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(incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTION

INVOLVING A DISPOSAL OF INTEREST IN

WUHAN NEW EAGLE DEVELOPMENT COMPANY LIMITED

SALE AND PURCHASE OF THE WUHAN INTEREST

Pursuant to an agreement dated 19 June 2001, NWDC, a direct wholly-owned subsidiary of NWCL, has agreed to sell and Uphill, an indirect wholly-owned subsidiary of NWD, has agreed to purchase the Wuhan Interest for a consideration of HK\$408,411,215. The Wuhan Interest represents a 95% equity interest in the registered capital of New Eagle together with all additional funds provided by NWDC to New Eagle for the investment and development of the Subject Properties.

The consideration payable in respect of the transfer of the Wuhan Interest will be satisfied by payment in cash by Uphill to NWDC.

CONDITION PRECEDENT

Completion of the sale and purchase of the Wuhan Interest is conditional upon the relevant PRC authorities granting approval to the transfer of the Wuhan Interest.

CONNECTED TRANSACTION OF NWCL

The Transaction constitutes a connected transaction for NWCL under the Listing Rules and is required to be disclosed by way of a press announcement. Relevant details will also be included

in the next published annual report and accounts of NWCL in accordance with Rule 14.25(1) of the Listing Rules.

SALE AND PURCHASE OF the Wuhan INTEREST

The Agreement

Date

19 June 2001

Parties

- (1) NWDC, as the vendor; and
- (2) Uphill, as the purchaser

NWDC is a direct wholly-owned subsidiary of NWCL and is the owner of the Wuhan Interest.

Uphill is an indirect wholly-owned subsidiary of NWD.

It is the intention of Uphill to acquire New Eagle's interest in the Subject Properties (which consists of (a) five-storey podium of the Commerce Centre which has been pledged as collateral for a loan in the amount of RMB116,000,000 for the benefit of a sino-foreign cooperative joint venture company participated indirectly by NWCL and (b) six-storey podium and one-level basement of the Trade Centre) by acquiring NWDC's equity interest in New Eagle. In order to facilitate Uphill's acquisition of the Wuhan Interest (which upon signing of the Agreement, includes the Subject Properties and the Excluded Properties), New Eagle will have to dispose of the Excluded Properties to a non-wholly owned joint venture company of NWDC as soon as practicable after signing of the Agreement. As the transfer of the Excluded Properties may or may not constitute connected transaction under the Listing Rules, further announcement will be made in respect of the transfer as and when necessary. As the transfer of the Excluded Properties will require the approval from relevant PRC authorities, in order to avoid unnecessary delay in the completion of the Transaction, the parties to the Agreement agreed that such transfer should not be made as a condition precedent to the completion of the Transaction.

Major terms of the Agreement

Pursuant to the Agreement, NWDC has agreed to sell and Uphill has agreed to purchase the Wuhan Interest together with all additional funds provided by NWDC to New Eagle in excess of New Eagle's registered capital for the investment and development of the Subject Properties prior to the completion of the Agreement. The consideration payable by Uphill to NWDC for the Wuhan Interest is HK\$408,411,215, which will be satisfied by payment in cash by Uphill (with funds provided indirectly by NWD from its internal resources) to NWDC as follows:

- (1) 80% upon signing of the Agreement; and
- (2) 20% upon completion of the Agreement.

The terms of the Agreement, including the consideration, have been reached following arm's length negotiations between the parties to the Agreement.

Condition precedent to the Agreement

Completion of the sale and purchase of the Wuhan Interest is conditional upon the relevant PRC authorities granting approval to the transfer of the Wuhan Interest from NWDC to Uphill.

Completion of the Agreement

Completion of the sale and purchase of the Wuhan Interest pursuant to the Agreement will take place within 15 Business Days following the fulfilment of the condition referred to above provided such date is not later than 31 August 2001. If the condition is not satisfied on or before 31 August 2001 (or such later date as NWDC and Uphill may agree in writing) the Agreement shall lapse. It is expected that completion of the Agreement will take place on or about 15 July 2001.

Covenant

In the event that approval by the relevant PRC authorities is not obtained on or before 31 December 2001 (or such later date as NWDC and Uphill may agree in writing) for the transfer of the Excluded Properties by New Eagle to a non-wholly owned joint venture company of NWDC, Uphill will as soon as practicable thereafter, sell to NWDC and NWDC will purchase from Uphill the Wuhan Interest at the price of HK\$408,411,215. NWD and NWCL will comply with all relevant requirements under the Listing Rules in the event of such buy back and will make further announcement in this regard at that time.

INFORMATION RELATING TO NEW EAGLE

New Eagle is a sino-foreign equity joint venture company incorporated in PRC and was owned as at the date of the Agreement as to 95% and 5%, respectively, by NWDC and an independent third party not connected with the directors, chief executive or substantial shareholders of NWCL or any of its subsidiaries or any of their respective associates.

The business scope of New Eagle is the development of shopping facilities for the Trade Centre and the Commerce Centre, operation and renovation of commercial facilities and fixtures, leasing business and the provision of ancillary facilities. New Eagle is the holder of all the interests in the Commerce Centre and the Trade Centre with an occupancy rate of about 95%. As at 31 December 2000, the unaudited consolidated net assets of New Eagle was HK\$400,876,508 of which approximately HK\$346,290,766 was attributable to the Wuhan Interest and approximately HK\$36,359,912 was attributable to the Excluded Properties (based on the net assets value of the Excluded Properties). The unaudited consolidated net profit before taxation of New Eagle for the years ended 30 June 1999 and 30 June 2000 was HK\$7,204,555 and HK\$5,757,936 respectively. The value of the consideration represents a premium of approximately 18% to the attributable net assets value of the Wuhan Interest as at 31 December 2000. NWCL intends to use the sale proceeds from the Transaction as its working capital for funding of its real estate development projects in the PRC and of its administration expenses.

REASONS FOR ENTERING INTO THE AGREEMENT

The board of directors of NWCL believe that the disposal of the Wuhan Interest is in line with NWCL's business strategy to realise its property investment at suitable circumstances considering the price and the opportunity for NWCL to recoup favourable investment return. The board of directors of NWCL (including the independent non-executive directors) are of the view that the terms of the Agreement are fair and reasonable as far as its independent shareholders are concerned and the Transaction is on normal commercial terms in the ordinary and usual course of business of all the companies concerned and that the entering into and implementation of the Agreement are in the interest of NWCL.

CONNECTED TRANSACTION

Each of NWDC and Uphill is a wholly-owned subsidiary of NWCL and NWD, respectively. As at the date of this announcement, NWD holds approximately 70.38% of the issued share capital of NWCL. As such, the Transaction constitutes a connected transaction for NWCL under the Listing Rules and is subject to the disclosure requirements set out in Rule 14.25 thereof.

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:

“Agreement”	a sale and purchase agreement dated 19 June 2001 entered into between NWDC and Uphill in respect of the sale and purchase of the Wuhan Interest
“Business Day”	a day (other than a Saturday) on which banks are generally open for counter business in Hong Kong
“Commerce Centre”	Wuhan International Trade and Commerce Centre (武漢國際貿易商業中心), a 10-storey commercial building, located in the Jiangnan District of Wuhan, PRC
“Excluded Properties”	those portions of the Commerce Centre and the Trade Centre that do not constitute any part of the Subject Properties
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Eagle”	Wuhan New Eagle Development Company Limited (武漢新鵬發展有限公司), a sino-foreign equity joint venture company established 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 Hong Kong with limited liability and a wholly-owned subsidiary of NWCL
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Properties”	consists of (a) five-storey podium of the Commerce Centre and (b) six-storey podium and one-level basement of the Trade Centre
“Trade Centre”	Wuhan International Trade Centre (武漢國際貿易中心), a 52-storey commercial building with a one-storey basement, located in the Jiangnan District of Wuhan, PRC of which the six-storey podium and the basement are owned by New Eagle
“Transaction”	the sale and purchase of the Wuhan Interest
“Uphill”	Uphill Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of NWD

New World China Land Limited

“Wuhan Interest” a 95% equity interest in the registered capital of New Eagle owned by NWDC together with all additional funds provided by NWDC to New Eagle for the investment and development of the Subject Properties prior to completion of the Agreement

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

Hong Kong, 19 June 2001

Please also refer to the published version of this announcement in the SCMP dated 20/6/2001.