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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)



New World China Land Limited
新世界中國地產有限公司
(Incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTIONS

The respective board of directors of NWD and NWC is pleased to announce that Shanghai Mayfair has obtained a banking facility of up to an aggregate principal amount of HK\$10,000,000 and RMB74,000,000 respectively. Shanghai Mayfair is indirectly owned as to 99% by Ramada Property and 1% 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 guarantee in respect of the Mayfair Facilities and in consideration of this, Stanley had agreed to pay to 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 fees 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 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.

GUARANTEE DATED 19TH DECEMBER, 2002

Parties:

- (i) New World China Land Limited (“NWC”), as guarantor; and
- (ii) a financial institution (the “**Lender**”) established in the People’s Republic of China (“**PRC**”), as beneficiary

Purpose :

To guarantee the full obligation and liabilities of Shanghai Mayfair Hotel Co., Ltd. (the “**Shanghai Mayfair**”) under separate loan facilities up to an aggregate principal amount of HK\$10,000,000 and RMB74,000,000 (equivalent to approximately HK\$69,811,600) respectively (the “**Mayfair Facilities**”) as granted by the Lender to Shanghai Mayfair on 19th December, 2002 for a term of 2 years which will be utilized by Shanghai Mayfair to re-finance its existing loans of HK\$10,000,000 and RMB74,000,000.

REASONS FOR ENTERING INTO THE GUARANTEE

Shanghai Mayfair is an equity joint venture company established in the PRC and is principally engaged in the operation of Shanghai Mayfair Hotel located in Ding Xi Road, Chang Ning District, Shanghai, PRC.

It is a term of the Mayfair Facilities that NWC should provide the Guarantee in order to obtain the Mayfair Facilities for the benefit of Shanghai Mayfair.

Shanghai Mayfair is indirectly owned as to 99% by Ramada Property Ltd. ("**Ramada Property**") and 1% 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 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 Mayfair Facilities being utilized by Shanghai Mayfair.

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 Shanghai Mayfair can obtain the Mayfair 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.

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.

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 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 of NWD.

Details of the Guarantee 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.

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

Hong Kong, 19th December, 2002

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