



# 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: 00917)

### CONNECTED TRANSACTION

The board of directors of the Company announced that Fortune Leader Real Estate and Fortune Leader Investment have obtained term loan facilities from the Lender up to the principal amount of HK\$25,000,000 and HK\$5,000,000 respectively. Under the term of the facilities, the Company has provided corporate guarantees, on several basis, to secure the respective liabilities of the Borrowers subject to the proviso that the maximum liability of the Company shall be limited to HK\$9,800,000 and HK\$1,960,000 respectively, together with any related outstanding interest and expenses which may have accrued to the Lender.

By virtue of the indirect shareholding of Mr. Peter Cheng, a director of the Company, in the Borrowers, the provision of the aforesaid corporate guarantees by the Company constituted a connected transaction of the Company pursuant to the Listing Rules.

Since the guarantee amounts are less than 2.5% of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, the guarantees are required to be disclosed by way of press announcement but are exempt from independent shareholders' approval requirement under the Listing Rules. Details of the guarantees will be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

### DEED OF GUARANTEE DATED 16TH DECEMBER, 2005 IN RESPECT OF BANKING FACILITIES TO FORTUNE LEADER REAL ESTATE

Guarantor:	the Company
Beneficiary:	the Lender
Banking facilities:	loan facilities up to a principal amount of HK\$25,000,000 for a term of four years (subject to early repayment in full) as granted by the Lender to Fortune Leader Real Estate pursuant to a facility letter dated 9th November, 2005
Purpose of the Guarantee:	to guarantee the obligations and liabilities of Fortune Leader Real Estate under the loan facility and the security documents subject to the proviso that the maximum liability of the Company under the guarantee will be limited to HK\$9,800,000, together with any related outstanding interest and expenses which may have accrued to the Lender

## **DEED OF GUARANTEE DATED 16TH DECEMBER, 2005 IN RESPECT OF BANKING FACILITIES TO FORTUNE LEADER INVESTMENT**

Guarantor:	the Company
Beneficiary:	the Lender
Banking facilities:	loan facilities up to a principal amount of HK\$5,000,000 for a term of four years (subject to early repayment in full) as granted by the Lender to Fortune Leader Investment pursuant to a facility letter dated 9th November, 2005
Purpose of the Guarantee:	to guarantee the obligations and liabilities of Fortune Leader Investment under the loan facility and the security documents subject to the proviso that the maximum liability of the Company under the guarantee will be limited to HK\$1,960,000, together with any related outstanding interest and expenses which may have accrued to the Lender

### **REASONS FOR PROVISION OF THE GUARANTEES**

The Borrowers are equity joint venture companies established in the PRC. Fortune Leader Investment is principally engaged in the ownership and operation of Palm Island Resort situated in Huiyang District, the PRC, providing resort facilities such as golf courses, villa rooms, serviced apartments, conference rooms and banqueting. Fortune Leader Real Estate is principally engaged in the development, sale and lease of residential properties in the resort. The Borrowers are 80% owned by Dragon Fortune (a 42.62% owned associated company of the Company) and 20% by independent third parties.

The purpose of the guarantees is to secure the banking facilities granted by the Lender to the Borrowers to meet their working capital requirements. The obligations and liabilities of the Borrowers under the banking facilities were guaranteed by the Company, Mr. Peter Cheng and independent third parties on several basis in the proportion of 39.20%, 30.64% and 30.16% respectively, which is determined with reference to their respective shareholdings in Dragon Fortune and a shared portion of the guarantee amount not being provided by the minority shareholders of Dragon Fortune.

The board of directors (including the independent non-executive directors) of the Company considers that it is in the interest of the Company that the Borrowers can obtain the facilities and considers that the terms of the guarantees, 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 shareholders of the Company are concerned as a whole.

### **CONNECTED PERSONS**

The Borrower is 80% owned by Dragon Fortune which is in turn owned by the Company, Potassium Corp., Sun City and independent third parties as to 36.39%, 7.09%, 20.33% and 36.19% respectively.

Potassium Corp. is wholly-owned by Mr. Peter Cheng who is the director of the Company. Sun City is a company of which Mr. Peter Cheng and his spouse, through their controlled corporations, are able to exercise more than 30% of the voting power at its general meeting. Accordingly, both Potassium Corp. and Sun City are deemed to be associates of Mr. Peter Cheng within the meaning of the Listing Rules. Provision of the corporate guarantees by the Company to secure the banking facilities of the Borrowers, in which the associates of Mr. Peter Cheng have shareholding interest by virtue of their interests in Dragon Fortune, therefore constituted a connected transaction of the Company pursuant to the Listing Rules.

## GENERAL

The Company is principally engaged in property development and property related investment in the PRC.

Since the guarantee amounts are less than 2.5% of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, the provision of the corporate guarantees is required to be disclosed by way of press announcement but are exempt from independent shareholders' approval requirement under the Listing Rules. Details of the guarantees will be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 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:

"Borrowers"	Fortune Leader Investment and Fortune Leader Real Estate
"the Company"	New World China Land Limited, a company incorporated in the Cayman Islands, the shares of which are listed on The Stock Exchange of Hong Kong Limited
"Dragon Fortune"	Dragon Fortune Limited, a 42.62% owned associated company of the Company
"Fortune Leader Investment"	Fortune Leader Overseas Chinese (Daiyawan) Investment Co., Limited, a 34.1% owned jointly controlled entity of the Company
"Fortune Leader Real Estate"	Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co., Limited, a 34.1% owned jointly controlled entity of the Company
"Lender"	Liu Chong Hing Bank Limited, an independent financial institution carrying on banking business
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Peter Cheng"	Mr. Cheng Kar-shing, Peter, a director of the Company
"PRC"	the People's Republic of China
"Sun City"	Sun City Holdings Limited, a 30.625% owned associated company of the Company
"%"	per cent.

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

Hong Kong, 16th December, 2005

*As at the date hereof, the board of directors of the Company comprises (1) Dr. Cheng Kar-shun, Henry, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Leung Chi-kin, Stewart, Chow Kwai-cheung, Chow Yu-chun, Alexander, Fong Shing-kwong, Michael as executive directors; (2) Mr. Fu Sze-shing as non-executive director; and (3) Messrs. Cheng Wai-chee, Christopher, Tien Pei-chun, James and Lee Luen-wai, John as independent non-executive directors.*

*Please also refer to the published version of this announcement in **The Standard**.*