
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **NEW WORLD CHINA LAND LIMITED**, you should at once hand this circular with the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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: 917)

CONTINUING CONNECTED TRANSACTIONS —
NEW MASTER SERVICES AGREEMENT

**Independent financial adviser
to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee is set out on page 13 of this circular. A letter from ICAL, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 14 to 29 of this circular.

A notice convening the EGM to be held at Meeting Rooms S226–S227 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 29 June 2011, at 10:30 a.m. is set out on pages 43 to 44 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Caps”	the estimated maximum aggregate annual values in respect of the Operational Services contemplated under the New Master Services Agreement
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the New Master Services Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	management buyout of certain subsidiaries of NWS by a company owned by Mr. Doo as to 90%, details of which were set out in the joint announcement of NWD and NWS dated 11 June 2010 and in their circulars dated 2 July 2010
“Effective Date”	1 July 2011, being the date on which the New Master Services Agreement shall become effective
“EGM”	the extraordinary general meeting of the Company to be convened at Meeting Rooms S226–S227 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 29 June 2011 at 10:30 a.m. for the purpose of considering and, if thought fit, approving the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Existing Master Services Agreement”	the agreement entered into between the Company and Mr. Doo dated 16 May 2011 in relation to the provision of certain ongoing contracting services to the Group by members of the Services Group in accordance with the operational agreements entered into prior to completion of the Disposal and which will be subsisting on the date of completion of the Disposal, details of which were set out in the announcement of the Company dated 16 May 2011
“Group”	the Company and its subsidiaries from time to time

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising Dr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John, established to advise the Independent Shareholders with regard to the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser” or “ICAL”	Investec Capital Asia Limited (formerly known as Access Capital Limited), a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Continuing Connected Transactions (including the Annual Caps)
“Independent Shareholders”	the Shareholders, other than Mr. Doo and his associates, who do not have any material interest in the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder and are not required to abstain from voting at the EGM to consider and approve the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Latest Practicable Date”	1 June 2011, being the latest practicable date prior to the bulk-printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai-hoi, William, the Vice-Chairman and a non-executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter and the uncle of Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad

DEFINITIONS

“New Master Services Agreement”	the master services agreement dated 19 May 2011 entered into between the Company and Mr. Doo in relation to the provision of the Operational Services to streamline and regulate the Continuing Connected Transactions between members of the Group and members of the Services Group arising after completion of the Disposal
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange and which holds an approximately 70% attributable interest in the Company as at the Latest Practicable Date
“NWD Group”	NWD and its subsidiaries from time to time
“NWD Independent Shareholders”	the shareholders of NWD, other than Mr. Doo and his associates, who do not have any material interest in the transactions contemplated under the NWD Master Services Agreement
“NWD Master Services Agreement”	the new master services agreement dated 19 May 2011 in relation to the operational and rental services referred to therein entered into between NWD and Mr. Doo to streamline and regulate the continuing connected transactions between members of the NWD Group and members of the Services Group which may arise after completion of the Disposal
“NWS”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659) and beneficially owned as to approximately 59.79% by NWD as at the Latest Practicable Date
“Operational Agreements”	the individual agreements in respect of the provision of any of the Operational Services which may from time to time be entered into between a member of the Services Group and a member of the Group after completion of the Disposal pursuant to the New Master Services Agreement, and “Operational Agreement” means any of them
“Operational Services”	contracting services and such other types of services as the parties may agree upon from time to time in writing to be provided by members of the Services Group to members of the Group, the initial scope of the Operational Services is set out in the paragraph headed “Provision of the Operational Services” in this circular

DEFINITIONS

“Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity which falls within the definition of “subsidiary” under the Listing Rules or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Cheng Kar-shun, Henry *GBS*

(Chairman and Managing Director)

Mr. Cheng Kar-shing, Peter

Mr. Cheng Chi-kong, Adrian

Miss Cheng Chi-man, Sonia

Mr. Cheng Chi-him, Conrad

Mr. Fong Shing-kwong, Michael

Ms. Ngan Man-ying, Lynda

Non-executive Directors:

Mr. Doo Wai-hoi, William *JP (Vice-Chairman)*

Mr. Leung Chi-kin, Stewart

Mr. Chow Kwai-cheung

Mr. Chow Yu-chun, Alexander

Independent non-executive Directors:

Dr. Cheng Wai-chee, Christopher *GBS OBE JP*

Mr. Tien Pei-chun, James *GBS JP*

Mr. Lee Luen-wai, John *JP*

Registered office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Principal place of business
in Hong Kong:*

9th Floor, New World Tower 1

18 Queen's Road Central

Hong Kong

10 June 2011

*To the Shareholders and for information purpose only,
the holders of the outstanding share options of the Company*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
NEW MASTER SERVICES AGREEMENT**

BACKGROUND

On 19 May 2011, the Company and Mr. Doo entered into the New Master Services Agreement in relation to possible execution of new Operational Agreements for the provision of the Operational Services by the relevant members of the Services Group to the relevant members of the Group for an initial term of three years commencing from the Effective Date.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW MASTER SERVICES AGREEMENT

On 19 May 2011, the Company entered into the New Master Services Agreement with Mr. Doo under the following principal terms and conditions:

- Parties: (1) the Company
- (2) Mr. Doo
- Duration: The New Master Services Agreement shall be for an initial term of three years commencing from the Effective Date.
- Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under Chapter 14A of the Listing Rules and/or any other applicable requirements under the Listing Rules and/or any other relevant laws and regulations at the relevant time, the New Master Services Agreement may be renewed for a further term of three years.
- Nature of transactions: Provision of the Operational Services by members of the Services Group to members of the Group.
- Pricing basis: As a general principle:
- the prices and terms with respect to Operational Services to be provided by member(s) of the Services Group to member(s) of the Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and terms no less favourable to the Group than prices and terms available to or from independent third parties to the Group.
- Conditions: The New Master Services Agreement is subject to (i) approval of the New Master Services Agreement and the Continuing Connected Transactions (including the Annual Caps) by the Independent Shareholders at the EGM; and (ii) the approval of the NWD Master Services Agreement and the continuing connected transactions contemplated thereunder (including the annual caps set for such transactions) by the NWD Independent Shareholders at an extraordinary general meeting to be held by NWD having been obtained.

LETTER FROM THE BOARD

Provision of the Operational Services

Under the New Master Services Agreement, it was agreed between the Company and Mr. Doo that the relevant members of the Services Group shall, to the extent practicable, provide the Operational Services to the relevant members of the Group during the term of the New Master Services Agreement.

The Operational Services to be provided under the New Master Services Agreement shall include the contracting services and such other types of services as the Company and Mr. Doo may agree upon from time to time in writing, details of the contracting services are as follows:

Contracting services	means construction, engineering and related services, including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation maintenance and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction and project management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems, system design and consultancy, security and guarding, estate management and consultancy services, computer aided drafting services, landscaping and cleaning services.
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The above mentioned engagement is subject to the following qualifications:

- (a) the engagement only applies to services required for business, projects and premises for which the relevant members of the Group have the right to select providers of the relevant Operational Services;
- (b) the engagement is not contrary to the terms of contracts governing the relevant business, projects or premises or any applicable laws, regulations or administrative directives promulgated by competent authorities to which the businesses, projects and/or premises of the relevant members of the Group or the Services Group may relate; and
- (c) in the event that the providers of certain particular Operational Services is/are to be selected through auction or tenders, the engagement shall only become effective as and when the relevant member(s) of the Services Group has/have successfully bid for such auction or tenders.

In addition to the normal procedures in selecting providers of Operational Services by tenders, (i) the Company will seek approval from the independent non-executive directors before awarding any contract to member(s) of the Services Group with contract sum exceeding HK\$100,000,000; (ii) tender documents and relevant reports of any new contracts awarded to member(s) of the Services Group will be reviewed by members of the internal audit of the Company for compliance of tendering procedures and guidelines as set out by the Group's project cost control manual; and (iii) the continuing connected transactions contemplated under the aforesaid contracts will be subject to the annual review by the external auditors of the Company in accordance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

Operational Agreements

Pursuant to the New Master Services Agreement, member(s) of the Services Group and member(s) of the Group shall, from time to time during the term of the New Master Services Agreement, enter into new separate Operational Agreement(s) in respect of the provision of the Operational Services provided that such separate agreement(s) shall always be subject to the terms of the New Master Services Agreement. In this connection, the Company and Mr. Doo have agreed that:

- (a) as a general principle:

the prices and terms of the Operational Agreements with respect to the Operational Services to be provided by member(s) of the Services Group to member(s) of the Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and terms no less favourable to the Group than prices and terms available to or from independent third parties to the Group;

- (b) subject to the general principle in (a) above, the prices and terms at which the security and guarding services to be provided shall be determined in the ordinary course of business on a cost-plus basis on terms (including prices) no less favourable than those charged to and contracted with other independent third party customers of the Services Group. The cost element includes all direct costs incurred, such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis; and

- (c) the duration of each Operational Agreement shall be in compliance with the applicable laws and regulations in force from time to time and shall be negotiated on arm's length basis.

HISTORICAL AGGREGATE TRANSACTION VALUES

Assuming completion of the Disposal, the aggregate transaction values in respect of the Continuing Connected Transactions for the financial years ended 30 June 2009 and 2010 and the six months ended 31 December 2010 were as follows:

	Aggregate transaction values		
	Financial	Financial	Six months
	year ended	year ended	ended
	30/06/2009	30/06/2010	31/12/2010
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Provision of Operational Services to members of the Group by members of the Services Group which belongs to the NWD Group prior to the completion of the Disposal	58.9	147.7	57.9

LETTER FROM THE BOARD

MAXIMUM AGGREGATE ANNUAL VALUES

The Company expects that the Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Master Services Agreement will be as follows:

	Annual Cap for each of the financial years ending 30 June		
	2012 <i>(HK\$ million)</i>	2013 <i>(HK\$ million)</i>	2014 <i>(HK\$ million)</i>
Provision of Operational Services to members of the Group by members of the Services Group	1,761	1,491	1,476

Note: The above Annual Caps do not cover the anticipated transaction value under the Existing Master Services Agreement as announced by the Company on 16 May 2011 for each of the three financial years ending 30 June 2014.

Each of the Annual Caps has been determined by reference to:

- (a) the historical annual or annualised amounts in respect of such category of the Operational Service provided by the relevant members of the Services Group (which belongs to the NWD Group prior to the completion of the Disposal) to the relevant members of the Group during the past three financial years; and
- (b) the projected annual or annualised amounts in respect of such category of the Operational Service to be provided by the relevant members of the Services Group to the relevant members of the Group in the next three financial years.

The above mentioned projected figures are determined basing on the relevant historical figures, taking into account the business growth of the Group and the estimated future demand with particular consideration to the anticipated higher level of Operational Services to be required for the construction of the Shenyang New World Centre undertaken by the Group, which is a large-scale complex development under construction and the total cost of the Operational Services to be involved during the coming three years for such project is estimated to exceed HK\$750 million annually, the inflation factor and adjustments for non recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

The Directors are of the views that the Annual Caps as stated above are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE NEW MASTER SERVICES AGREEMENT

The transactions contemplated under the New Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The above mentioned Operational Agreements will be agreed on an arm's length basis, on normal commercial terms and comparable with terms available to or from independent third parties.

The New Master Services Agreement is intended to streamline the continuing connected transactions between members of the Group and the Services Group arising from possible execution of the Operational Agreements between the Services Group and the Group. It provides a single basis on which the Company will comply with the reporting, announcement and Independent Shareholders' approval requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or renewal of the Operational Agreements in respect of the provision of the Operational Services.

The Directors are of the views that the terms of the New Master Services Agreement are fair and reasonable, and in the interests of the Company and its Shareholders as a whole, and that it is beneficial to the Company to enter into the New Master Services Agreement.

INFORMATION REGARDING MR. DOO, THE SERVICES GROUP AND THE GROUP

Mr. Doo

Mr. Doo is the Vice-Chairman and a non-executive director of the Company and a director of certain subsidiaries of the Company. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter. He is also the uncle of Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad.

The Services Group

The Services Group is principally engaged in the provision of services including laundry and landscaping, security and guarding, trading of building materials, insurance brokerage, property management, cleaning, and electrical and mechanical engineering.

The Group

The Group is principally engaged in property development, property related investment as well as rental and hotel operation in the PRC.

LISTING RULES IMPLICATIONS

Since Mr. Doo is the Director of the Company and a director of certain subsidiaries of the Company. He is therefore a connected person of the Company under the Listing Rules. Each of the members of the Services Group is an associate of Mr. Doo and hence a connected person of the Company. The entering into of the New Master Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

LETTER FROM THE BOARD

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated maximum aggregate annual values of the Continuing Connected Transactions under the New Master Services Agreement will be more than 5%, the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder will be subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

EGM

The Company will convene the EGM at 10:30 a.m. on Wednesday, 29 June 2011 at Meeting Rooms S226–S227 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong to consider and approve the New Master Services Agreement and the transactions contemplated thereunder by way of poll. A notice of the EGM is set out in Appendix II to this circular.

Under the requirements of the Listing Rules, any connected person or Shareholder and its associate with a material interest in the transaction will not vote in the EGM in approving the relevant transaction. In this regard, Mr. Doo and his associates will abstain from voting on the relevant ordinary resolution to approve the New Master Services Agreement (including the Annual Caps) at the EGM.

If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been appointed to advise the Independent Shareholders on the terms of the New Master Services Agreement. ICAL has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the New Master Services Agreement.

BOARD'S APPROVAL

None of the Directors, except Mr. Doo, has a material interest in the New Master Services Agreement. Mr. Doo did not attend and vote at the Board meeting convened for the purpose of considering the New Master Services Agreement. Moreover, Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter who present at the Board meeting approving the New Master Services Agreement, have voluntarily abstained from voting on the relevant Board resolution.

OPINION

The Directors (including the independent non-executive Directors) consider that the terms of the New Master Services Agreement are fair and reasonable, and that entering into the New Master Services Agreement is in the best interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee and the letter from ICAL set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of ICAL to the Independent Board Committee and the Independent Shareholders, respectively. Your attention is also drawn to the information as set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of
New World China Land Limited
Dr. Cheng Kar-shun, Henry
Chairman and Managing Director



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)

10 June 2011

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
NEW MASTER SERVICES AGREEMENT**

We refer to the letter from the Board set out in the circular issued by the Company to the shareholders and dated 10 June 2011 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms and conditions of the New Master Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the New Master Services Agreement is in the interests of the Company and its shareholders as a whole. ICAL has been appointed by the Company as the independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from ICAL to us and the Independent Shareholders which contains its advice to us in relation to the New Master Services Agreement as set out in the Circular.

Having considered the principal factors and reasons considered by, and the opinion of, ICAL as set out in its letter of advice, we consider the terms and conditions of the New Master Services Agreement and the proposed annual caps in relation to the Operational Services to be fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the New Master Services Agreement is in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution approving the New Master Services Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
Independent Board Committee
Dr. Cheng Wai-chee, Christopher,
Mr. Tien Pei-chun, James and
Mr. Lee Luen-wai, John

LETTER FROM ICAL

The following is the text of the letter of advice from ICAL to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular



Investec Capital Asia Ltd
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10 June 2011

*To the Independent Board Committee and
the Independent Shareholders of New World China Land Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the continuing connected transactions pursuant to the New Master Services Agreement and the respective estimated maximum aggregate annual values in respect of the Operational Services contemplated thereunder for each of the three financial years ending 30 June 2014, details of which are set out in the “Letter from the Board” contained in the circular dated 10 June 2011 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise specifies.

On 19 May 2011, the Company and Mr. Doo, a connected person of the Company, entered into the New Master Services Agreement in relation to possible execution of new Operational Agreements for the provision of the Operational Services by the relevant members of the Services Group to the relevant members of the Group for an initial term of three years commencing from the Effective Date.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated maximum aggregate annual values (i.e., the Annual Caps) of the Continuing Connected Transactions under the New Master Services Agreement will be more than 5%, the New Master Services Agreement and the Continuing Connected Transactions contemplated thereunder will be subject to the reporting, announcement, Independent Shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

LETTER FROM ICAL

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of (i) seven executive Directors, namely Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (ii) four non-executive Directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung and Mr. Chow Yu-chun, Alexander; and (iii) three independent non-executive Directors, namely Dr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John, has been established to advise the Independent Shareholders as to whether the terms of the New Master Services Agreement and the transactions contemplated thereunder were entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole and whether the terms of the New Master Services Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the New Master Services Agreement and the transactions contemplated thereunder for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations provided to us by the Company and/or its management staff (the "Management") and/or the executive Directors. We have assumed that all such statements, information, opinions and representations provided or made or given by the Company and/or the Management and/or the executive Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of this letter. We have assumed that all the opinions and representations made or provided by the executive Directors and/or the Management to us have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the executive Directors that no material facts have been omitted from the information provided.

We consider that we have reviewed sufficient currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or the Management and/or the executive Directors or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company, the Service Group or any of their respective subsidiaries.

LETTER FROM ICAL

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Principal activities and background of the Group

The Group is principally engaged in property development, property related investment as well as rental and hotel operation in the PRC. The financial results of the Group for the six months ended 31 December 2010 (the “Interim Period”), as extracted from the interim report of the Company for the six months period ended 31 December 2010 (the “Interim Report”), and each of the two years ended 30 June 2010, as extracted from the annual report of the Company for the financial year ended 30 June 2010 (“2010 Annual Report”) are summarised in Table A below:

Table A: Summary financial information of the Group

	For the six months ended 31 December 2010	For the year ended 30 June	
	2010	2010	2009
	<i>HK\$ million</i> <i>(Unaudited)</i>	<i>HK\$ million</i> <i>(Audited)</i>	<i>HK\$ million</i> <i>(Audited)</i>
Revenue	5,927.8	6,340.8	2,038.6
Cost of sales	(3,828.4)	(4,808.5)	(1,336.9)
Gross profit	2,099.4	1,532.3	701.8
Changes in fair value of investment properties	255.2	169.3	135.2
Profit for the period/year	1,562.0	2,641.2	1,294.2
Attributable to			
Shareholders of the Company	1,508.4	2,636.4	1,359.4
Non-controlling interests	53.6	4.7	(65.1)
	As at	As at 30 June	
	31 December	2010	2009
	2010	2010	2009
	<i>HK\$ million</i> <i>(Unaudited)</i>	<i>HK\$ million</i> <i>(Audited)</i>	<i>HK\$ million</i> <i>(Audited)</i>
Non-current assets	36,511.1	35,825.0	32,838.7
Current assets	36,316.6	33,158.3	21,553.0
Net current assets	21,407.4	21,922.2	11,115.3
Net assets	40,951.4	39,404.4	32,036.9

LETTER FROM ICAL

Six months ended 31 December 2010

As set out in the Interim Report, profit attributable to the Shareholders was approximately HK\$1,508.4 million for the Interim Period, representing an increase of approximately HK\$568.1 million, being approximately 60.4% over that of the corresponding period in the prior year. Such increase in the profit attributable to Shareholders is largely attributable to (i) an increase in the sale of properties of approximately HK\$2,866.4 million; and (ii) increase in gross profit margin from approximately 19.7% to 35.4% partly due to change in revenue mix. However, the aforesaid increase was partially off-set by a reduction in other gains of approximately HK\$674.6 million and an increase in taxation charge of approximately HK\$579.3 million.

Year ended 30 June 2010

As set out in the 2010 Annual Report, profit attributable to Shareholders was approximately HK\$2,636.4 million for the year ended 30 June 2010, representing an increase of approximately HK\$1,277.0 million or approximately 93.9% increase over that of the corresponding period in the prior year. The aforesaid increase was largely attributable to, (i) an increase in the sale of properties of approximately HK\$4,082.1 million; and (ii) an increase in the share of results of jointly controlled entities of approximately HK\$370.3 million. However, the aforesaid increase was partially off-set by the reduction in gross profit margin from approximately 34.4% to 24.2% and an increase in taxation charge of approximately HK\$449.8 million.

The Management advised that the Operational Services to be provided by the Services Group members will be primarily related to the Group's property sales operation, rental operation and hotel operation.

As set out in the Interim Report, the attributable operating profit for each of the aforesaid operation is as follows:

Table B: Attributable operating profit of the Group

Attributable operating profit ("AOP"):	6 months ended		Financial year ended	
	31 December		30 June	
	2010	2009	2010	2009
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
— Property sales operation	1,815.3	362.6	1,450.1	592.3
— Rental operation	213.8	231.8	489.6	488.0
— Hotel operation	<u>(20.6)</u>	<u>(56.8)</u>	<u>(97.7)</u>	<u>(122.5)</u>
Combined AOP of the above operations before finance costs and taxation charge	2,008.5	537.6	1,842.0	957.8
Total Group AOP before finance costs and taxation charge	1,984.2	515.6	1,812.1	928.8
Total Group AOP	1,415.7	1,092.1	3,044.0	1,644.5

LETTER FROM ICAL

As set out in Table B above, the Group's property sales operation and rental operation has positive AOP throughout the interim periods/financial years under review. The hotel operation operated at a slight negative AOP of approximately HK\$20.59 million, nonetheless it was an improvement from an AOP loss of approximately HK\$56.8 million recorded in the corresponding period last year. The continuing improvement in operating results from hotel operation was attributable to the continuing growth in hotel performance and gross operating profit of the Group's hotels. The combined AOP of the abovementioned operations are approximately HK\$2,008.5 million for the Interim Period and approximately HK\$1,842.0 million for the year ended 30 June 2010.

Furthermore, we also analysis the Group's property development portfolio and hotel portfolio, details of which are as follows:

Details of the Group's property development portfolio

During the six months ended 31 December 2010, the Group has completed five property development projects in Shenyang, Shanghai, Guangzhou and Guiyang with a total gross floor area ("GFA") of approximately 754,970 square metres ("sq. m."), representing approximately 143% increase year-on-year.

Development property projects completed in first half of FY2011	Usage	Total GFA (sq.m.)	Group's interest
Shenyang New World Garden Phase II A (瀋陽新世界花園二期A)	R, C, O	467,846	90%
Shanghai Zhongshan Square (上海中山廣場)	C, O, P	142,074	100%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	57,337	100%
Guangzhou Park Paradise Phase II E (廣州嶺南新世界二期E)	R	33,819	100%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	<u>53,894</u>	50%
Total		<u><u>754,970</u></u>	

R: Residential

C: Commercial

O: Office

P: Carpark

LETTER FROM ICAL

For the second half of the financial year ending 30 June 2011, the Group plans to complete six projects with a total GFA of 610,297 sq.m..

Properties to be completed in second half of FY2011	Usage	Total GFA (sq.m.)	Group's interest
Anshan New World Garden Phase I A (鞍山新世界花園一期A)	R, C	111,155	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	148,330	60%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	141,547	30%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	94,755	50%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C	86,191	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	<u>28,319</u>	63%
Total		<u><u>610,297</u></u>	

Details of the Group's hotel portfolio

The Group's hotel portfolio comprises seven hotels with 2,547 rooms as at 31 December 2010.

Hotel portfolio	Number of rooms
pentahotel Beijing (北京貝爾特酒店) (formerly known as Courtyard by Marriot Beijing)	299
New World Mayfair Hotel Shanghai (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	259
New World Hotel Shenyang (瀋陽新世界酒店)	258
New World Hotel Dalian (大連新世界酒店)	429
New World Hotel Wuhan (武漢新世界酒店)	327
New World Hotel Shunde (順德新世界酒店)	<u>370</u>
Total	<u><u>2,547</u></u>

2. Information regarding Mr. Doo and the Services Group

As stated in the "Letter from the Board", Mr. Doo is the vice-Chairman and a non-executive director of the Company and a director of certain subsidiaries of the Company. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter. He is also the uncle of Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad.

LETTER FROM ICAL

Since Mr. Doo is the Director and a director of certain subsidiaries of the Company. He is therefore a connected person of the Company under the Listing Rules. Each of the members of the Services Group is an associate of Mr. Doo and hence a connected person of the Company.

The Services Group is principally engaged in the provision of services including laundry and landscaping, security and guarding, trading of building materials, insurance brokerage, property management, cleaning; and electrical and mechanical engineering, the details of Services Group members are as follows:

Table C: Summary information of the Service Group members

Service Group members	Principal activities
NWS Facility Services Limited	Provision of property management, security and guarding services, laundry and landscaping services
NWS Engineering Group Limited	Provision of mechanical and electrical engineering services, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance systems
Waihong Environmental Services Limited	Provision of cleaning services

3. New Master Services Agreement

3.1 Basis and reasons for the New Master Services Agreement

As set out in the “Letter from the Board”, the transactions contemplated under the New Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The Operational Agreements will be agreed on an arm’s length basis, on normal commercial terms and comparable with terms available to or from independent third parties.

The New Master Services Agreement is intended to streamline the continuing connected transactions between members of the Group and the Services Group arising from possible execution of the Operational Agreements between the Services Group and the Group. It provides a single basis on which the Company will comply with the reporting, announcement and Independent Shareholders’ approval requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or renewal of the Operational Agreements in respect of the provision of the Operational Services.

LETTER FROM ICAL

In addition to the aforesaid reasons and benefits, the Management also considered the following factors as set out below.

Labour intensive businesses

The Operational Services under the New Master Services Agreement to be provided by members of the Services Group will primarily be related to contracting services. Contracting services are considered to be labour intensive services which require the up keeping of a large highly trained and qualified workforce under a stringent regulatory environment and that the provision of the contracting services is not considered to be part of the Group's core business. Furthermore, entering into the New Master Services Agreement allows the Group to have the flexibility, but not the obligation, to appoint Services Group members to provide Operational Services to the members of the Group which would enable the Group to allocate its resources and focus on other key business of the Group.

Qualifications and experience in the provision of Operational Services

The Services Group members have been established over a decade, and they have established a reputation in their respective industry and accumulated valuable industrial expertise. Their clientele ranged from listed companies, multinationals to small and medium enterprises across various industries. Relevant members of the Group receiving the Operational Services have been satisfied with the competence of the Services Group members in the provision of the Operational Services.

Having considered the qualifications and experience, the Management is of the view that the Services Group members are capable and suitable to be considered for the continuation of provision of Operational Services to members of the Group.

Given the track record of the Services Group members on the provision of the Operational Services to the Group members for over a decade prior to the Disposal, we concur with the Directors' view that the Services Group members possess the requisite skill and experience to continue its provision of Operational Services to the members of the Group under the New Master Services Agreement, the terms of which will be subject to (i) the qualifications as set out under paragraph headed "Provision of the Operational Services"; and (ii) the terms and pricing policies as set out under paragraph headed the "Operational Agreements", set out in the "Letter from the Board", respectively.

LETTER FROM ICAL

3.2 *Principal terms of the New Master Services Agreement*

Parties:	(1) the Company (2) Mr. Doo
Duration:	The New Master Services Agreement shall be for an initial term of three years commencing from the Effective Date, which may be renewed for a further term of three years subject to the relevant Listing Rules and/or any other relevant laws and regulations at the relevant time
Nature of transactions:	Provision of the Operational Services by members of the Services Group to members of the Group
Pricing basis:	As a general principle, the prices and terms with respect to Operational Services provided by member(s) of the Services Group to member(s) of the Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and terms no less favourable to the Group than prices and terms available to or from independent third parties to the Group
Conditions:	The New Master Services Agreement is subject to (i) approval of the New Master Services Agreement and the Continuing Connected Transactions (including the Annual Caps) by the Independent Shareholders at the EGM; and (ii) the approval of the NWD Master Services Agreement and the continuing connected transactions contemplated thereunder (including the annual caps set for such transactions) by the NWD Independent Shareholders at an extraordinary general meeting to be held by NWD) having been obtained

LETTER FROM ICAL

3.3 Operational Services by members of the Services Group to members of the Group

The Operational Services to be provided under the New Master Services Agreement shall include the contracting services and such other types of services as the Company and Mr. Doo may agree upon from time to time in writing, details of the contracting services are as follows:

Operational Services	Description of services
Contracting Services	construction, engineering and related services, including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation maintenance and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction and project management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems, system design and consultancy, security and guarding, estate management and consultancy services, computer aided drafting services, landscaping and cleaning services

The above-mentioned engagement is subject to a list of qualifications, details of which is set out in the “Letter from the Board”.

In connection with the contracting services relating to the supply of construction and building equipment and materials, electrical and mechanical engineering and related services, we understand from the Management that the relevant members of the Services Group normally act as the subcontractors and/or project managers to the Group’s property development projects.

With a view to govern different aspects of cost controls of its projects, including those related to contracting services, the Company has a project cost control manual* (項目成本控制指引) which sets out its tender procedures, including guidelines for, among other things, format of a tender, selection and number of tenderers to invite for tender being no less than three qualified tenderers, qualification evaluation, factors to consider in determining the winning tender and contents to be included in a tender evaluation report. As part of the qualification evaluation of the tender procedures, the Company would evaluate, among other criteria, background, qualification, historical performance, track record, reputation, financial standing and operational capabilities of the tenderers.

LETTER FROM ICAL

We have reviewed, on a sample basis, project tender documents and noted that where the tender was awarded to member of the Services Group, the terms offered by the relevant member of the Services Group to the Company are no less favourable than terms available from independent third parties of the Group under the sampled tender. In addition, we also noted from information provided by the Management that on a number of occasions where members of the Services Group participated in tenders for the provision of certain contracting services in 2010 and 2011, they were not awarded with the relevant contract as another tenderer offered more favourable terms to the Company.

We also noted from the “Letter from the Board” that, in addition to the normal procedures in selecting providers of Operational Services by tenders, (i) the Company will seek approval from the independent non-executive Directors before awarding any contract to member(s) of the Services Group with contract sum exceeding HK\$100,000,000; (ii) tender documents and relevant reports of any new contracts awarded to member(s) of the Services Group will be reviewed by members of the internal audit of the Company for compliance of tendering procedures and guidelines as set out by the Group’s project cost control manual; and (iii) the continuing connected transactions contemplated under the aforesaid contracts will be subject to the annual review by the external auditors of the Company in accordance with the requirements of the Listing Rules.

In connection with the contracting services relating to non-construction and non-engineering related services, such as landscaping and cleaning services and security and guarding services, we reviewed a sample of contracts entered into between certain members of the Group and the Services Group and reviewed terms available from Independent Third Parties for services of similar types and nature in each of the abovementioned services. Based on our review of the aforesaid documents, we consider that the samples reviewed were at prices and terms in line with those available from independent third parties.

The Management advised that Operational Services provided by members of the Services Group had been conducted in the ordinary and usual course of business of the relevant members of the Group which received such services.

LETTER FROM ICAL

3.4 Rationale for determining the Annual Caps

Historical transaction values

As set out in the “Letter from the Board”, the aggregate transaction values in respect of the Operational Services provided by the Services Group for the financial years ended 30 June 2009 and 2010 and the six months ended 31 December 2010 were as follows:

Table D: Historical transaction values

	Aggregate transaction values		
	Financial year ended		6 months
	30 June		ended
	2009	2010	31 December
	HK\$ million	HK\$ million	2010
			HK\$ million
Provision of Operational Services to members of the Group by members of the Services Group which belongs to the NWD Group prior to the completion of the Disposal	58.9	147.7	57.9

Historical transaction values for Operational Services

As set out in Table D above, the aggregate transaction value for the Operational Services increased by HK\$88.8 million, from HK\$58.9 million for the year ended 30 June 2009 to HK\$147.7 million for the year ended 30 June 2010, representing an increase of approximately 150.8%. We understand from the Management that the aforesaid increase is mainly attributable to certain sizeable projects being undertaken in numerous PRC cities, including but not limited to, Shanghai, Chengdu and Wuhan. We noted that the historical transaction values for the Operational Services may be distorted by a fluctuation in the number and size of projects undertaken in a given financial year.

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The following sets out the proposed Annual Caps for the Continuing Connected Transactions for each of the three financial years ending 30 June 2014:

Table E: Annual Caps for each of the three financial years ending 30 June 2014

	Annual Cap for each of the financial years ending 30 June		
	2012	2013	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Provision of Operational Services to members of the Group by members of the Services Group	1,761	1,491	1,476

Note: The above Annual Caps do not cover the anticipated transaction value under the Existing Master Services Agreement as announced by the Company on 16 May 2011 for each of the three financial years ending 30 June 2014

As stated in the “Letter from the Board”, each of the Annual Caps has been determined by reference to, (i) the historical annual or annualised amounts in respect of such category of the Operational Services provided by the relevant members of the Services Group (which belongs to the NWD Group prior to the completion of the Disposal) to the relevant members of the Group during the past three financial years; and (ii) the projected annual or annualised amounts in respect of such category of Operational Services to be provided by the relevant members of the Services Group to the relevant members of the Group in the next three financial years.

The above mentioned projected figures are based on the relevant historical figures, taking into account the business growth of the Group and the estimated future demand with particular consideration to the anticipated higher level of Operational Services to be required for the construction of the Shenyang New World Centre* (瀋陽新世界中心) undertaken by the Group, which is a large-scale complex development under construction and the total cost of the Operational Services to be involved during the coming three years for such project is estimated to exceed HK\$750 million annually, the inflation factor and adjustments for non recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

In assessing the fairness and reasonableness of the Annual Caps, we have considered the above, reviewed and discussed the information provided by the Management, including a schedule which sets out the expected tender values in relation to contracting services on a project-by-project basis and a buffer for the year ending 30 June 2012.

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Based on the aforesaid schedule, we noted that numerous large-scale complex projects, involving substantial contracting services, are scheduled to be undertaken in the three financial years ending 30 June 2014 in various PRC cities, including but not limited to, Beijing, Chengdu and Wuhan, details of the aforesaid projects (the “Projects”) are set out below:

Table F: Information on the Projects

Description of the Projects	Nature of the Projects	Approximately gross floor area [#] (sq.m.)
Beijing New View Garden Commercial Centre* (北京新景商務樓)	Commercial complex	70,000
Beijing Xin Yu Commercial Centre* (北京新裕商務樓)	Commercial complex	122,000
Beijing Yuzhuang* (北京于莊)	Residential development	102,000
Chengdu New World Riverside* (成都河畔新世界)	Residential, commercial complex and hotel development	3,100,000
Langfang New World* (廊坊新世界)	Residential, commercial complex and hotel development	370,000
New World Beijing Hotel* (北京祈連殿酒店)	Hotel development	53,000
Shenyang New World Centre* (瀋陽新世界中心)	Residential, exhibition Centre, commercial complex, offices and hotel development	1,192,000
Tangshan New World* (唐山新世界)	Residential and commercial complex	255,000
Tianjin Xin Hui Hua Ting* (天津新匯華庭)	Residential and commercial complex	305,000
Wuhan K11 Gourmet Tower Phase 2* (武漢新食藝2期)	Commercial complex	64,000
Wuhan Guanggu New World Centre* (武漢光谷新世界中心)	Commercial complex	319,000

* *for identification purposes only*

gross floor area of the entire site

We have discussed the basis and assumptions made in relation to the Annual Cap for the year ending 30 June 2012 with the Management and noted that the relevant Annual Cap was based on the estimated value of contracting services that may be awarded by the Group and is arrived at according to (i) a development plan which sets out the scope of work including those related to contracting services and a scheduled timetable for each of the Projects, save for Tianjin Xin Hui Hua Ting which is scheduled to commence during the year ending 30 June 2013; (ii) the estimated quantity of contracting services required and the price of such services, with reference to the prevailing market prices after factoring into expected rise in labour costs, material costs due to escalating price of underlying materials; and (iii) a buffer.

The basis for determining the Annual Caps for the two years ending 30 June 2014 are also made with reference to (i) the development plan and scheduled timetable of each of the Projects, save for the Wuhan K11 Gourmet Tower Phase 2 which is scheduled to complete

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during the year ending 30 June 2014 when determining the Annual Cap for the year ending 30 June 2014; (ii) the estimated quantity of contracting services required and the price of such services, with reference to the aforesaid factors; and (iii) a buffer.

The Annual Cap for the years ending 30 June 2013 and 2014 for the Operational Services is HK\$1,491 million and HK\$1,476 million, respectively. Such represents a year-on-year decrease of approximately HK\$270 million and HK\$15 million, respectively. The year-on-year decrease in Annual Cap for the year ending 30 June 2013 relates to the reduction in the expected contracting services to be tendered for New World Beijing Hotel, Beijing Xin Yu Commercial Centre and Wuhan New World Guanggu Centre.

Shareholders should be aware that the actual utilization and sufficiency of the Annual Caps would depend on a host of factors, including but not limited to, the relevant tenders may or may not be granted to member(s) of the Services Group, the progress of the schedule related to each of the Projects and the scope of work. In this regard, we understand from the Management that the Company will actively monitor the progress and utilization of the Annual Caps to ensure compliance with the Listing Rules from time to time.

V. RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the basis and reasons for the New Master Services Agreement;
- (ii) the engagement of Services Group members for the provision of Operational Services, subject to the award of the relevant tender, enables the Group to carried out its property sales operation, rental operation and hotel operation smoothly and such operations are a furtherance of the Group's core business;
- (iii) the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms that are no less favourable than those prices and terms available to or from independent third parties to the Group; and
- (iv) the value of, and the basis for determining, the Annual Caps are reasonable, details of which are set out in the section headed "3.4 Rationale for determining the Annual Caps".

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Based on the above consideration, we are of the opinion that the New Master Services Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which including the Annual Caps of the underlying transactions are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders to vote in favour of the ordinary resolution to approve the New Master Services Agreement and the Annual Caps of the underlying transactions contemplated under the New Master Services Agreement at the EGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executives of the Company

As at Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

(I) *Interests and short positions in the Shares, underlying Shares and debentures of the Company*

(a) *Long position in issued Shares*

Name of Director	Number of Shares			Total	Percentage to the issued share capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
Dr. Cheng Kar-shun, Henry	18,750,000	2,925,000	78,406,800 ⁽¹⁾	100,081,800	1.74
Mr. Doo Wai-hoi, William	13,125,000	—	52,258,400 ⁽²⁾	65,383,400	1.13
Miss Cheng Chi-man, Sonia	168,400	—	—	168,400	0.00
Mr. Leung Chi-kin, Stewart	790,000	—	—	790,000	0.01
Mr. Chow Kwai-cheung	126	—	—	126	0.00
Mr. Chow Yu-chun, Alexander	9,825,000	—	—	9,825,000	0.17
Mr. Fong Shing-kwong, Michael	2,187,250	—	—	2,187,250	0.04
Ms. Ngan Man-ying, Lynda	600,000	—	—	600,000	0.01
Dr. Cheng Wai-chee, Christopher	83,600	—	—	83,600	0.00
Mr. Tien Pei-chun, James	83,600	—	—	83,600	0.00
Mr. Lee Luen-wai, John	83,600	—	—	83,600	0.00

Notes:

- These Shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
- These Shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.

(b) *Long position in underlying Shares*

Under the share option scheme of the Company adopted on 26 November 2002, share options were granted to the undermentioned Directors which entitle them to subscribe for Shares and accordingly they are regarded as interested in the underlying Shares. Details of the share options held by them as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period (note)	Number of share options	Exercise price per Share HK\$
Dr. Cheng Kar-shun, Henry	29 December 2008	(1)	1,791,045	1.340
	18 January 2011	(2)	2,000,000	3.154
Mr. Doo Wai-hoi, William	29 December 2008	(1)	727,612	1.340
	18 January 2011	(2)	800,000	3.154
Mr. Cheng Kar-shing, Peter	29 December 2008	(1)	727,612	1.340
	18 January 2011	(2)	800,000	3.154
Mr. Cheng Chi-kong, Adrian	25 July 2006	(3)	371,194	2.559
	29 December 2008	(4)	337,284	1.340
	18 January 2011	(2)	1,500,000	3.154
Miss Cheng Chi-man, Sonia	29 December 2008	(5)	755,821	1.340
Mr. Leung Chi-kin, Stewart	29 December 2008	(1)	127,910	1.340
	18 January 2011	(2)	200,000	3.154
Mr. Chow Kwai-cheung	29 December 2008	(1)	167,910	1.340
	18 January 2011	(2)	200,000	3.154
Mr. Chow Yu-chun, Alexander	29 December 2008	(1)	559,701	1.340
	18 January 2011	(2)	500,000	3.154
Mr. Fong Shing-kwong, Michael	29 December 2008	(4)	43,933	1.340
	18 January 2011	(2)	500,000	3.154
Ms. Ngan Man-ying, Lynda	29 December 2008	(6)	507,463	1.340
	18 January 2011	(2)	1,000,000	3.154
Dr. Cheng Wai-chee, Christopher	29 December 2008	(1)	252,221	1.340
	18 January 2011	(2)	300,000	3.154
Mr. Tien Pei-chun, James	29 December 2008	(1)	252,221	1.340
	18 January 2011	(2)	300,000	3.154
Mr. Lee Luen-wai, John	29 December 2008	(1)	252,221	1.340
	18 January 2011	(2)	300,000	3.154

Notes:

1. Divided into 4 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
2. Divided into 5 tranches, exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
3. Divided into 5 tranches, exercisable from 26 August 2006, 26 August 2007, 26 August 2008, 26 August 2009 and 26 August 2010, respectively to 25 August 2011.
4. Divided into 2 tranches, exercisable from 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
5. Divided into 5 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.
6. Divided into 3 tranches, exercisable from 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.

(II) *Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company*(a) *Long position in the shares of the associated corporations of the Company*

	Number of shares			Total	Percentage to the relevant issued share capital at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.01
Mr. Doo Wai-hoi, William	—	—	1,000,000 ⁽¹⁾	1,000,000	0.03
Mr. Leung Chi-kin, Stewart	134,538	—	—	134,538	0.00
Mr. Chow Kwai-cheung	57,561	—	—	57,561	0.00
Mr. Fong Shing-kwong, Michael	208,788	—	—	208,788	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	13,768,798	—	12,000,000 ⁽²⁾	25,768,798	0.76
Mr. Doo Wai-hoi, William	3,009,849	—	13,695,000 ⁽¹⁾	16,704,849	0.49
Mr. Cheng Kar-shing, Peter	343,750	—	5,074,520 ⁽³⁾	5,418,270	0.16
Mr. Leung Chi-kin, Stewart	3,000,000	—	—	3,000,000	0.09
Mr. Chow Kwai-cheung	14,033	—	—	14,033	0.00
Mr. Fong Shing-kwong, Michael	2,431,060	—	—	2,431,060	0.07
Dr. Cheng Wai-chee, Christopher	1,301,029	—	—	1,301,029	0.04
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 ⁽⁴⁾	1,107,000	0.07
Miss Cheng Chi-man, Sonia	92,000	—	—	92,000	0.01
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 ⁽⁵⁾	15,869	27.41
Elite Master Holdings Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 ⁽⁶⁾	1	100.00
Mega Choice Holdings Limited (in liquidation)					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	420,585,070 ⁽²⁾	420,585,070	34.61
NWS Engineering Group Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	50,000,000 ⁽⁶⁾	50,000,000	100.00
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 ⁽⁷⁾	3,650,000	45.63

	Number of shares				Percentage to the relevant issued share capital at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
Sun Legend Investments Limited (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 ⁽⁸⁾	500	50.00
Waihong Cleaning Limited (Ordinary shares of HK\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 ⁽⁶⁾	1	100.00
YE Holdings Corporation (Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
- These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
- These shares are beneficially owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
- 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited (“Sun City”), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
- These shares are deemed interest held by a company, which is 90% owned by Mr. Doo Wai-hoi, William, under contracts to acquire such interests and is subject to completion of all conditions contained therein.
- These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
- Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

(b) *Long position in underlying shares in the associated corporations of the Company*

(i) NWD

Under the share option scheme of the holding company, NWD, the following directors have personal interests in share options to subscribe for shares in NWD and are accordingly regarded as interested in the underlying shares of NWD. Details of the share options of NWD held by them as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	19 March 2007	(note 1)	36,714,392	17.652
Mr. Cheng Kar-shing, Peter	19 March 2007	(note 1)	201,172	17.652
		(note 2)	1,207,047	17.652
Mr. Cheng Chi-kong, Adrian	19 March 2007	(note 2)	502,935	17.652
Mr. Leung Chi-kin, Stewart	19 March 2007	(note 1)	35,708,517	17.652
Mr. Chow Kwai-cheung	19 March 2007	(note 2)	1,207,047	17.652
Mr. Chow Yu-chun, Alexander	19 March 2007	(note 2)	1,508,809	17.652
Mr. Fong Shing-kwong, Michael	19 March 2007	(note 3)	603,522	17.652
Mr. Lee Luen-wai, John	19 March 2007	(note 1)	301,760	17.652

Notes:

1. Exercisable from 19 March 2007 to 18 March 2012.
2. Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011, respectively to 18 March 2012.
3. Divided into 3 tranches exercisable from 19 March 2009, 19 March 2010 and 19 March 2011, respectively to 18 March 2012.

(ii) NWS

Under the share option scheme of NWS, the following Directors have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS held by them as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	21 August 2007	(note 1)	1,821,548	10.672
		(note 2)	2,732,323	10.672
Mr. Doo Wai-hoi, William	21 August 2007	(note 1)	1,214,363	10.672
		(note 2)	1,821,551	10.672
Dr. Cheng Wai-chee, Christopher	21 August 2007	(note 1)	364,307	10.672
		(note 2)	546,464	10.672

Notes:

1. Exercisable from 21 August 2008 to 20 August 2012.
2. Divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011, respectively to 20 August 2012.

(iii) New World Department Store China Limited

Under the share option scheme of a fellow subsidiary, New World Department Store China Limited (“NWDS”), the following Directors have personal interests in share options to subscribe for shares in NWDS and are accordingly regarded as interested in the underlying shares of NWDS. Details of the share options of NWDS held by them as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	27 November 2007	(note)	1,000,000	8.660
Mr. Cheng Chi-kong, Adrian	27 November 2007	(note)	500,000	8.660
Ms. Ngan Man-ying, Lynda	27 November 2007	(note)	500,000	8.660

Note: Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012, respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.

(c) *Long position in debentures*

The following Director has interest in the debentures issued by a wholly-owned subsidiary of NWD, Fita International Limited (“Fita”). Details of the debentures of Fita held by him as at the Latest Practicable Date are as follows:

Name of Director	<u>Amount of debentures in USD issued by Fita</u>			Percentage to the total debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Total	
Mr. Lee Luen-wai, John	1,000,000	1,000,000	2,000,000	0.27

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed

to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(III) Directors' interests in competing business

As at the Latest Practicable Date, the following Directors have interests in the following businesses (“Competing Businesses”) which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group pursuant to the Listing Rules:

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar-shun, Henry	Centennial Success Limited (“CSL”) group of companies	Property investment and development, hotel operation and transport	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Supreme Harvest Development Limited group of companies	Property investment and development in Shanghai	Director
Mr. Doo Wai-hoi, William	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
	Golden Wealth Investment Limited group of companies	Property investment and development in Shanghai	Shareholder and Director
Mr. Cheng Kar-shing, Peter	Guilherme Holdings (Hong Kong) Limited group of companies	Property development and other investment	Shareholder and Director
	CSL group of companies	Property investment and development, hotel operation and transport	Director

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Mr. Cheng Kar-shing, Peter	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
Mr. Cheng Chi-kong, Adrian	CSL group of companies	Property investment and development, hotel operation and transport	Director
	Cheung Hung Development (Holdings) Limited (“Cheung Hung”) group of companies	Property investment and development	Director
Mr. Cheng Chi-him, Conrad	Cheung Hung group of companies	Property investment and development	Director
Mr. Chow Yu-chun, Alexander	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Cheung Hung group of companies	Property investment and development	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	Mr. Fong Shing-kwong, Michael	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology
Cheung Hung group of companies		Property investment and development	Director

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Mr. Fong Shing-kwong, Michael	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Morning Star Resources Limited	Property development	Shareholder
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	Director
Ms. Ngan Man-ying, Lynda	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Cheung Hung group of companies	Property investment and development	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Company does not rely on any of the Competing Businesses in the carrying on of the Company's business. The Directors are of the view that the Company is capable of carrying on its business independently of, and at arm's length from the Competing Businesses.

(IV) Other Directors' interests

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group respectively, since 30 June 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

Save for the Existing Master Services Agreement and the New Master Services Agreement entered into between the Company and Mr. Doo, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant to the business of the Group.

As at the Latest Practicable Date, the following Directors are also directors of the following companies, each of which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder
Dr. Cheng Kar-shun, Henry	Cheng Yu Tung Family (Holdings) Limited Centennial Success Limited Chow Tai Fook Enterprises Limited NWD
Mr. Cheng Kar-shing, Peter	Cheng Yu Tung Family (Holdings) Limited Centennial Success Limited Chow Tai Fook Enterprises Limited NWD
Mr. Cheng Chi-kong, Adrian	NWD
Mr. Leung Chi-kin, Stewart	NWD
Mr. Chow Kwai-cheung	NWD
Mr. Lee Luen-wai, John	NWD

Substantial shareholders of the Company

As at the Latest Practicable Date, so far as the Directors are aware, each of the following persons, not being a Director or chief executive of the Company, had an interest in the Shares which falls to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

Long position in issued Shares

Name	Number of Shares			Percentage to the issued share capital as at the Latest Practicable Date
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited (“CYTF”) (Note 1)	—	4,061,034,137	4,061,034,137	70.48
Centennial Success Limited (“CSL”) (Note 1)	—	4,061,034,137	4,061,034,137	70.48
Chow Tai Fook Enterprises Limited (“CTF”) (Note 2)	—	4,061,034,137	4,061,034,137	70.48
NWD (Note 3)	3,806,449,096	254,585,041	4,061,034,137	70.48

Notes:

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the Shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the Shares in which NWD is interested or deemed to be interested.
3. The number of Shares held under the corporate interests of NWD includes 170,027,818 Shares held by Easywin Enterprises Corporation Limited, its wholly-owned subsidiary, 22,508,064 Shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 62,049,159 Shares held by High Earnings Holdings Limited, its 57% owned subsidiary.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, other than contracts expiring or terminable by the Company within one year without payment of compensation other than statutory compensation.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of the Group since 30 June 2010 (being the date to which the latest published audited financial statements of the Group were made up).

5. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this circular:

Name	Qualifications
ICAL	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

ICAL has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to its names, in the form and context in which it appears.

As at the Latest Practicable Date, ICAL was not beneficially interested in the share capital of any member of the Group, nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it has any interest, either direct or indirect, in any assets which had since 30 June 2010 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MISCELLANEOUS

- (a) The English text of this circular and the enclosed proxy form shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

- (c) The head office and principal place of business of the Company is situated at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The secretary of the Company is Ms. Ngan Man-ying, Lynda, *FCCA CPA*.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business in Hong Kong of the Company at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) the letter from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (ii) the letter from ICAL, the text of which is set out on pages 14 to 29 of this circular;
- (iii) the written consent referred to in paragraph 5 headed "Expert and Consent" of this appendix; and
- (iv) the New Master Services Agreement.

This circular in both the English and Chinese versions is now available on the Company's website at www.nwcl.com.hk. If shareholders who have chosen to receive corporate communications through the Company's website are unable to gain access to the circular, the Company will promptly send the printed form to you free of charge upon receipt of your request.

Shareholders may at any time choose to receive all future corporate communications either in printed form or through the Company's website by writing to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by email at is-ecom@hk.tricorglobal.com specifying your name, contact telephone number, address and request.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of the shareholders of New World China Land Limited (the “Company”) will be held at Meeting Rooms S226–S227 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 29 June 2011, at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT,**

- (a) the new master services agreement dated 19 May 2011 entered into between the Company and Mr. Doo Wai-hoi, William (the “New Master Services Agreement”), a copy of the circular dated 10 June 2011 marked “A” and a copy of the New Master Services Agreement marked “B” have been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification, and the terms of and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the annual caps in relation to the Operational Services (as defined in the Circular) be and are hereby approved, ratified and confirmed; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts or things incidental to, ancillary to or in connection with the New Master Services Agreement.”

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

Hong Kong, 10 June 2011

Notes:

1. A member entitled to attend and vote at the Meeting (or at any adjournment thereof) is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the proxy will not preclude any member from attending and voting in person should you so wish.
3. In case of joint registered holders of any shares of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares of the Company as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of such holders so present whose name stands first in the register of members of the Company in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
4. A form of proxy for use at the Meeting is enclosed.
5. The ordinary resolution as set out above will be determined by way of a poll.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. As at the date of this notice, the board of directors of the Company comprises: (1) seven executive directors, namely Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (2) four non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, and Mr. Chow Yu-chun, Alexander; and (3) three independent non-executive directors, namely Dr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.