

## New World China Land Limited

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**Connected Transaction  
involving an acquisition of interests  
in Nanjing Huawei Real Estate  
Development  
Company Limited**



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Pursuant to an agreement dated 11 May 2001, Nanjing Xuanwu has agreed to transfer and NWDC, a direct wholly-owned subsidiary of NWCL, has agreed to acquire the Xuanwu Interest for a consideration of approximately HK\$28,941,038.22 which will be satisfied by the payment of RMB30,966,910.90 by NWCL to Nanjing Xuanwu.

Pursuant to the same agreement, APSS has agreed to transfer and NWDC has agreed to acquire the APSS Interest for a consideration of approximately HK\$16,843,738.32 which will be satisfied by the payment of (i) US\$1,800,000; and (ii) RMB3,000,000 by NWDC to APSS.

Upon the completion of the above acquisitions, the equity interest of NWDC in the registered capital of Nanjing Huawei will be increased from 48% to 80%.

The aforesaid acquisitions by NWDC constitute connected transactions for NWD and NWCL respectively under the Listing Rules and are required to be disclosed by way of a press announcement, relevant details of which will also be included in the next published annual report and accounts of each of NWD and NWCL in accordance with Rule 14.25(1) of the Listing Rules.

## **TRANSFER AGREEMENT**

### **Date:**

11 May 2001

### **Transferors:**

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- (1) Nanjing Xuanwu, the owner of the Xuanwu Interest.
- (2) APSS, the owner of a 20% equity interest in the registered capital of Nanjing Huawei inclusive of the APSS Interest.

Apart from the interests in Nanjing Huawei, Nanjing Xuanwu and APSS are independent of and not connected with NWD and NWCL and the directors, chief executives and substantial shareholders of each of NWD and NWCL and their respective subsidiaries or respective associate (as defined in the Listing Rules) of any of them.

### **Transferee:**

NWDC, the owner of a 48% equity interest in the registered capital of Nanjing Huawei.

### **Other party:**

Nanjing Yema, the owner of a 3% equity interest in the registered capital of Nanjing Huawei.

## **PARTICULARS OF THE TRANSFER AGREEMENT**

Nanjing Huawei is a sino-foreign equity joint venture incorporated in the PRC and beneficially owned as to 48%, 17%, 20%, 3% and 12% by NWDC, Nanjing Xuanwu, APSS, Nanjing Yema and Lee Hing Development Limited respectively at the date of the Transfer Agreement.

Pursuant to the Transfer Agreement, Nanjing Xuanwu has unconditionally agreed to transfer and NWDC has unconditionally agreed to acquire the Xuanwu Interest. The consideration payable by NWDC to Nanjing Xuanwu for the Xuanwu Interest is approximately HK\$28,941,038.22, which will be satisfied by the payment of RMB30,966,910.90.

Pursuant to the same agreement, APSS has unconditionally agreed to transfer and NWDC has unconditionally agreed to acquire the APSS Interest. The consideration payable by NWDC to APSS for the APSS Interest is approximately HK\$16,843,738.32, which will be satisfied by the payment of (i) US\$1,800,000 (approximately HK\$14,040,000); and (ii) RMB3,000,000 (approximately HK\$2,803,738.32).

The terms of the Transfer Agreement, including the consideration, have been reached following arm's length negotiations between the parties to the Transfer Agreement. The consideration paid by NWDC to Nanjing Xuanwu and APSS upon execution of the Transfer Agreement represents

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a discount of approximately 48.64% and 66.12% respectively to the unaudited consolidated net asset value of Nanjing Huawei as at 31 December 2000.

Upon completion of the above acquisitions, the equity interest of NWDC in the registered capital of Nanjing Huawei will be increased from 48% to 80%.

In accordance with the laws of the PRC on sino-foreign equity joint venture, the Transfer Agreement will be submitted to the relevant foreign investment authority in the PRC for approval as soon as possible.

### **INFORMATION RELATING TO NANJING HUAWEI**

The sole business of Nanjing Huawei is the holding of the entire interest in Nanjing New World Centre (the “Centre”) located in Xuanwu District, Nanjing, the PRC. The construction of the Centre is now in progress and is scheduled to complete in 2003. It is expected that the Centre will provide a gross floor area of 213,800 sq.m. for the use as service apartments and by retail and hotel businesses.

The unaudited consolidated net asset value of Nanjing Huawei as at 31 December 2000 was HK\$331,474,321. The audited consolidated net loss before taxation of Nanjing Huawei for the year ended 30 June 1999 and 30 June 2000 was HK\$6,974,156 and HK\$4,171,506 respectively.

### **REASONS FOR ENTERING INTO THE TRANSFER AGREEMENT**

The board of directors of NWCL believe that the acquisition of the Xuanwu Interest and the APSS Interest is an excellent opportunity for NWCL to strengthen its property portfolio and position to benefit from the anticipated increase in demand for high quality property in the PRC due to the PRC’s imminent entry to the World Trade Organisation. The respective board of directors of NWD and NWCL (including the independent non-executive directors) are of the view that the terms of the Transfer Agreement are fair and reasonable as far as their respective shareholders are concerned and that the Transfer Agreement is in the interest of NWD and NWCL.

### **CONNECTED TRANSACTIONS**

Nanjing Xuanwu and APSS (both parties are independent of and not connected with each other) are both substantial shareholders of Nanjing Huawei, which is treated as an indirect subsidiary of NWCL. Accordingly, the transactions contemplated under the Transfer Agreement constitute connected transactions for NWCL under the Listing Rules. At the date hereof, NWD held

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approximately a 70.54% interest in the issued share capital of NWCL . Therefore, the aforesaid transactions also constitute a connected transaction for NWD. The Transfer Agreement is only subject to the disclosure requirements set out in Rule 14.25 of the Listing Rules as the aggregate consideration for the above acquisitions is less than the higher of (i) HK\$10,000,000 and (ii) 3% of the book value of the net tangible assets of NWD and NWCL respectively. Details of the Transfer Agreement will be disclosed in the next published annual report and accounts of each of NWD and NWCL in accordance with Rule 14.25(1) of the Listing Rules.

### INFORMATION RELATING TO NWD

The principal business of NWD includes investments in the area of property, infrastructure, services and telecommunications and technology.

### INFORMATION RELATING TO NWCL

The principal business of NWCL includes property development and property related investments in the PRC.

### DEFINITIONS

For the purposes of this announcement, capitalised terms appearing herein shall, unless the context otherwise admits, have the meanings set out below:

“APSS”	American Professional Sound Systems Co., Ltd., a company incorporated in Hong Kong with limited liability
“APSS Interest”	the 15% equity interest in the registered capital of Nanjing Huawei held by APSS
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Huawei”	南京華威房地產開發有限公司 (Nanjing Huawei Real Estate Development Company Limited), a company incorporated in the PRC with limited liability
“Nanjing Xuanwu”	南京市玄武區城鎮建設綜合開發公司 (Nanjing Xuanwu Town Construction Development Company), a company incorporated in the PRC
“Nanjing Yema”	南京野馬實業有限公司 (Nanjing Yema Enterprises Co., Ltd.), a company incorporated in the PRC with limited liability
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“NWDC”	New World Development (China) Limited, a company incorporated in

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	Hong Kong with limited liability and a direct wholly-owned subsidiary of NWCL
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	an unconditional transfer agreement dated 11 May 2001 entered into between (i) Nanjing Xuanwu; (ii) Nanjing Yema; (iii) APSS; and (iv) NWDC in respect of the transfer of the Xuanwu Interest and the APSS Interest
“Xuanwu Interest”	the 17% equity interest in the registered capital of Nanjing Huawei held by Nanjing Xuanwu

*For your convenience, unless otherwise stated, this announcement contains translations between Hong Kong dollars and Renminbi at HK\$1.00 = RMB1.07 and Hong Kong dollars and US dollars at HK\$7.8 = US\$1.00.*

By Order of the Board  
**New World Development Company Limited**  
**Leung Chi-kin, Stewart**  
*Company Secretary*

By Order of the Board  
**New World China Land Limited**  
**Chow Yu-chun, Alexander**  
*Company Secretary*

Hong Kong, 11 May 2001

Please also refer to the published version of this announcement in the SCMP dated 14/5/2001.