



New World China Land Limited

新世界中國地產有限公司

(Incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTION

The board of directors of the Company announces that an indirect 88% owned subsidiary of the Company has today entered into a written tenancy agreement for the lease of a property to an indirect wholly-owned subsidiary of NWD. The tenancy agreement constitutes a connected transaction of the Company under Rule 14.25(1) of the Listing Rules.

As the transaction is to take place on an ongoing basis, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements of Chapter 14 of the Listing Rules to issue further press announcement in respect of the tenancy agreement subject to conditions set out below.

The board of directors of New World China Land Limited (the "**Company**") announces that the following tenancy agreement has been entered into:

TENANCY AGREEMENT DATED 13TH DECEMBER, 2003

Landlord : Dalian New World Plaza International Co., Ltd.
大連新世界廣場國際有限公司, an indirect 88% owned subsidiary of the Company

Tenant : Dalian New World Department Store Ltd.
大連新世界百貨有限公司, an indirect wholly-owned subsidiary of New World Development Company Limited ("**NWD**")

Premises : The first to fifth floors and portion of the sixth to seventh floors as well as the basement one of Dalian New World Plaza located in Tianjin Street, Zhongshan District, Dalian, the People's Republic of China (the "**Premises**")

Lettable area : 26,845 square metres

Term : twenty years commencing from 18th October, 2002 to 17th October, 2022

Rent-free period : 18th October, 2002 to 31st December, 2003

Monthly rental : The higher of either:

(A) basic rental ("**Basic Rental**") which is:

(i) RMB30 per square metres per month with effect from 1st January, 2004;

(ii) RMB30 per square metres per month plus 3% of the gross sale revenue ("**GSR**") from the tenant's operation with effect from 1st January, 2007; or

(B) 5% of the GSR ("**Sales Rental**").

The rental is exclusive of any rate, management fees and maintenance charges.

Payment term : The Basic Rental is payable in full within fourteen days in the next calendar month, or in proportion of the number of days in case of incomplete month. In the event that the yearly Sales Rental is higher than the yearly Basic Rental in any year, the difference will be payable by the tenant after the relevant year end.

Committed minimum GSR : The tenant agreed to commit the following minimum GSR for the purpose of calculating the rental:

(i) the minimum GSR in each of the five calendar years from 2012 to 2016 would be increased by 15% from the GSR in the year 2011;

(ii) the minimum GSR in each of the five calendar years from 2017 to 2021 would be increased by 15% from the GSR in the year 2016;

(iii) the minimum GSR during the lease period in the year 2022 would be increased by 15% from the GSR in the corresponding period in the year 2021.

Any shortfall in the rental payable due to the differences between the committed GSR and the actual GSR will be payable by the Tenant.

Scope of GSR : GSR shall be the sale revenue earned by the Tenant in course of business which is carried on in the Premises as reported to the tax authority in the PRC before value-added tax, including but not limited to the rental received from sub-lease of any part of the Premises, sales of consigned goods or associated merchandises and its own products.

The Tenancy Agreement was arrived at after arm's length negotiation which is on normal commercial terms and is in ordinary and usual course of business of the Company. The rental of the Premises was determined by reference to the prevailing market rentals of similar properties in the vicinity of the Premises. The board of directors of the Company, including the independent non-executive directors, considers that the Tenancy Agreement is fair and reasonable and it is in the interest of the Company to enter into the Tenancy Agreement so far as its shareholders are concerned.

Application has been made by the Company to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for a waiver in respect of the Tenancy Agreement for three years ending 31st December, 2006 from strict compliance with the requirements for disclosure by way of press notice under Rule 14.25(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). The conditions of such waiver are:

- the transactions are:
 - entered into by the Company and its subsidiaries ("**Group**") in the ordinary and usual course of business;
 - conducted on normal commercial terms or (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
 - entered into in accordance with the terms of the Tenancy Agreement;
- the aggregate value of the transactions for any given financial year will not exceed the annual amount receivable pursuant to the Tenancy Agreement and in any event will not exceed 3% of the book value of the consolidated net tangible assets of the Group (the "**Cap**");
- the independent non-executive directors of the Company shall review the transactions annually and confirm in the Company's next and each successive annual reports that the transactions have been conducted in the manner as stated in paragraphs (1) and (2) above;
- the auditors of the Company shall review the transactions annually and confirm in a letter to the board of directors (copy of which shall be provided to the Listing Division of the Stock Exchange immediately upon receipt by the board of directors) stating whether the transactions:
 - have received the approval of the board of directors of the Company;
 - have been entered into in accordance with the terms of the Tenancy Agreement; and
 - have exceeded the Cap;where, for whatever reason, the auditors of the Company decline to accept the engagement or are unable to provide such a letter, the Directors shall contact the Stock Exchange as soon as practicable; and
- brief details of the transactions will be disclosed in the Company's annual report for the relevant year as required by Rules 14.25(1)(A) to (D) of the Listing Rules together with a statement of the opinion of the independent non-executive directors and the auditors of the Company as referred to in paragraphs (3) and (4) above.

GENERAL

The Company is principally engaged in property development and property related investment in the People's Republic of China. As at the date hereof, NWD is a substantial shareholder of the Company by virtue of its holding of approximately 69.72% attributable interests in the Company's issued share capital. Accordingly, the Tenancy Agreement constitutes a connected transaction of the Company pursuant to the Listing Rules. Details of the Tenancy Agreement will be included in the Company's next published annual report and accounts.

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

Hong Kong, 13th December, 2003