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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 : 0017)

 **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: 0917)

CONNECTED TRANSACTION

AGREEMENTS FOR THE INCREASE IN REGISTERED CAPITAL OF NEW WORLD ZHONGHONG PROPERTY CO., LTD.

The respective boards of directors of NWD and NWC announced that on 31st January 2008, Starlux Enterprise, an indirect wholly-owned subsidiary of NWC, entered into the Agreements with Hainan Zhonghong in respect of the increase in registered capital of New World Zhonghong, a company in which Starlux Enterprise and Hainan Zhonghong have 70% and 30% beneficial interest, respectively.

Owing to the fact that Hainan Zhonghong is a substantial shareholder of certain subsidiaries of NWC and hence is a connected person of NWC within the meaning of the Listing Rules, the entering into the Agreements therefore constitutes a connected transaction of NWC under the Listing Rules. At the date of this announcement, NWD held approximately 70% attributable interests in the issued share capital of NWC, the entering into the Agreements by Starlux Enterprise also constitutes a connected transaction of NWD.

As the applicable percentage ratio (as defined under Rule 14A.10 of the Listing Rules) in respect of the accumulative capital commitment made by Starlux Enterprise to New World Zhonghong is more than 0.1% but less than 2.5%, the entering into the Agreements is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirement under the Listing Rules. Relevant details of the Agreements will also be included in the next published annual report and accounts of NWD and NWC in accordance with Rule 14A.45 of the Listing Rules.

AGREEMENTS FOR THE INCREASE IN REGISTERED CAPITAL OF NEW WORLD ZHONGHONG

The respective boards of directors of NWD and NWC announced that on 31st January 2008, Starlux Enterprise, an indirect wholly-owned subsidiary of NWC, entered into the Agreements with Hainan Zhonghong for the purpose of amending the joint venture contract and the articles of association of New World Zhonghong for the increase in the registered capital of New World Zhonghong, a company in which Starlux Enterprise and Hainan Zhonghong have 70% and 30% beneficial interest, respectively.

Pursuant to the Agreements, the registered capital of New World Zhonghong will increase from RMB166,666,000 (equivalent to approximately HK\$177,304,255) to RMB350,000,000 (equivalent to approximately HK\$372,340,426). Starluxe Enterprises and Hainan Zhonghong will contribute RMB128,333,800 (equivalent to approximately HK\$136,525,319) and RMB55,000,200 (equivalent to approximately HK\$58,510,851), respectively to the registered capital of New World Zhonghong in proportion to their respective equity interests in New World Zhonghong.

The increase in registered capital of New World Zhonghong is subject to the approval from relevant government authority and if such approval is obtained, the additional registered capital will be paid up as to 20% within three months after the issue of a business licence to New World Zhonghong reflecting the increase in the registered capital and the balance will be paid up within one year. It will normally take about two months for the issue of business licence after an application has been made for an increase in registered capital. Upon completion of the capital increase, NWC will be interested in 70% of the registered capital of New World Zhonghong, amounting to RMB245,000,000 (equivalent to approximately HK\$260,638,298). New World Zhonghong will continue to be accounted for as a subsidiary of NWD and NWC.

The amount to be paid up in cash by Starluxe Enterprises pursuant to the Agreements will be financed by the internal resources of NWC. There is no further capital commitment to New World Zhonghong in the foreseeable future.

REASONS FOR ENTERING INTO THE AGREEMENTS

On 23rd April 2007, NWD and NWC announced that Starluxe Enterprises will form a joint venture company with Hainan Zhonghong in the PRC to engage in land improvement and development works in respect of the Land. The joint venture company was subsequently incorporated under the name of New World Zhonghong on 19th July 2007. It was intended at the time of formation of New World Zhonghong that the parties would finance the development cost of the Land in form of capital and shareholders' loan. Owing to the change of the financing plan of New World Zhonghong, Starluxe Enterprises agreed with Hainan Zhonghong to contribute further capital, instead of shareholders' loan, to New World Zhonghong in proportion to their respective equity interest in New World Zhonghong.

The directors of NWD and NWC (including their respective independent non-executive directors) believe that it is in the interest of NWD and NWC to fund the additional capital requirement of New World Zhonghong by entering into the Agreements which are on normal commercial terms, fair and reasonable and in the interests of the respective shareholders of NWD and NWC as a whole.

INFORMATION RELATING TO NWD AND NWC

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

INFORMATION RELATING TO HAINAN ZHONGHONG

Hainan Zhonghong is principally engaged in the property development and investment business in the PRC.

CONNECTED PERSON

Hainan Zhonghong is a connected person of NWC by virtue of its holding of 30% interest in New World Zhonghong, 10% interest in 湖南成功新世紀投資有限公司 (Hunan Success New Century Investment Company Limited*), an indirect 90% owned subsidiary of NWC, and 20% interest in 長沙香湘海房地產開發有限公司 (Changsha Xiangxianghai Housing Development Co., Ltd.*), an indirect 80% owned subsidiary of NWC. Accordingly, the transaction contemplated under the Agreements constitutes a connected transaction of NWC pursuant to the Listing Rules. At the date of this announcement, NWD held approximately 70% attributable interests in the issued share capital of NWC, the entering into the Agreements by Starluxe Enterprises also constitutes a connected transaction of NWD.

As the applicable percentage ratio (as defined under Rule 14A.10 of the Listing Rules) in respect of the accumulative capital commitment made by Starluxe Enterprises to New World Zhonghong amounting to RMB245,000,000 (equivalent to approximately HK\$260,638,298) is more than 0.1% but less than 2.5%, the entering into the Agreements is only subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements. Relevant details of the Agreements will also be included in the next published annual report and accounts of NWD and NWC in accordance with Rule 14A.45 of the Listing Rules. Apart from the initial capital commitment made to New World Zhonghong at the time of its establishment amounting to RMB116,666,200 (equivalent to approximately HK\$124,112,979), there is no other aggregation issue for the additional capital contribution to be made under the Agreements pursuant to Rule 14A.25 of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Agreements”	agreements dated 31st January 2008 entered into between Starluxe Enterprises and Hainan Zhonghong relating to the amendment of the joint venture contract and the articles of association of New World Zhonghong for the increase in the registered capital of New World Zhonghong
“Hainan Zhonghong”	海南中泓投資有限公司 (Hainan Zhonghong Investments Company Limited*)
“HK\$”	Hong Kong Dollars
“Land”	a piece of land located to the south of Laodong East Road, to the west of the Guitang River, to the east of Guitang Road/Shumuling Road and to the north of Qutang Road, Yuhua District, Changsha City, Hunan Province, the PRC with an area of approximately 215 mu (equivalent to approximately 143,333 square metres)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New World Zhonghong”	新世界中泓地產有限公司 (New World Zhonghong Property Co., Ltd.*)
“NWC”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, 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, the shares of which are listed on the Stock Exchange
“PRC”	the People’s Republic of China
“Starlux Enterprise”	Starlux Enterprise Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of NWC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

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

Hong Kong, 31st January 2008

As at the date of this announcement, the board of directors of NWD comprises (a) six executive directors, namely Dato’ Dr. Cheng Yu-tung, Dr. Cheng Kar-shun, Henry, Dr. Sin Wai-kin, David, Mr. Liang Chong-hou, David, Mr. Leung Chi-kin, Stewart and Mr. Cheng Chi-kong, Adrian; (b) five non-executive directors, namely Lord Sandberg, Michael, Mr. Cheng Yue-pui, Mr. Cheng Kar-shing, Peter, Mr. Chow Kwai-cheung and Mr. Liang Cheung-biu, Thomas; and (c) four independent non-executive directors, namely Mr. Yeung Ping-leung, Howard, Dr. Cha Mou-sing, Payson (alternate director to Dr. Cha Mou-sing, Payson: Mr. Cha Mou-zing, Victor), Mr. Ho Hau-hay, Hamilton and Mr. Lee Luen-wai, John.

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

** for identification purposes only*

For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB0.94 = HK\$1.00.