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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 TRANSACTION RENEWAL OF PROPERTY AGENCY AGREEMENT

The Board announced that on 4th October 2007, Beijing Lingal, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Kiu Lok for renewal of the Property Agency Agreement for one year up to 1st June 2008 in respect of the provision of property agency services by Kiu Lok to Beijing Lingal for the promotion, sale and leasing of properties located in Chateau Regalia Beijing which is developed by Beijing Lingal.

By virtue of the fact that Kiu Lok 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 Supplemental Agreement constitute continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

It was estimated that the agency fee payable by Beijing Lingal to Kiu Lok for the financial year ending 30th June 2008 will be more than 0.1% but less than 2.5% of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, the entering into of the Supplemental Agreement is therefore only subject to reporting and announcement requirement and is exempt from independent shareholders' approval requirement. Appropriate disclosure of the above transaction will be made in the future published annual reports and accounts of the Company in accordance with Rules 14A.37 and 14A.38 of the Listing Rules.

BACKGROUND

Reference was made to the announcements of the Company dated 2nd June 2004 and 11th August 2006 where the Company announced that, among other things, the Property Agency Agreement was entered into between Beijing Lingal and Kiu Lok. The Property Agency Agreement has an initial term of 3 years commencing from 2nd June 2004 and expired on 1st June 2007. The parties to the Property Agency Agreement have entered into the Supplemental Agreement to extend the term of the Property Agency Agreement for one year to 1st June 2008. The Board expects that all the properties at Chateau Regalia Beijing will be sold or leased during the extended term of the Property Agency Agreement.

THE SUPPLEMENTAL AGREEMENT

Date : 4th October 2007

Parties : (a) Beijing Lingal; and
(b) Kiu Lok

Pursuant to the Supplemental Agreement, the term of the Property Agency Agreement was extended for one year to 1st June 2008. The other terms and conditions of the Property Agency Agreement remain the same.

PRINCIPAL TERMS OF THE PROPERTY AGENCY AGREEMENT (AS EXTENDED)

The principal terms of the Property Agency Agreement entered into by Beijing Lingal and Kiu Lok on 2nd June 2004 are as follows:

Scope of services rendered : The provision of property agency services by Kiu Lok to Beijing Lingal in connection with the promotion, sale and leasing of properties located in Chateau Regalia Beijing. The property agency services can be broadly divided into three categories, namely (a) the design and compilation of promotion and marketing plans; (b) supervision of marketing activities and overseeing the operation of sale offices; and (c) formulation of pricing strategy and assistance in the execution and completion of sale and leasing agreements with the buyers and tenants

The property agency engagement of Kiu Lok by Beijing Lingal for the Chateau Regalia Beijing project will be exclusive in connection with sales conducted both within and outside the PRC

Fees for the provision of property agency services in connection with the sale of properties at Chateau Regalia Beijing : 2% of the actual selling price of each unit sold

The fee is payable in cash within 14 days after signing of the formal pre-sale or sale contract of the relevant premises and payment of the first instalment by the buyers

Fees for the provision of property agency services in connection with the leasing of properties at Chateau Regalia Beijing : (a) if the tenant is introduced by Kiu Lok, the fee payable to Kiu Lok will be 8.3333% of the total Net Rental receivable during the term of the leasing agreement of each unit subject to the maximum of one month's Average Net Monthly Rental

(b) if the tenant is introduced by independent sub-agents and commission payable to the sub-agents is not less than 50% of the Average Net Monthly Rental, the fee payable to Kiu Lok will be 50% of the Average Net Monthly Rental. On the other hand, if the commission payable to the sub-agent is less than 50% of the Average Net Monthly Rental, the fee payable to Kiu Lok will be the difference between the Average Net Monthly Rental and the commission payable to the sub-agent

The fee is payable in cash within 14 days after signing of the formal leasing agreement of the relevant premises and the payment of deposit for rental by the tenants

Agency fee in connection with renewal of leases of properties at Chateau Regalia Beijing : 2.5% of the total Net Rental receivable during the extended term of tenancy, subject to the maximum of 30% of the Average Net Monthly Rental receivable by Beijing Lingal in respect of the relevant premises

The fee is payable in cash within 14 days after signing of the formal agreement for renewal of the lease of the relevant premises and the payment of deposit for rental by the tenants

Expenses : Expenses incurred by Kiu Lok such as travelling expenses and staff accommodation will be reimbursed on actual basis, with the provision of about RMB3,000 per month for entertainment purposes

THE CAP AMOUNT

The total agency fee payable under the Property Agency Agreement as extended by the Supplemental Agreement for the financial year ending 30th June 2008 will not exceed HK\$9,000,000 which is estimated based on the sales and leases of all the units of Chateau Regalia Beijing available for sales and leases and is calculated as follows:

	Villas <i>HK\$</i>	Duplexes <i>HK\$</i>	Apartments <i>HK\$</i>	Total <i>HK\$</i>
Sales (<i>note 1</i>)	226,836,000	—	—	226,836,000
Leases (<i>note 2</i>)	—	16,790,768	34,736,722	51,527,490
Basic charge of property agency fee	2%	8.3333%	8.3333%	
Total property agency fee	4,536,720	1,399,225	2,894,715	8,830,660

Notes:

- (1) This is calculated based on the sales of villas with total saleable area of 12,602 square metres at an estimated average selling price of RMB18,000 per square metres, which is the market price as quoted to third party potential purchasers.
- (2) This is calculated based on the leases of duplexes with total lettable area of 18,029 square metres at an estimated average monthly rental of US\$9.95 per square metres, together with the leases of apartments with total lettable area of 41,887 square metres at an estimated average monthly rental of US\$8.86 per square metres, which are the market prices as quoted to third party potential tenants.

Agency fees of HK\$6,071,000, HK\$5,437,000, HK\$1,981,000 and HK\$5,076,202 were paid by Beijing Lingal to Kiu Lok for the financial years ended 30th June 2004, 30th June 2005, 30th June 2006 and 30th June 2007, respectively. The amounts paid were within the caps of HK\$7,500,000, HK\$8,800,000, HK\$8,800,000 and HK\$11,724,000 for the four financial years ended 30th June 2007 as set out in the previous announcements of the Company dated 2nd June 2004 and 11th August 2006. Total agency fees of HK\$761,201 which have not triggered the disclosure threshold under the Listing Rules were incurred since 1st July 2007 up to the date hereof.

The cap amount for the year ending 30th June 2008 represents about 0.53% of the Group's turnover for the financial year ended 30th June 2006 and represents about 0.02% of the Group's total assets as at 31st December 2006.

REASONS FOR AND EFFECTS OF THE TRANSACTION

The Group is principally engaged in the property development and property related investment in the PRC. Chateau Regalia Beijing is one of the Group's major property development projects located in the prestigious northeast suburb in Beijing, the PRC along the Wenyu River. The properties have been completed in January 2004 for sale and leasing with a total gross floor area of about 122,000 square metres.

Beijing Lingal has not established its own sales team in Beijing, therefore, it is necessary to outsource the marketing function to property agent. The Board, including the independent non-executive directors, considered that it is in the interest of the Company to extend the term of Property Agency Agreement by entering into the Supplemental Agreement for promotion of the sale and leasing of Chateau Regalia Beijing given Kiu Lok's well established marketing network in the PRC property market and the Group's long term business relationship with Kiu Lok.

The Board, including the independent non-executive directors, is of the view that the entering into of the Supplemental Agreement is in the ordinary course of business of the Group and the terms of the Supplemental Agreement are fair and reasonable, on normal commercial term and in the interests of the Company and its shareholders as a whole.

RELATIONSHIPS BETWEEN THE PARTIES AND ONGOING CONNECTED TRANSACTION

Beijing Lingal is an indirect wholly-owned subsidiary of the Company, the substantial shareholder of which is NWD, currently having approximately 70% attributable interests in the issued share capital of the Company as at the date of this announcement.

Kiu Lok is a company providing property agency management and consultancy services and is a connected person of the Company by virtue of its being wholly-owned by NWSH which in turn is approximately held as to 56% by NWD at the date of this announcement. The property agency services to be provided by Kiu Lok under the Supplemental Agreement will be carried out on an ongoing basis, therefore, the transactions contemplated under the Supplemental Agreement constitute continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

It was estimated that the agency fee payable by Beijing Lingal to Kiu Lok for the financial year ending 30th June 2008 will be more than 0.1% but less than 2.5% of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, the entering into the Supplemental Agreement is therefore only subject to reporting and announcement requirement and is exempt from independent shareholders' approval requirement. Appropriate disclosure of the above transaction will be made in the future published annual reports and accounts of the Company in accordance with Rules 14A.37 and 14A.38 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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| “Average Net Monthly Rental” | Net Rental receivable during the lease term (excluding the rent-free period) divided by the number of months comprised in the lease term (including the rent-free period) |
| “Beijing Lingal” | Beijing Lingal Real Estates Development Co., Ltd. (北京麗高房地產開發有限公司), an indirect wholly-owned subsidiary of the Company |

“Board”	the board of directors of the Company
“Chateau Regalia Beijing”	北京麗高王府, properties located at Tian Zhu Town, Shun Yi District, Beijing, the PRC (中國北京市順義區天竺鎮) and owned by Beijing Lingal
“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
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Kiu Lok”	Kiu Lok Property Services (China) Limited 僑樂物業服務 (中國) 有限公司, a company providing property agency management and consultancy services, being an indirect wholly-owned subsidiary of NWSH
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Rental”	rental receivable from third party tenants with the deduction of fixed recurring expenses to be borne by Beijing Lingal such as management fees, club house usage fees and public utilities expenses
“NWD”	New World Development Company Limited, 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, services as well as telecommunications and technology.
“NWSH”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“PRC”	The People’s Republic of China
“Property Agency Agreement”	an agreement dated 2nd June 2004 and entered into between Beijing Lingal and Kiu Lok for the provision of property agency services by Kiu Lok in connection with the promotion, sale and leasing of properties located in Chateau Regalia Beijing
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement dated 4th October 2007 and entered into between Beijing Lingal and Kiu Lok pursuant to which the term of the Property Agency Agreement was extended for one year to 1st June 2008

“US\$” United States Dollars, the lawful currency of the United States

“%” per cent.

By Order of the Board
New World China Land Limited
Ngan Man-ying, Lynda
Company Secretary

Hong Kong, 4th October 2007

At the date of this announcement, the board of directors of the Company 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.

For your convenience, this announcement contains translations between Hong Kong dollars and Renminbi at HK\$1.00 = RMB1.00 and Hong Kong dollars and US dollars at HK\$7.8=US\$1.00.