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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)
(Stock Code: 00017)

 **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

Capital Contribution Agreement

The respective board of directors of NWD and NWCL wishes to announce that on 12th June 2006, NWDC, a wholly-owned subsidiary of NWCL, entered into the Capital Contribution Agreement with Stanley, a company wholly-owned by Mr. Doo, in respect of the increase in registered capital of Juyi, a company in which NWDC and Stanley has a 70% and 30% beneficial interest, respectively.

According to the Capital Contribution Agreement, NWDC and Stanley will make the capital contribution to Juyi in proportion to their respective beneficial interests in Juyi, and that Stanley agreed to contribute, through payment to NWDC, in the amount of RMB124,500,000 (equivalent to approximately HK\$119,711,538) upon demand and at the instructions of NWDC from time to time. The beneficial interests of NWDC and Stanley in Juyi will remain unchanged at 70% and 30%, respectively, upon completion of the capital contribution to Juyi.

Connected transaction for NWCL

As at the date of the Capital Contribution Agreement, Stanley is a company wholly-owned by Mr. Doo, hence a connected person of NWCL under the Listing Rules, the Capital Contribution Agreement therefore constitutes a connected transaction of NWCL under the Listing Rules. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is less than 2.5%, the Capital Contribution Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirement under the Listing Rules. Relevant details will also be included in the next published annual report and accounts of NWCL in accordance with Rule 14A.45 of the Listing Rules.

Connected transaction for NWD

As at the date of this announcement, NWD holds an attributable interest of approximately 70% in the issued share capital of NWCL, the Capital Contribution Agreement therefore also constitutes a connected transaction for NWD. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is less than 2.5%, the Capital Contribution Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirement under the Listing Rules. Relevant details will also be included in the next published annual report and accounts of NWD in accordance with Rule 14A.45 of the Listing Rules.

CAPITAL CONTRIBUTION AGREEMENT

The respective board of directors of NWD and NWCL wishes to announce that on 12th June 2006, NWDC, a wholly-owned subsidiary of NWCL, entered into the Capital Contribution Agreement with Stanley, a company wholly-owned by Mr. Doo, in respect of the increase in registered capital of Juyi, a company in which NWDC and Stanley has a 70% and 30% beneficial interest, respectively.

Pursuant to a resolution of the board of directors of Juyi on 8th December 2005, it was resolved that the registered capital of Juyi be increased from RMB350,000,000 (equivalent to approximately HK\$336,538,462) to RMB765,000,000 (equivalent to approximately HK\$735,576,923). Such increase in registered capital was approved by Shanghai Foreign Investment Commission (上海市外國投資工作委員會) on 28th April 2006, and will be provided within two years after the issue of a new business licence to Juyi reflecting the increase in the registered capital.

According to the Capital Contribution Agreement, NWDC and Stanley will make the capital contribution to Juyi in proportion to their respective beneficial interests in Juyi, and that Stanley agreed to contribute, through payment to NWDC, in the amount of RMB124,500,000 (equivalent to approximately HK\$119,711,538) upon demand and at the instructions of NWDC from time to time. The beneficial interests of NWDC and Stanley in Juyi will remain unchanged at 70% and 30%, respectively, upon completion of the capital contribution to Juyi.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

Juyi is a wholly foreign-owned enterprise incorporated in the PRC and is principally engaged in the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. It is beneficially owned as to 70% and 30% by NWDC and Stanley, respectively. The purpose of entering into the Capital Contribution Agreement is to set out the respective obligations of NWDC and Stanley in respect of the capital contribution to Juyi. The additional amount of registered capital to be raised by Juyi will be utilised to finance the construction of the remaining phases of Shanghai Hong Kong New World Garden undertaken by Juyi. The project will comprise a large scale development complex of high end residential premises, office premises and hotel with retail amenities upon completion.

The terms of the Capital Contribution Agreement were negotiated on an arm's length basis between NWDC and Stanley and were determined on normal commercial terms. The directors of NWD and NWCL (including their respective independent non-executive directors) believe that the terms of the Capital Contribution Agreement are fair and reasonable and in the best interests of NWD and NWCL and their respective shareholders as a whole.

CONNECTED TRANSACTION FOR NWCL

As at the date of the Capital Contribution Agreement, Stanley is a company wholly-owned by Mr. Doo, a director of NWCL, hence a connected person of NWCL under the Listing Rules, the Capital Contribution Agreement therefore constitutes a connected transaction of NWCL under the Listing Rules. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is less than 2.5%, the Capital Contribution Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirement under the Listing Rules. Relevant details will also be included in the next published annual report and accounts of NWCL in accordance with Rule 14A.45 of the Listing Rules.

CONNECTED TRANSACTION FOR NWD

As at the date of this announcement, NWD holds an attributable interest of approximately 70% in the issued share capital of NWCL, the Capital Contribution Agreement therefore also constitutes a connected transaction for NWD. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is less than 2.5%, the Capital Contribution Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirement under the Listing Rules. Relevant details will also be included in the next published annual report and accounts of NWD in accordance with Rule 14A.45 of the Listing Rules.

INFORMATION RELATING TO NWD

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

INFORMATION RELATING TO NWCL

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

INFORMATION RELATING TO NWDC

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

INFORMATION RELATING TO STANLEY

Stanley is an investment holding company incorporated in the British Virgin Islands.

INFORMATION RELATING TO JUYI

Juyi is a wholly foreign-owned enterprise incorporated in the PRC and is beneficially owned as to 70% and 30% by NWDC and Stanley, respectively. Juyi is principally engaged in the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. The net asset value of Juyi as at 31 December 2005 was approximately RMB343,953,324 (equivalent to approximately HK\$330,724,350). The net loss of Juyi for the two financial years ended 31 December 2004 and 31 December 2005 were RMB2,907,049 and RMB4,471,639, respectively (equivalent to approximately HK\$2,795,239 and HK\$4,299,653, respectively).

DEFINITIONS

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

“Capital Contribution Agreement”	the capital contribution agreement dated 12th June 2006 entered into between NWDC and Stanley in respect of the increase in registered capital of Juyi
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Juyi”	Shanghai Juyi Real Estate Development Co., Ltd, a wholly foreign-owned enterprise incorporated in the PRC and is beneficially owned as to 70% and 30% by NWDC and Stanley, respectively
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai-hoi, William, an executive director of NWCL and is the beneficial owner of several corporate substantial shareholders of certain subsidiaries of NWCL. Mr. Doo is the son-in-law of Dato’ Dr. Cheng Yu-tung, a director of NWD, and is also the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter, directors of NWD and NWCL
“NWCL”	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
“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 NWCL
“NWDC”	New World Development (China) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of NWCL
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stanley”	Stanley Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“%” per cent.

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
Ngan Man-ying, Lynda
Company Secretary

Hong Kong, 12th June 2006

At the date hereof, the board of directors of NWD comprises:

Dato’ Dr. Cheng Yu-tung, Dr. Cheng Kar-shun, Henry, Dr. Sin Wai-kin, David, Messrs. Liang Chong-hou, David and Leung Chi-kin, Stewart; Mr. Cheng Yue-pui#, Mr. Cheng Kar-shing, Peter#, Mr. Chow Kwai-cheung#, Mr. Ho Hau-hay, Hamilton# and Mr. Liang Cheung-biu, Thomas#; Lord Sandberg, Michael, Mr. Yeung Ping-leung, Howard*, Dr. Cha Mou-sing, Payson* (alternate director to Dr. Cha Mou-sing, Payson: Mr. Cha Mou-zing, Victor) and Mr. Lee Luen-wai, John**

non-executive directors of NWD

* *independent non-executive directors of NWD*

At the date hereof, the board of directors of NWCL 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 of NWCL

* *independent non-executive directors of NWCL*

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.”