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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 TRANSACTIONS HOTEL MANAGEMENT AGREEMENT AND SALES AND MARKETING SERVICES AGREEMENT

Hotel Management Agreement

On 20 November 2009, NWHM Philippines, an indirect wholly-owned subsidiary of the Company, entered into the Hotel Management Agreement with NWIDP in relation to the provision of hotel management services by NWHM Philippines to the Hotel.

Sales and Marketing Services Agreement

On 20 November 2009, NWHM Marketing, an indirect wholly-owned subsidiary of the Company, entered into the Sales and Marketing Services Agreement with NWIDP in relation to the provision of sales and marketing services by NWHM Marketing to the Hotel.

Continuing connected transactions

By virtue of the fact that NWIDP is a connected person of the Company by reasons described in the content below and the ongoing nature of the services, the transactions contemplated under the Agreements constitute continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

The Agreements have an initial term of 5 years commencing from 23 October 2009 to 22 October 2014. It was estimated that the maximum aggregate amount receivable under the Agreements and the Existing Hotel Management Contracts on annual basis will be more than 0.1% but less than 2.5% of the applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules and the Agreements are therefore exempt from independent shareholders' approval requirement but are subject to the annual review and reporting and announcement requirements under Chapter 14A of the Listing Rules.

HOTEL MANAGEMENT AGREEMENT

The principal terms of the Hotel Management Agreement are as follows:

- Date : 20 November 2009
- Parties : (a) NWIDP, as owner of the Hotel; and
(b) NWHM Philippines, as manager of the Hotel
- Scope of services rendered : the provision of management services by NWHM Philippines to the Hotel, including (a) deciding on business strategies and standard of operation; (b) assistance in the preparation of budgets; (c) overseeing the decoration, maintenance of facilities and assistance in the procurement of furniture, equipments, groceries and other supplies; (d) advising on the personnel policy and staff training programs; (e) co-ordinating with NWHM Marketing with regard to the advertising, marketing and promotional activities of the Hotel and attending to the leasing matters
- Term : an initial term of five years from 23 October 2009 to 22 October 2014 which is renewable for additional successive periods not exceeding five years each upon its expiry with six months prior written notice and subject to mutual agreement between the parties (note)
- Monthly management fees : 2% of the monthly Total Revenue of the Hotel during the initial 5-year term, payable in cash within 30 days after end of each month.

the fees will be 2.5% and 3% of the monthly Total Revenue of the Hotel during the second and third 5-year term of the Hotel Management Agreement, respectively, if the Hotel Management Agreement is to be renewed
- Expenses : whenever reasonably practical, all relevant fees and expenditures incurred from the provision of services by NWHM Philippines and/or its affiliates for the Hotel will be reimbursed on actual basis within 30 days upon receipt of the relevant invoices by NWIDP

SALES AND MARKETING SERVICES AGREEMENT

The principal terms of the Sales and Marketing Services Agreement are as follows:

- Date : 20 November 2009
- Parties : (a) NWIDP; and
(b) NWHM Marketing

- Scope of services rendered : the provision of worldwide sales and marketing services by NWHM Marketing to the Hotel, in each case outside the Philippines, such as formulation of strategies on sales and marketing, brand development, preparation of advertising materials, provision of centralized reservation system and co-ordination of customers rewarding scheme, marketing and promotional programs
- Term : an initial term of five years from 23 October 2009 to 22 October 2014 which is renewable for additional successive period not exceeding five years each upon its expiry with 6 months prior written notice and subject to mutual agreement between the parties (note)
- Monthly services fees : 2.5% of the monthly Total Revenue of the Hotel, payable in cash within 30 days after end of each month
- Reimbursement cost : (1) the Hotel will be charged a lump sum fee per guest room per annum which is US\$110 per guest room for the year 2010 (subject to change in future) plus 1.5% of the Total Revenue to cover all costs incurred by NWHM Marketing in the provision of marketing services to the Hotel; and
- (2) all costs relating to the provision of centralized reservation system will be reimbursed by the Hotel based on the number of reservations made and those relating to the client rewarding scheme will be charged upon a percentage of the total eligible revenue of the guest spending at the Hotel

Note:

As required by Rule 14A.35 of the Listing Rules, the period for non-exempt continuing connected transactions must not exceed 3 years, except in special circumstances which are limited to cases where the nature of the transaction requires the contract to be of a duration longer than 3 years. To comply with the Listing Rules, the Board has appointed CIMB as the independent financial advisor to advise them in relation to the term (or duration) of the Agreements. CIMB noted that different hotel management operators have different requirements, branding and marketing strategies, and standards for hotels under their management. Hotel owners are normally required to decorate their hotels, and change the branding and marketing strategies to fit the requirements of the hotel management operators. As frequent changes of hotel management operator may lead to expensive redecorations, temporary closure of the hotel and may also result in confusion of hotel identity, contracts in respect of hotel management, and the related sales and marketing services, are normally of long duration. In addition, CIMB has confirmed that it is of normal business practice for the type of the Agreements to be of such term having considered the following principal factors and reasons:

- (i) the transaction contemplated under the Agreements falls within the principal business of the Group;

- (ii) the Agreements will provide a stable source of income to the Group given that NWHM Philippines and NWHM Marketing will be entitled to monthly management fee and monthly services fees, respectively;
- (iii) the term of the Agreements falls within the initial term range of four to twenty years, of the other seven hotel management agreements in respect of the provision of, amongst other matters, hotel management, and sales and marketing services, entered into by the Group for those seven hotels located in the PRC, of which five of them are hotels owned/invested by the Group, one is hotel invested by CTF and NWD and remaining one is hotel invested by CTF;
- (iv) as disclosed in the announcement of Kerry Properties Limited (“Kerry”) (Stock Code: 683), a company listed on the Stock Exchange, dated 30 May 2006, a non-wholly owned subsidiary of Kerry entered into hotel management agreements in respect of the provision of, amongst other matters, hotel management and marketing services, with an then indirect wholly-owned subsidiary of Shangri-La Asia Limited, an associate of Kerry, in respect of The Kerry Centre Hotel, Beijing, for an initial term of twenty years;
- (v) as disclosed in the prospectus of Regal Real Estate Investment Trust (“Regal REIT”) (Stock Code: 1881), a company listed on the Stock Exchange, dated 19 March 2007, Regal REIT owned an investment portfolio of five hotel properties in Hong Kong at the time of its listing, all of which are managed by a subsidiary of Regal Hotels International Holdings Limited (Stock Code: 78), a company listed on the Stock Exchange, pursuant to a hotel management agreement in respect of the provision of, amongst other matters, hotel management and marketing services for an initial term of twenty years from the date of the listing of Regal REIT;
- (vi) as disclosed in the announcement of The Hong Kong and Shanghai Hotels, Limited (“HSH”) (Stock Code: 45), a company listed on the Stock Exchange, dated 20 January 2009, an indirect wholly-owned subsidiary of HSH will manage a hotel, which is located in Paris, France and is scheduled to open in mid 2012, for an initial term of thirty years;
- (vii) as disclosed in the annual report of HSH for the year ended 31 December 2008, HSH indirectly held certain interest in a long term hotel management contract in respect of The Peninsula Beverly Hills hotel for a period of 45 years; and
- (viii) based on the information provided by the Company, NWD owns a number of hotels which are currently managed by international hotel management operators and the initial terms of those hotel management contracts in respect of the provision of, amongst other matters, hotel management and marketing services range from five to thirty years.

The Board will comply with the then requirements under the Listing Rules in the event that the Agreements are renewed and will make further announcement in this regard at that time.

THE CAP AMOUNT

The Directors expect that the total maximum fees receivable under the Agreements in each of the following periods will be as follows:

| | HK\$ |
|--------------------------------------|------------|
| From 23 October 2009 to 30 June 2010 | 9,600,000 |
| From 1 July 2010 to 30 June 2011 | 14,000,000 |
| From 1 July 2011 to 30 June 2012 | 14,000,000 |
| From 1 July 2012 to 30 June 2013 | 14,000,000 |
| From 1 July 2013 to 30 June 2014 | 14,000,000 |
| From 1 July 2014 to 22 October 2014 | 4,400,000 |

The annual maximum fees receivable are determined based on the estimation of the Total Revenue with reference to the operation budget of the Hotel for the year 2010 and an estimated increase in the Total Revenue at an annual rate of 2% in the following years.

The cap amounts for the Existing Hotel Management Contracts

As announced by the Company on 10 January 2008 and 2 June 2008, the following Existing Hotel Management Contracts were entered into by the Group:-

- (1) a hotel management contract dated 10 January 2008 (“Beijing New World Contract”), as amended by a supplemental agreement dated 10 June 2008, for provision of hotel management services to New World Hotel Beijing (formerly known as Jing Guang New World Hotel) for an initial term of ten full operating years commencing from 10 January 2008 and expiring on 31 December 2018 which is renewable for further ten years; and
- (2) a hotel management contract dated 2 June 2008 (“L’Arc Contract”) for provision of hotel management services to L’Arc New World Hotel Macau for an initial term of ten years commencing from the opening date of the hotel and is renewable for ten years each time upon its expiry.

The annual cap amount for the Beijing New World Contract is RMB10,000,000 (equivalent to approximately HK\$10,638,298) for the three financial years ending 30 June 2010 and that for the L’Arc Contract is HK\$6,000,000 during the initial term of the contract period.

INFORMATION RELATING TO NWHM PHILIPPINES, NWHM MARKETING AND NWIDP

NWHM Philippines is established under the laws of the Philippines and is principally engaged in the provision of hotel management services in the Philippines.

NWHM Marketing is a limited company incorporated under the laws of Hong Kong and is principally engaged in the provision of hotel marketing services.

NWIDP is established under the laws of the Philippines and is principally engaged in hotel operations.

REASONS FOR ENTERING INTO THE CONTRACTS

The Group is principally engaged in the property development, property related investment as well as rental and hotel operation in the PRC. NWHM Philippines and NWHM Marketing are the operating vehicles of the Group providing hotel management and marketing services. The Agreements are entered into in the ordinary course of business of NWHM Philippines and NWHM Marketing and will provide a stable source of income to the Group.

The terms of the Agreements, including the scale of fees, are determined after arm's length negotiation between the parties by reference to the current market levels of management and marketing fees of other hotels in the Philippines.

The Board, including the independent non-executive directors, is of the view that the terms of the Agreements are on normal commercial terms and the transactions contemplated therein are in the ordinary course of business of the Group. They also consider that the Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

CONNECTED RELATIONSHIP WITH NWIDP

At the date of the announcement, CTF is holding approximately 38.61% interest in NWD, the controlling shareholder of the Company which is holding approximately 70% attributable interest in the issued share capital of the Company. NWIDP is effectively owned as to approximately 42% by New World Hotels (Holdings) Limited which in turn is owned by NWD and CTF as to 64% and 36%, respectively. As such, NWIDP is regarded as an associate of NWD and CTF, being connected persons of the Company within the meaning of the Listing Rules. The hotel management services and sales and marketing services to be provided to NWIDP under the Agreements will be carried out on an ongoing basis, therefore, the transactions contemplated under the Agreements constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

It was estimated that the expected maximum aggregate amount receivable under the Agreements and the Existing Hotel Management Contracts in each of the financial years ending 30 June 2015 will be more than 0.1% but less than 2.5% of the applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules and the Agreements are therefore exempt from independent shareholders' approval requirement but are subject to the annual review and reporting and announcement requirements under Chapter 14A 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:

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|--------------|---|
| “Agreements” | the Hotel Management Agreement and the Sales and Marketing Services Agreement |
| “Board” | the board of Directors |
| “CIMB” | CIMB Securities (HK) Limited |

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| “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 |
| “CTF” | Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability |
| “Directors” | directors of the Company |
| “Existing Hotel Management Contracts” | the hotel management contracts dated 10 January 2008 and 2 June 2008 for the provision of hotel management services to New World Hotel Beijing and L’Arc New World Hotel Macau, respectively |
| “Group” | collectively, the Company and its subsidiaries |
| “HK\$” | Hong Kong Dollars, the lawful currency of Hong Kong |
| “Hotel” | New World Hotel Makati City, Manila, a hotel located at Esperanza Street corner Makati Avenue, Makati City, Metro Manila, Philippines |
| “Hotel Management Agreement” | the hotel management agreement dated 20 November 2009 entered into between NWIDP and NWHM Philippines |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “NWD” | New World Development Company Limited (stock code : 0017), a company incorporated in Hong Kong with limited liability and whose shares are listed on the main board of the Stock Exchange. The core businesses of NWD include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology |
| “NWHM Marketing” | NWHM International Marketing Limited, a wholly-owned subsidiary of the Group |
| “NWHM Philippines” | NWH Management Philippines, Incorporated, a wholly-owned subsidiary of the Group |
| “NWIDP” | New World International Development Philippines, Inc., a subsidiary of NWD |
| “RMB” | Renmini, the lawful currency of the People’s Republic of China |
| “Sales and Marketing Services Agreement” | the sales and marketing services agreement dated 20 November 2009 entered into between NWIDP and NWHM Marketing |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

“Total Revenue” an aggregate of rooms revenue and income received from restaurant operations, leases of shops area, rebates earned by the Hotel from other parties who provide ancillary services or goods in the Hotel and other income recognized by the local tax authority for taxation purposes

“%” per cent.

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

Hong Kong, 20 November 2009

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) and the Stock Exchange (www.hkexnews.hk).