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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 AND CONNECTED TRANSACTION

Participation Agreement

The Board is pleased to announce that on 11 September 2006, the Company entered into the Participation Agreement with Solar Leader and NWD pursuant to which Solar Leader agreed to participate in the Projects and NWD agreed to guarantee Solar Leader's obligations under the Participation Agreement.

Discloseable and Connected 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 Participation Agreement constitutes a discloseable transaction for the Company which is subject to notification and publication requirements as set out in Rules 14.34 to 14.39 of the Listing Rules.

As at the date of this announcement, NWD held an attributable interest of approximately 70% in the issued share capital of the Company and Solar Leader was a wholly-owned subsidiary of NWD, the Participation Agreement therefore also constitutes a connected transaction for the Company. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 2.5%, the Participation Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules. Relevant details will also be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

A circular containing details of the Participation Agreement, a letter from the independent board committee of the Company and a letter from an independent financial adviser, both advising in respect of the terms of the Participation Agreement, together with the notice of the EGM, will be despatched to the shareholders of the Company as soon as practicable.

PARTICIPATION AGREEMENT

Date: 11 September 2006

Parties: (1) the Company;
(2) Solar Leader; and
(3) NWD.

Pursuant to the Participation Agreement, the Company agreed to grant Solar Leader a participating interest in the Projects, determined as 50% of the Total Interest, in consideration for Solar Leader to pay to the Company 50% of the costs payable by the Group in connection with the Projects, which sum shall be payable to the Company in cash within 14 days after Solar Leader receives a written request from the Company in respect of the same. Solar Leader is entitled to 50% of the returns received by the Company in respect of the Total Interest. The legal and/or beneficial ownership of the Properties will not be affected by virtue of the entering into of the Participation Agreement by the Company.

Solar Leader further agreed to reimburse the Company 50% of all amounts which the Group incurs or suffers by reason of having entered into, or the enforcement of, any securities or guarantees for the purpose of financing the Projects.

NWD agreed to guarantee the due performance of all the obligations of Solar Leader under the Participation Agreement and indemnify the Company against any loss or damage it suffers or incurs as a result of the failure of Solar Leader to observe its obligations under the Participation Agreement.

Condition Precedent

The Participation Agreement is conditional upon approval being granted by the independent shareholders of the Company in accordance with the Listing Rules. In the event that such condition is not satisfied on or before 31 December 2006 (or such other date as the parties may agree in writing), the Participation Agreement shall be deemed to be terminated.

INFORMATION ON THE PROJECTS

Project to be developed on the Guiyang Property

Guiyang New World, a wholly-owned subsidiary of NWDC and the Company, is the holder of land use rights in respect of the Guiyang Property, which is situated to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road, and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC, with a total area of approximately 1,670,089.26 sq. m. The Guiyang Property can be used for the development of residential, office, commercial and public amenities. The costs payable by the Group in respect of the project to be developed on the Guiyang Property are estimated to be a total of approximately HK\$1,748,000,000.

The unaudited total asset value of Guiyang New World as at 30 June 2006 was RMB682,334,840 and it has not generated any profit or incurred any loss since its incorporation on 30 May 2006.

Project to be developed on the Beijing Property

Beijing Huamei is the holder of the level 1 development rights (i.e. the rights to organise the acquisition, compensation for and settlement of the inhabitants, demolition of existing structures, levelling, construction of basic infrastructure in respect of a piece of land so as to meet the standards imposed by the relevant PRC authorities for the purpose of auction in public trading of the land use rights of such piece of land) in respect of the Beijing Property. Beijing Huamei is an equity joint venture enterprise which was held as to 75% by Huamei Wealth (Beijing) Technology Co., Ltd., a wholly-owned subsidiary of NWDC and the Company, and as to 25% by Huamei Wealth (Beijing) International Property Investment Co., Ltd., an Independent Third Party save and except for its interests in Beijing Huamei. The Beijing Property is situated in Yuzhuang Village, Gaoliying Town, Shuyi District, Beijing, the PRC, with a total area of approximately 1,590 mu (equivalent to approximately 1,060,000 sq. m.). The Beijing Property will be developed into low density residential premises for sale and investment purposes. The costs payable by the Group in respect of the project to be developed on the Beijing Property are estimated to be a total of approximately HK\$911,000,000.

The audited total asset value of Beijing Huamei as at 31 December 2005 was RMB49,499,545. The audited net loss (both before and after taxation and extraordinary items) of Beijing Huamei for the two financial years ended 31 December 2004 and 31 December 2005 were RMB2,765 and RMB467,690, respectively.

Project to be developed on the Chengdu Property

Chengdu Xinyi is the holder of the land use rights in respect of the Chengdu Property, which is situated in Guangfu Village, Huayang Town, Shuangliu County, Chengdu City, the PRC with a total area of approximately 950,004.75 sq. m. Chengdu Xinyi is an equity joint venture enterprise which was held as to 60% by NWCI, a wholly-owned subsidiary of the Company, as to 20% by Hing Pang Petroleum Chemicals (H.K.) Limited and as to 20% by Sichuan Zhongshihua Enterprise Co., Ltd., each an Independent Third Party save and except for their respective interests in Chengdu Xinyi. The Chengdu Property will be used for the development of residential premises. The costs payable by the Group in respect of the project to be developed on the Chengdu Property are estimated to be a total of approximately HK\$1,616,000,000.

The audited total asset value of Chengdu Xinyi as at 31 December 2005 was RMB36,702,015 and it has not generated any profit or incurred any loss for the two financial years ended 31 December 2004 and 31 December 2005.

Project to be developed on the Changsha Property

Hunan Success is the holder of the land use rights in respect of the Changsha Property, which is situated to the north of Laodong East Road, to the west of Huoxing Main Road, to the east of Dong Er Huan Road, and to the south of Guiyou Road, Changsha City, Hunan Province, the PRC, with a total area of approximately 671 mu (equivalent to approximately 447,333 sq. m.). Hunan Success is an equity joint venture enterprise which was held as to 90% by NWCI, a wholly-owned subsidiary of the Company, and as to 10% by Hainan Zhonghong Investments Company Limited, a connected person of the Company under the Listing Rules. The Changsha Property can be used for residential and commercial purposes. The costs payable by the Group in respect of the project to be developed on the Changsha Property are estimated to be a total of approximately HK\$1,635,000,000.

The audited total asset value of Hunan Success as at 31 December 2005 was RMB123,562,421. The audited net loss (both before and after taxation and extraordinary items) of Hunan Success for the two financial years ended 31 December 2004 and 31 December 2005 were RMB5,311,813 and RMB4,799,143, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTICIPATION AGREEMENT

The total land costs, construction costs and other project costs payable for development of the Projects are estimated to be approximately HK\$5,910 million. With the participation of Solar Leader, any contribution to the Project Companies by or on behalf of the Group to finance the development of the Projects will be shared equally between Solar Leader and the Group. In this regard, the financial commitment of the Group will be reduced, thereby enabling the Group to reserve its assets and financial resources for other potential applications but at the same time retaining a control in the management and operation of the Projects. The Directors consider that it is in the best interests of the Company to enter into the Participation Agreement with Solar Leader and NWD.

The terms of the Participation Agreement were negotiated on an arm's length basis between the Company, Solar Leader and NWD and were determined on normal commercial terms. The Directors (including the independent non-executive Directors) believe that the terms of the Participation Agreement are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

INFORMATION RELATING TO THE COMPANY

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

INFORMATION RELATING TO SOLAR LEADER

The principal business of Solar Leader includes investment holding and properties development.

INFORMATION RELATING TO NWD

The principal business of NWD includes investments in the area of property, infrastructure, services and telecommunications and technology.

DISCLOSEABLE AND CONNECTED 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 Participation Agreement constitutes a discloseable transaction for the Company which is subject to notification and publication requirements as set out in Rules 14.34 to 14.39 of the Listing Rules.

As at the date of this announcement, NWD held an attributable interest of approximately 70% in the issued share capital of the Company and Solar Leader was a wholly-owned subsidiary of NWD, the Participation Agreement therefore also constitutes a connected transaction for the Company. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 2.5%, the Participation Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules. Relevant details will also be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

NWD and its associates (as defined in the Listing Rules) will abstain from voting on the resolution to approve the Participation Agreement at the EGM and such resolution will be taken on poll pursuant to the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing details of the Participation Agreement, a letter from the independent board committee of the Company and a letter from an independent financial adviser, both advising in respect of the terms of the Participation Agreement, together with the notice of the EGM, 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:

“Beijing Huamei”	Beijing Dongfang Huamei Real Estate Development Co., Ltd. (北京東方華美房地產開發有限公司), an equity joint venture enterprise established under the laws of the PRC which is held as to 75% by Huamei Wealth (Beijing) Technology Co., Ltd. (華美財富(北京)科技有限公司), a company wholly-owned by NWDC
“Beijing Property”	the property situated in Yuzhuang Village, Gaoliying Town, Shuyi District, Beijing, the PRC, with a total area of approximately 1,590 mu (equivalent to approximately 1,060,000 sq. m.)
“Board”	the board of Directors
“Changsha Property”	the property situated to the north of Laodong East Road, to the west of Huoxing Main Road, to the east of Dong Er Huan Road, and to the south of Guiyou Road, Changsha City, Hunan Province, the PRC, with a total area of approximately 671 mu (equivalent to approximately 447,333 sq. m.)
“Chengdu Property”	the property situated in Guangfu Village, Huayang Town, Shuangliu County, Chengdu City, the PRC with a total area of approximately 950,004.75 sq. m.
“Chengdu Xinyi”	Chengdu Xinyi Real Estate Development Co., Ltd. (成都心怡房地產開發有限公司), an equity joint venture enterprise established under the laws of the PRC which was held as to 60% by NWC I
“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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Participation Agreement
“Group”	the Company and its subsidiaries
“Guiyang New World”	Guiyang New World Real Estate Co., Ltd. (貴陽新世界房地產有限公司), a limited liability company established under the laws of the PRC which is wholly-owned by Triumph Hero International Ltd., a company wholly-owned by NWDC
“Guiyang Property”	the property situated to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road, and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC, with a total area of approximately 1,670,089.26 sq. m.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hunan Success”	Hunan Success New Century Investment Company Limited (湖南成功新世紀投資有限公司), an equity joint venture enterprise established under the laws of the PRC which is held as to 90% by NWC I
“Independent Third Party”	a company which is independent of and not connected with any director, chief executive or substantial shareholder (within the meaning under the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“NWC I”	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 a wholly-owned subsidiary of the Company
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and which is the controlling shareholder (as defined in the Listing Rules) of the Company
“NWDC”	New World Development (China) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Participation Agreement”	the participation agreement dated 11 September 2006 entered into between the Company, Solar Leader and NWD in respect of Solar Leader’s participation in the Projects
“PRC”	the People’s Republic of China
“Project Companies”	Guiyang New World, Beijing Huamei, Chengdu Xinyi and Hunan Success
“Projects”	the projects to be developed on the Properties
“Properties”	Guiyang Property, Beijing Property, Chengdu Property and Changsha Property
“RMB”	Renminbi, the lawful currency of the PRC
“Solar Leader”	Solar Leader Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of NWD
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Interest”	the Company’s indirect interest in the Projects in its capacity as the sole shareholder of NWDC and NWCI
“%”	per cent.

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

Hong Kong, 11 September 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 Directors

* *independent non-executive Directors*

For the purpose of this announcement, HK\$1.00 is equivalent to RMB1.04.

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