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新世界發展有限公司 New World Development Company Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 17)

PLACING OF NEW SHARES

Placing Agent



TAI FOOK SECURITIES COMPANY LIMITED

THE PLACING AGREEMENT

On 10 December 2005, the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing of not more than 280,000,000 new Shares at an issue price of HK\$11.50 per Share by the Placing Agent on a best efforts basis to not less than six Placees with the right of the Company to terminate the Placing Agreement on or before the Completion Date if the Placing Agent is unable to procure Placees to subscribe for at least 250,000,000 new Shares. The issue price of HK\$11.50 per Placing Share was arrived at after arm's length negotiations with reference to the average closing price of approximately HK\$11.76 per Share for the five consecutive trading days up to and including 9 December 2005, being the last trading day prior to the suspension of the trading in the Shares pending the release of this announcement.

On 12 December 2005, the Placing Agent has successfully procured not less than six Placees to subscribe for 280,000,000 Placing Shares and accordingly, a total of 280,000,000 Placing Shares are expected to be issued by the Company pursuant to the Placing Agreement.

On the basis that 280,000,000 Placing Shares are successfully placed by the Placing Agent and assuming that no new Shares will be issued by, and there are no other changes in the shareholding of, the Company from the date of this announcement to the Completion Date, the Placing Shares represent approximately 8.02% of the existing issued share capital of the Company and approximately 7.42% of the issued share capital of the Company as enlarged by the Placing Shares.

The Placing Shares will be issued under the existing general mandate granted to the Directors at the annual general meeting of the Company held on 30 November 2005. As at the date of this announcement, the existing general mandate has not been utilised.

GENERAL

The Directors noted the increases in price and trading volume of the Shares during the trading session from 9:30 a.m. up to 4:00 p.m. on 9 December 2005 and wish to state that as at the close of the aforesaid trading session, save as disclosed in the announcements dated 14 November 2005, 1 December 2005 and 12 December 2005 jointly issued by the Company and New World Mobile Holdings Limited in relation to the proposed merger of mobile telecommunications business of Hong Kong CSL Limited and New World PCS Limited, the Directors were not aware of any reasons for such increases and confirm that there were no negotiations or agreements relating to intended acquisitions or realisations which were discloseable under Rule 13.23 of the Listing Rules, neither were the Directors aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which was or might be of a price-sensitive nature.

Trading in the Shares was suspended from 9:30 a.m. on 12 December 2005 at the request of the Company pending the release of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 13 December 2005.

THE PLACING AGREEMENT DATED 10 DECEMBER 2005

On 10 December 2005, the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing.

Placing Shares : Pursuant to the Placing Agreement, the Placing Agent has agreed to place not more than 280,000,000 new Shares on a best efforts basis and the Company has the right to terminate the Placing Agreement on or before the Completion Date if the Placing Agent is unable to procure Placees to subscribe for at least 250,000,000 new Shares.

The Placing Shares will, when issued, allotted and fully paid, rank pari passu in all respects with the other Shares in issue on the Completion Date including the rights to all dividends and other distributions declared, made or paid at any time on or after the Completion Date, save and except for entitlement to the final dividend for the year ended 30 June 2005 of HK\$0.20 per Share declared by the Company on 6 October 2005.

On 12 December 2005, the Placing Agent has successfully procured not less than six Placees to subscribe for 280,000,000 Placing Shares and accordingly, a total of 280,000,000 Placing Shares are expected to be issued by the Company pursuant to the Placing Agreement. On the basis that 280,000,000 Placing Shares are successfully placed by the Placing Agent, the Placing Shares represent approximately 8.02% of the existing issued share capital of the Company and approximately 7.42% of the issued share capital of the Company as enlarged by the Placing Shares.

The Placing Shares will be issued under the existing general mandate granted to the Directors at the annual general meeting of the Company held on 30 November 2005. As at the date of this announcement, the existing general mandate has not been utilised.

Placing Agent : Tai Fook Securities Company Limited, which is expected to receive up to a total placing commission of approximately HK\$40 million.

Placing Price : The issue price of HK\$11.50 per Placing Share was arrived at after arm's length negotiations and represents:

- a discount of approximately 2.21% to the average closing price of approximately HK\$11.76 per Share for the five consecutive trading days up to and including 9 December 2005, being the last trading day prior to the suspension of the trading in the Shares pending the release of this announcement;
- a discount of approximately 10.85% to the closing price of HK\$12.90 per Share as quoted on the Stock Exchange on 9 December 2005; and
- a discount of approximately 34.88% to the audited consolidated net assets value of the Group per Share of approximately HK\$17.66 as at 30 June 2005.

Based on the average closing price of approximately HK\$11.76 per Share for the five consecutive trading days up to and including 9 December 2005, the Directors consider that the issue price of HK\$11.50 per Placing Share is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price of the Placing Shares (after deducting the related expected expenses) is expected to be approximately HK\$11.35 per Placing Share.

Placees : The Placing Shares will be placed to not less than six Placees, who will be individual, corporate and/or institutional investors. All the Placees and their respective ultimate beneficial owners will be independent of, not connected and not acting in concert (as defined in the Takeovers Code) with the Company and any of the connected persons of the Company.

Condition : Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant permission to deal in and listing of the Placing Shares.

In the event that the above condition precedent is not fulfilled on or before 13 January 2006 or such later dates as may be mutually agreed between the Company and the Placing Agent, all liabilities of the parties under the Placing Agreement will cease and determine and no party will have any claim against any other.

Completion : Completion of the Placing is to take place on the Completion Date, which is the date falling two Business Days after the date upon which the above condition precedent is satisfied.

SHAREHOLDING STRUCTURE

Set out below is a table showing (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the Company's shareholding structure immediately after the completion of the Placing on the basis that 280,000,000 Placing Shares are successfully placed by the Placing Agent and assuming that no new Shares will be issued by, and there are no other changes in the shareholding of, the Company from the date of this announcement to the Completion Date:

	As at the date of this announcement Shares		Immediately after completion of the Placing Shares	
Chow Tai Fook				
Enterprises Limited	1,240,160,658	35.52%	1,240,160,658	32.88%
The Directors	5,576,246	0.16%	5,576,246	0.15%
The Placees	-	-	280,000,000	7.42%
Public Shareholders	2,245,828,719	64.32%	2,245,828,719	59.55%
	<u>3,491,565,623</u>	<u>100.00%</u>	<u>3,771,565,623</u>	<u>100.00%</u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal businesses of the Group are property development, property investments, hotel and infrastructure investments, services and telecommunications and technology business, primarily in Hong Kong and the People's Republic of China.

The Directors noted the recent increase in the interest rate of bank borrowings. Accordingly, the Group intends to repay part of its bank loans so as to reduce the related interest expenses. In addition, the Directors consider that the Placing will strengthen the capital base and the financial position of the Company which can facilitate the Group's ongoing business development. On the basis that 280,000,000 Placing Shares are successfully placed by the Placing Agent, the net

proceeds from the Placing are expected to be approximately HK\$3.18 billion. The Company intends to apply such net proceeds from the Placing as to approximately HK\$1.5 billion for repayment of part of the bank loans of the Group and the remaining balance for general working capital of the Group.

Save for the entering into of the Placing Agreement, no fund raising activities have been conducted by the Company in the past twelve months immediately preceding the date of this announcement.

GENERAL

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

The Directors noted the increases in price and trading volume of the Shares during the trading session from 9:30 a.m. up to 4:00 p.m. on 9 December 2005 and wish to state that as at the close of the aforesaid trading session, save as disclosed in the announcements dated 14 November 2005, 1 December 2005 and 12 December 2005 jointly issued by the Company and New World Mobile Holdings Limited in relation to the proposed merger of mobile telecommunications business of Hong Kong CSL Relation and New World PCS Limited, the Directors were not aware of any reasons for such increases and confirm that there were no negotiations or agreements relating to intended acquisitions or realisations which were discloseable under Rule 13.23 of the Listing Rules, neither were the Directors aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which was or might be of a price-sensitive nature.

Trading in the Shares was suspended from 9:30 a.m. on 12 December 2005 at the request of the Company pending the release of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 13 December 2005.

DEFINITIONS

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

“Board”	the board of the Directors
“Business Day”	a day (excluding a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	New World Development Company Limited (Stock Code: 17), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion Date”	the date falling two Business Days after the date upon which the condition precedent of the Placing Agreement shall have been satisfied
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any independent individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares, on a best efforts basis, by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Tai Fook Securities Company Limited, a licensed corporation to carry on Types 1, 3 and 4 regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 10 December 2005 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Shares”	not more than 280,000,000 new Shares to be placed by the Placing Agent to the Placees under the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the Board
New World Development Company Limited
Leung Chi Kin, Stewart
Company Secretary

Hong Kong, 12 December 2005

As at the date of this announcement, the Board comprises (1) Dato’ Dr. CHENG Yu-Tung, Dr. CHENG Kar-Shun, Henry, Dr. SIN Wai-Kin, David, Mr. LIANG Chong-Hou, David and Mr. LEUNG Chi-Kin, Stewart as executive Directors; (2) Mr. CHENG Yue-Pui, Mr. CHENG Kar-Shing, Peter, Mr. CHOW Kwai-Cheung, Mr. HO Hau-Hay, Hamilton and Mr. LIANG Cheung-Biu, Thomas as non-executive Directors; and (3) Lord SANDBERG, Michael, Mr. YEUNG Ping-Leung, Howard, Dr. CHA Mou-Sing, Payson, JP, Mr. CHA Mou-Zing, Victor (alternate director to Dr. CHA Mou-Sing, Payson) and Mr. LEE Luen-Wai, John, JP as independent non-executive Directors.