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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)*  
**(Stock Code: 0917)**

### **CONTINUING CONNECTED TRANSACTION**

Reference is made to the announcement of the Company dated 15th March 2004 in relation to the Tenancy Agreement made between Tianjin Development, as landlord, and Tianjin Trendy, as tenant, for lease of certain floors of Tianjin New World Plaza. The entering into of the Tenancy Agreement constituted a connected transaction for the Company under Rule 14.25(1) of the Listing Rules in force at that time and the Company had applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirement set out in Chapter 14 of the then Listing Rules. The waiver was granted by the Stock Exchange on 18th March 2004 and expired on 30th June 2006.

The Tenancy Agreement has a term of 20 years commencing from 15th March 2004. In view of the continuing nature of the Tenancy Agreement, the transaction contemplated under the Tenancy Agreement constitutes continuing connected transaction for the Company under the Listing Rules currently in force.

It was estimated that the annual amount receivable under the Tenancy Agreement will fall within the de minimis threshold prescribed in Rule 14A.34 of the Listing Rules and is therefore only subject to the reporting and announcement requirement. Appropriate disclosure of the above transaction will be made in the future published annual reports and accounts of the Company in accordance with Rules 14A.37 and 14A.38 of the Listing Rules.

### **BACKGROUND**

On 15th March 2004, Tianjin Development, an indirect wholly-owned subsidiary of the Company, as landlord, entered into the Tenancy Agreement with Tianjin Trendy, an indirect wholly-owned subsidiary of NWD, as tenant, for lease of certain floors of Tianjin New World Plaza. As mentioned in the

announcement of the Company dated 15th March 2004, the entering into of the Tenancy Agreement constituted a connected transaction for the Company under Rule 14.25(1) of the Listing Rules in force at that time and the Company had applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirement set out in Chapter 14 of the then Listing Rules. The waiver was granted by the Stock Exchange on 18th March 2004 and expired on 30th June 2006.

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#### **TENANCY AGREEMENT DATED 15TH MARCH 2004**

The principal terms of the Tenancy Agreement are as follows:

- Landlord: Tianjin Development, principally engaged in the property investment and development in Tianjin, the PRC, being an indirect wholly-owned subsidiary of the Company
- Tenant: Tianjin Trendy, principally engaged in the operation of a department store in Tianjin, the PRC, being an indirect wholly-owned subsidiary of NWD
- Premises: the first to fourth floors of Tianjin New World Plaza (formerly known as Tianjin New World Shopping Centre) located in Nankai District, Tianjin, the PRC (the “**Premises**”)
- Lettable area: 31,800 square metres
- Term: twenty years commencing from 15th March 2004 to 14th March 2024
- Yearly rental: The higher of either:
- (A) basic rental (“**Basic Rental**”) which is:
    - (i) RMB26,375,000 (equivalent to HK\$24,882,175) per year from the first year to the tenth year;
    - (ii) RMB27,090,000 (equivalent to HK\$25,556,706) per year from the eleventh year to the thirteenth year;
    - (iii) RMB28,100,000 (equivalent to HK\$26,509,540) per year from the fourteenth year to the seventeenth year;

(iv) RMB30,300,000 (equivalent to HK\$28,585,020) per year from the eighteenth year to the twentieth year; or

(B) 5% of the sale revenue (“**Sale Revenue**”) of the Tenant (“**Sale Rental**”).

The rental is exclusive of any rate and management fees.

Management fee: RMB3,968,700 (equivalent to HK\$3,744,072) per year

Maintenance: Tianjin Development will be responsible for the maintenance of the Premises and the ancillary facilities and equipment.

Payment term: Monthly rental of the Premises, being one-twelfth of the Basic Rental, should be payable on the third day in the relevant month. In the event that the Sale Rental is higher than the Basic Rental in any year, the difference will be payable by Tianjin Trendy within 21 days after the relevant year end.

Scope of Sale Revenue: These represent the sale revenue earned by Tianjin Trendy in course of business which is carried on in the Premises as reported to the tax authority in the PRC, after deduction of any tax payable to the government authorities, including but not limited to the rental received from sub-lease of any part of the Premises, sales of consigned goods or associated merchandises.

## **THE CAP AMOUNT**

The Directors expect that the annual amount receivable under the Tenancy Agreement will not exceed RMB34,300,000 (equivalent to HK\$32,358,620) (the “**Cap Amount**”). The Cap Amount is determined with reference to the Basic Rental and management fee receivable under the Tenancy Agreement as the Directors anticipate that the Basic Rental will be higher than the Sale Rental during the remaining term of the Tenancy Agreement.

The rental and management fees receivable by Tianjin Development under the Tenancy Agreement amounted to HK\$8,271,000, HK\$28,668,000 and HK\$29,177,000 for the three financial years ended 30th June 2004, 30th June 2005 and 30th June 2006, respectively.

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

The Company is principally engaged in the property development and property related investment in the PRC. The lease to Tianjin Trendy for operation of a department store at the Premises generates stable returns to the Company and boosts visitor traffic to Tianjin New World Plaza.

The terms of the Tenancy Agreement are arrived at after arm's length negotiation which is on normal commercial terms and is in the ordinary and usual course of business of the Company. The rental of the Premises is determined by reference to the rentals of the lease of other units of Tianjin New World Plaza to other independent third parties. The board of Directors of the Company, including the independent non-executive Directors, considers that the Tenancy Agreement is fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **GENERAL**

As at the date hereof, NWD is a substantial shareholder of the Company by virtue of its holding of approximately 70% attributable interests in the Company's issued share capital. Accordingly, the transaction contemplated under the Tenancy Agreement constitutes continuing connected transaction for the Company pursuant to the Listing Rules. It was estimated that the annual amount receivable under the Tenancy Agreement will fall within the de minimis threshold prescribed in Rule 14A.34 of the Listing Rules and is therefore only subject to the reporting and announcement requirement. Appropriate disclosure of the above transaction will be made in the future published annual reports and accounts of the Company in accordance with Rules 14A.37 and 14A.38 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:

“Company”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Tenancy Agreement”	The tenancy agreement dated 15th March 2004 entered into between Tianjin Development as landlord and Tianjin Trendy as tenant

“Tianjin Development”	New World Anderson (Tianjin) Development Co., Ltd. 新世界安信（天津）發展有限公司，an indirect wholly-owned subsidiary of the Company
“Tianjin Trendy”	Tianjin Trendy New World Plaza Co., Ltd. 天津時尚新世界購物廣場有限公司，an indirect wholly-owned subsidiary of NWD
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 3rd November 2006

At the date of this announcement, the board of Directors of the Company comprises (a) Dr. Cheng Kar-shun, Henry, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Leung Chi-kin, Stewart, Chow Kwai-cheung, Chow Yu-chun, Alexander, Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda as executive Directors; (b) Mr. Fu Sze-shing as non-executive Director; and (c) Messrs. Cheng Wai-chee, Christopher, Tien Pei-chun, James and Lee Luen-wai, John as independent non-executive Directors.

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

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