

CONNECTED TRANSACTIONS

On 19th July, 2002, Shanghai Ju Yi Real Estate Development Co., Ltd. (“**Ju Yi**”) was granted a banking facility of up to an aggregate principal amount of RMB100,000,000 (“**Ju Yi Facilities**”). Ju Yi is beneficially owned as to 80% by New World China Land Limited (“**NWC**”) and 20% by Stanley Enterprises Limited (“**Stanley**”).

On 25th July, 2002, Shanghai Ramada Plaza Ltd. (“**Shanghai Ramada**”) was granted a banking facility of up to an aggregate principal amount of US\$10,000,000 and RMB300,000,000 (“**Ramada Facilities**”). 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.

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

Owing to the fact that Stanley is holding substantial shareholdings in certain subsidiaries of NWC and thus being a connected person of NWC, provision of the guarantees by NWC and payment of the guarantee fees 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 New World Development Company Limited (“**NWD**”) held approximately 69.74% attributable interests in the issued share capital of NWC, these transactions also constituted connected transactions for NWD. Joint announcements were made by NWD and NWC on 19th July, 2002 and 25th July, 2002 in respect of these transactions.

On 3rd December, 2002, Mr. Doo Wai Hoi, William, director of NWC, acquired entire beneficial interest in Stanley, therefore, Stanley has now become an associate of the director of NWC. Upon the change in identity of Stanley, NWD and NWC are required to disclose the same details of the above guarantees and the related guarantee fees again pursuant to the requirements under Chapter 14 of the Listing Rules.

Details of the guarantees and the annual guarantee fees 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.

(A) JU YI GUARANTEE DATED 19TH JULY, 2002

Parties:

- (i) New World China Land Limited (“**NWC**”), as guarantor; and
- (ii) a financial institution, as beneficiary

Purpose:

To guarantee the full obligation of Shanghai Ju Yi Real Estate Development Co., Ltd. (“**Ju Yi**”) under loan facilities up to an aggregate principal amount of RMB100 million (equivalent to approximately HK\$94,340,000) (“**Ju Yi Facilities**”) as granted by the beneficiary of the Ju Yi Guarantee to Ju Yi for a term of seven years to finance the development cost of Shanghai Hong Kong New World Garden (the “**New World Garden**”) which is owned by Ju Yi and is located in Luwan District, Shanghai, the People’s Republic of China (“**PRC**”).

(B) RAMADA GUARANTEE DATED 25TH JULY, 2002

Parties:

- (i) NWC, as guarantor; and
- (ii) two financial institutions, as beneficiaries

Purpose:

To guarantee the full obligation and liabilities of Shanghai Ramada Plaza Ltd. (the “**Shanghai Ramada**”) under separate loan facilities up to an aggregate principal amount of US\$10 million (equivalent to approximately HK\$7,000,000) and RMB300 million (equivalent to approximately HK\$283,020,000) respectively (the “**Ramada Facilities**”) as granted by the beneficiaries of the Ramada Guarantee to Shanghai Ramada for a term of five years which will be utilized by Shanghai Ramada to finance the development cost of Shanghai Ramada Plaza (the “**Ramada Plaza**”) owned by Shanghai Ramada situated at the southwest corner of Dingxi Road/Yuyuan Road, Changning District, Shanghai, PRC and as general working capital.

NWC also guarantees for the completion of the Ramada Square by 30th September, 2002, or such later date as the lender may agree, and undertakes to procure the provision of additional funding to Shanghai Ramada by Ramada Property (as defined below) to finance any construction cost for the completion of the Ramada Plaza in excess of the amount of the Ramada Facilities.

REASONS FOR ENTERING INTO THE JU YI GUARANTEE AND THE RAMADA GUARANTEE

Ju Yi and Shanghai Ramada are equity joint venture companies established in the PRC whose principal businesses are the development of New World Garden and Ramada Plaza respectively. Under the terms of the Ju Yi Facilities and the Ramada Facilities (together, the “**Facilities**”), NWC should provide the Ju Yi Guarantee and the Ramada Guarantee (together, the “**Guarantees**”) in order to obtain the Facilities for the benefit of Ju Yi and Shanghai Ramada.

Ju Yi is beneficially owned by NWC and Stanley Enterprises Limited (“**Stanley**”) as to 80% and 20% respectively. Stanley has agreed to indemnify NWC in respect of its liability under the Ju Yi Guarantee as to 20% by executing a counter indemnity in favour of NWC and agreed to pay to NWC a guarantee fee of 0.25% per annum on the amount of the Ju Yi Facilities being utilized by Ju Yi.

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. Stanley and the other shareholders of Ramada Property have agreed to indemnify NWC in respect of its liability under the Ramada Guarantee in proportion to their shareholding in Ramada Property by executing a counter indemnity in favour of NWC and agreed to pay to NWC a guarantee fee of 0.25% per annum in aggregate on the amount of the Ramada 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 Ju Yi and Shanghai Ramada can obtain the Ju Yi Facilities and the Ramada Facilities respectively and considers that the terms of the Guarantees, being arrived at after arm’s length negotiation with the financial institutions, 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.

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.

On the dates of entering into the Guarantees, Stanley held substantial shareholdings in certain subsidiaries of NWC and thus being a connected person of NWC, provision of the Guarantees by NWC and payment of the guarantee fees 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 for NWD. Joint announcements were made by NWD and NWC on 19th July, 2002 and 25th July, 2002 in respect of these transactions.

On 3rd December, 2002, Mr. Doo Wai Hoi, William, director of NWC, acquired entire beneficial interest in Stanley, therefore, Stanley has now become an associate of the director of NWC. Upon the change in identity of Stanley, NWD and NWC are required to disclose the same details of the Guarantees and the related guarantee fees again pursuant to the requirements under Chapter 14 of the Listing Rules. Apart from the foregoing, Stanley is independent of and not connected with the directors, substantial shareholders or chief executives of each of NWD and NWC, their respective subsidiaries or their respective associates (as defined in Listing Rules).

Details of the Guarantees and the annual guarantee fees 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 translations between Hong Kong dollars and Renminbi at HK\$0.9434=RMB1.00 and 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, Stewart
Company Secretary

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