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CONNECTED TRANSACTIONS

The respective board of directors of NWD and NWC announced that Ju Yi has obtained a loan facility of up to an aggregate principal amount of US\$20,000,000. Ju Yi is indirectly owned as to 80% by NWC and 20% by Stanley.

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

Owing to 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 Listing Rules. As NWD held approximately 69.74% 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 31ST DECEMBER, 2002

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 Ju Yi Real Estate Development Co., Ltd. (“Ju Yi”) under loan facilities (the “Facilities”) as granted by the Lender up to an aggregate principal amount of US\$20,000,000 (equivalent to approximately HK\$156,000,000) (the “Guarantee”) for a term of one year which will be utilized by Ju Yi to re-finance its existing loan of US\$20,000,000.

REASONS FOR ENTERING INTO THE GUARANTEE

Ju Yi is an equity joint venture company established in the PRC whose principal business is the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. Ju Yi is indirectly owned as to 80% by NWC and 20% by Stanley Enterprises Limited (“Stanley”). It is a term of the Facilities that NWC should provide the Guarantee in order to obtain the Facilities for the benefit of Ju Yi.

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 Ju Yi 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.

Stanley has agreed to indemnify NWC in respect of its liability under the Guarantee as to 20% by executing a counter indemnity in favour of NWC and agreed to pay NWC a guarantee fee of 0.25% on the amount of the Facilities being utilized by Ju Yi.

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 69.74% 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 US Dollars at HK\$7.8=US\$1.00.

By order of the board
New World Development Company Limited
Leung Chi-kin, Stewary
Company Secretary

By order of the board
New World China Land Limited
Chow Yu-chun, Alexander
Company Secretary

Hong Kong, 31st December, 2002