

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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: 917)**

### **TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTION**

On 28 November 2014, New World Wuhan, a wholly-owned subsidiary of the Company, entered into the Termination Agreement with NWDS Hubei, a wholly-owned subsidiary of NWDS, pursuant to which New World Wuhan and NWDS Hubei agreed to terminate the Lease Agreement with effect from 1 December 2014.

As at the date of this announcement, NWDS Hubei is a wholly-owned subsidiary of NWDS which in turn is a subsidiary of NWD. NWD held an approximately 69.63% attributable interest in the issued share capital of the Company. As such, NWDS Hubei is an associate of the connected person of the Company under Rule 14A.13 of the Listing Rules. The transaction under the Termination Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for each of the Annual Rental and the compensation payable by New World Wuhan under the Termination Agreement is more than 0.1% but all of them are less than 5%, the Termination Agreement is subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **BACKGROUND**

On 12 April 2007, New World Wuhan as lessor and NWDS Hubei as lessee entered into the Lease Agreement in respect of the leasing of the Property. The Lease Agreement was governed by the Master Agreements and hence no separate announcement was published by the Company in this regard.

On 28 November 2014, New World Wuhan entered into the Termination Agreement with NWDS Hubei, the principal terms of which are summarised as follows:

## TERMINATION AGREEMENT

- Date : 28 November 2014
- Parties : New World Wuhan as lessor and NWDS Hubei as lessee
- Property : 1st Floor to 5th Floor, Wuhan New World Centre ( 武漢新世界中心 ), No. 632 Jiefang Avenue, Qiaokou District, Wuhan, Hubei, the PRC and the shops at the pedestrian street adjacent to Wuhan New World Centre ( 武漢新世界中心 )
- Date of surrender of the Property : 30 November 2014
- Compensation for early termination : A total sum of approximately RMB51,128,000 is payable by New World Wuhan to NWDS Hubei as compensation for the early termination of the Lease Agreement which breakdown is as follows:
- (i) a sum of RMB21,128,000, which represents the amount to be incurred by NWDS Hubei in relation to the compensation to existing tenants, payment to employees for loss of employment, loss of profits and other default payment; and
  - (ii) a sum of approximately RMB30,000,000, which represents the amount incurred by NWDS Hubei in respect of the refurbishment and enhancement work made to the Property. The actual compensation amount will be based on the net book value of the subsisting refurbishment and enhancement work made by NWDS Hubei to the Property as at 30 November 2014.

The amount under paragraph (i) above is payable by New World Wuhan within 14 days from the effective date of the Termination Agreement and the amount under paragraph (ii) above is payable by New World Wuhan within 14 days after the handover of the Property.

The terms of the Termination Agreement have been agreed by the parties after arm's length negotiation and are on normal commercial terms.

New World Wuhan and NWDS Hubei may negotiate for a new lease in respect of certain area of the Property after renovation subject to such terms and conditions to be agreed between the parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TERMINATION AGREEMENT**

Due to the need to renovate the Property, New World Wuhan is required to early terminate the Lease Agreement with NWDS Hubei. The Directors believe that the renovation of the Property will enhance its long-term value which will be beneficial to the business of New World Wuhan.

The Directors (including independent non-executive Directors) consider that the terms of the Termination Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole.

## **BOARD'S APPROVAL**

Dr. Cheng Kar-shun, Henry, Dr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda are common directors of NWDS and the Company. Ms. Ngan Man-ying, Lynda holds directorships in companies controlled by NWDS. None of the Directors has a material interest in the Termination Agreement, and accordingly, none of them is required to abstain from voting on the relevant board resolutions. The Termination Agreement has been approved by way of written resolutions by all Directors.

## **GENERAL INFORMATION**

The Group is principally engaged in property development, property investment and rental and hotel operation in the PRC, as well as hotel management business. New World Wuhan is principally engaged in property investment and development.

The NWDS Group is principally engaged in the business of operating department stores in the PRC. NWDS Hubei is principally engaged in department store operation in the PRC.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, NWDS Hubei is a wholly-owned subsidiary of NWDS which in turn is a subsidiary of NWD. NWD held an approximately 69.63% attributable interest in the issued share capital of the Company. As such, NWDS Hubei is an associate of the connected person of the Company under Rule 14A.13 of the Listing Rules. The transaction under the Termination Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for each of the Annual Rental and the compensation payable by New World Wuhan under the Termination Agreement is more than 0.1% but all of them are less than 5%, the Termination Agreement is subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Annual Rental”	the rental of RMB34,944,000 paid by NWDS Hubei to New World Wuhan under the Lease Agreement for the year ended 30 June 2014
“Board”	the board of Directors
“Company”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and is a subsidiary of NWD as at the date of this announcement
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors (including independent non-executive directors) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Group”	the Company and its subsidiaries
“Lease Agreement”	the lease agreement dated 12 April 2007 and its supplemental agreements entered into between New World Wuhan and NWDS Hubei in respect of the leasing of the Property for an initial term of three years and renewable for successive terms of three years until 30 November 2026
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreements”	(i) the master leasing agreement dated 1 March 2007 entered into between the Company and New World Department Stores (Holdings) Limited, which was announced by the Company on 1 March 2007; (ii) the master leasing agreement dated 22 May 2009 entered into, among other party, the Company and NWDS, which was announced by the Company on 22 May 2009; (iii) the master service agreement dated 30 April 2010 entered into between the Company and NWD, which was announced by the Company on 30 April 2010; and (iv) the master services agreement dated 21 May 2012 entered into between the Company and NWD, which was announced by the Company on 21 May 2012

“New World Wuhan”	New World Development (Wuhan) Ltd. (新世界發展(武漢)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 Main Board of the Stock Exchange, and is the holding company of the Company as at the date of this announcement
“NWDS”	New World Department Store China Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and is a subsidiary of NWD as at the date of this announcement
“NWDS Group”	NWDS and its subsidiaries from time to time
“NWDS Hubei”	Hubei New World Department Store Co., Ltd. (湖北新世界百貨有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of NWDS
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Property”	1st Floor to 5th Floor, Wuhan New World Centre (武漢新世界中心), No. 632 Jiefang Avenue, Qiaokou District, Wuhan, Hubei, the PRC and the shops at the pedestrian street adjacent to Wuhan New World Centre (武漢新世界中心) with an aggregate gross floor area of 42,000 square metres
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Termination Agreement”	the termination agreement dated 28 November 2014 entered into between New World Wuhan and NWDS Hubei for termination of the Lease Agreement

“0%”

per cent.

By Order of the Board  
**Ngan Man-ying, Lynda**  
*Company Secretary*

Hong Kong, 28 November 2014

*As at the date of this announcement, the executive directors of the Company are Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Dr. Cheng Chi-kong, Adrian, Ms. Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; and the independent non-executive directors of the Company are Dr. Cheng Wai-chee, Christopher, Hon. Tien Pei-chun, James, Mr. Lee Luen-wai, John and Mr. Ip Yuk-keung, Albert.*