



CONNECTED TRANSACTIONS

The respective board of directors of NWD and NWC announced that Shanghai Ramada had obtained a banking facility of up to an aggregate principal amount of RMB100,000,000. Shanghai Ramada is owned as to 95% by Ramada Property and 5% by an independent third party. Ramada Property is indirectly owned as to 65% by NWC, 20% by Stanley and 15% by independent third parties.

NWC had provided full guarantee in respect of the Facilities and in consideration of this, the other shareholders of Ramada Property had agreed to pay a guarantee fee to NWC.

Owing to the fact that Stanley is wholly-owned by a director of NWC, and is a substantial shareholder of certain subsidiaries of NWC, provision of the guarantee by NWC and payment of the guarantee fee by Stanley to NWC constituted connected transactions of NWC pursuant to the Listing Rules. As NWD held approximately 69.77% attributable interests in the issued share capital of NWC, these transactions also constituted connected transactions of NWD.

Details of the guarantee and the guarantee fee will be included in the next published annual report and accounts of each of NWD and NWC in accordance with Rule 14.25(1) of the Listing Rules.

GUARANTEE DATED 24TH JUNE, 2003

Parties:

- (i) New World China Land Limited (“NWC”), as guarantor; and
- (ii) a financial institution (“Lender”) established in the People’s Republic of China (“PRC”), as beneficiary.

Purpose:

To guarantee the full obligation and liabilities of Shanghai Ramada Plaza Ltd. (“Shanghai Ramada”) under loan facilities (the “Facilities”) as granted by the Lender up to an aggregate principal amount of RMB100,000,000 (equivalent to approximately HK\$94,340,000) (the “Guarantee”) for a term of 5 years which will be utilized by Shanghai Ramada to finance the construction cost of Shanghai Ramada Plaza (“Ramada Plaza”) situated at the southwest corner of Dingxi Road/Yuyuan Road, Changning District, Shanghai, PRC and which is now in the final stage of construction.

REASONS FOR ENTERING INTO THE GUARANTEE

Shanghai Ramada is an equity joint venture company established in the PRC whose principal business is the development of Ramada Plaza.

Shanghai Ramada is owned as to 95% by Ramada Property Ltd. (“Ramada Property”) and 5% by an independent third party. Ramada Property is indirectly owned as to 65% by NWC, 20% by Stanley and 15% by independent third parties. It is a term of the Facilities that NWC should provide the Guarantee in order to obtain the Facilities for the benefit of Shanghai Ramada.

Stanley and the other shareholders of Ramada Property have agreed to indemnify NWC in respect of its liability under the Guarantee in proportion to their shareholdings in Ramada Property and to pay to NWC a guarantee fee of 0.25% per annum in aggregate on the amount of the Facilities being utilized by Shanghai Ramada.

The respective board of directors (including the independent non-executive directors) of New World Development Company Limited (“NWD”) and NWC considers that it is in the interest of NWD and NWC that Shanghai Ramada can obtain the Facilities and considers that the terms of the Guarantee, being arrived at after arm’s length negotiation with the Lender, are determined upon normal commercial terms and are fair and reasonable as far as the independent shareholders of each of NWD and NWC are concerned.

CONNECTED PERSON

By virtue of the fact that Stanley is wholly-owned by Mr. Doo Wai Hoi, William, a director of NWC, and is a substantial shareholder of certain subsidiaries of NWC, provision of the Guarantee by NWC and payment of the guarantee fee by Stanley constituted connected transactions of NWC pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”). As NWD held approximately 69.77% attributable interests in the issued share capital of NWC, these transactions also constituted connected transactions of NWD.

GENERAL

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

Details of the Guarantee and the guarantee fee will be disclosed in the next published annual report and accounts of each of NWD and NWC in accordance with Rule 14.25(1) of the Listing Rules.

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

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
Chow Yu-chun, Alexander
Company Secretary