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New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 917)

DISCLOSEABLE TRANSACTION

Sole financial adviser to New World China Land Limited



The Hongkong and Shanghai Banking Corporation Limited

THE AGREEMENT

The Board announces that the Purchaser had entered into the Agreement on 18 June 2011 pursuant to which, the Purchaser agreed to acquire (i) from the Vendors the entire membership interests of the Management Company; and (ii) from the IP Affiliate all its rights in and to the IP Rights.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition contemplated under the Agreement is more than 5% but less than 25% and all other applicable percentage ratios are less than 5%, the Acquisition constitutes a discloseable transaction of the Company. The Agreement and the Acquisition contemplated thereunder are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date

18 June 2011

Parties

- (i) the Purchaser;
- (ii) the Vendors; and

(iii) the IP Affiliate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors, the IP Affiliate and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject of the Acquisition

Pursuant to the Agreement, the Purchaser agreed to acquire (i) from the Vendors the entire membership interests of the Management Company; and (ii) from the IP Affiliate all its rights in and to the IP Rights.

Consideration

- 1) In consideration for the acquisition of the entire membership interests in the Management Company, the Purchaser agreed to pay the Vendors a total of US\$229,500,000 (equivalent to approximately HK\$1,790,100,000) to be paid pro rata in proportion to the Vendors' respective ownership of the Management Company (the "**RHR Base Purchase Price**") subject to the following post-closing adjustments being made to the RHR Base Purchase Price on the Closing Date:
 - (a) the RHR Base Purchase Price being reduced by any Indebtedness of the Management Company not repaid at Closing; and
 - (b)
 - (i) the RHR Base Purchase Price being increased by the amount by which the Working Capital of the Management Company as of the Closing Date in accordance with the Proration Schedule shall be more than the RHR Working Capital Target; or
 - (ii) the RHR Base Purchase Price being reduced by the amount by which the Working Capital of the Management Company as of the Closing Date in accordance with the Proration Schedule shall be less than the RHR Working Capital Target.

It is anticipated by the Company that the consideration for the acquisition of the entire membership interests in the Management Company will not be more than US\$241,000,000 (equivalent to approximately HK\$1,879,800,000) after taking into account the above adjustments.

- 2) In consideration for the sale of the IP Rights to the Purchaser, the Purchaser agreed to pay the IP Affiliate a total of US\$28,000,000 (equivalent to approximately HK\$218,400,000).
- 3) The consideration for the Acquisition is payable by the Purchaser to the Vendors and the IP Affiliate in accordance with the following manner:
 - i) the sum of US\$20,000,000 (equivalent to approximately HK\$156,000,000) payable to an escrow agent upon signing of the Agreement;

- ii) the balance of US\$209,500,000 (equivalent to approximately HK\$1,634,100,000) payable to the Vendors at the Closing; and
 - iii) the sum of US\$28,000,000 (equivalent to approximately HK\$218,400,000) payable to the IP Affiliate at the Closing.
- 4) The Purchaser agreed to pay the transaction costs of US\$2,900,000 (equivalent to approximately HK\$22,620,000) to the Vendors at the Closing.

The above consideration for the Acquisition was determined after arm's length negotiations between the Vendors, the IP Affiliate and the Purchaser with reference to the business enterprise value of the Management Company and the IP Rights.

The consideration is expected to be settled by the Purchaser by its internal resources.

Escrow Deposit

The Purchaser agreed to deposit the sum of US\$20,000,000 (equivalent to approximately HK\$156,000,000) with an escrow agent upon signing of the Agreement. The escrow deposit is to be held by the escrow agent in accordance with the terms of an escrow agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the escrow agent and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The Purchaser has agreed to grant the Vendors and the IP Affiliate a first priority perfected security interest in the Escrow Fund as collateral security for the Purchaser's obligations pursuant to the Agreement.

From and after the Closing, the Escrow Fund is to be held by the escrow agent to secure the Vendors' and the IP Affiliate's indemnification obligations under the Agreement. The Vendors and the IP Affiliate granted the Purchaser a first priority perfected security interest in the Escrow Fund as collateral security for the Vendors' and the IP Affiliate's obligations following the Closing pursuant to the Agreement.

The Escrow Fund shall be disbursed (the "**Escrow Disbursements**") to the Vendors and the IP Affiliate as follows: (i) at Closing, an amount equal to US\$8,000,000 (equivalent to approximately HK\$62,400,000) (which amount shall be applied against payment by the Purchaser as part of the consideration for the Acquisition), (ii) upon the nineteen (19) month anniversary of the Closing, (a) the excess of the then balance of the Escrow Fund over US\$8,500,000 (equivalent to approximately HK\$66,300,000), or (b) if the Action is finally resolved before such anniversary, the excess of the then balance of the Escrow Fund over US\$6,000,000 (equivalent to approximately HK\$46,800,000), (iii) upon the third anniversary of the Closing, (a) the excess of the then balance of the Escrow Fund over US\$6,000,000 (equivalent to approximately HK\$46,800,000), or (b) if the Action is finally resolved before such anniversary, the excess of the then balance of the Escrow Fund over US\$2,000,000 (equivalent to approximately HK\$15,600,000), and (iv) on 15 December 2014, (a) if as of such date the Action has been finally resolved, the then remaining balance of the Escrow Fund, or (b) if as of such date the Action is not finally resolved, the excess of the then balance of the Escrow Fund over US\$5,000,000 (equivalent to approximately HK\$39,000,000) less

any legal fees and costs incurred by the Management Company (net of any such fees actually reimbursed by insurance) from and after the Closing Date in connection with the Action.

If there are any indemnity claims which are payable from the Escrow Fund to the Purchaser pursuant to the Agreement for matters that are resolved prior to any scheduled Escrow Disbursements, the Purchaser shall have the right to receive the amount of such claims owed to the Purchaser from the Escrow Fund, and such release to the Purchaser shall correspondingly reduce any Escrow Disbursements due to the Vendors and the IP Affiliate. If there are any pending good faith indemnity claims which are payable from the Escrow Fund that will not be resolved until after any scheduled Escrow Disbursements, the amount of any such pending claim will continue to be held in the Escrow Fund until such claim is resolved, at which time any held Escrow Disbursements that were disputed will be paid to the Vendors and the IP Affiliate after deduction of the actual disbursements made to the Purchaser for the amount of resolved claims owed to the Purchaser.

Post-Closing Adjustments Statement

Within ninety (90) days following the Closing Date, the Purchaser shall prepare and deliver to the Vendors and the IP Affiliate a closing statement (the “**Closing Statement**”) of the Working Capital adjustments in respect of the membership interests of the Management Company as of the Closing Date (the “**Post-Closing Adjustments**”) for the purpose of ascertaining the adjustments on the RHR Base Purchase Price contemplated by the Proration Schedule.

In the event that the Vendors and the IP Affiliate dispute any portion of the Post-Closing Adjustments in the Closing Statement, the Vendors and the IP Affiliate shall be required to deliver written notice of dispute within thirty (30) days after receipt of the aforesaid Closing Statement. The Purchaser shall respond to the Vendors and the IP Affiliate in writing within thirty (30) days after receipt of the notice of dispute for proposing any changes. The Vendors and the IP Affiliate shall consider the proposal made by the Purchaser within ten (10) business days. In the event that the Vendors, the IP Affiliate and the Purchaser are unable to agree upon the Post-Closing Adjustments, the Vendors, the IP Affiliate and the Purchaser shall jointly appoint an accounting referee to resolve the disputes and provide a final and non-appealable decision on the final Post-Closing Adjustments within thirty (30) days from the date of submission of the information about the disputed matters.

Any final adjustments or payments payable by the Vendors and the IP Affiliate to the Purchaser or by the Purchaser to the Vendors and the IP Affiliate (as applicable) shall be made within five (5) months of the Closing Date unless the delay was agreed upon owing to resolution of the aforementioned disputes.

Completion

Completion of the Acquisition shall take place in New York on 29 July 2011 or such other date as the Vendors, the IP Affiliate and the Purchaser may agree in writing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Board considers that the Acquisition provides a favourable strategic investment opportunity in view of its globally recognised luxury hotel brands, established sales and marketing and reservation platforms, attractive and favourable potential pipeline management contracts and possible enhancement of multi-brand integration and synergetic initiatives in collaboration with the existing hotel management arm of the Group.

The Directors (including the independent non-executive Directors) are of the views that the terms of the Agreement are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition contemplated under the Agreement is more than 5% but less than 25% and all other applicable percentage ratios are less than 5%, the Acquisition constitutes a discloseable transaction of the Company. The Agreement and the Acquisition contemplated thereunder are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION RELATING TO THE MANAGEMENT COMPANY

The Management Company, a Delaware limited liability company, is principally engaged in the provision of hotel management services for ultra luxury hotels and resorts and of technical advisory and consulting services to owners of hotels worldwide. The existing hotel portfolio is located in the United States, Mexico, Canada, Caribbean and Saudi Arabia.

The audited net profit before and after taxation and extraordinary items attributable to the Management Company for the financial year ended 31 December 2009 was approximately US\$2,994,346 (equivalent to approximately HK\$23,355,899) and US\$2,812,725 (equivalent to approximately HK\$21,939,255), respectively, and that for the financial year ended 31 December 2010 was approximately US\$2,714,671 (equivalent to approximately HK\$21,174,434) and US\$2,396,630 (equivalent to approximately HK\$18,693,714), respectively.

As at 31 December 2010, the audited net asset value of the Management Company was approximately US\$22,047,801 (equivalent to HK\$171,972,848).

Upon completion of the Acquisition, the Management Company will become an indirect wholly-owned subsidiary of the Purchaser.

INFORMATION RELATING TO THE COMPANY AND THE PURCHASER

The Company is principally engaged in property development, property related investments as well as rental and hotel operation in the PRC.

The principal business activity of the Purchaser is investment holding.

INFORMATION RELATING TO THE VENDORS

The principal business activity of the Vendors is investment holding.

INFORMATION RELATING TO THE IP AFFILIATE

The IP Affiliate is principally engaged in hotel operations.

DEFINITIONS

Unless the context otherwise required, the following expressions have the meanings set out in this announcement:

“Acquisition”	means the acquisition by the Purchaser of the entire membership interests of the Management Company and the IP Rights pursuant to the Agreement
“Action”	means a court action relating to the Management Company as set out in the Agreement
“affiliate(s)”	has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended
“Agreement”	means the purchase and sale agreement dated 18 June 2011 entered into between the Purchaser the Vendors and the IP Affiliate in respect of the Acquisition
“Board”	means the board of Directors
“Closing”	means the closing of the Acquisition contemplated under the Agreement
“Closing Date”	means 29 July 2011
“Company”	means New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	means the directors of the Company
“Escrow Fund”	means the deposit of US\$20,000,000 (equivalent to approximately HK\$156,000,000) deposited by the Purchaser with an escrow agent in accordance with the terms of the Agreement together with the interest earned in respect of the escrow deposit
“GAAP”	means United States generally accepted accounting principles, applied on a consistent basis

“Group”	means the Company and its Subsidiaries from time to time
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Indebtedness”	means, in respect of any person, at a particular time, without duplication, (i) any obligations of such person under any indebtedness for borrowed money (including all obligations for principal, interest, premiums, penalties, fees, expenses, breakage costs and bank overdrafts thereunder) or evidenced by notes, bonds, debentures or other similar instruments, (ii) any capital lease obligations of such person or obligations of such person for the deferred purchase price of property or services (other than capital lease obligations or trade payables arising in the ordinary course of business), (iii) all obligations of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (other than any conditional sale or other title retention agreement arising in the ordinary course of business), (iv) all obligations of such person in respect of hedging agreements, (v) any liabilities or obligations of any other person with respect to which such person is liable under a contract as a guarantor or (vi) any indebtedness of such person secured by a lien on such person’s assets
“IP Affiliate”	means a Subsidiary owned by Hotel Value Fund, L.P.
“IP Rights”	means any and all direct or indirect interest of the IP Affiliate or any of their affiliates, in or to the following: (i) all trademarks, service marks, trademark and service mark registrations and applications therefor relating to an associated brand name of a hotel which is currently managed by the Management Company (including any internet domain name registrations), (ii) all copyrights, copyright registrations and applications owned in connection with such hotel brand name, and (iii) any other rights to use such hotel brand name
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Management Company”	means Rosewood Hotels and Resorts, L.L.C.
“PRC”	means the People’s Republic of China
“Proration Schedule”	means one of the schedules to the Agreement which sets out the agreed adjustments to be made to the RHR Base Purchase Price
“Purchaser”	means New World Hotel Management (BVI) Limited (trading as New World Hospitality), an indirect wholly-owned subsidiary of the Company

“RHR Working Capital Target”	means US\$4,500,000 (equivalent to approximately HK\$35,100,000)
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	means holder(s) of the Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subsidiary”	means with respect to any person, any other person of which at least 50% of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by such first person, or with respect to which such person acts as a general partner or managing member of such first person
“Working Capital”	means the consolidated assets of the Management Company and its Subsidiaries which are treated as current assets under GAAP (applied consistently with the past practices) minus the consolidated liabilities of the Management Company and its Subsidiaries which are treated as current liabilities under GAAP (applied consistently with the past practices)
“Vendors”	means Hotel Value Fund, L.P. and Rosewood Hotels and Resorts Holdings, Inc.
“US\$”	means United States dollars, the lawful currency of the United States
“%”	means per cent.

Note: Unless otherwise specified and for reference only, the conversion of HK\$ into US\$ is based on the exchange rate of US\$1.00= HK\$7.8 in this announcement.

By order of the Board of
New World China Land Limited
Ngan Man-ying, Lynda
Company Secretary

Hong Kong, 20 June 2011

As at the date of this announcement, the Board comprises (a) seven executive directors, namely, Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (b) four non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung and Mr. Chow Yu-chun, Alexander; and (c) three independent non-executive directors, namely, Dr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.

This announcement is published on the websites of the Company (www.nwcl.com.hk) and the Stock Exchange (www.hkexnews.hk).