

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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: 917)

## **CONTINUING CONNECTED TRANSACTIONS**

### **MASTER LEASING AGREEMENT**

#### **Master Leasing Agreement**

The Board announced that on 22 May 2009, the Company, NWDSI and NWDS entered into the Master Leasing Agreement in relation to the leasing of the Premises owned by NWCL Group to NWDS Group for a term of three years commencing from 1 July 2009 to 30 June 2012.

#### **Continuing Connected Transactions**

As at the date of this announcement, NWD held an approximately 70% attributable interest in the issued share capital of the Company and an approximately 72% attributable interest in the issued share capital of NWDS. NWDS is therefore an associate of NWD and a connected person of the Company. Accordingly, the transactions contemplated under the Master Leasing Agreement constitute continuing connected transactions of the Company. Given that one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the maximum annual rental and management fees expected to be payable by NWDS Group to NWCL Group for leasing the Premises exceeds 2.5%, the Master Leasing Agreement is subject to reporting and announcement requirements and independent shareholders' approval of the Company under the Listing Rules.

#### **Despatch of Circular**

A circular containing details of the Master Leasing Agreement, a letter from the independent board committee of the Company and a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of the Company together with a notice convening the EGM will be despatched to the shareholders of the Company as soon as practicable.

## **MASTER LEASING AGREEMENT**

### **BACKGROUND**

NWCL Group has been leasing certain Premises to members of NWDSI Group under the First Master Leasing Agreement which was duly approved by the independent shareholders of the Company at its extraordinary general meeting held on 11 April 2007. Details of the First Master Leasing Agreement were announced by the Company on 1 March 2007 and were included in the circular of the Company dated 21 March 2007.

Maximum transaction amounts (“annual cap”) under the First Master Leasing Agreement were set for three financial years ending 30 June 2009. Since the leases granted to NWDSI Group pursuant to the terms of the respective Leasing Agreements governed by the First Master Leasing Agreement will continue to be operative after 30 June 2009 and new Premises may be leased to NWDS Group in the future, the Board intends to renew the annual cap by entering into the Master Leasing Agreement with NWDS for a term of three years commencing from 1 July 2009 to 30 June 2012. NWDSI and the Company have agreed to terminate the First Master Leasing Agreement upon the Master Leasing Agreement becoming effective.

Details of the Master Leasing Agreement are set out as follows:-

**Date** : 22 May 2009

**Parties** : the Company;  
NWDS ; and  
NWDSI.

#### **Major Terms :**

- (A) the Company agreed to lease or procure the leasing of the Premises to NWDS Group and NWDS agreed to lease or procure the leasing of the Premises from NWCL Group in accordance with the following terms:
- (1) in respect of the Leasing Agreements (Note) which have not expired as at 1 July 2009, all terms agreed among the parties thereto in respect of the Leasing Agreements shall remain in full force notwithstanding the terms of the Master Leasing Agreement;
  - (2) save for the Leasing Agreements, the Company agreed to lease the Premises (at the request of and as specified by NWDS Group) through itself and/or any member of NWCL Group to NWDS Group in accordance with the terms of the Master Leasing Agreement at the request of NWDS Group subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular Premises which shall be recorded in writing in the form of a leasing agreement, on normal commercial terms or on terms no more favourable than terms available to independent third parties; and

(3) the leasing of Premises by the NWCL Group to NWDS Group is on a non-exclusive basis.

(B) NWDSI and the Company agreed to terminate the First Master Leasing Agreement upon the Master Leasing Agreement becoming effective.

Note:

Details of the major Leasing Agreements are set out as follows:-

Premises	Area	Term	Rental	Management fee
Tianjin New World Plaza, Nankai District, Tianjin, PRC	1st Floor to 4th Floor (39,723 sq.m.)	15 March 2004 to 14 March 2024	(a) from the first to the tenth year: RMB26,375,000 per annum; from the eleventh year to the thirteenth year: RMB27,090,000 per annum; from the fourteenth year to the seventeenth year: RMB28,100,000 per annum; from the eighteenth year to the twentieth year: RMB30,300,000 per annum; or (b) 5% on sales revenue, whichever is the higher	Annual fee of RMB3,968,700
Tianjin New World Plaza, Nankai District, Tianjin, PRC	1st Floor to 4th Floor (1,097 sq.m.)	15 January 2006 to 14 March 2024	15 January 2006 to 14 March 2006: RMB90,985 per annum; 15 March 2006 to 14 March 2014: RMB545,910 per annum; 15 March 2014 to 14 March 2017: RMB560,700 per annum; 15 March 2017 to 14 March 2021: RMB581,620 per annum; 15 March 2021 to 14 March 2024: RMB627,160 per annum	Annual fee of RMB82,145
Wuhan New World Centre, Jiefang Road, Hankou, Wuhan, PRC	1st Floor to 5th Floor (39,900 sq.m.)	three years from 1 December 2006, renewable for up to 20 years	RMB50 per sq.m. per month or 5% of gross sales revenue, whichever is the higher	Monthly fee of RMB49,071
	Street level retail area (3,392.21 sq. m.)	same as above	RMB100 per sq.m. per month or 5% of gross sales revenue, whichever is the higher	
Shanghai Ramada Plaza 1555 Dingxi Road,	22,502 sq.m.	1 January 2009 to 30 November 2010	annual rental of RMB9,950,482	Annual fee of RMB552,000

Changning District, Shanghai, PRC				
Nanjing New World Centre, No. 88 Zhujiang Road, Xuanwu District, Nanjing, PRC	1st Floor to 5th Floor (41,206 sq.m.)	three years from 1 November 2007, renewable for up to 30 years	first three years: 3% of gross sales revenue; from the fourth year: 5% of gross sales revenue	Not Applicable

## **Rental**

The rental and management fees for each of the Premises to be leased by any member of NWDS Group from NWCL Group during the term of the Master Leasing Agreement shall be determined by the parties thereto in writing taking into account the market rental of the properties similar to the Premises and on the basis that as if such Premises are leased to independent third parties in the ordinary course of business.

## **Term**

Pursuant to the Master Leasing Agreement, NWDS and the Company agreed that the term of the Master Leasing Agreement shall be from 1 July 2009 to 30 June 2012.

## **Condition:**

The Master Leasing Agreement and the continuing connected transactions contemplated thereunder are subject to the approval by the independent shareholders of the Company at its EGM.

## **Maximum annual rental value**

It is expected that the maximum annual rental and management fees under the Master Leasing Agreement for the financial years ending 30 June 2010, 30 June 2011 and 30 June 2012 will not exceed HK\$110,000,000, HK\$156,000,000 and HK\$168,000,000, respectively, which was determined with reference to:

- (1) the prevailing and forecasted retail market conditions in the PRC;
- (2) the total rental and management fees paid and payable by NWDSI Group to NWCL Group under the First Master Leasing Agreements; and
- (3) the estimated rental and management fees payable by NWDS Group with respect to the leasing of new Premises from NWCL Group for the new department stores expected to be opened by NWDS Group.

The annual cap in respect of the First Master Leasing Agreement for each of the three financial years ending 30 June 2009 was HK\$103,000,000.

## **Historical figures**

The historical yearly rental and management fees paid by NWDSI Group to NWCL Group under the Leasing Agreements and the First Master Leasing Agreement for the two financial years ended 30 June 2007 and 30 June 2008 and for the nine months ended 31 March 2009 were HK\$57,530,000, HK\$88,336,000 and HK\$56,553,000, respectively.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER LEASING AGREEMENT**

NWCL Group is principally engaged in the property development, property investment and property related business in the PRC. NWDS Group is principally engaged in the business of owning and managing department stores in the PRC. Given that NWCL Group has been leasing its Premises to NWDS Group on a regular and continuing basis, the Board believes that it is impracticable to seek shareholders' approval each time the relevant leasing agreement is entered into. In view of this and the fact that the annual cap under the First Master Leasing Agreement will expire on 30 June 2009, the Board intends to set an annual cap for further three years by entering into the Master Leasing Agreement which will regulate the future possible business relationship between the parties.

The directors (excluding the views of the independent non-executive directors whose views will be contained in the circular to be dispatched after considering the views of the independent financial advisor) believe that the terms of the transaction under the Master Leasing Agreement are fair and reasonable and in the interests of the shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

### **Continuing Connected Transactions**

As at the date of this announcement, NWD held an approximately 70% attributable interest in the issued share capital of the Company and an approximately 72% attributable interest in the issued share capital of NWDS. NWDS is therefore an associate of NWD and a connected person of the Company. Accordingly, the transactions contemplated under the Master Leasing Agreement constitute continuing connected transactions of the Company. Given that one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the maximum annual rental and management fees expected to be payable by NWDS Group to NWCL Group for leasing the Premises exceeds 2.5%, the Master Leasing Agreement is subject to reporting and announcement requirements and independent shareholders' approval of the Company under the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee of the Company has been appointed to advise the independent shareholders of the Company on the terms of the Master Leasing Agreement. CIMB – GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the independent shareholders of the Company on the terms of the Master Leasing Agreement.

## **DESPATCH OF CIRCULAR**

A circular containing details of the Master Leasing Agreement, a letter from the independent board committee of the Company and a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of the Company together with a notice convening the EGM will be despatched to the shareholders of the Company as soon as practicable.

## **GENERAL**

The Company is principally engaged in property development, property related investments as well as rental and hotel operation in the PRC.

NWDS is principally engaged in the operation of department stores in the PRC.

NWDSI is principally engaged in investment holdings.

## **DEFINITIONS**

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	New World China Land Limited, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 917)
“connected person”	has the meaning ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of, amongst other things, considering and, if thought fit, approving the Master Leasing Agreement
“First Master Leasing Agreement”	the master leasing agreement entered into between the Company and NWDSI dated 1 March 2007
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leasing Agreements”	the leasing agreements entered into between members of NWCL Group and members of NWDSI Group prior to 1 July 2009

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Leasing Agreement”	the master leasing agreement dated 22 May 2009 entered into by the Company, NWDSI and NWDS in relation to the leasing of the Premises
“NWCL Group”	the Company and its subsidiaries from time to time
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, shares of which are listed on the main board of the Stock Exchange (Stock Code: 17)
“NWDS”	New World Department Store China Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 825)
“NWDS Group”	NWDS and its subsidiaries from time to time
“NWDSI”	New World Department Store (Investment) Limited (formerly known as New World Department Stores (Holdings) Limited), a company incorporated in Hong Kong and wholly owned by NWDS at the date of the Master Leasing Agreement
“NWDSI Group”	NWDSI and its subsidiaries from time to time
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“Premises”	the premises owned by NWCL Group from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in the Listing Rules
“sq.m.”	square meter(s)
“%”	per cent.

By order of the Board of  
**Ngan Man-ying, Lynda**  
*Company Secretary*

Hong Kong, 22 May 2009

As at the date of this announcement, the Board comprises (a) nine executive directors, namely, Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (b) a non-executive director, namely, Mr. Fu Sze-shing; and (c) three independent non-executive directors, namely, Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.

*This announcement is published on the websites of the Company ([www.nwcl.com.hk](http://www.nwcl.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).*