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 **新世界發展有限公司**  
New World Development Company Limited  
*(incorporated in Hong Kong with limited liability)*  
(Stock Code: 17)

 **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)

**CONNECTED TRANSACTIONS  
FOR  
NEW WORLD DEVELOPMENT  
COMPANY LIMITED**

**DISCLOSEABLE AND  
CONNECTED TRANSACTIONS  
FOR  
NEW WORLD CHINA LAND LIMITED**

**ACQUISITIONS AND DISPOSALS**

Reference is made to the joint announcement dated 18 June 2008 made by NWD and NWCL relating to the First Reorganisation. The respective boards of directors of NWD and NWCL announced that the completion of the First Reorganisation has not taken place and the parties to the First Agreement have agreed to restore the relevant parties to their respective original position in relation to their respective interests in Juyi, Trio and Huai Hai. In this connection, NWCL, NWDC, Golden Wealth and Mr. Doo entered into the Participation Agreements on 3 December 2008 and agreed to terminate the First Agreement. Further details of the Participation Agreements are set out in this announcement.

On 3 December 2008, NWCL, NWDC, NWCP, Mr. Doo, SEL, GCE and Golden Wealth entered into the Agreement relating to the Sale and Purchase Transactions, which involves the acquisition by NWCL (through its wholly-owned subsidiary) of additional interests in Ramada, Faith Yard, Fortune Star and Huai Hai, and the disposal by NWCL (through its wholly-owned subsidiary or itself) of interests in Shangxian Lane and Juyi.

Mr. Doo is an executive director of NWCL and therefore a connected person of NWCL. As at the date of the Agreement, SEL, GCE and Golden Wealth are wholly owned by Mr. Doo, and are therefore associates of a connected person of NWCL under the Listing Rules. NWDC and NWCP are, as at the date of the Agreement, wholly owned subsidiaries of NWCL. Accordingly, the entering into of the Agreement and the Participation Agreements constitute connected transactions of NWCL under the Listing Rules.

As at the date of this announcement, NWD held an approximately 70% attributable interest in the issued share capital of NWCL. As such, the entering into of the Agreement and the Participation Agreements also constitute connected transactions of NWD under the Listing Rules.

As one or more of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement and the Participation Agreements for NWCL exceeds 2.5%, the Transactions contemplated under the Agreement and the Participation Agreements are subject to the reporting and announcement requirements and independent shareholders' approval of NWCL under the Listing Rules. In addition, based on the applicable percentage ratios, the Transactions also constitute discloseable transactions for NWCL under Rule 14.08 of the Listing Rules.

As one or more of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement for NWD exceeds 2.5%, the Sale and Purchase Transactions are subject to the reporting and announcement requirements and independent shareholders' approval of NWD under the Listing Rules.

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

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

Details of the Agreement and the Participation Agreements will be included in the next annual report and accounts of each of NWD and NWCL in accordance with Rule 14A.45 of the Listing Rules.

## **BACKGROUND**

### **A. The First Reorganisation and the Participation Agreements**

On 18 June 2008, NWD and NWCL jointly announced, among other things, that: (i) NWCL, NWDC and Mr. Doo entered into the First Agreement relating to the First Reorganisation; (ii) NWCL, Golden Wealth and NWCP entered into the NWCP Shareholders' Agreement relating to NWCP; and (iii) NWCL was considering and negotiating with the Shenzhen Company regarding the NWCP Agreement for the possible acquisition of the entire equity interests in each of Juyi, Trio and Huai Hai by the Shenzhen Company in exchange for certain new shares to be issued by the Shenzhen Company to NWCP.

Pursuant to the terms of the First Agreement: (i) NWDC and Mr. Doo agreed to transfer all of their respective interests in Juyi, Trio and Huai Hai to NWCP and NWCP will in turn hold a 100% interest in each of Juyi, Trio and Huai Hai; and (ii) NWCL agreed to procure NWCP to allot 43.54% of its shares to Golden Wealth, a company wholly owned by Mr. Doo.

The entire respective legal interests in respect of each of Juyi, Trio and Huai Hai have been transferred to NWCP and NWCP is registered as the sole legal owner of each of Juyi, Trio and Huai Hai. However, the allotment of 43.54% of NWCP's shares to Golden Wealth has not been proceeded and effected by the relevant parties. As such, completion under the provisions of the First Agreement has not taken place. The board of directors of NWCL has decided not to proceed with the relevant transactions contemplated under the NWCP Agreement and the relevant parties have not entered into the NWCP Agreement with the consent of all parties to the First Agreement. The board of directors of NWCL has decided not to proceed with the NWCP Agreement and hence the First Agreement as the terms of the transactions relating to the NWCP Agreement are not in the best interest of NWCL.

On 3 December 2008, NWCL, NWDC, Golden Wealth and Mr. Doo entered into the Participation Agreements in order to restore the relevant parties to their respective original position in relation to their respective interests in Juyi, Trio and Huai Hai and to terminate the First Agreement. Further details of the Participation Agreements are set out below in this announcement.

## **B. The Sale and Purchase Transactions and the Agreement**

On 3 December 2008, NWCL, NWDC, NWCP, Mr. Doo, SEL, GCE and Golden Wealth entered into the Agreement relating to the Sale and Purchase Transactions, which involves the acquisition by NWCL (through its wholly-owned subsidiary) of additional interests in Ramada, Faith Yard, Fortune Star and Huai Hai, and the disposal by NWCL (through its wholly-owned subsidiary or itself) of interests in Shangxian Lane and Juyi. Upon Completion (i) the entire issued share capital of each of Ramada, Fortune Star and Faith Yard will be held by NWCL (through its wholly owned subsidiary, NWDC) (ii) 99% equity interest of Shangxian Lane will be held by Mr. Doo (through its wholly owned subsidiary, Golden Wealth); and (iii) 50% equity interest each of Juyi, and 50% equity interest each of Huai Hai, will be held by NWCL (through its wholly owned subsidiary, NWCP) and Mr. Doo (through its wholly owned subsidiary, Golden Wealth), respectively. Further details of the Agreement are set out below in this announcement.

## **THE PARTICIPATION AGREEMENTS**

### **Date**

3 December 2008

### **Parties**

NWCL, NWDC, Golden Wealth and Mr. Doo

## Subject matter of the Participation Agreements

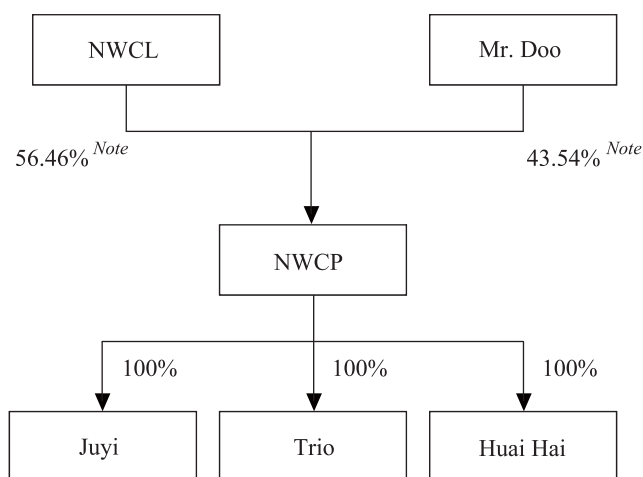
In order to restore the positions of the interests held by NWCL and Mr. Doo in Juyi, Trio and Huai Hai to those which existed immediately before the signing of the First Agreement, NWCL agreed to grant Golden Wealth indirect participating interests in the respective property project undertaken by Juyi, Trio and Huai Hai, determined at 30% (in the case of Juyi), 52.5% (in the case of Trio) and 55.9% (in the case of Huai Hai).

Golden Wealth agreed to pay to NWCL 30% (in the case of Juyi), 52.5% (in the case of Trio) and 55.9% (in the case of Huai Hai) of the respective project cost contribution payable for the property projects undertaken by Juyi, Trio and Huai Hai, respectively, in cash within 7 days after Golden Wealth receives a written request from NWCL. Golden Wealth is entitled to receive from NWCL 30% (in the case of Juyi), 52.5% (in the case of Trio) and 55.9% (in the case of Huai Hai) of the returns received by NWCL in respect of Juyi, Trio and Huai Hai, respectively.

NWCL does not anticipate any project construction cost to be incurred which will require contribution from Golden Wealth under the Participation Agreements in the near future. The legal ownership of the equity interests of each of Juyi, Trio and Huai Hai will not be affected by virtue of entering into the Participation Agreements by NWCL. The Participation Agreements are effective upon signing. The First Agreement lapsed and was terminated upon signing of the Participation Agreements. The Participation Agreements will lapse and be terminated upon Completion. In the event that the Agreement cannot be completed, the Participation Agreements will continue to be effective.

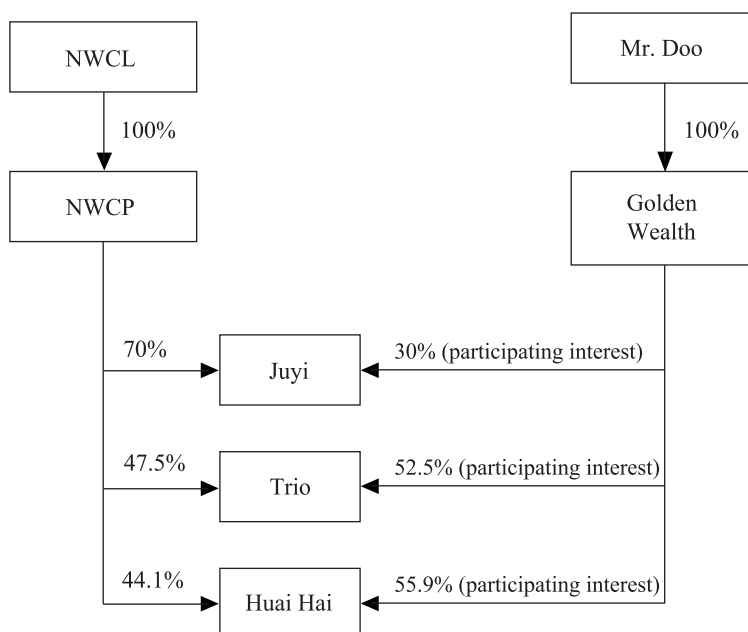
## Attributable interest structure before and after the signing of the Participation Agreements

### Before signing of the Participation Agreements



*Note: the attributable interest held by NWCL and Mr. Doo as if completion of the First Agreement had taken place.*

### Upon completion of the Participation Agreements



### Effect on NWCL's ownership in Juyi, Trio and Huai Hai upon signing of the Participation Agreements

	Attributable interest as if completion of the First Agreement had taken place	Attributable interest upon completion of the Participation Agreements	Changes in attributable interest — increase/ (decrease)	Effect on NWCL
Juyi	56.46%	70%	13.54%	Deemed acquisition
Trio	56.46%	47.5%	(8.96%)	Deemed disposal
Huai Hai	56.46%	44.1%	(12.36%)	Deemed disposal

### Conditions precedent

Completion of the transactions contemplated under each of the Participation Agreements is subject to and conditional upon the fulfillment of the following conditions precedent on or before 30 June 2009:

- (1) NWCL and NWDC having performed all of the covenants and agreements required to be performed by each of them under each of the Participation Agreements on or prior to completion of the relevant transactions under the Participation Agreements;
- (2) each of Golden Wealth and Mr. Doo having performed all of the covenants and agreements required to be performed by it under each of the Participation Agreements on or prior to completion of the relevant transactions under the Participation Agreements;

- (3) all approvals and consents of third parties and the authorities (including the Stock Exchange and if so required, lenders) which are necessary for the entering into and the implementation of each of the Participation Agreements and all transactions contemplated under each of the Participation Agreements having been obtained; and
- (4) the approval of each of the Participation Agreements and the transactions contemplated under the Participation Agreements by the independent shareholders of NWCL at the extraordinary general meeting of NWCL having been obtained in accordance with the requirements of the Listing Rules.

NWCL and/or NWDC may in its absolute discretion at any time waive in writing any of the conditions set out above (or any part thereof) and such waiver may be made subject to such terms and conditions as determined by NWCL and/or NWDC. NWCL and/or NWDC shall not be entitled to exercise such right of waiver in respect of items (3) and (4) above if as a result of such waiver NWCL would be in breach of the Listing Rules or any other rules or regulations.

In the event that any of the conditions set out above shall not have been fulfilled (or waived) prior to 30 June 2009, none of the parties to the Participation Agreements shall be bound to proceed with the transactions contemplated under the Participation Agreements and the provisions in the Participation Agreements shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Participation Agreements.

#### **FINANCIAL INFORMATION OF JUYI, TRIO AND HUAI HAI**

The following financial information in respect of Juyi, Trio and Huai Hai is extracted from the audited financial statements of Juyi, Trio and Huai Hai, respectively, which was prepared in accordance with the accounting principles generally accepted in Hong Kong.

#### **Juyi**

	<b>For the year ended 30 June</b>			
	<b>Attributable portion of the deemed acquisition of 13.54% interest</b>		<b>Attributable portion of the deemed acquisition of 13.54% interest</b>	
	<b>2008</b>		<b>2007</b>	
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Loss before/after taxation and extraordinary items	<b>43,905,887</b>	<b>5,944,857</b>	1,716,466	232,409

The deemed consideration for the transfer is HK\$260,774,356 which is determined by reference to the audited net asset value of Juyi as at 30 June 2008, being HK\$793,589,372 and revaluation surplus arising from property together with tax thereon.

The original purchase cost of such interest is nil.

Further information on Juyi is set out below in this announcement.

### Trio

	<b>For the year ended 30 June</b>			
	<b>2008</b>	<b>Attributable portion of the deemed disposal of 8.96% interest</b>	<b>2007</b>	<b>Attributable portion of the deemed disposal of 8.96% interest</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Loss before/after taxation and extraordinary items	<b>8,500,625</b>	<b>761,656</b>	1,892,713	169,587

The deemed consideration for the transfer is HK\$41,830,471 which is determined by reference to the audited net asset value of Trio as at 30 June 2008, being HK\$466,857,936.

Trio has a registered capital and paid-up capital of US\$81,000,000. The principal activity of Trio is the development of Shanghai Zhongshan Square located in Hongqiao Development Zone, Shanghai.

### Huai Hai

	<b>For the year ended 30 June</b>			
	<b>2008</b>	<b>Attributable portion of the deemed disposal of 12.36% interest</b>	<b>2007</b>	<b>Attributable portion of the deemed disposal of 12.36% interest</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Profit before taxation and extraordinary items	<b>665,986,433</b>	<b>82,315,923</b>	375,660,378	46,431,623
Profit after taxation and extraordinary items	<b>511,072,296</b>	<b>63,168,536</b>	336,188,444	41,552,892

The deemed consideration for the transfer is HK\$348,234,488 which is determined by reference to the audited net asset value of Huai Hai as at 30 June 2008, being HK\$2,817,431,130.

Further information on Huai Hai is set out below in this announcement.

No gain or loss will be recorded by virtue of the deemed disposals under the Participation Agreements.

## **THE AGREEMENT**

### **Date**

3 December 2008

### **Parties**

NWCL, NWDC, NWCP, Mr. Doo, SEL, GCE and Golden Wealth

### **Subject matter of the Agreement**

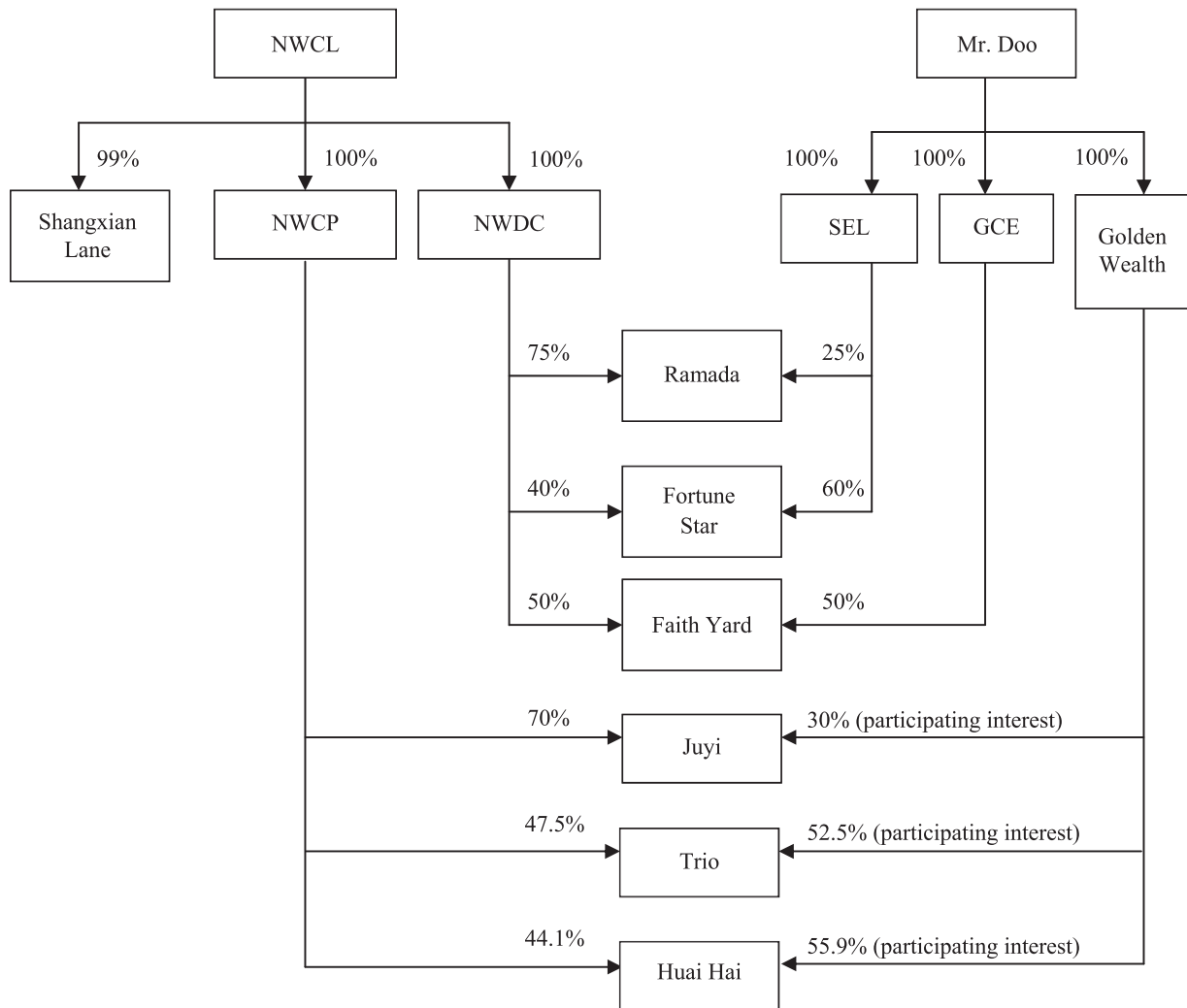
Subject to the terms and conditions of the Agreement, the parties have agreed the following in order to implement the Sale and Purchase Transactions:

- (A) SEL has agreed to sell the Ramada Shares and assign the Ramada Shareholder's Loan to NWDC;
- (B) GCE has agreed to sell the Faith Yard Share to NWDC;
- (C) SEL has agreed to sell the Fortune Star Shares to NWDC;
- (D) NWCL has agreed to sell the Shangxian Lane Equity Interest to Golden Wealth;
- (E) NWCP has agreed to sell the Juyi Interest to Golden Wealth; and
- (F) Golden Wealth has agreed to sell the Huai Hai Interest to NWCP.

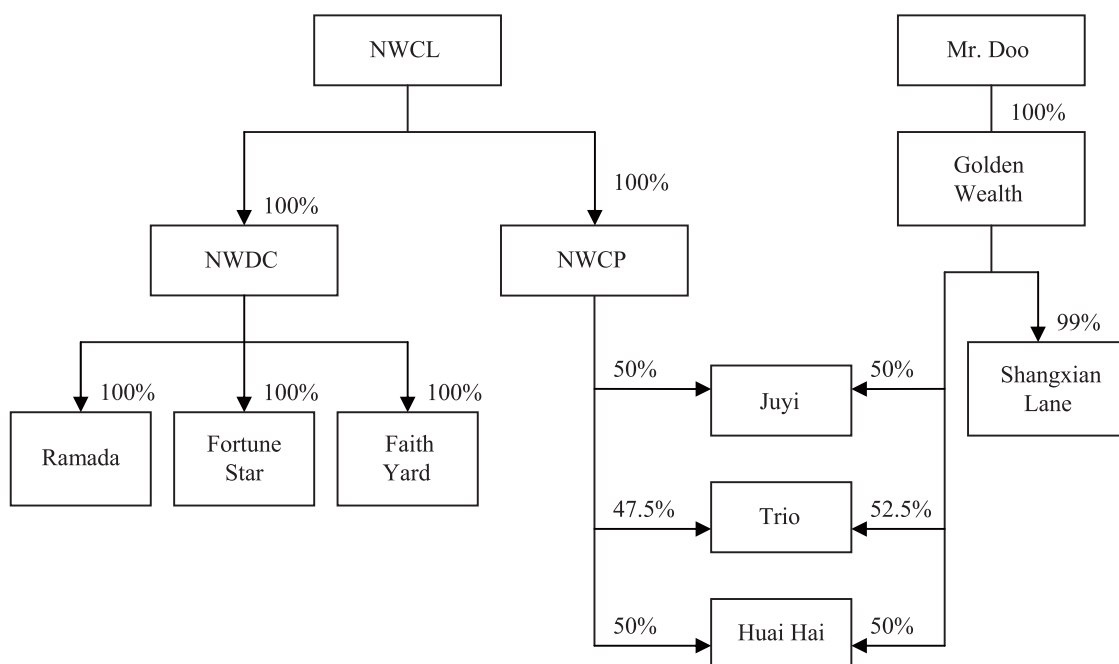


# Attributable interest structure before and after completion of the Sale and Purchase Transactions

## Before the Sale and Purchase Transactions



## After the Sale and Purchase Transactions



### Effect on NWCL's ownership in the Target Companies after the Sale and Purchase Transactions

	Attributable interest upon the completion of the Participation Transactions	Attributable interest after the Sale and Purchase Transactions	Changes in attributable interest — increase/ (decrease)	Effect on NWCL
Ramada	75%	100%	25%	Acquisition
Faith Yard	50%	100%	50%	Acquisition
Fortune Star	40%	100%	60%	Acquisition
Huai Hai	44.1%	50%	5.9%	Acquisition
Shangxian Lane	99%	0%	(99%)	Disposal
Juyi	70%	50%	(20%)	Disposal

### Conditions precedent

Completion of the sale and purchase of the Sale Interests, the Purchase Interests and the Ramada Shareholder's Loan is subject to and conditional upon the fulfillment of the following conditions precedent on or before 30 June 2009:

- (1) NWCL and NWCP having performed all of the covenants and agreements required to be performed by each of them under the Agreement on or prior to Completion;

- (2) each of SEL and GCE having performed all of the covenants and agreements required to be performed by it under the Agreement on or prior to Completion;
- (3) the registration of the Ramada Shares, Faith Yard Share and Fortune Star Shares in the name of NWDC;
- (4) each of the Shangxian Lane Equity Transfer Agreement, the Juyi Equity Transfer Agreement, the Trio Equity Transfer Agreement and the Huai Hai Equity Transfer Agreement having entered into and duly executed by the relevant parties and all necessary approvals, consents, filing and registration from the authority in the PRC in relation thereto having been obtained;
- (5) each of the articles of association of Juyi and Huai Hai having been amended to the satisfaction of NWCL and NWCP and approved and filed with the authority in the PRC;
- (6) during the period from the date of the Agreement to the date of Completion, there not having occurred any material adverse effect on, or there not being in existence on the date of Completion any material adverse change in the financial position, operating performance and all other material aspects of Ramada, Faith Yard, Fortune Star or any member of their respective group of companies;
- (7) all approvals and consents of third parties and the authorities (including the Stock Exchange and if so required, lenders) which are necessary for the entering into and the implementation of the Agreement and all transactions contemplated under the Agreement having been obtained;
- (8) the approval of the Agreement and the transactions contemplated under the Agreement by the independent shareholders of NWD and NWCL, respectively, at the extraordinary general meetings of each of NWD and NWCL having been obtained in accordance with the requirements of the Listing Rules; and
- (9) all the conditions precedent stipulated under each of the Participation Agreements having been fulfilled and satisfied in accordance with the terms of the Participation Agreements.

NWCL, NWDC and/or NWCP may in its absolute discretion at any time waive in writing any of the conditions set out above (or any part thereof) and such waiver may be made subject to such terms and conditions as determined by NWCL, NWDC and/or NWCP. NWCL, NWDC and/or NWCP shall not be entitled to exercise such right of waiver in respect of items (7) and (8) above if as a result of such waiver NWCL would be in breach of the Listing Rules or any other rules or regulations.

In the event that any of the conditions set out above shall not have been fulfilled (or waived) prior to 30 June 2009, NWDC shall not be bound to proceed with the purchase of the Purchase Interests and the assignment of the Ramada Shareholder's Loan and Golden Wealth shall not be bound to proceed with the purchase of the Sale Interests and the provisions in the Agreement which relate to the sale and purchase of the Purchase Interests, the Sale Interests and the Ramada Shareholder's Loan shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Agreement.

The Sale and Purchase Transactions in respect of Juyi, Trio and Huai Hai involves a change in the respective attributable interests of NWCL and Mr. Doo in Juyi and Huai Hai only. In order to align the legal interests of the relevant parties in Juyi, Trio and Huai Hai, (i) NWCP, Golden Wealth and Mr. Doo have agreed to enter into the Juyi Equity Transfer Agreement so that upon completion of the relevant registration procedures in the PRC, Juyi will be owned and held by each of NWCP and Golden Wealth as to 50%; (ii) NWCP, Golden Wealth and Mr. Doo have agreed to enter into the Trio Equity Transfer Agreement so that upon completion of the relevant registration procedures in the PRC, Trio will be owned and held by NWCP and Golden Wealth as to 47.5% and 52.5%, respectively; and (iii) NWCP, Golden Wealth and Mr. Doo have agreed to enter into the Huai Hai Equity Transfer Agreement so that upon completion of the relevant registration procedures in the PRC, Huai Hai will be owned and held by each of NWCP and Golden Wealth as to 50%.

### **Termination of the Participation Agreements**

The Participation Agreements will lapse and be terminated upon Completion.

### **Consideration**

The total consideration for the sale and purchase of the Purchase Interests (HK\$1,034,285,003) payable by the group of NWCL to Mr. Doo and/or his nominee(s) in respect of the Faith Yard Transfer, Ramada Transfer, Huai Hai Transfer and Fortune Star Transfer, shall be set-off against the total consideration for the sale and purchase of the Sale Interests (HK\$623,148,075) payable by Mr. Doo and/or his nominee(s) to the group of NWCL in respect of the Shangxian Lane Transfer and the Juyi Transfer. As a result of such set-off, the consideration payable to Mr. Doo and/or his nominee(s) at Completion will be HK\$411,136,928, which shall be payable in the following manner:

- (i) an initial deposit for the sum of HK\$102,784,232, being 25% of the consideration upon signing of the Agreement;
- (ii) a further deposit for the sum of HK\$205,568,464, being 50% of the consideration within one month of the signing of the Agreement; and
- (iii) the balance of the consideration for the sum of HK\$102,784,232 upon the Completion.

The consideration of the sale and purchase of the Purchase Interests and the Sale Interests is subject to adjustment as described below but in any event shall not exceed HK\$1,042,585,003 and HK\$626,248,075, respectively:

- (i) The parties to the Agreement shall determine the NAV of each of the Target Companies (the “New NAV”) as at the date of Completion within 30 business day(s) from the date of Completion.
- (ii) If the New NAV as at date of the Completion is less than the audited NAV as at 30 June 2008 in respect of Ramada, Faith Yard, Fortune Star and Huai Hai, SEL, GCE and Golden Wealth (as the case may be) shall pay the shortfall in cash to NWDC and NWCP (as the case may be) but in any event such amount shall not exceed 0.8% of the total consideration of the Purchase Interests. If the

New NAV as at the date of Completion is more than the audited NAV as at 30 June 2008 in respect of Ramada, Faith Yard, Fortune Star and Huai Hai, NWDC and NWCP (as the case may be) shall pay the excess in cash to SEL, GCE and Golden Wealth (as the case may be) but in any event such amount shall not exceed 0.8% of the total consideration of the Purchase Interests.

- (iii) If the New NAV as at the date of Completion is less than the audited NAV as at 30 June 2008 in respect of Shangxian Lane and Juyi, NWCL and NWCP (as the case may be) shall pay the shortfall in cash to Golden Wealth but in any event such amount shall not exceed 0.5% of the total consideration of the Sale Interests. If the New NAV as at the date of Completion is more than the audited NAV as at 30 June 2008 in respect of Shangxian Lane and Juyi, Golden Wealth shall pay the excess in cash to NWCL and NWCP (as the case may be) but in any event such amount shall not exceed 0.5% of the total consideration of the Sale Interests.

In the event that the Agreement is terminated on or prior to Completion, Mr. Doo or his nominee(s) shall pay back NWCL any such amount already paid by NWCL and/or its nominee(s) together with the relevant interests with reference to the Hong Kong Interbank Offered Rate on the date of payment.

The consideration was determined by reference to the audited net asset value of the Target Companies as at 30 June 2008 and any revaluation surplus arising from the properties together with tax thereon.

## FINANCIAL INFORMATION ON THE TARGET COMPANIES

The following financial information in respect of the Target Companies is extracted from the audited financial statements of the Target Companies, respectively, which was prepared in accordance with the accounting principles generally accepted in Hong Kong.

### Target Companies

#### *Ramada*

	<b>For the year ended 30 June</b>			
	<b>2008</b>	<b>Attributable portion of the acquisition of 25% interest</b>	<b>2007</b>	<b>Attributable portion of the acquisition of 25% interest</b>
	<b><i>HK\$</i></b>	<b><i>HK\$</i></b>	<b><i>HK\$</i></b>	<b><i>HK\$</i></b>
(Loss)/profit before taxation and extraordinary items	<b>(45,675,296)</b>	<b>(11,418,824)</b>	44,195,004	11,048,751
(Loss)/profit after taxation and extraordinary items	<b>(36,020,514)</b>	<b>(9,005,128)</b>	46,961,782	11,740,446

The consideration for the Ramada Transfer is HK\$353,719,753 which is determined by reference to the audited net asset value of Ramada as at 30 June 2008, being HK\$782,690,516 and revaluation surplus arising from the property together with tax thereon. The consideration payable under the Ramada Transfer includes the consideration for the assignment of Ramada Shareholder's Loan on a dollar-to-dollar basis.

Ramada has a registered and paid-up capital of HK\$7,800. The principal activity of Ramada is the holding of 99.81% attributable interest in Shanghai Ramada, a co-operative joint venture company incorporated in the PRC. The principal business of Shanghai Ramada is the holding of a portion of Shanghai Ramada Plaza located at 1555 Dingxi Road, Changning District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 75% equity interest in Ramada. Upon Completion, NWCL will own the entire interest in Ramada. Ramada will continue to be a subsidiary of NWD and NWCL upon Completion.

The original purchase cost of such interest to Mr. Doo is approximately HK\$224,395,389.

#### *Faith Yard*

	<b>For the year ended 30 June</b>			
	<b>2008</b>	<b>Attributable portion of the acquisition of 50% interest</b>	<b>2007</b>	<b>Attributable portion of the acquisition of 50% interest</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Profit before taxation and extraordinary items	<b>216,976,186</b>	<b>108,488,093</b>	23,303,463	11,651,732
Profit after taxation and extraordinary items	<b>201,757,333</b>	<b>100,878,666</b>	20,050,463	10,025,232

The consideration for the Faith Yard Transfer is HK\$318,777,160 which is determined by reference to the audited net asset value of Faith Yard as at 30 June 2008, being HK\$637,554,319.

Faith Yard has a registered and paid-up capital of US\$2. The principal activity of Faith Yard is the holding of Shanghai Belvedere Service Apartments and a portion of Shanghai Ramada Plaza located at 1555 Dingxi Road, Changning District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 50% attributable interest in Faith Yard. Upon Completion, NWCL will have a 100% interest in Faith Yard. Faith Yard will become a subsidiary of NWD and NWCL upon Completion.

The original purchase cost of such interest to Mr. Doo is approximately HK\$283,177,571.

*Fortune Star*

	<b>For the year ended 30 June</b>			
	<b>2008</b>	<b>Attributable portion of the acquisition of 60% interest</b>	<b>2007</b>	<b>Attributable portion of the acquisition of 60% interest</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Profit/(Loss) before/after taxation and extraordinary items	<b>(4,300,052)</b>	<b>(2,580,031)</b>	3,272,117	1,963,270

The consideration for the Fortune Star Transfer is HK\$195,559,653 which is determined by reference to the audited net asset value of Fortune Star as at 30 June 2008, being HK\$180,876,370 and revaluation surplus arising from the property together with tax thereon.

Fortune Star has a registered and paid-up capital of US\$100. Fortune Star is an investment holding company whose major assets are the holding of interests in Zhaoqing Property and Zhaoqing Fubang, both wholly-owned by Fortune Star. Zhaoqing Property has a fully paid up registered capital of US\$13,750,000 and is principally engaged in the development of Zhaoqing New World Garden, a residential development located besides the Banyue Lake, Zhaoqing, Guangdong Province, the PRC. Zhaoqing Fubang has a paid up registered capital of HK\$5,000,000 and is principally engaged in the provision of property management services in respect of the properties in Zhaoqing New World Garden.

Before the Sale and Purchase Transactions, NWCL has a 40% equity interest in Fortune Star. Upon Completion, NWCL will have a 100% interest in Fortune Star. Fortune Star will become a subsidiary of NWD and NWCL upon Completion.

The original purchase cost of such interest to Mr. Doo is approximately HK\$99,794,624.

*Huai Hai*

	<b>For the year ended 30 June</b>			
	<b>2008</b>	<b>Attributable portion of the acquisition of 5.9% interest</b>	<b>2007</b>	<b>Attributable portion of the acquisition of 5.9% interest</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Profit before taxation and extraordinary items	<b>665,986,433</b>	<b>39,293,200</b>	375,660,378	22,163,962
Profit after taxation and extraordinary items	<b>511,072,296</b>	<b>30,153,265</b>	336,188,444	19,835,118

The consideration for the Huai Hai Transfer is HK\$166,228,437 which is determined by reference to the audited net asset value of Huai Hai as at 30 June 2008, being HK\$2,817,431,130.

Huai Hai has a registered and paid-up capital of US\$108,500,000. The principal activity of Huai Hai is the development of Shanghai Hong Kong New World Tower located in Zhongshan Nanyi Road, Luwan District, Shanghai, the PRC. The development was completed in 2003 and the property has then been held for rental purposes. Before the Sale and Purchase Transactions, NWCL has a 44.1% attributable interest in Huai Hai which is accounted for as an associated company of each of NWD and NWCL. Upon completion of the Sale and Purchase Transactions, NWCL will have a 50% interest in Huai Hai and Huai Hai will become a jointly controlled entity of each of NWD and NWCL.

The original purchase cost of such interest to Mr. Doo is approximately HK\$567 million.

#### *Shangxian Lane*

Shangxian Lane was incorporated in the PRC on 18 July 2008 with a registered capital of RMB127 million and has obtained a development right in respect of a property project in Luwan District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 99% attributable interest in Shangxian Lane. Upon Completion, NWCL will no longer have any interest in Shangxian Lane.

The consideration for the Shangxian Lane Transfer is HK\$237,957,002 which is determined by reference to the audited net asset value of Shangxian Lane as at 30 June 2008, being HK\$198,418,916 and revaluation surplus arising from property together with tax thereon.

The expected gain in respect of the disposal of the 99% interest in Shangxian Lane amounts to approximately HK\$39.5 million.

The original acquisition cost of the entire interest in Shangxian Lane to NWCL is HK\$198 million. The approximately HK\$39.5 million expected gain represents the amount of the adjusted revaluation surplus of the property project of Shangxian Lane (after adjustment for tax from revaluation surplus of the property project) as at 30 June 2008.

#### *Juyi*

	<b>For the year ended 30 June</b>			
	<b>2008</b>	<b>Attributable portion of the disposal of 20% interest</b>	<b>2007</b>	<b>Attributable portion of the disposal of 20% interest</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Loss before/after taxation and extraordinary items	<b>43,905,887</b>	<b>8,781,177</b>	1,716,466	343,293



The consideration for the Juyi Transfer is HK\$385,191,073 which is determined by reference to the audited net asset value of Juyi as at 30 June 2008, being HK\$793,589,372 and revaluation surplus arising from property together with tax thereon.

Juyi has a registered and paid-up capital of RMB765,000,000. The principal activity of Juyi is the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 70% attributable interest in Juyi. Upon Completion, NWCL will have a 50% interest in Juyi. Juyi will be a jointly controlled entity of NWD and NWCL upon Completion.

The expected gain in respect of the disposal of the 20% equity interest in Juyi amounts to approximately HK\$226.4 million. The approximately HK\$226.4 million expected gain represents the amount of the adjusted revaluation surplus of the property projects of Juyi (after adjustment for tax from revaluation surplus of the property projects) as at 30 June 2008 with reference to the decrease in the 20% equity interest in Juyi.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTICIPATION AGREEMENTS AND THE AGREEMENT**

The respective board of directors of NWD and NWCL considers that the implementation of the Agreement will enable NWCL to acquire the entire control in Ramada, Faith Yard and Fortune Star, thus increasing its interest in Shanghai Ramada Plaza, Shanghai Belvedere Service Apartments and Zhaoqing New World Garden, respectively. Given the property projects held by Ramada, Faith Yard and Huai Hai have been completed, the acquisition of further interests in these property projects would benefit NWCL by generating steady income and no further funding is required for these property development projects. It is also expected that the shareholding structure held by NWCL and Mr. Doo in Huai Hai would be streamlined and the efficiency in the management of Fortune Star would be improved following Completion.

The Agreement also streamlines the shareholding structure held by NWCL and Mr. Doo in Juyi and enables NWCL to dispose of its interest in Shangxian Lane. Given the substantial funding requirement for the property project undertaken by Juyi, the prevailing credit crunch and unfavourable stock market sentiment for fund raising activities, the disposal of the 20% interest in Juyi would benefit NWCL by reducing its share of the funding requirement of the property project whilst retaining a substantial interest of 50% in Juyi which would enable NWCL to continue to benefit from the future prospects of the property project. The disposal of the entire equity interest of Shangxian Lane is also in the interest of NWCL given the uncertainty in the timing for resolving the resettlement of the existing residents on the site.

The terms of the Agreement and the Participation Agreements have been determined through arm's length negotiations between the parties and reflect normal commercial terms. The directors (including the independent non-executive directors) of each of NWD and NWCL consider that the terms of the Agreement and the Participation Agreements, are fair and reasonable and in the interests of NWD and NWCL, respectively, and their respective shareholders as a whole.

## LISTING RULES IMPLICATIONS

Mr. Doo is an executive director of NWCL, the director of certain subsidiaries of NWD and NWCL and is the beneficial owner of several corporate substantial shareholders of certain subsidiaries of NWD and NWCL. Mr. Doo is also the son-in-law of Dato' Dr. Cheng Yu-tung (director of NWD), the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter (directors of NWD and NWCL), and the uncle of Mr. Cheng Chi-kong, Adrian (director of NWD and NWCL). In light of the above, Mr. Doo is a connected person of NWCL. As at the date of the Agreement and the date of the Participation Agreements, SEL, GCE and Golden Wealth are wholly owned by Mr. Doo, and are therefore associates of a connected person of NWCL under the Listing Rules. NWDC and NWCP are, as at the date of the Agreement and the date of the Participation Agreements, wholly owned subsidiaries of NWCL. Accordingly, the entering into of the Agreement and the Participation Agreements constitute connected transactions of NWCL under the Listing Rules.

As at the date of this announcement, NWD held an approximately 70% attributable interest in the issued share capital of NWCL. As such, the entering into of the Agreement and the Participation Agreements also constitute connected transactions of NWD under the Listing Rules.

As one or more of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement and the Participation Agreements for NWCL exceeds 2.5%, the Transactions contemplated under the Agreement and the Participation Agreements are subject to the reporting and announcement requirements and independent shareholders' approval of NWCL under the Listing Rules. In addition, based on the applicable percentage ratios, the Transactions also constitute discloseable transactions for NWCL under Rule 14.08 of the Listing Rules.

As one or more of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement for NWD exceeds 2.5%, the Sale and Purchase Transactions are subject to the reporting and announcement requirements and independent shareholders' approval of NWD under the Listing Rules.

Details of the Agreement and the Participation Agreements will be included in the next annual report and accounts of each of NWD and NWCL in accordance with Rule 14A.45 of the Listing Rules.

Mr. Doo and his associates and any person who is involved in, or interested in, the Agreement and the Participation Agreements will abstain from voting on the resolution to approve the Agreement and the Participation Agreements at the EGM of NWCL and such resolution will be taken by poll pursuant to the Listing Rules.

Mr. Doo and his associates and any person who is involved in, or interested in, the Agreement will abstain from voting on the resolution to approve the Agreement at the EGM of NWD and such resolution will be taken by poll pursuant to the Listing Rules.

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

An independent board committee of NWCL has been appointed to advise the independent shareholders of NWCL on the terms of the Agreement and the Participation Agreements. CIMB-GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the independent board committee of NWCL and the independent shareholders of NWCL on the terms of the Agreement and the Participation Agreements.

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

## **DESPATCH OF CIRCULAR**

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

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

## **GENERAL**

The core businesses of NWD include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology.

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

The principal business activity of each of NWDC, NWCP, GCE, SEL and Golden Wealth is investment holding.

## DEFINITIONS

“Agreement”	the sale and purchase agreement dated 3 December 2008 entered into among NWCL, NWDC, NWCP, Mr. Doo, SEL, GCE and Golden Wealth in respect of Ramada, Faith Yard, Fortune Star, Shangxian Lane, Juyi, Trio and Huai Hai
“associates”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the Agreement in accordance with the provisions thereof
“connected person”	has the meaning ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of NWD and NWCL (as the case may be) to be convened for the purpose of considering and, if thought fit, approving the Agreement
“Faith Yard”	Faith Yard Property Limited, a limited liability company incorporated in the British Virgin Islands
“Faith Yard Share”	one (1) share of US\$1.00 each of Faith Yard representing 50% interest in the issued share capital thereof
“Faith Yard Transfer”	the transfer of Faith Yard Share by GCE to NWDC under the Agreement
“First Agreement”	the reorganisation agreement dated 18 June 2008 entered into among NWCL, NWDC and Mr. Doo in respect of Juyi, Trio and Huai Hai
“First Reorganisation”	the reorganisation of Juyi, Trio and Huai Hai under the First Agreement
“Fortune Star”	Fortune Star Worldwide Limited, a limited liability company incorporated in the British Virgin Islands
“Fortune Star Shares”	the 60 shares of US\$1.00 each of Fortune Star representing 60% interest in the issued share capital thereof
“Fortune Star Transfer”	the transfer of Fortune Star Shares from SEL to NWDC under the Agreement
“GCE”	Grand China Enterprises Limited, a limited liability company incorporated in the British Virgin Islands
“Golden Wealth”	Golden Wealth Investment Limited, a company incorporated in Hong Kong which is wholly owned by Mr. Doo and principally engaged in the business of investment holding
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huai Hai”	上海新世界淮海物業發展有限公司 (Shanghai New World Huai Hai Property Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC
“Huai Hai Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCP, Golden Wealth and Mr. Doo, pursuant to which NWCP shall transfer 50% of the legal interest of Huai Hai to Golden Wealth
“Huai Hai Interest”	5.9% of the attributable interest of Huai Hai
“Huai Hai Transfer”	the transfer of the Huai Hai Interest from Golden Wealth to NWCP under the Agreement
“Juyi”	上海局一房地產發展有限公司 (Shanghai Juyi Real Estate Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC
“Juyi Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCP, Golden Wealth and Mr. Doo, pursuant to which NWCP shall transfer 50% of the legal interest of Juyi to Golden Wealth
“Juyi Interest”	20% of the attributable interest of Juyi
“Juyi Transfer”	the transfer of the Juyi Interest by NWCP to Golden Wealth under the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai-hoi, William, an executive director of NWCL, the director of certain subsidiaries of NWD and NWCL and is the beneficial owner of several corporate substantial shareholders of certain subsidiaries of NWD and NWCL. Mr. Doo is the son-in-law of Dato’ Dr. Cheng Yu-tung (director of NWD), the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter (directors of NWD and NWCL), and the uncle of Mr. Cheng Chi-kong, Adrian (director of NWD and NWCL)
“NAV”	net asset value after taking into account any revaluation surplus arising from property together with tax thereon
“NWCL”	New World China Land Limited, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 917)
“NWCP”	New World China Property Limited, a company incorporated in Hong Kong and currently wholly owned by NWCL

“NWCP Agreement”	an equity transfer agreement which may be entered into between NWCP and the Shenzhen Company, pursuant to which NWCP agrees to sell the entire equity interests in Juyi, Trio and Huai Hai to the Shenzhen Company
“NWCP Shareholders’ Agreement”	the shareholders’ agreement entered into among NWCL, Golden Wealth and NWCP relating to NWCP on 18 June 2008
“NWD”	New World Development Company Limited, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 17)
“NWDC”	New World Development (China) Limited, a company incorporated in Hong Kong and wholly owned by NWCL
“Participation Agreements”	the three participation agreements all dated 3 December 2008 entered into among NWCL, NWDC, Golden Wealth and Mr. Doo in respect of Golden Wealth’s participation in Juyi, Trio and Huai Hai, respectively
“Participation Transactions”	the transactions contemplated under the Participation Agreements
“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)
“Purchase Interests”	the shares and interests to be transferred under the Ramada Transfer, the Faith Yard Transfer, the Fortune Star Transfer and the Huai Hai Transfer in accordance with the Agreement
“Ramada”	Ramada Property Ltd., a limited liability company incorporated in the British Virgin Islands
“Ramada Shareholder’s Loan”	the outstanding shareholder’s loan of Ramada owed to SEL amounting to HK\$224,393,439 as of 30 June 2008
“Ramada Shares”	250 issued shares of US\$1.00 each of Ramada representing 25% interest in the issued share capital thereof
“Ramada Transfer”	the transfer of the Ramada Shares and assignment of the Ramada Shareholder’s Loan from SEL to NWDC under the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Transactions”	the transactions in respect of the acquisitions and disposals of the Target Companies contemplated under the Agreement

“Sale Interests”	the Shangxian Lane Equity Interest to be transferred under the Shangxian Lane Transfer and the Juyi Interest to be transferred under the Juyi Transfer in accordance with the Agreement
“SEL”	Stanley Enterprises Limited, a limited liability company incorporated in the British Virgin Islands
“Shanghai Ramada”	Shanghai Ramada Plaza Ltd., a co-operative joint venture company established in the PRC which is owned by Ramada and independent PRC joint venture partners as to 99.81% and 0.19%, respectively
“Shangxian Lane”	上海新尚賢坊房地產發展有限公司 (Shanghai New World Shangxian Lane Development Ltd.), a sino-foreign equity joint venture established in the PRC which is held as to 99% by NWCL and 1% by an independent PRC joint venture partner
“Shangxian Lane Equity Interest”	99% of the equity interest of Shangxian Lane
“Shangxian Lane Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCL, Golden Wealth and Mr. Doo, pursuant to which NWCL shall sell the Shangxian Lane Equity Interest to Golden Wealth
“Shangxian Lane Transfer”	the transfer of the Shangxian Lane Equity Interest by NWCL to Golden Wealth under the Agreement
“Shenzhen Company”	a company whose shares are listed on the Shenzhen Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in the Listing Rules
“Target Companies”	Ramada, Faith Yard, Fortune Star, Shangxian Lane, Juyi and Huai Hai under the Agreement
“Transactions”	the Participation Transactions and the Sale and Purchase Transactions
“Trio”	上海三聯物業發展有限公司 (Shanghai Trio Property Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC
“Trio Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCP, Golden Wealth and Mr. Doo, pursuant to which NWCP shall transfer 52.5% of the legal interest of Trio to Golden Wealth
“US\$”	United States dollars, the lawful currency of the United States of America

- “Zhaoqing Fubang” Zhaoqing Fubang Property Management Limited (肇慶富邦物業管理有限公司), a wholly foreign owned enterprise established in the PRC, which is wholly owned by Fortune Star
- “Zhaoqing Property” Zhaoqing New World Property Development Limited (肇慶新世界房產發展有限公司), a wholly foreign owned enterprise established in the PRC, which is wholly owned by Fortune Star
- “%” per cent.

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**  
**Ngan Man-ying, Lynda**  
*Company Secretary*

Hong Kong, 3 December 2008

*As at the date of this announcement, the board of directors of NWD comprises (a) six executive directors, namely, Dato' Dr. Cheng Yu-tung, Dr. Cheng Kar-shun, Henry, Dr. Sin Wai-kin, David, Mr. Liang Chong-hou, David, Mr. Leung Chi-kin, Stewart and Mr. Cheng Chi-kong, Adrian; (b) three non-executive directors, namely, Mr. Cheng Kar-shing, Peter, Mr. Chow Kwai-cheung, and Mr. Liang Cheung-biu, Thomas; and (c) four independent non-executive directors, namely, Mr. Yeung Ping-leung, Howard, Dr. Cha Mou-sing, Payson (alternate director to Dr. Cha Mou-sing, Payson: Mr. Cha Mou-zing, Victor), Mr. Ho Hau-hay, Hamilton and Mr. Lee Luen-wai, John.*

*As at the date of this announcement, the board of directors of NWCL 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 NWD ([www.nwd.com.hk](http://www.nwd.com.hk)), NWCL ([www.nwcl.com.hk](http://www.nwcl.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).*