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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 TRANSACTIONS

The board of directors of the Company announced that two existing tenancy agreements entered in 1995 and 2000 between Shenyang Hotel, an indirect wholly-owned subsidiary of the Company, and Shenyang Department Store, an indirect wholly-owned subsidiary of NWD, in respect of certain floor area in Shenyang New World Hotel, had now become connected transactions of the Company pursuant to Rule 14.25(1) of the Listing Rules.

As the transactions are 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 agreements subject to conditions set out below.

TENANCY AGREEMENT DATED 15TH AUGUST, 1995 (THE “1995 TENANCY AGREEMENT”)

- Landlord:** Shenyang New World Hotel Co., Ltd. 瀋陽新世界酒店有限公司 (“**Shenyang Hotel**”), formerly known as Shenyang New World Lumingchun Building Co., Ltd. 瀋陽新世界鹿鳴春大廈有限公司, an indirect wholly-owned subsidiary of New World China Land Limited (the “**Company**”) since June 2003
- Tenant:** Shenyang New World Department Store Ltd. 瀋陽新世界百貨有限公司 (“**Shenyang Department Store**”), an indirect wholly-owned subsidiary of New World Development Company Limited (“**NWD**”)
- Premises:** the shopping arcade in the first and second floors of the annex building of New World Hotel, Shenyang located in 2 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the People’s Republic of China (the “**PRC**”)
- Lettable Area:** 8,320 square metres
- Term:** ten years commencing from 1st December, 1995 to 30th November, 2005

- Yearly Rental: The higher of:
- (A) fixed yearly rental which is:
 - (i) RMB8,000,000 for the first year ended 14th August, 1996;
 - (ii) RMB9,000,000 for the second year ended 14th August, 1997;
 - (iii) RMB10,000,000 for the third year ended 14th August, 1998;
 - (iv) the yearly rental for the fourth to tenth years of the term of the 1995 Tenancy Agreement shall be increased at a rate of 6% per annum over the preceding year; and
 - (B) floating yearly rental which is:
 - (i) 4% of the gross sale revenue (“GSR”) earned by Shenyang Department Store in course of business carried on in the premises, after value-added tax, for each of the first three years ended 14th August, 1998;
 - (ii) 5% of GSR for each of the fourth to tenth year of the terms of the 1995 Tenancy Agreement.

The yearly rental, exclusive of any rate, management fees and maintenance charges, is payable in 12 equal instalments by the end of each month, or in proportion of the number of days in respect of any incomplete month. The rental receivable under the 1995 Tenancy Agreement for the year ended 30th June, 2002 was RMB12,327,015 (equivalent to HK\$11,629,306).

TENANCY AGREEMENT DATED 8TH NOVEMBER, 2000 (THE “2000 TENANCY AGREEMENT”)

- Landlord: Shenyang Hotel
- Tenant: Shenyang Department Store
- Premises: the shopping arcade in the third floor of the annex building of New World Hotel, Shenyang
- Lettable Area: 690 square metres
- Term: five years commencing from 1st December, 2000 to 30th November, 2005 with rent-free period from 1st December, 2000 to 31st January, 2001
- Yearly Rental: (A) for the first year ended 30th November, 2001: RMB987,000
- (B) from the second to the fifth years ending 30th November, 2005: the yearly rental shall be increased at a rate of 6% per annum over the preceding year

The yearly rental, exclusive of any rate, management fees and maintenance charges, is payable in 12 equal instalments by the end of each month, or in proportion of the number of days in respect of any incomplete month. The rental receivable under the 2000 Tenancy Agreement for the year ended 30th June, 2002 was RMB1,021,545 (equivalent to HK\$963,726).

REASONS FOR THE ONGOING CONNECTED TRANSACTIONS

On 30th May, 2003, the Company completed the procedures for acquiring additional 30% interest in Shenyang Hotel which was then changed from being a 70% owned jointly controlled entity of the Company to an indirect wholly-owned subsidiary of the Company. Accordingly, upon the change in identity of Shenyang Hotel, the entering into of the existing 1995 Tenancy Agreement and the 2000 Tenancy Agreement (collectively, the “**Tenancy Agreements**”) now constitute connected transactions of the Company under Rule 14.25(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The board of directors of the Company, including the independent non-executive directors, considers that the Tenancy Agreements, being arrived at after arm’s length negotiation, are on normal commercial terms and are in line with the ordinary and usual course of business of the Company. The rentals set out in the Tenancy Agreements were consistent with the prevailing market rentals of similar properties in the vicinity of New World Hotel, Shenyang and were comparable with the rates adopted by the Company for lease of other properties in the PRC in its ordinary course of business. They also consider that the Tenancy Agreements are fair and reasonable and it is in the interest of the Company to continue to execute the Tenancy Agreements so far as its shareholders are concerned.

APPLICATION FOR WAIVER

Application has been made by the Company to The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) for a waiver in respect of the Tenancy Agreements from strict compliance with the requirements for disclosure by way of press notice under Rule 14.25(1) of the Listing Rules for the period up to 30th November, 2005. The conditions of such waiver are:—

1. the transactions are:—
 - (a) entered into by the Company and its subsidiaries (“**Group**”) in the ordinary and usual course of business;
 - (b) 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
 - (c) entered into in accordance with the terms of the Tenancy Agreements;
2. the aggregate value of the transactions for any given financial year will not exceed 3% of the net asset value of the Group (the “**Cap**”);

3. 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;
4. 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:
 - (a) have received the approval of the board of directors of the Company;
 - (b) have been entered into in accordance with the terms of the Tenancy Agreements; and
 - (c) 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 of the Company shall contact the Stock Exchange as soon as practicable;

5. 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 paragraph (3) and (4) above; and
6. NWD had provided an undertaking to the Stock Exchange that it shall provide auditors of the Company with full access to the relevant books and records for the purpose of review of the transactions in accordance with paragraph (4) above.

GENERAL

The Company is principally engaged in property development and property related investment in the PRC. As at the date hereof, NWD is a substantial shareholder of the Company by virtue of its holding of approximately 69.77% attributable interests in the Company's issued share capital. Accordingly, the Tenancy Agreements constitute connected transactions for the Company pursuant to the Listing Rules. Details of the Tenancy Agreements will be included in the Company's next published annual report and accounts.

For your convenience, this announcement contains translations between Hong Kong dollars and Renminbi at HK\$0.9434=RMB1.00.

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

Hong Kong, 10th June, 2003

Please also refer to the published version of this announcement in The Standard.