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**PLACING OF EXISTING SHARES OF NEW WORLD CHINA LAND LIMITED WITH  
PUT OPTIONS  
AND  
RESTORATION OF PUBLIC FLOAT  
OF NEW WORLD CHINA LAND LIMITED**

**Placing Agent**



## **Background**

As stated in the Rights Issue Result Announcement, following completion of the Rights Issue, the number of Shares held in public hands fell below 25% of the issued share capital of the Company. As such, NWD and Easywin entered into the Placing Agreement with the Placing Agent to place down Easywin's shareholdings in the Company in order to comply with the minimum 25% public float requirement under Rule 8.08 of the Listing Rules.

## **Placing Agreement**

NWD and Easywin entered into the Placing Agreement with the Placing Agent on 25 May 2005 for the placing of up to a maximum of 262 million existing Shares owned by Easywin at a price of HK\$2.90 per Placing Share on a best effort basis. The Placing Price represents (i) a premium of approximately 6.42% over the closing price of HK\$2.725 per Share as quoted on the Stock Exchange on 23 May 2005, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares on the Stock Exchange; (ii) a premium of approximately 2.47% over the average closing price of HK\$2.830 per Share for the last 10 consecutive trading days up to and including 23 May 2005 as quoted on the Stock Exchange; and (iii) a premium of approximately 3.42% over the average closing price of approximately HK\$2.804 per Share for the last 30 consecutive trading days up to and including 23 May 2005 as quoted on the Stock Exchange. There is no lock-up period imposed on the Placees in respect of the Placing Shares to be placed to them pursuant to the Placing Agreement.

Completion of the Placing Agreement is expected to take place on or before 3 June 2005. On the basis that all the 262 million Placing Shares are successfully placed to Independent Third Parties under the Placing Agreement, the minimum 25% public float of the Company as required under Rule 8.08 of the Listing Rules will be restored.

## **Option Agreement**

Subject to completion of the Placing Agreement, NWD and Easywin will enter into an Option Agreement with each Placee. Pursuant to the Option Agreements, Easywin will grant the Put Options to the Placees which are exercisable at an initial Exercise Price of HK\$2.90 per Share (subject to adjustments) by the Placees on the Exercisable Date (subject to certain Accelerating Events). Upon exercise of the Put Option by a Placee, such Placee shall be entitled to sell up to all of the Option Shares beneficially owned by such Placee at the applicable Exercise Price and Easywin is obliged to purchase the number of Option Shares in respect of which the Put Option is exercised at such Exercise Price.

## **Suspension and resumption of trading in the Shares on the Stock Exchange**

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Tuesday, 24 May 2005 at the request of the Company pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 26 May 2005.

**As the placing of the Placing Shares may or may not be consummated, investors are advised to exercise caution when dealing in the Shares.**

## **PLACING AGREEMENT**

### **1. Parties to the Placing Agreement**

- (1) Easywin, as vendor
- (2) NWD
- (3) Tai Fook Securities Company Limited, as placing agent

### **2. Principal terms of the Placing Agreement**

Placing Shares : Up to a maximum of 262 million existing Shares will be placed through the Placing Agent to Independent Third Parties on a best effort basis. Assuming all the 262 million existing Shares are successfully placed, the Placing Shares will represent approximately 6.95% of the issued share capital of the Company as at the date of this announcement.

Placing Price : HK\$2.90 per Share, representing:

- (i) a premium of approximately 6.42% over the closing price of HK\$2.725 per Share as quoted on the Stock Exchange as at 23 May 2005, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares on the Stock Exchange;
- (ii) a premium of approximately 2.47% over the 10-day average closing price of HK\$2.830 per Share for the last 10 consecutive trading days up to and including 23 May 2005 as quoted on the Stock Exchange; and

(iii) a premium of approximately 3.42% over the 30-day average closing price of approximately HK\$2.804 per Share for the last 30 consecutive trading days up to and including 23 May 2005 as quoted on the Stock Exchange.

The Placing Price was determined after arm's length negotiations between Easywin, NWD and the Placing Agent which have taken into account the intrinsic value of the Put Option to be granted by Easywin to the Placees.

- Placees : All being Independent Third Parties. Each of the Placees is not financed directly or indirectly by a connected person of the Company for the purchase of the Placing Shares.
- Completion : The Placing Agreement is not subject to any conditions and is expected to be completed on or before 3 June 2005.
- Ranking : The Placing Shares rank pari passu in all respects with the existing issued Shares as at the date of the Placing Agreement. The holders of the Placing Shares have the rights to (i) attend and vote at general meetings of the Company; and (ii) receive dividend declared by the Company by virtue of them being holders of the Shares.
- Lock-up : There is no lock-up period imposed on the Placees in respect of the Placing Shares pursuant to the Placing Agreement and the rights of the Placees to exercise the Put Options will not be lost even if the Placees have sold all of their Placing Shares.

## **OPTION AGREEMENT**

### **1. Grant of the Put Option**

Subject to completion of the Placing Agreement, NWD and Easywin will enter into an Option Agreement with each Placee. Pursuant to the Option Agreement, Easywin will grant the Put Options to the Placees which are exercisable at an initial Exercise Price of HK\$2.90 per Share (subject to adjustments) by the Placees on the Exercisable Date (subject to certain Accelerating Events). Upon exercise of the Put Option by a Placee, such Placee shall be entitled to sell up to all of the Option Shares beneficially owned by such Placee at the Exercise Price and Easywin is obliged to purchase the number of Option Shares in respect of which the Put Option is exercised at such Exercise Price.

If an Accelerating Event occurs prior to the date on which the Put Option would be exercisable should such Accelerating Event does not occur, the Placee may exercise the Put Option within a prescribed period after such occurrence. The Put Option will lapse if it is not exercised on the Exercisable Date (including where the Put Option (upon the occurrence of an Accelerating Event) is not exercised within the relevant prescribed period in accordance with the terms of the Option Agreements).

## 2. Parties to the Option Agreements

- (1) Easywin, as grantor
- (2) NWD, as guarantor of the grantor's obligations under the Option Agreements
- (3) The Placee(s), as grantee(s)

## 3. Principal terms of the Option Agreements

**Exercise Price** : HK\$2.90 per Share (which is equivalent to the Placing Price), subject to adjustments in the event of, among others, share consolidation, sub-division, or reclassification, capitalisation of profits or reserves, capital distribution, rights issue and other dilutive events.

**Exercisable Date** : 25 May 2007, being the second anniversary date of the date of the Placing Agreement, or (if such date is not a Hong Kong business day) the preceding business day, or (in case of typhoon or rainstorm is in force on such date) the next business day unless an Accelerating Event occurs prior to such date, in which event the Placee may exercise the Put Option within a prescribed period after the occurrence of such event. The length of the prescribed period varies depending on the nature of the Accelerating Event.

A Put Option may be exercised in whole or in part once only.

**Number of Shares subject to a Put Option** : The number of Shares which a Placee may require Easywin to purchase on exercise of the Placee's Put Option shall be as specified in the exercise notice (which should be lodged by the relevant grantee(s) to Easywin on the Exercisable Date) save that such number shall not exceed the figure arrived at by dividing (i) the total Placing Price paid by that Placee for the Placed Shares acquired by the Placee under the Placing Agreement by (ii) the applicable Exercise Price (fraction of a Share is to be rounded down).

**Accelerating Events** : Any one of the following events or circumstances (each an "Accelerating Event"):

- (a) if a general offer by way of takeover is made to all the Shareholders (other than by way of scheme of arrangement mentioned in (b) below) and such offer becomes or is declared unconditional;
- (b) if a general offer by way of scheme of arrangement is made to all the Shareholders and has been approved at the requisite meeting of Shareholders;
- (c) if a compromise or arrangement between the Company and the Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with other companies (other than a general offer and a scheme of arrangement mentioned in (a) and (b) above respectively);

(d) if a notice is given by the Company to the Shareholders to convene a meeting for approving the voluntary winding up of the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement; or

(e) if a petition for the winding-up of the Company is presented to the applicable court.

**Lapsing of a Put Option** : A Put Option will lapse if it is not exercised on the Exercisable Date (including where the Put Option (upon the occurrence of an Accelerating Event) is not exercised within the relevant prescribed period in accordance with the terms of the Option Agreements).

**Transferability** : A Put Option is not transferable save for the assignment in whole by a grantee to its holding company, a wholly-owned subsidiary or a fellow wholly-owned subsidiary of the grantee and with the prior written consent of Easywin and NWD (such consent not to be unreasonably withheld or delayed).

**Listing** : No application will be made for the listing of the Put Option on the Stock Exchange or any other stock exchanges.

## **REASONS FOR THE ENTERING INTO OF THE PLACING AGREEMENT AND THE OPTION AGREEMENT**

As stated in the Rights Issue Result Announcement, following completion of the Rights Issue, the number of Shares held in public hands fell below 25% of the issued share capital of the Company. As such, NWD and Easywin entered into the Placing Agreement with the Placing Agent to place down Easywin's shareholdings in the Company in order to comply with the minimum 25% public float requirements under Rule 8.08 of the Listing Rules.

Given that the Placing Price is set at a premium over the prevailing market price of the Shares, NWD and Easywin will therefore enter into an Option Agreement with each Placee in order to induce the investors' interests in taking up the Placing Shares.

## EFFECT OF COMPLETION OF THE PLACING AGREEMENT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table summarises the effect of completion of the Placing Agreement on the shareholding structure of the Company:

	Immediately before completion of the Placing Agreement (Note 1)		Immediately after completion of the Placing Agreement (Notes 1 & 2)	
	Number of Shares	%	Number of Shares	%
NWD	2,537,632,731	67.36	2,537,632,731	67.36
Easywin	375,351,879	9.96	113,351,879	3.01
Other subsidiaries of NWD	63,874,170	1.70	63,874,170	1.70
Directors	<u>101,771,326</u>	<u>2.70</u>	<u>101,771,326</u>	<u>2.70</u>
Sub-total	3,078,630,106	81.72	2,816,630,106	74.77
Public Shareholders	<u>688,492,726</u>	<u>18.28</u>	<u>950,492,726</u>	<u>25.23</u>
<b>Total</b>	<b><u><u>3,767,122,832</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>3,767,122,832</u></u></b>	<b><u><u>100.00</u></u></b>

Notes:

- (1) Assuming no other changes in the shareholding structure of the Company after the date of the Placing Agreement other than completion of the Placing Agreement.
- (2) Assuming all the 262 million existing Shares are successfully placed pursuant to the Placing Agreement.

## RESTORATION OF PUBLIC FLOAT OF THE COMPANY

On the basis that all the 262 million Placing Shares are successfully placed under the Placing Agreement to Independent Third Parties (not less than six), the minimum 25% public float of the Company as required under Rule 8.08 of the Listing Rules will be restored.

The Company will take every reasonable step to comply with the minimum public float requirement in accordance with Rule 8.08 of the Listing Rules. If it becomes apparent that the Company will not be able to comply with the minimum public float requirement under Rule 8.08 of the Listing Rules as a result of the exercise of the Put Options, the Company and NWD will, where appropriate and practicable, take such reasonable steps to comply with such minimum public float requirement. In the event that the Company fails to meet the minimum public float requirement under Rule 8.08 of the Listing Rules as a result of the exercise of the Put Options, further announcement will be made by the Company.

The Stock Exchange has stated that it will closely monitor the trading of the Shares when less than 25% of Shares are held by the public (as defined in the Listing Rules). If the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares on the Stock Exchange until a level of sufficient public float is attained.

## GENERAL

This announcement is jointly made by NWD and the Company in accordance with Rule 13.09 of the Listing Rules.

The principal businesses of NWD and its subsidiaries are property development, property investments, hotel and infrastructure investments, services, telecommunications and technology, primarily in Hong Kong and the PRC.

The principal activities of the Group are property development and property related investments in the PRC.

## SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Tuesday, 24 May 2005 at the request of the Company pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 26 May 2005.

**As the placing of the Placing Shares may or may not be consummated, investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings as set out below:

“Accelerating Event(s)”	as defined in the section headed “Principal terms of the Option Agreement” in this announcement
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Company”	New World China Land Limited (stock code: 0917), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Easywin”	Easywin Enterprises Corporation Limited, a company incorporated in Hong Kong with limited liability and is the beneficial owner of the Placing Shares and a wholly-owned subsidiary of NWD
“Exercisable Date”	the date on which the Put Option can be exercised in accordance with the provisions of the Option Agreement
“Exercise Price”	initially at HK\$2.90 per Share, which is equal to the Placing Price (subject to adjustments)
“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 Third Party(ies)”	a person(s) or company(ies) who/which and the ultimate beneficial owner(s) of which (where applicable) is/are independent of and not connected with the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of each of the Company and NWD or its subsidiaries or any of their respective associates, and is/are not connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWD”	New World Development Company Limited (Stock Code: 0017), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange and is the holding company of the Company
“Option Agreement(s)”	the option agreement(s) to be entered into by NWD, Easywin and the respective Placees for the grant of the Put Option(s) by Easywin to the Placee(s)
“Option Shares”	the maximum number of Shares which a Placee is entitled to require Easywin to purchase from such Placee in accordance with the terms of the Option Agreement
“Placed Shares”	in respect of any Placee, the respective numbers of Placing Shares purchased by such Placee from Easywin pursuant to, and on the terms of, the Placing Agreement
“Placee(s)”	professional, institutional or other investor(s), who is/are Independent Third Party(ies), procured by the Placing Agent to purchase the Placing Shares
“Placing Agent”	Tai Fook Securities Company Limited, a licensed corporation to carry out Types 1, 3 and 4 regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent for the Placing
“Placing Agreement”	the placing agreement dated 25 May 2005 entered into among Easywin, NWD and the Placing Agent in relation to the placing of the Placing Shares on a best effort basis
“Placing Price”	HK\$2.90 per Share, being the placing price pursuant to the Placing Agreement
“Placing Shares”	up to a maximum of 262 million existing Shares to be placed by Easywin through the Placing Agent under the Placing Agreement
“PRC”	the People’s Republic of China
“Put Option(s)”	the put option(s) to be granted by Easywin to the Placee(s) under the Option Agreement(s)
“Rights Issue”	the issue of 2,255,294,538 new Share(s) (together, the “Rights Share(s)”) on the basis of three Rights Shares for every two existing Shares to qualifying shareholders by way of rights or to holders of nil-paid Rights Shares at HK\$2.80 per Rights Share, details of which were set out in the prospectus issued by the Company dated 21 March 2005
“Rights Issue Result Announcement”	the announcement made by the Company dated 12 April 2005 in relation to the result of the Rights Issue



“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the board <b>New World Development Company Limited</b> <b>Leung Chi-Kin, Stewart</b> <i>Company Secretary</i>	By order of the board <b>New World China Land Limited</b> <b>Chow Yu-Chun, Alexander</b> <i>Company Secretary</i>
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Hong Kong, 25 May 2005

*As at the date of this announcement, the board of directors of NWD comprises (1) Dato' Dr. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry, Dr. Sin Wai-Kin, David, Messrs. Liang Chong-Hou, David and Leung Chi-Kin, Stewart as executive directors; (2) Messrs. Cheng Yue-Pui, Cheng Kar-Shing, Peter, Chow Kwai-Cheung, Ho Hau-Hay, Hamilton and Liang Cheung-Biu, Thomas as non-executive directors; and (3) Lord Sandberg, Michael, Dr. Cha Mou-Sing, Payson JP, Mr. Cha Mou-Zing, Victor (alternate director to Dr. Cha Mou-Sing, Payson JP), Messrs. Yeung Ping-Leung, Howard and Lee Luen-Wai, John JP as independent non-executive directors.*

*As at the date of this announcement, the board of directors of the Company comprises (1) Dr. Cheng Kar-Shun, Henry, Mr. Doo Wai-Hoi, William JP, Mr. Cheng Kar-Shing, Peter, Mr. Leung Chi-Kin, Stewart, Mr. Chow Kwai-Cheung, Mr. Chow Yu-Chun, Alexander and Mr. Fong Shing-Kwong, Michael as executive directors; (2) Mr. Fu Sze-Shing as non-executive director; and (3) Mr. Cheng Wai-Chee, Christopher, Mr. Tien Pei-Chun, James and Mr. Lee Luen-Wai, John JP as independent non-executive directors.*

*Please also refer to the published version of this announcement in the (**The Standard**)*