initial Consideration, shall be paid by the Purchaser to the Vendor within two (2) Business Days from the date of the Sale and Purchase Agreement; and
- (b) the balance of the Initial Consideration in the sum of RMB1,296,405,168.30 (“**Completion Payment**”) shall be paid by the Purchaser to the Vendor at Completion.

The Initial Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to, among others, (i) 30% of the Appraised Value; (ii) 30% of the Net Asset Value of the Target Company as at 31 August 2024 based on the Pro Forma Accounts and (iii) 30% of the future land appreciation tax and corporate income tax estimated to be paid based on the Appraised Value.

After Completion, the Completion Accounts will be prepared for the purpose of determining the adjustment to the Consideration, which unless agreed by the Purchaser and the Vendor, shall be audited. The Consideration will be subject to upward or downward adjustments, as the case may be, in the following manner:

- (i) by either adding an amount equivalent to 30% of the NAV Difference (if it is a positive figure); or
- (ii) deducting an amount equivalent to 30% of the absolute value of the NAV Difference (if it is a negative figure).

The adjustment amount will be paid by the Vendor or the Purchaser, as the case may be, to the other in cash within five (5) Business Days after the agreement or delivery of the Final Completion Accounts. The Purchaser shall make payments in respect of the Consideration in RMB.

CONDITION PRECEDENT

Completion shall be subject to and conditional upon the approval of the Disposal by the Independent Shareholders in accordance with the Listing Rules.

The Vendor shall use all its reasonable endeavours to procure the fulfilment of the Condition on or before the Long Stop Date. Neither the Vendor nor the Purchaser may waive the Condition.

If the Condition shall not be fulfilled on or before the Long Stop Date, the Sale and Purchase Agreement shall terminate and be of no further effect and force. Upon such termination, the Vendor shall return the Deposit to the Purchaser (or as the Purchaser shall designate) within seven (7) Business Days without interests, and no party to the Sale and Purchase Agreement shall be entitled to any rights or benefits or be under any obligations or have any liability under or in respect of the Sale and Purchase Agreement save in respect of any antecedent breach.

COMPLETION

Completion shall take place on the third (3rd) Business Day after the fulfilment of the Condition (or at such other date as the Vendor and the Purchaser may mutually agree in writing).

Upon Completion, the Company will cease to own any direct or indirect interest in the Target Group and the Property.

INFORMATION ON THE PARTIES

The Vendor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

The Company is a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in property development, property investment, and investment in and/or operation of hotels and other strategic businesses.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CTFE. The Purchaser is principally engaged in investment holding.

CTFE is a company incorporated in Hong Kong with limited liability. CTFE is principally engaged in investment holding. As at the date of this announcement, CTFE is beneficially wholly-owned by Chow Tai Fook (Holding) Limited, which is held as to approximately 81.03% by Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is in turn held as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited. Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target Company is owned as to 70% and 30% by the Purchaser and the Vendor respectively.

The PRC JV Company is a wholly foreign owned enterprise with limited liability established under the laws of the PRC and wholly-owned by the Target Company. The main asset of the PRC JV Company is the Property.

The unaudited consolidated negative net asset value of the Target Company as at 31 May 2024 was approximately HK\$626 million.

Set out below is a summary of the consolidated net profit/(loss) of the Target Company for each of the two financial years ended 31 March 2022 and 31 March 2023 and the 14 months ended 31 May 2024 respectively:

	For the 14 months ended 31 May 2024 <i>HK\$'million</i> (unaudited)	For the financial year ended	
		31 March 2023 <i>HK\$'million</i> (audited)	31 March 2022 <i>HK\$'million</i> (audited)
Consolidated net (loss)/profit before taxation	(1,638) [#]	838 [#]	308 [#]
Consolidated net (loss)/profit after taxation	(1,419)	564	187

[#] Such figures have taken into account the revaluation gain or loss of investment properties for the relevant period or financial year, namely a revaluation loss of approximately HK\$1,568 million (the Group's 30% sharing being HK\$470 million) for the 14 months ended 31 May 2024, and revaluation gain of approximately HK\$274 million (the Group's 30% sharing being HK\$82 million) and approximately HK\$11 million (the Group's 30% sharing being HK\$3 million) for the financial years ended 31 March 2023 and 31 March 2022 respectively to recognise the fair market value changes for respective period/financial year.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the Company will record a gain of approximately HK\$113 million from the Disposal, which is calculated based on the difference between the Initial Consideration and the unaudited consolidated net assets of the Target Company attributable to the Company as at 31 May 2024 and after taking into account the estimated amount of transaction costs and relevant taxes to be borne by the Group in relation to the Disposal. The exact amount of the profit on the Disposal to be recorded in the consolidated income statement of the Company will be (a) subject to audit; (b) determined with reference to the post-Completion adjustment to the Consideration based on the NAV Difference; and (c) net of any incidental expenses, tax expenses and transaction costs, and therefore may vary from the amount disclosed above.

INFORMATION ABOUT THE PROPERTY

The Property comprises a 43-storey office building including 3-storey fire protection layer and 5-storey retail shopping mall, and car parks located at No. 66 Shuniu Avenue, Nanshan Subdistrict, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC.

The Property was completed in August 2023. The gross floor area breakdown and occupancy of the Property is set out below:

	Approximate GFA (square meters)	% of GFA on lease as at 31 May 2024
Commercial	26,265.74	33%
Offices	<u>99,390.83</u>	37%
Total	<u><u>125,656.57</u></u>	

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers the Company's interest in the Property to be a non-core investment of the Group, and due to the Company's minority equity interest in the Target Group, the Group does not have management control of the Property. Based on the Pro Forma Accounts, it is estimated that the Target Company will experience a pro forma unaudited consolidated loss of approximately RMB4 million per month from June to August 2024. Having taken into consideration the above, the Board takes the view that the Disposal is a good opportunity for the Group to unlock the value of its investment in the Property and it will enable the Group to realise cash resources in improving the liquidity and strengthening the financial position of the Group. The Consideration arising from the Disposal enables the Group to fully recoup the Sale Loan. The net proceeds arising from the Disposal will be used as general working capital of the Group.

Having taken into account the reasons for and the benefits of the Disposal, the Directors (other than the independent non-executive Directors, all of who were appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Disposal and will express their views in the Circular) consider that the Disposal is on normal commercial terms or better (as defined in the Listing Rules) and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, CTFE (together with its subsidiaries) owns approximately 45.24% of the total issued share capital of the Company. As the Purchaser is a wholly-owned subsidiary of CTFE, it is a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to review the terms of the Disposal and to advise the Independent Shareholders on how to vote in respect of the Disposal at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Ballas Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

THE EGM AND THE CIRCULAR

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the Disposal.

As additional time is required to prepare the Circular containing, among other things, (i) a letter from the Board containing further information on the Disposal; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in connection with the Disposal; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the Disposal; and (iv) a notice convening the EGM, the Circular is expected to be despatched to the Shareholders on or before 2 August 2024.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Appraised Value”	RMB5,018,000,000, being the appraised value of the Property as appraised by an independent property valuer appointed by the Group as at 31 May 2024
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong and the PRC and which is not a Saturday, a Sunday, a public holiday or a day on which typhoon signal no. 8 (or above) or a “black” rainstorm warning or an “extreme conditions” announcement is issued or hoisted at any time in Hong Kong
“Circular”	the circular of the Company in relation to the Disposal to be despatched to the Shareholders
“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)
“Completion”	completion of the Disposal
“Completion Accounts”	the unaudited consolidated financial statements of the Target Company, comprising the unaudited consolidated statement of financial position of the Target Company as at the Completion Date and the unaudited consolidated income statement of the Target Company for the period from 1 April 2023 to the Completion Date
“Completion Date”	the third (3rd) Business Day after the fulfilment of the Condition (or such other date as the Vendor and the Purchaser may mutually agree in writing), being the date on which Completion takes place
“Condition”	the condition precedent to Completion as described in the paragraph headed “Condition Precedent” in this announcement
“connected person”	has the meaning ascribed to it in the Listing Rules

“Consideration”	the total consideration for the Disposal, being the Initial Consideration subject to adjustment in accordance with the Sale and Purchase Agreement
“CTFE”	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Sale Shares and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of Shareholders to be convened to consider and, if thought fit, approve the Disposal
“Final Completion Accounts”	the Completion Accounts as agreed between the Vendor and the Purchaser or as audited in accordance with the Sale and Purchase Agreement
“GFA”	Gross Floor Area
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Lee Luen-Wai, John, Mr. Ip Yuk-Keung, Albert, Mr. Chan Johnson Ow, Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia, being all the independent non-executive Directors, established by the Board pursuant to the Listing Rules to make a recommendation to the Independent Shareholders in respect of the Disposal
“Independent Financial Adviser”	Ballas Capital Limited (博思融資有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Disposal

“Independent Shareholders”	the Shareholders other than those who have a material interest in the Disposal and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve Disposal
“Initial Consideration”	RMB1,440,450,187
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2024 (or such other date as may be mutually agreed between the Vendor and the Purchaser)
“NAV Difference”	an amount equivalent to (i) the Net Asset Value as at the Completion Date determined by reference to the Final Completion Accounts less (ii) the pro forma Net Asset Value as at 31 August 2024 determined by reference to the Pro Forma Accounts
“Net Asset Value”	the amount equivalent to the total consolidated assets of the Target Company (other than the Property and any deferred tax assets) minus the total consolidated liabilities of the Target Company (other than any deferred tax liabilities) to be determined with reference to the Pro Forma Accounts or the Final Completion Accounts (as the case may be)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC JV Company”	Shenzhen Tiande Real Estate Development Company* (深圳天得房地產開發有限公司), a wholly foreign owned enterprise with limited liability established under the laws of the PRC and wholly-owned by the Target Company
“Pro Forma Accounts”	the pro forma unaudited consolidated financial statements of the Target Company, comprising a pro forma unaudited consolidated income statement of the Target Company for the period from 1 June 2024 to 31 August 2024 and a pro forma unaudited consolidated statement of financial position of the Target Company as at 31 August 2024

“Property”	a 43-storey office building including 3-storey fire protection layer and 5-storey retail shopping mall, and car parks located at No. 66 Shuniu Avenue, Nanshan Subdistrict, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC
“Purchaser”	Shine Through Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CTFE
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 26 June 2024 entered into between and among the Vendor as vendor, the Company as the vendor’s guarantor and the Purchaser as purchaser in respect of the Disposal
“Sale Loan”	the entire amount of the unsecured, non-interest bearing and repayable on demand shareholder’s loan owing from the Target Company to the Vendor as at the date of Completion, the amount of which as at 31 May 2024 was approximately HK\$1,556 million
“Sale Shares”	three (3) ordinary shares in the issued share capital of the Target Company owned by the Vendor, representing 30% of the entire issued share capital of the Target Company
“Shareholders”	the holders of the Shares
“Shares”	the shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Target Company”	Sky Treasure Development Limited (天得發展有限公司), a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and the PRC JV Company
“Vendor”	Total Partner Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent

* *for identification purposes only*

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, 26 June 2024

As the date of this announcement, (a) the executive Directors are Dr. Cheng Kar-Shun, Henry; Dr. Cheng Chi-Kong, Adrian; Mr. Ma Siu-Cheung; Ms. Cheng Chi-Man, Sonia; Mr. Sitt Nam-Hoi; Ms. Huang Shaomei, Echo; and Ms. Chiu Wai-Han, Jenny; (b) the non-executive Directors are Mr. Doo Wai-Hoi, William; Mr. Cheng Kar-Shing, Peter; Mr. Cheng Chi-Heng; and Mr. Cheng Chi-Ming, Brian; and (c) the independent non-executive Directors are Mr. Lee Luen-Wai, John; Mr. Ip Yuk-Keung, Albert; Mr. Chan Johnson Ow; Mrs. Law Fan Chiu-Fun, Fanny; Ms. Lo Wing-Sze, Anthea; and Ms. Wong Yeung-Fong, Fonia.