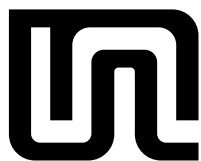


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New World China Land Limited

新世界中國地產有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0917)

DISCLOSEABLE TRANSACTION

COOPERATION AGREEMENT

The Board is pleased to announce that on 15 May 2006, NWCI and the Company, entered into the Cooperation Agreement with Chengdu Xinyi Investment, Chengdu Xinyi Development, Sichuan Zhongshihua and Hing Pang Petroleum for the purposes of governing the relationship between the Parties in respect of, among other things, their involvement in the development of the Property.

DISCLOSEABLE TRANSACTION

According to the Listing Rules, as the consideration ratio (as defined in Rule 14.07 of the Listing Rules) is more than 5% but less than 25%, the Cooperation Agreement constitutes a discloseable transaction for the Company which is subject to the notification and publication requirements as set out in Rules 14.34 to 14.39 of the Listing Rules.

A circular containing details of the Cooperation Agreement will be despatched to the shareholders of the Company as soon as practicable.

THE COOPERATION AGREEMENT

Date: 15 May 2006

Parties:

- (1) NWCI, a direct wholly-owned subsidiary of the Company;
- (2) Chengdu Xinyi Investment;
- (3) Chengdu Xinyi Development;
- (4) the Company;
- (5) Sichuan Zhongshihua; and
- (6) Hing Pang Petroleum.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and save as disclosed herein, each of Chengdu Xinyi Investment, Chengdu Xinyi Development, Sichuan Zhongshihua and Hing Pang Petroleum and their respective ultimate beneficial owners, are third parties independent of the Company and connected persons of the Company.

Major terms of the Cooperation Agreement

Acquisition of equity interest in Chengdu Xinyi Development

NWCI agreed to acquire 60% of the equity interest in Chengdu Xinyi Development from Chengdu Xinyi Investment for an aggregate consideration of RMB500,000,000 (equivalent to approximately HK\$480,769,231), and the Consideration will be payable in cash by NWCI in the following manner:

- (a) payment of RMB50,000,000 directly to Chengdu Xinyi Investment within 5 working days after the Cooperation Agreement was signed;
- (b) payment of RMB150,000,000 into a bank account in the joint names of NWCI and Chengdu Xinyi Investment within 5 working days after the Cooperation Agreement was signed, and such amount to be transferred to Chengdu Xinyi Investment within 3 working days after all necessary government approvals in respect of the transfer of 60% of the equity interest in Chengdu Xinyi Development have been obtained;

- (c) payment of RMB100,000,000 directly to Chengdu Xinyi Investment within 3 working days after Chengdu Xinyi Development has obtained the approval letter for project set-up, the planning permit of construction land, the planning permit of construction project, and the first construction permit in respect of the development of the Property, provided that Chengdu Xinyi Development has first obtained the state-owned land use right certificate to develop the Property from the relevant government authority; and
- (d) payment of RMB200,000,000 directly to Chengdu Xinyi Investment within 3 working days after Chengdu Xinyi Development has obtained the first pre-sales permit in respect of the development of the Property.

In the event that the necessary government approvals cannot be obtained in respect of the transfer of 60% of the equity interest in Chengdu Xinyi Development, Chengdu Xinyi Investment shall refund the first payment of RMB50,000,000 to NWCI within 5 days together with interest to be calculated at banks' highest lending rate prevailing at that time and the Cooperation Agreement will then be terminated.

The Consideration is determined after arm's length negotiation between Chengdu Xinyi Investment and the Company by reference to, amongst other things, the prevailing market price of land in the vicinity of the Property. The Consideration will be financed by internal resources of the Group.

Chengdu Xinyi Investment agreed to dispose of the rest of its equity interest in Chengdu Xinyi Development, amounting to 40% of the equity interest in Chengdu Xinyi Development, equally to Sichuan Zhongshihua and Hing Pang Petroleum. As at the date of this announcement, Chengdu Xinyi Investment has completed the disposal of such equity interest.

Upon completion of the Transaction, Chengdu Xinyi Development will be held as to 60%, 20% and 20% by NWCI, Sichuan Zhongshihua and Hing Pang Petroleum, respectively, and will become an indirect non-wholly owned subsidiary of the Company.

Conditions precedent

The Transaction is conditional upon the completion of the following initial reorganisation of Chengdu Xinyi Development:

- (a) Chengdu Xinyi Investment has acquired 10% of the equity interest in Chengdu Xinyi Development from Ms. Li, who is an independent third party, such that Chengdu Xinyi Development became a wholly-owned subsidiary of Chengdu Xinyi Investment;
- (b) Chengdu Xinyi Development has disposed of all of the equity interest it holds in Chengdu Xinyi Property Management, amounting to 70% of the equity interest in Chengdu Xinyi Property Management;
- (c) Chengdu Xinyi Development has acquired the right to engage in the property development business from the relevant local government authorities; and
- (d) Chengdu Xinyi Development has engaged an independent accounting firm to audit its balance sheet as at the date when the Transaction is completed.

Board composition

After the Transaction, the board of directors of Chengdu Xinyi Development will comprise 5 directors, of which 3 directors will be nominated by NWCI and 1 director will be nominated by each of Sichuan Zhongshihua and Hing Pang Petroleum. The chairman of the board of directors of Chengdu Xinyi Development and its legal representative will be nominated by NWCI. Sichuan Zhongshihua and Hing Pang Petroleum will each nominate a vice-chairman of the board of directors of Chengdu Xinyi Development.

The development rights of the Property

Pursuant to the Property Acquisition Agreement, Chengdu Xinyi Development acquired the land use rights of the Property. In order to regulate the rights and obligations of the Parties during the development of the Property, the Parties entered into the Cooperation Agreement.

Pursuant to the Cooperation Agreement, Chengdu Xinyi Investment will use its best endeavours to assist Chengdu Xinyi Development to obtain the development rights, including the rights to develop residential dwellings and hotels, in respect of the Property. Chengdu Xinyi Investment, Sichuan Zhongshihua and Hing Pang Petroleum undertook that the demolition of existing structures on the Property will be completed by no later than 30 June 2007, and that development of and construction on the Property will commence within a reasonable time after the completion of the demolition work, and in any event no later than 27 July 2007. Chengdu Xinyi Investment, Sichuan

Zhongshihua and Hing Pang Petroleum also warranted that the permitted development area will be at least 3,000,000 sq. m..

The cost of the Property

Pursuant to the Property Acquisition Agreement, the cost of the acquisition of the land use rights of the Property amounted to RMB1,067,477,760. At the time of acquiring the Property, Chengdu Xinyi Investment paid a portion of such acquisition cost and the associated fees on behalf of Chengdu Xinyi Development. According to the Cooperation Agreement, (i) within 3 days after the completion of the acquisition of 60% of the equity interest in Chengdu Xinyi Development by NWCI from Chengdu Xinyi Investment; and (ii) after NWCI and Chengdu Xinyi Investment have confirmed the exact amount of such portion of the acquisition cost and the associated fees initially paid by Chengdu Xinyi Investment on behalf of Chengdu Xinyi Development, Chengdu Xinyi Investment is entitled to seek reimbursement of such portion of the acquisition cost and the associated fees from Chengdu Xinyi Development by providing the relevant invoices issued by the relevant governmental authority to Chengdu Xinyi Development.

Shareholders loan

NWCI agreed to provide a loan in an amount not exceeding RMB1,100,000,000 to Chengdu Xinyi Development, the terms of which will be subject to negotiation between NWCI, Sichuan Zhongshihua and Hing Pang Petroleum, for the purposes of funding the development of the Property. Additional funding requirement may be satisfied through bank financing by Chengdu Xinyi Development. If required, NWCI, Sichuan Zhongshihua and Hing Pang Petroleum shall also contribute funds to Chengdu Xinyi Development in proportion to their respective capital contribution after the Transaction.

Joint and several liabilities

Pursuant to the Cooperation Agreement:

- (a) the Company shall be jointly and severally liable with NWCI for all of the obligations of NWCI under the Cooperation Agreement; and
- (b) Sichuan Zhongshihua and Hing Pang Petroleum shall be jointly and severally liable with Chengdu Xinyi Investment for all of the obligations of Chengdu Xinyi Investment under the Cooperation Agreement.

Income sharing

After arm's length negotiations between NWCI, Sichuan Zhongshihua and Hing Pang Petroleum, it was agreed that the income resulting from the development of the Property will be utilised and shared in the following order:

- (1) the payment of all the costs, tax and other expenses (including income tax and interest payments in respect of bank borrowings) in connection with the development of the Property, and reserve funds, funds of awards and welfare for employees and enterprise development funds contributed according to the relevant PRC law;
- (2) repay the loan obtained from NWCI in an amount of RMB500,000,000;
- (3) distribute an aggregate amount of RMB200,000,000 to Sichuan Zhongshihua and Hing Pang Petroleum;
- (4) repay the rest of the loan and interest obtained from NWCI;
- (5) distribute RMB500,000,000 to NWCI;
- (6) distribute an aggregate amount of RMB232,500,000 to Sichuan Zhongshihua and Hing Pang Petroleum; and
- (7) the remaining income resulting from the development of the Property will be shared by NWCI, Sichuan Zhongshihua and Hing Pang Petroleum in accordance with their proportion of the equity capital interest in Chengdu Xinyi Development after the Transaction.

INFORMATION RELATING TO CHENGDU XINYI DEVELOPMENT AND THE PROPERTY

Chengdu Xinyi Development was incorporated in the PRC on 16 December 2001 with limited liability and has a registered capital of RMB30,000,000. It is principally engaged in real estates development and property management businesses and is the holder of land use rights in respect of the Property located in Guangfu Village, Huayang Town, Shuangliu Country, Chengdu, the PRC, which is adjacent to the end station of the underground of Chengdu currently being developed, and next to the highway leading to the city centre. The Property has a total site area of 950,004.75 sq.m..

The audited net asset value of Chengdu Xinyi Development as at 31 December 2005 was RMB29,282,000 and it has not generated any profit or incurred any loss for the two financial years ended 31 December 2004 and 31 December 2005.

INFORMATION RELATING TO NWC I

NWC I is principally engaged in the investment in PRC property projects and the provision of marketing and consultancy services in the area of property development in the PRC.

INFORMATION RELATING TO THE COMPANY

The principal business of the Company includes property development and property related investments in the PRC.

INFORMATION RELATING TO CHENGDU XINYI INVESTMENT

Chengdu Xinyi Investment is a sino-foreign joint venture company established under the laws of the PRC on 30 May 2001 with registered capital of RMB30,000,000. Chengdu Xinyi Investment is principally engaged in real estates development in Chengdu City, the PRC.

INFORMATION RELATING TO SICHUAN ZHONGSHIHUA

Sichuan Zhongshihua is principally engaged in the trading of petroleum and chemical products as well as construction materials.

INFORMATION RELATING TO HING PANG PETROLEUM

Hing Pang Petroleum is principally engaged in the import and export of petroleum and chemical products, the import of oil exploration equipment, and the wholesale of petroleum and chemical products and refined oil products.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE COOPERATION AGREEMENT

The purpose of entering into the Cooperation Agreement is to regulate the rights and obligations of the Parties in the development of the Property. The signing of the Cooperation Agreement marks the first strategic entry of the Group into the property market in Chengdu and is consistent with the Company's strategy to expand its property portfolio in a city with growth potential. The Directors consider that the acquisition of interest in the Property will enable the Group to capitalise on the favourable property market in the PRC which is supported by the sustained economic growth and the improved purchasing power of the PRC citizens.

In view of the above, the Directors believe that the terms of the Cooperation Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DISCLOSEABLE TRANSACTION

According to the Listing Rules, as the consideration ratio (as defined in Rule 14.07 of the Listing Rules) is more than 5% but less than 25%, the Cooperation Agreement constitutes a discloseable transaction for the Company which is subject to the notification and publication requirements as set out in Rules 14.34 to 14.39 of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing details of the Cooperation Agreement will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

For the purposes of this announcement, capitalised items appearing herein shall, unless the context otherwise admits, have the meanings set out below:

“Board”	the board of Directors
“Chengdu Xinyi Development”	Chengdu Xinyi Real Estate Development Co., Ltd.** (成都心怡房地產開發有限公司), a company incorporated in the PRC on 16 December 2001 with limited liability, was owned as to 60% by Chengdu Xinyi Investment, 20% by Hing Pang Petroleum and 20% by Sichuan Zhongshihua at the date of this announcement
“Chengdu Xinyi Investment”	Chengdu Xinyi Industrial Investment Co., Ltd.** (成都心怡投資實業有限公司), a sino-foreign joint venture company established under the laws of the PRC on 30 May 2001 with limited liability and was owned as to 60% and 40% of its equity interest by Hing Pang Petroleum and Sichuan Zhongshihua, respectively, at the date of the Cooperation Agreement
“Chengdu Xinyi Property Management”	Chengdu Xinyi Property Management Co., Ltd.** (成都心怡物業管理有限公司), a company incorporated in the PRC with limited liability, and which, at the date of the Cooperation Agreement, was owned as to 70% and 30% of its equity interest by Chengdu Xinyi Development and Chengdu Xinyi Investment, respectively
“Company”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of RMB500,000,000 (equivalent to approximately HK\$480,769,231) payable by NWCI to Chengdu Xinyi Investment in respect of the acquisition of 60% of the equity interest in Chengdu Xinyi Development from Chengdu Xinyi Investment by NWCI
“Cooperation Agreement”	the cooperation agreement dated 15 May 2006 entered into between the Parties in respect of the rights and obligations of their involvement in the development of the Property
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hing Pang Petroleum”	Hing Pang Petroleum Chemicals (H.K.) Limited (慶鵬石油化工(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Ms. Li”	Ms. Li Pingrong, a citizen of the PRC
“NWCI”	New World China Land Investments Company Limited (新世界(中國)地產投資有限公司), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company
“Parties”	means NWCI, Chengdu Xinyi Investment, Chengdu Xinyi Development, the Company, Sichuan Zhongshihua, and Hing Pang Petroleum
“PRC”	the People’s Republic of China
“Property”	the property situated in Guangfu Village, Huayang Town, Shuangliu County, Chengdu City, the PRC (中國成都市雙流縣華陽鎮廣福村), with a total area of 950,004.75 sq.m.
“Property Acquisition Agreement”	the “Agreement relating to the transfer of state-owned land use rights” dated 27 January 2006 entered into between Chengdu Xinyi Development and The Bureau of Land Resources in Shuangliu County, Chengdu City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sichuan Zhongshihua”	Sichuan Zhongshihua Enterprise Co., Ltd.** (四川省中石化實業有限公司), a company incorporated in the PRC with limited liability
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the acquisition of 60% of the equity interest in Chengdu Xinyi Development by NWCI from Chengdu Xinyi Investment for the Consideration, and the disposal of 40% of the equity interest in Chengdu Xinyi Development by Chengdu Xinyi Investment equally to Sichuan Zhongshihua and Hing Pang Petroleum

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

Hong Kong, 15 May 2006

As at the date hereof, the Board comprises:

Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael, Ms. Ngan Man-ying, Lynda, Mr. Fu Sze-shing#, Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James* and Mr. Lee Luen-wai, John*.*

non-executive Director

* *independent non-executive Director*

** *the unofficial English transliterations or translations are for identification purposes only*

For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.04 = HK\$1.00.

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