

## New World Development Company Limited

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New World Development Company Limited      New World China Land Limited  
(incorporated in Hong Kong with limited liability)      (Incorporated in the Cayman Islands with limited liability)

### CONNECTED TRANSACTION

The respective board of directors of NWD and NWC announced that on 15th September, 2000, Bonny-View, NWC's indirect wholly-owned subsidiary, entered into an agreement with, among others, Anderson International relating to the acquisition of the Sale Shares and the Shareholder's Loan for a total consideration of HK\$426,624,310. The consideration will be satisfied by HK\$110,000,000 in cash and the remaining balance will be set-off by the settlement of an outstanding amount of HK\$316,624,310 due and payable to Bonny-View by Anderson International. After completion, the equity interest of Bonny-View in NW Anderson will be increased from 51 per cent. to 100 per cent.

By virtue of the fact that Anderson International was a substantial shareholders of NW Anderson at the date of the Agreement and was wholly-owned by Mr. Chan Ki, an executive director of both NW Anderson and Tianjin Anderson, the Agreement constitutes a connected transaction for NWC under the Listing Rules. As the date hereof, NWD held approximately 72.03 per cent. attributable interests in the issued share capital of NWC. Therefore, the Agreement also constitutes a connected transaction for NWD under the Listing Rules.

The shareholders' loan advanced by Bonny-View to NW Anderson as described in the text of this announcement has not been disclosed in the published annual reports of NWD and NWC which constituted a breach of Rule 14.25(2)(a) of the Listing Rules. The Stock Exchange reserves the right to take appropriate action in connection with such breach.

## New World Development Company Limited

The relevant details of the Agreement will be included in the next published annual report and accounts of each of NWD and NWC pursuant to the requirements under Rule 14.25(1) of the Listing Rules.

### **AGREEMENT DATED 15TH SEPTEMBER, 2000**

Parties:

Purchaser: Bonny-View, a company incorporated in British Virgin Islands, is an indirect wholly-owned subsidiary of NWC

Vendor: Anderson International, a company incorporated in British Virgin Islands, was the beneficial owner of the Sale Shares and the Shareholder's Loan at the date of the Agreement and was wholly-owned by Mr. Chan Ki, an executive director of both NW Anderson and Tianjin Anderson. Save as aforesaid, Anderson International and Mr. Chan Ki are independent of and not connected with NWD and NWC and the directors, chief executives and substantial shareholders of each of NWD and NWC and their respective subsidiaries or respective associate (as defined in the Listing Rules) of any of them

Other Parties: Mr. Chan Ki, NW Anderson and Tianjin Anderson

The acquisition:

Pursuant to the Agreement, Bonny-View will acquire the Sale Shares, representing 49 per cent. of the issued share capital of NW Anderson, together with the Shareholder's Loan, from Anderson International.

NW Anderson:

NW Anderson was incorporated in British Virgin Islands on 24th December, 1993 and was owned as to 51 per cent. and 49 per cent. by Bonny-View and Anderson International respectively at the date of the Agreement. Upon completion of the Agreement, NW Anderson will become a wholly-owned subsidiary of Bonny-View.

The only asset of NW Anderson is the holding of 100 per cent. equity interests

## New World Development Company Limited

in Tianjin Anderson, a wholly foreign-owned enterprise incorporated in the PRC. The principal business of Tianjin Anderson is the holding of the entire interests in Tianjin New World Anderson Centre, a commercial premises for leasing and Tianjin Xin An Garden, a residential property for sales.

The unaudited consolidated net asset value of NW Anderson as at 30th June, 2000 was HK\$6,430,914. The amount of shareholders' loan advanced by Bonny-View and Anderson International to NW Anderson as at 30th June, 2000, being unsecured and interest-free, was HK\$532,272,323 and HK\$494,075,865 respectively. The unaudited consolidated net profit before taxation of NW Anderson for the years ended 30th June, 1999 and 30th June, 2000 was HK\$171,205 and HK\$9,804,718 respectively.

The shareholder's loan advanced by Bonny-View to NW Anderson constituted financial assistance granted by NWD and NWC to a non wholly-owned subsidiary under Rule 14.25(2)(a) of the Listing Rules and ought to be disclosed in the published annual reports and accounts of NWD for the financial years ended 30th June, 1997, 30th June, 1998 and 30th June, 1999 as well as the published annual report and accounts of NWC for the financial year ended 30th June, 1999. NWD and NWC inadvertently failed to make such disclosure pursuant to Rule 14.25(2)(a) of the Listing Rules. The Stock Exchange reserves the right to take appropriate action in connection with such breach.

Consideration and payment:

The total consideration payable by Bonny-View to Anderson International under the Agreement was HK\$426,624,310 (subject to possible adjustment mentioned below) which would be paid or settled by Bonny-View in the following manners:-

- (a) payment of HK\$20,000,000 in cash upon signing of the Agreement;
- (b) payment of HK\$90,000,000 in cash upon completion of the Agreement;
- (c) set-off of the remaining balance of HK\$316,624,310 by the settlement of an equal amount payable of HK\$316,624,310 (the "Guaranteed Return") which represents an aggregate amount of guaranteed return due in 30th June, 2000 and payable by Anderson International to Bonny-View and is being procured by Anderson International to Bonny-View in December 1996 as warranties when Bonny-View acquired 51% interest in NW Anderson from Anderson International. The Guaranteed Return due after 30th June, 2000 bears an interest of 10% per annum.

## New World Development Company Limited

The total consideration represents approximately 14% discount to the amount of HK\$497,227,013 which is the aggregate of the attributable net asset value of the Sale Shares and the amount of Shareholder's Loan.

The above-mentioned consideration was arrived at after arm's length negotiation and with reference to the unaudited consolidated net asset value of NW Anderson and the value of the Shareholder's Loan acquired. The respective board of directors (including the independent non-executive directors) of NWD and NWC considers that the Agreement is on normal commercial terms and is fair and reasonable so far as their respective company and shareholders are concerned.

Due diligence review:

Bonny-View will conduct a due diligence review on NW Anderson and Tianjin Anderson which is required to be completed within three months after signing of the Agreement. The consideration will be reduced if the following warranties provided by Mr. Chan Ki and Anderson International are found to be invalid during the due diligence review:

(i) not less than 30,000 square metres gross floor area for development of the remaining phases of Tianjin Xin An Garden;

(ii) the bank borrowings of Tianjin Anderson are not greater than RMB120,000,000;

(iii) a joint venture company investing in Tianjin Yue Garden can be properly established, of which Tianjin Anderson's proposed equity interests will be 30%; and

(iv) the contractual obligation of Tianjin Anderson has been fully disclosed.

In the event that the consideration has to be adjusted but Bonny-View and Anderson International cannot reach an agreement as to the extent of adjustment for the final consideration, Bonny-View will have the right to terminate the Agreement and the amount of HK\$20,000,000 paid on signing of the Agreement will be returned from Anderson International to Bonny-View together with interest thereon, being calculated at prime interest rate.

## New World Development Company Limited

Completion:

Subject to the possible price adjustment arising from the results of the due diligence review, the Agreement will be completed on or before 15th December, 2000.

### **REASON FOR THE TRANSACTION**

The core businesses of NWD include property, infrastructure, services as well as telecommunications and technology. NWC is principally engaged in property development and property related investment in PRC.

The respective board of directors of NWD and NWC believes that acquisition of the full ownership of NW Anderson is an excellent opportunity for NWC to expand its holding of high quality properties in PRC, namely the Tianjin New World Anderson Centre and Tianjin Xin An Garden. Tianjin New World Anderson Centre is located in Nankai District, one of the major urban districts in Tianjin. The New World Anderson Centre comprises a six-storey shopping mall, a ten-storey office tower with a four-storey car park. An occupancy rate of over 90% has been achieved for both the office and retail portion as at 30th June, 2000. Tianjin Xin An Garden, a residential property, has more than 100,000 square metres saleable gross floor area. Since early year 2000 when the sales of Tianjin Xin An Garden commenced, 35 per cent. of the flats was sold up to June 2000. The respective board of directors of NWD and NWC believes that NWC will enjoy stable and satisfactory returns from the holding of these properties.

### **GENERAL**

At the date of the Agreement, Anderson International was a substantial shareholder (as defined in the Listing Rules) of NW Anderson and was wholly-owned by Mr. Chan Ki, an executive director of both NW Anderson and Tianjin Anderson. Accordingly, the Agreement constitutes a connected transaction for NWC under the Listing Rules. As the date hereof, NWD held approximately 72.03 per cent. attributable interests in the issued share capital of NWC. Therefore, the Agreement also constitutes a connected transaction for NWD. The consideration under the Agreement accounts for less than 3 per cent. of the book values of the consolidated net tangible assets of each of NWD and NWC as disclosed in their latest published audited accounts as at 30th June, 1999. Details of the Agreement will be disclosed in the next

## New World Development Company Limited

published annual report and accounts of each of NWD and NWC in accordance with Rule 14.25(1) of the Listing Rules.

### Definitions

"Agreement"	a conditional agreement dated 15th September, 2000 made between Anderson International, Bonny View, Mr. Chan Ki, NW Anderson and Tianjin Anderson relating to the sale and purchase of the Sale Shares and the assignment of the Shareholder's Loan
"Anderson International"	Anderson International Investment Limited, vendor of the Sale Shares and assignor of the Shareholder's Loan
"Bonny-View"	Bonny-View Corp., a wholly-owned subsidiary of NWC, purchaser of the Sale Shares and assignee of the Shareholder's Loan
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"NW Anderson"	New World Anderson Development Company Limited, which was owned as to 51 per cent. and 49 per cent. by Bonny-View and Anderson International respectively at the date of the Agreement
"NWC"	New World China Land Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
"NWD"	New World Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
"PRC"	The People's Republic of China
"Sale Shares"	49 ordinary shares of US\$1 each in NW Anderson, representing 49 per cent. of the issued share capital of NW Anderson
"Shareholder's Loan"	Shareholder's Loan of HK\$494,075,865, being the total amount due from NW Anderson to Anderson International as at 30th June, 2000
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Anderson"	New World Anderson (Tianjin) Development

## New World Development Company Limited

Co. Ltd., a wholly-owned subsidiary of NW  
Anderson

By order of the board  
New World Development Company Limited  
Leung Chi-kin  
Company Secretary

By order of the board  
New World China Land Limited  
Chow Yu-chun, Alexander  
Company Secretary

Hong Kong, 16th September, 2000

Please also refer to the published version of this announcement in the SCMP dated 18/9/2000.