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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**Independent financial adviser  
to the Independent Board Committee  
and the independent shareholders**



**CIMB Securities (HK) Limited**

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A letter from the Board is set out on pages 4 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from CIMB, the independent financial adviser, containing its advice to the Independent Board Committee and the independent shareholders, is set out on pages 10 to 16 of this circular.

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## DEFINITIONS

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

“Acquisition”	the acquisition of the CJV Interest by Xin Sui from the Transferors pursuant to the Transfer Agreement;
“Board”	the board of Directors of the Company;
“Company”	New World China Land Limited, a limited liability company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 917);
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“China Joy”	China Joy International Limited (中樂國際有限公司), a limited liability company incorporated under the laws of Hong Kong, and a wholly-owned subsidiary of the Company;
“CIMB”	CIMB Securities (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the independent shareholders of the Company in relation to the Transfer Agreement;
“CJV”	廣州芳村—新世界房地產發展有限公司 (Guangzhou Fong Chuen—New World Property Development Co., Ltd.*), a co-operative joint venture enterprise established by the Transferors and China Joy in 1993 pursuant to the CJV Agreement;
“CJV Agreement”	the agreement dated 8 November 1992 entered into between the Transferors and China Joy to establish the CJV, as supplemented from time to time;
“CJV Interest”	the collective entitlement of the Transferors in 25% of the profits of the CJV according to the CJV Agreement;
“Directors”	the directors of the Company;
“GEMAS”	Guangzhou Enterprises Mergers and Acquisitions Services (廣州產權交易所);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“Independent Board Committee”	the independent board committee of the Company comprising Messrs. Cheng Wai-chee, Christopher, Tien Pei-chun, James and Lee Luen-wai, John, which is formed to advise the independent shareholders of the Company in relation to the Transfer Agreement;
“Knight Frank”	Knight Frank Petty Limited, a firm of professional valuers independent from the Company and its associates;
“Latest Practicable Date”	11 December 2009, 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;
“NWD”	New World Development Company Limited, a limited liability company incorporated under the laws of Hong Kong, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 17) and which is the controlling shareholder of the Company;
“PRC”	the People’s Republic of China (which for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC);
“Renminbi” or “RMB”	the lawful currency of PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time;
“Share(s)”	the ordinary share(s) in the issued share capital of the Company, with a par value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	shall have the meaning given to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Transfer Agreement”	the agreement dated 27 November 2009 entered into between the Transferors, Xin Sui and China Joy in relation to the Acquisition;
“Transferor 1”	廣州市芳村區房地產開發總公司, a company incorporated under the laws of the PRC;
“Transferor 2”	廣州市芳村房產開發經營有限公司, a limited liability company incorporated under the laws of the PRC;

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## DEFINITIONS

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“Transferors”	Transferor 1 and Transferor 2;
“Xin Sui”	廣州新穗旅游中心有限公司 (Guangzhou Xin Sui Tourism Centre Ltd.*), a limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

\* *For identification purpose only*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Dr. Cheng Kar-shun, Henry *GBS*

*(Chairman and Managing Director)*

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

Mr. Cheng Kar-shing, Peter

Mr. Cheng Chi-kong, Adrian

Mr. Leung Chi-kin, Stewart

Mr. Chow Kwai-cheung

Mr. Chow Yu-chun, Alexander

Mr. Fong Shing-kwong, Michael

Ms. Ngan Man-ying, Lynda

*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

*Independent non-executive Directors:*

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

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

Mr. Lee Luen-wai, John *JP*

17 December 2009

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

## **DISCLOSEABLE AND CONNECTED TRANSACTIONS**

### **Background**

On 27 November 2009, the Transferors, Xin Sui and China Joy entered into the Transfer Agreement in relation to the Acquisition, pursuant to which Xin Sui agreed to acquire and the Transferors agreed to dispose of the CJV Interest for a consideration of RMB465,400,980. Upon completion of the Acquisition, CJV will become a wholly-owned subsidiary of the Company.

### **Purpose of this circular**

The purpose of this circular is to provide you with details of the Transfer Agreement, the opinion of the Independent Board Committee and the advice of CIMB in respect of the Transfer Agreement.

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## LETTER FROM THE BOARD

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### THE TRANSFER AGREEMENT

#### Date

27 November 2009

#### Parties

1. the Transferors;
2. Xin Sui; and
3. China Joy

#### Subject of the Acquisition

Pursuant to the Transfer Agreement, Xin Sui agreed to acquire and the Transferors agreed to dispose of the CJV Interest. Upon completion of the Acquisition, CJV will become a wholly-owned subsidiary of the Company.

#### Consideration

The consideration for the Acquisition is RMB465,400,980 and is payable by Xin Sui by way of cash in one lump sum on or before 24 December 2009.

Since the Transferors are State-owned companies and the CJV Interest is considered State-owned asset, the Transferors have engaged GEMAS to conduct the transfer of the CJV Interest by way of auction pursuant to the relevant PRC rules and procedures for the transfer of State-owned assets. Xin Sui won the bid for the CJV Interest during the auction on 25 November 2009. The consideration for the Acquisition is the base price of the CJV Interest in the auction, which is determined by GEMAS.

The Directors consider that such consideration is fair and reasonable after taking into account the adjusted net assets value (“NAV”) of the CJV Interest of approximately HK\$561 million (the “Pre-tax Adjusted NAV”) as at 30 June 2009. The Pre-tax Adjusted NAV is determined by reference to the market valuation of the property project being undertaken by the CJV as at 30 June 2009 (valuation conducted by independent valuer based on direct comparison method) and the audited NAV of the CJV as of the same date. The adjusted NAV of the CJV amounting to HK\$2,244 million is then arrived at after taking into account the revaluation surplus of the said property project before taking into account the deemed tax effect arising from the revaluation surplus. If the said deemed tax effect is taken into account, the adjusted NAV of the CJV Interest as at 30 June 2009 thereon was approximately HK\$438 million which is determined by reference to the after-tax adjusted NAV of the CJV amounting to HK\$1,752 million.

The consideration is expected to be settled by Xin Sui by its internal resources.

A commission equivalent to 3% of the consideration, i.e. RMB13,962,029.40, is payable by Xin Sui to GEMAS in one lump sum within 15 working days from the date of issue of the transaction confirmation by GEMAS, which is expected to be 17 December 2009.

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## LETTER FROM THE BOARD

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The Directors consider that given (i) the consideration of the Acquisition equals the base price of the CJV Interest in the auction, which is determined by GEMAS; (ii) the promising prospects of the said property project, after taking into account the positive outlook of the overall Guangzhou property market and the fact that the said property project is situated in one of the prime locations in Guangzhou; (iii) the Acquisition enables the Group to streamline the shareholding structure of the CJV and allows the Group to take full control of the said property project; and (iv) the Acquisition ensures that the CJV Interest will not fall into the hands of any other parties which may share a different view on the overall development plan of the said property project, they are of the view that the consideration of the Acquisition is fair and reasonable.

### REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The Board consider the Acquisition will provide a good opportunity to acquire the entire control over the CJV.

The terms of the Transfer Agreement were determined through arm's length negotiations between the parties and reflect normal commercial terms. The Directors consider that the terms of the Transfer Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### INFORMATION ON THE CJV

The CJV is a co-operative joint venture enterprise established by the Transferors and China Joy in the PRC pursuant to the CJV Agreement with registered capital of RMB330,000,000, which is fully paid up by China Joy. It is principally engaged in the development of a residential property project known as Guangzhou Covent Garden located in Liwan Centre, Guangzhou, the PRC with a total site area of approximately 370,000 sq.m.. Phases I and II of the property project have been completed and were nearly sold out. Construction of phase III of the property project with a total gross floor area of approximately 287,000 sq.m. is expected to be completed in November 2011. The remaining portion of phase III and the remaining phases of the property project will provide a gross floor area of approximately 793,000 sq.m. for development.

The audited net profits before and after taxation and extraordinary items attributable to the CJV for the financial year ended 30 June 2008 were approximately HK\$963,044 and that for the financial year ended 30 June 2009 were approximately HK\$110,132,432 and HK\$86,837,394, respectively.

As at 30 June 2009, the audited net asset value of the CJV was approximately HK\$426,222,848. The property of the CJV was valued by an independent valuer and as at 30 June 2009, such property was valued at RMB2,410,500,000.

### INFORMATION RELATING TO THE COMPANY

The Company is principally engaged in property development, property related investments as well as rental and hotel operation in PRC.

### INFORMATION RELATING TO CHINA JOY

The principal business activity of China Joy is investment holding.

### INFORMATION RELATING TO TRANSFEROR 1

Transferor 1 is principally engaged in property development, provision of interior design and property agencies and consultation services.



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## LETTER FROM THE BOARD

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### INFORMATION RELATING TO TRANSFEROR 2

Transferor 2 is principally engaged in property development, property leasing and provision of property demolition and interior design services.

### DISCLOSEABLE AND CONNECTED TRANSACTION

As one or more of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company. The Acquisition is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Transferors are connected persons of the Company only by virtue of their holding of the CJV Interest. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 2.5%, the Acquisition is therefore subject to the reporting and announcement requirements and the independent shareholders' approval of the Company under the Listing Rules.

No shareholder of the Company is required to abstain from voting on the Acquisition. The Company has obtained a written shareholders' approval dated 20 November 2009 from NWD in relation to the approval of the Acquisition. NWD is the controlling shareholder of the Company and is holding (together with its subsidiaries) 4,061,034,137 shares of the Company and representing an approximately 70% attributable interest in the issued share capital of the Company as at the Latest Practicable Date. The Stock Exchange has granted a waiver from strict compliance of the requirement for holding a general meeting to seek independent shareholders' approval in respect of the Acquisition pursuant to Rule 14A.43 of the Listing Rules on the basis that no shareholder of the Company would be required to abstain from voting if the Company was to convene a general meeting for the approval of the Acquisition and the Company has obtained the written shareholders' approval from NWD in respect of the Acquisition.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been appointed to advise the independent shareholders of the Company on the terms of the Transfer Agreement. CIMB has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent shareholders of the Company on the terms of the Transfer Agreement.

### OPINION

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

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from the Independent Board Committee and the letter from CIMB set out in this circular which contains the recommendation of the Independent Board Committee to the independent shareholders of the Company and the advice of CIMB to the Independent Board Committee and the independent shareholders of the Company, 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)**

17 December 2009

*To the independent shareholders of the Company*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

We refer to the letter from the Board set out in the circular issued by the Company to the shareholders and dated 17 December 2009 (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 of the Company as to whether, in our opinion, the terms and conditions of the Transfer Agreement are fair and reasonable so far as the independent shareholders of the Company are concerned and whether the Transfer Agreement is in the interests of the Company and its shareholders as a whole. CIMB has been appointed by the Company as the independent financial adviser to advise us and the independent shareholders of the Company in this respect.

We wish to draw your attention to the letter from the Board and the letter from CIMB to us and the independent shareholders of the Company which contains its advice to us in relation to the Transfer Agreement as set out in the Circular.

Having considered the principal factors and reasons considered by, and the opinion of, CIMB as set out in its letter of advice, we consider the terms and conditions of the Transfer Agreement to be fair and reasonable so far as the interests of the independent shareholders of the Company are concerned and that the Transfer Agreement is in the interests of the Company and its shareholders as a whole.

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

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## LETTER FROM CIMB

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*The following is the full text of the letter of advice to the Independent Board Committee and the independent shareholders of the Company from CIMB in respect of the Transfer Agreement, prepared for the purpose of incorporation into this circular.*



25th Floor, Central Tower  
28 Queen's Road Central  
Hong Kong

17 December 2009

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

Dear Sirs/Madams,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the independent shareholders (the “**Independent Shareholders**”) of the Company in respect of the Transfer Agreement. Details of the Transfer Agreement and the Acquisition are set out in the letter from the Board (the “**Letter from the Board**”) as contained in the circular of the Company to the shareholders of the Company (the “**Shareholders**”) dated 17 December 2009 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Pursuant to the Acquisition, Xin Sui agreed to acquire and the Transferors agreed to dispose of the CJV Interest for a consideration of RMB465,400,980. Upon completion of the Acquisition, CJV will become a wholly-owned subsidiary of the Company.

Given that the Transferors are connected persons of the Company by virtue of their holding of the CJV Interest, the Acquisition constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement requirements and the Independent Shareholders’ approval under the Listing Rules.

As noted in the Letter from the Board, the Company has obtained a written Shareholders’ approval dated 20 November 2009 from NWD in relation to the approval of the Acquisition. NWD is the controlling Shareholder and is holding (together with its subsidiaries) 4,061,034,137 Shares and representing approximately 70% attributable interest in the issued share capital of the Company as at the Latest Practicable Date. The Stock Exchange has granted a waiver from strict compliance of the requirement for holding a general meeting to seek Independent Shareholders’ approval in respect of the Acquisition pursuant to Rule 14A.43 of the Listing Rules on the basis that no Shareholder would be required to abstain from voting if the Company was to convene a general meeting for the approval of the Acquisition and the Company has obtained the written Shareholders’ approval from NWD in respect of the Acquisition. Accordingly, no Shareholders’ meeting will be convened and held by the Company in connection with the Transfer Agreement and the Acquisition.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John, has been formed to advise the Independent Shareholders in relation to the Transfer Agreement.

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## LETTER FROM CIMB

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Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transfer Agreement, is to provide the Independent Board Committee and the Independent Shareholders an independent opinion and recommendation as to whether the Transfer Agreement is entered into on normal and commercial terms, in the ordinary and usual course of business and in the interests of the Group and the Shareholders as a whole, and whether the terms thereof are fair and reasonable as far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

### **BASIS OF OUR OPINION**

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view to justify reliance on the information contained in the Circular and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the management of the Company. The Directors have declared in a responsibility statement set out in the Appendix II to the Circular that they jointly and severally accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the Directors' representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the Circular. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, NWD, the CJV or any of their respective subsidiaries or associates. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in relation to the Transfer Agreement and the relevant transactions contemplated thereunder, we have considered the following principal factors and reasons:

#### **(I) Background information of the Group**

As stated in the annual report of the Group for the financial year ended 30 June 2009 (the “**FY09 Annual Report**”), the Group is principally engaged in investment and development of property projects in the PRC.

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## LETTER FROM CIMB

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Set out below are the audited consolidated financial results of the Group for each of the two financial years ended 30 June 2009 as extracted from the Company's relevant annual reports:

### *Consolidated financial results*

	For the financial year ended 30 June	
	2009	2008
	("FY09")	("FY08")
	HK\$' million	HK\$' million
Revenues	2,039	3,524
Gross profit	702	1,128
Profit before taxation	1,474	2,379
Profit attributable to Shareholders	1,359	2,020

As noted from FY09 Annual Report, the Group recorded a decrease in revenues, gross profit and profit attributable to Shareholders in FY09 with revenues decreased by approximately 42% and profit attributable to Shareholders decreased by approximately 33% from FY08.

With the volume shrinkage and price correction in the overall property market in the PRC, the Group's property sales operation for FY09 was inevitably affected with overall sale volume dropped by 47% and gross contribution from attributable operating profit from property sales dropped by 18%. These negative impacts were partly mitigated by considerable cost savings achieved and contribution from various disposals of property development projects amounted to HK\$490 million. Furthermore, the rental operation enjoyed a growth of 13% in attributable operating profit with the continuous improvement in rental rates and occupancies of its investment properties portfolio. On the other hand, the result from the Group's hotel operation was affected by global economy meltdown and the outbreak of H1N1 Swine flu which has discouraged travel.

## **(II) Background and reasons for entering into of the Transfer Agreement**

### *Background*

On 27 November 2009, the Transferors, Xin Sui and China Joy entered into the Transfer Agreement in relation to the Acquisition, pursuant to which Xin Sui agreed to acquire and the Transferors agreed to dispose of the CJV Interest for a consideration of RMB465,400,980. Upon completion of the Acquisition, CJV will become a wholly-owned subsidiary of the Company.

### *Reasons for entering into of the Transfer Agreement*

#### *Principal business of the Group*

The Group is principally engaged in developing and investing in, through its subsidiaries, associated companies and jointly controlled entities, properties including, among others, residential properties, commercial properties, office buildings, hotels, service apartments and car parking spaces in the PRC which are located in most of the first tier and some of the second tier cities in the PRC. Accordingly, we consider acquisitions of property interests, such as the Acquisition, fall within the ordinary and usual course of business of the Group.

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## LETTER FROM CIMB

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### *Strategy of the Group*

The management of the Company advised that, as at the Latest Practicable Date, the Group had interest in over 37 property projects, all of which are located in the PRC. Some of those property projects are wholly owned by the Group while the remaining projects, including, among others, the project of the CJV, are co-invested by the Group and other co-investors or joint venture partners.

As further advised by the management of the Company, it is the long term strategy of the Group to streamline the operations of those property projects co-invested by the Group with co-investors or joint venture partners by re-aligning shareholding interests in those projects. In particular, the Acquisition will increase the Group's interests in the CJV to 100%, and is expected to help facilitate efficient and effective management of the project of the CJV with the Group securing full control and ownership of the CJV.

Having considered the above, we concur with the view of the management of the Company that the Acquisition is in line with the Group's strategy, and falls within the ordinary and usual course of business of the Group.

### **(III) Overview of the property market in Guangzhou, the PRC**

Guangzhou is the capital city of Guangdong province, the largest province in terms of gross domestic product and one of the fastest growing economic provinces in the PRC. Based on the statistics released by National Bureau of Statistics of China, gross domestic product of Guangdong province has increased from approximately RMB966 billion in 2000 to approximately RMB3,570 billion in 2008, representing a compound annual growth rate of approximately 17.8%. As advised by the management of the Company, the Group considers that Guangzhou is one of the key investment cities for the Group. We have reviewed information sourced from public domains in respect of the economic development and the property market in Guangzhou.

In early 2009, the Guangzhou municipal government introduced preferential policies aiming at reviving the local property market, including amongst others, outlaying affordable housing schemes, home buying incentives and financial aid to property developers. As noted from market researches available from public domains, from January 2009 to May 2009, Guangzhou showed substantial growth in fixed asset investment, which rose 19.9% to approximately RMB69.2 billion from the corresponding period in 2008. The sales volume of residential property rebounded by approximately 39.4% in terms of gross floor area sold, or by approximately 25.8% in terms of transaction value. According to government pre-sale approval records, some 30 new residential projects will go on sale this year. In the first five months of 2009, about 3,000 new high-end residential units (or approximately 650,000 sq.m.) were sold. Taking into account the approximately 2,700 stock units (representing approximately 590,000 sq.m.) injected to the inventory over the period, demand for the first time this year outstrips supply and begins to absorb inventory. For the third quarter of 2009, the average sales price of luxury apartments soared by approximately 12.4% quarter-on-quarter in Guangzhou, and the average price in the prime residential market was up by approximately 9.8% quarter-on-quarter, or by approximately 2% year-on-year, to approximately RMB21,320 per sq.m..

We also note that the PRC government has made great efforts to sustain its economic growth after the financial tsunami since September 2008, including, among others, the launch of a RMB4 trillion stimulus package in late 2008 and the cut of the benchmark deposit rate four times and the

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## LETTER FROM CIMB

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benchmark lending rate five times. In respect of the PRC property industry, in late 2008, the PRC government introduced preferential policies including, among others, tax breaks for certain housing transactions and lowering of mortgage rates for first-time home purchasers and encouraging banks to provide mortgages.

Given that market sentiment improved notably following the central government's economic stimulus measures and the robust growth of the PRC economy in the past decade, we are of the view that the long term prospect of the PRC shall remain strong and we believe that prospects of property market in Guangzhou shall be positive.

### **(IV) Information on the CJV**

As stated in the Letter from the Board, the CJV is a co-operative joint venture enterprise established by the Transferors and China Joy in the PRC in 1993 pursuant to the CJV Agreement with registered capital of RMB330,000,000, which is fully paid up by China Joy. It is principally engaged in development of a residential property project known as Guangzhou Covent Garden (the “**GC Garden**”) located in Liwan Centre, Guangzhou, the PRC.

As advised by the management of the Company, the GC Garden has a total site area of approximately 370,000 sq.m.. Phases I and II of the GC Garden have been completed and were nearly sold out. Construction of phase III of the GC Garden with a total gross floor area of approximately 287,000 sq.m. is expected to be completed in November 2011. The remaining portion of phase III and the remaining phases of the GC Garden will provide a gross floor area of approximately 793,000 sq.m. for development.

As stated in the Letter from the Board, the audited net profits before and after taxation and extraordinary items attributable to the CJV for the financial year ended 30 June 2008 were approximately HK\$963,044 and that for the financial year ended 30 June 2009 were approximately HK\$110,132,432 and HK\$86,837,394, respectively. As at 30 June 2009, the audited net asset value of the CJV was approximately HK\$426,222,848.

As stated in the valuation report (the “**Valuation Report**”) as set out in Appendix I to the Circular as prepared by Knight Frank, an independent property valuer, the property interest of the GC Garden as at 31 October 2009 was valued at approximately RMB2,462,400,000. The outstanding construction cost of the GC Garden were approximately RMB2,848,000,000. As advised by the management of the Company, the outstanding construction cost will be funded by bank borrowings. The pre-sale of phase III of the GC Garden is scheduled to commence in the first quarter of 2010.

As stated in the Letter from the Board, upon completion of the Acquisition, the CJV will become a wholly-owned subsidiary of the Company and therefore the results of the CJV will be consolidated into those of the Group.

Having considered that the Acquisition enables the Group to streamline the shareholding structure of the CJV, allows the Group to take full control of the GC Garden and phase III of the GC Garden is expected to be completed in November 2011 with pre-sale commencing in first quarter of 2010, we concur with the view of the Directors that the Acquisition is in the interests of the Group.



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## LETTER FROM CIMB

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### (V) Major terms of the Transfer Agreement

#### (i) *Consideration*

The Transfer Agreement stipulates that the consideration payable by Xin Sui for the Acquisition is RMB465,400,980 and is payable by Xin Sui by way of cash in one lump sum on or before 24 December 2009.

As stated in the Letter from the Board, given that the Transferors are State-owned companies and the CJV Interest is considered State-owned asset, the Transferors have engaged GEMAS to conduct the transfer of the CJV Interest by way of auction pursuant to the relevant PRC rules and procedures for the transfer of State-owned assets. Xin Sui won the bid for the CJV Interest during the auction on 25 November 2009. The consideration for the Acquisition is the base price of the CJV Interest in the auction, which is determined by GEMAS.

As advised by the Directors, they consider the consideration is fair and reasonable after taking into account the adjusted net assets value (“NAV”) of the CJV Interest (before taking into account the deemed tax effect arising from the revaluation surplus) as at 30 June 2009 of approximately HK\$561 million (the “**Pre-tax Adjusted NAV**”), being 25% of the adjusted NAV of CJV with reference to the market valuation of the property project being undertaken by the CJV as at 30 June 2009 and the audited NAV of the CJV Interests as at 30 June 2009 of approximately HK\$426 million. The adjusted NAV of CJV amounting to approximately HK\$2,244 million is then arrived at after taking into account the revaluation surplus of the GC Garden but before taking into account the deemed tax effect arising from the revaluation surplus.

As noted in the Letter from the Board, after taking into account the said deemed tax effect, the adjusted NAV of the CJV Interest as at 30 June 2009 thereon was approximately HK\$438 million (the “**After-tax Adjusted NAV**”), which is determined with reference to the after-tax adjusted NAV of CJV as at 30 June 2009 of approximately HK\$1,752 million.

We note that the After-tax Adjusted NAV is at a discount of approximately 17% to the consideration of the Acquisition. As advised by the Directors, given that (i) the consideration of the Acquisition equals the base price of the CJV Interest in the auction, which is determined by GEMAS; (ii) the promising prospects of the GC Garden, after taking into account the positive outlook of the overall Guangzhou property market and the fact that the GC Garden is situated in one of the prime locations in Guangzhou; (iii) the Acquisition enables the Group to streamline the shareholding structure of the CJV and allows the Group to take full control of the GC Garden; and (iv) the Acquisition ensures that the CJV Interest will not fall into the hands of any other parties which may have different views on the overall development plan of the GC Garden, they are of the view that the consideration of the Acquisition is fair and reasonable.

We have also discussed with Knight Frank in respect of the valuation method adopted by it in valuing the property interests of the GC Garden. Based on our discussion, we understand that Knight Frank has mainly adopted the direct comparison method for valuing property interests of the GC Garden that are under construction and/or for future development by the Group in the PRC, by making reference to the Group’s latest development proposals of the aforesaid property interests, comparable transactions in the local market, the respective estimated gross outstanding construction cost for the completion of the developments, estimated gross development value, and the estimated total development period of the project. Knight Frank also advised that such direct comparison method of valuation is one of the most commonly used valuation methods for the valuation of the market value of properties under construction and/or pending for future development.

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## LETTER FROM CIMB

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*(ii) Terms of payment*

The Transfer Agreement stipulates that the consideration for the Acquisition of RMB465,400,980 shall be payable by Xin Sui by way of cash in one lump sum on or before 24 December 2009. The consideration is expected to be settled by Xin Sui by its internal resources.

*Our View*

Having considered the above, we are of the view that the major terms of the Transfer Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

**(VI) Possible financial effects of the Acquisition**

*(i) Financial effects to the Group*

Upon completion of the Acquisition, the CJV will be accounted for as a subsidiary of the Company and the results of the CJV will be consolidated into the results of the Group. As advised by the management of the Company, there will be no material adverse effect on the Group's total assets, liabilities or earnings immediately upon completion of the Acquisition.

*(ii) Working capital*

We note in the Letter from the Board that consideration will be funded by the Group's internal resources. Having considered that (a) as noted in the FY09 Annual Report, as at 30 June 2009, the Group had current assets of approximately HK\$21,553 million, including unrestricted cash and bank balances of approximately HK\$3,642 million; and (b) the consideration of the Acquisition represents approximately 2.4% and 14.4% of the current assets and unrestricted cash and bank balances of Group as at 30 June 2009, respectively, we concur with the view of the management of the Company that the Acquisition shall have no material adverse impact on the working capital position of the Group.

**RECOMMENDATION**

Having considered the principal factors above, we are of the opinion that (i) the entering into of the Acquisition is in line with the Group's strategy, falls within the ordinary and usual course of business of the Group, and in the interests of the Group and the Shareholders as a whole; and (ii) the terms of the Transfer Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to approve the Transfer Agreement and the Acquisition if the Company were to convene a general meeting for the approval of the Transfer Agreement and the Acquisition.

Yours faithfully,

For and on behalf of

**CIMB Securities (HK) Limited**

**Alex Lau**

*Director*

**Heidi Cheng**

*Director*

*Head of Corporate Finance*

*Set out below is the full text of a letter with the summary of values and valuation report received from Knight Frank Petty Limited, an independent property valuer, prepared for the purpose of incorporation in this Circular in connection with the valuation of the property interests as at 31 October 2009.*



**Knight Frank Petty Limited**

4/F Shui On Centre

6–8 Harbour Road

Wanchai

Hong Kong

The Directors  
New World China Land Limited  
9th Floor  
New World Tower I  
18 Queen's Road Central  
Hong Kong

Dear Sirs,

#### **VALUATION OF TWO PROPERTIES IN THE PEOPLE'S REPUBLIC OF CHINA**

In accordance with your instructions for us to value two property interests held by New World China Land Limited (the "Company") or its subsidiaries, associated companies or its jointly controlled entities (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of these property interests as at 31 October 2009.

#### **BASIS OF VALUATION**

Our valuation is our opinion of the market value of the property which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by any one associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

#### **VALUATION METHODOLOGY**

We have valued the property interest of Property No. 1 in Group I, which is held by the Group for investment purpose by reference to sales evidence as available on the market.

For the property interest of Property No. 2 in Group II which is held under construction and for future development by the Group in the PRC, we have valued the property interest on the basis that the property will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that approvals for the proposals will be granted without onerous conditions. In arriving at our opinion of value, we have adopted Direct Comparison Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

#### **TITLE DOCUMENTS AND ENCUMBRANCES**

We have been provided with copies of extracts of title documents relating to the properties. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group and its PRC legal adviser, H.J.M Law Office, regarding the title and other legal matters regarding the properties.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property interests nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

#### **SOURCE OF INFORMATION**

We have relied to a very considerable extent on the information given by the Group and the legal opinion of the Group's PRC legal adviser. We have no reason to doubt the truth and the accuracy of the information provided by the Group and/or the Group's PRC legal adviser which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, ownership, completion date of the buildings, floor and site areas, development schemes, construction costs and development costs expended, estimated development costs and all other relevant matters. Dimension, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

#### **INSPECTION AND STRUCTURAL CONDITION**

We have inspected the exteriors and, where possible, the interiors of the properties valued. However, we have not carried out site investigations to determine the suitability of ground conditions and services for future development, etc. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects, we are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

#### **REMARKS**

In preparing our valuation report, we have complied with the "The HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors and all the requirements contained in the provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

## CURRENCY

All amounts stated are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully  
For and on behalf of  
**Knight Frank Petty Limited**  
**Alex S L Ng**  
*MRICS MHKIS RPS (GP)*  
*Executive Director*

Yours faithfully  
For and on behalf of  
**Knight Frank Petty Limited**  
**Clement W M Leung**  
*MRICS MHKIS RPS (GP)*  
*Executive Director*

*Notes:* Alex S L Ng, MRICS, MHKIS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 23 years' experience in the valuation of properties in Hong Kong and has been involved in the valuation of properties in the People's Republic of China and Asia Pacific regions since 1998.

Clement W M Leung, MRICS, MHKIS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since August 1999 and has 15 years' experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the People's Republic of China and Asia Pacific regions.

<u>Property</u>	<u>Market value in existing state as at 31 October 2009</u>	<u>Interest attributable to the Group</u>	<u>Market value in existing state attributable to the Group as at 31 October 2009</u>
<b>Group I — Property interest held by the Group for investment purpose in the PRC</b>			
1. Retail and Car Park Portions of Phase II D–G and IIE Guangzhou Covent Garden Fangcun Dadao Fangcun District Guangzhou Guangdong Province The PRC	RMB64,400,000	75%	RMB48,300,000
<b>Group II — Property interest held under construction and for future development by the Group in the PRC</b>			
2. Unsold Residential Portion of Phase IIE and Development Portions of Guangzhou Covent Garden Fangcun Dadao Fangcun District Guangzhou Guangdong Province The PRC	RMB2,398,000,000	75%	RMB1,798,500,000
<b>Grand-total:</b>			<b><u>RMB1,846,800,000</u></b>

## VALUATION REPORT

## Group I — Property interest held by the Group for investment purpose in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2009
1. Retail and Car Park Portions of Phase II D–G and IIE Guangzhou Covent Garden Fangcun Dadao Fangcun District Guangzhou Guangdong Province The PRC	<p>Guangzhou Covent Garden (the “Development”) is a residential/commercial composite development to be constructed in phases. The Development is erected on four parcels of adjoining site with a total site area of approximately 370,355 sq m (3,986,501 sq ft).</p> <p>Phase IID–G and IIE of the Development were completed in 2005 and 2009, respectively. Phase IA is currently under construction while the remaining phases of the Development are vacant and pending for future development.</p> <p>The property comprises the retail portion of Phase IIE with a total gross floor area of approximately 11,914 sq m (128,242 sq ft); and the car park portion of Phase IID–G and Phase IIE, which comprise 24 and 36 car parking spaces, with approximate gross floor areas of 251 sq m (2,702 sq ft) and 450 sq m (4,844 sq ft), respectively.</p> <p>The land use rights of the Development have been granted for a term of 70 years for residential use, 40 years for commercial use and 50 years for other use.</p>	The property is currently vacant.	<p>RMB64,400,000</p> <p>(75% interest attributable to the Group: RMB48,300,000)</p>

Notes:

- (1) Pursuant to the Co-operative Joint Venture Contract, dated 8 November 1992 (the “Joint Venture Contract”), entered into between Guangzhou Fangcun Real Estate Development and Management Company (廣州市芳村房產開發經營有限公司, which previously known as 廣州市芳村房產開發經營公司) and Guangzhou Fangcun Real Estate Development General Company (廣州市芳村區房地產開發總公司) (collectively the “PRC Parties”) and China Joy International Limited (中樂國際有限公司) (the “Foreign Party”) (the Foreign Party is a wholly-owned subsidiary of New World Development (China) Limited), both parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Joint Venture Contract are, inter-alia, cited as follows:

- (i) Name of Joint-venture company : Guangzhou Fong Chuen — New World Property Development Ltd. (the “Joint Venture”) (廣州芳村 — 新世界房地產發展有限公司)
- (ii) Period of operation : 30 years from 5 February 1993
- (iii) Total investment amount : RMB2,350,000,000
- (iv) Registered capital : RMB780,000,000  
PRC Parties: 0%  
Foreign Party: 100%
- (v) Profit sharing : PRC Parties: 40%  
Foreign Party: 60%

- (2) Pursuant to the supplemental contract of the Joint Venture dated 28 September 1999, the total investment amount is reduced to RMB1,000,000,000 and the registered capital is reduced to RMB330,000,000.
- (3) Pursuant to the Business Licence No. Qi Zuo Yue Shui Zong Zi 004701 dated 1 August 2008, the Joint Venture is incorporated with a registered capital of RMB330,000,000 with a validity period commencing from 5 February 1993 to 5 February 2023 and the scope of business is development, construction, sale, lease and management of self-build commodity building; operation and management of clubhouse (operating permit must be obtained, if relevant).
- (4) Pursuant to the supplemental contract of the Joint Venture dated 1 August 2009, the ratio of profit sharing among the PRC Parties and the Foreign Party was changed from 40%: 60% to 25%: 75%.
- (5) Pursuant to the Contract for Grant of State-owned Land Use Right, entered into between Guangzhou Land Administration Bureau and the Joint Venture on 17 December 1993 (the “Contract for Grant of Land Use Right”), the Joint Venture is granted with a land use right of a land with a site area of 482,709 sq m. The Contract for Grant of Land Use Right contains, inter-alia, the following salient conditions:
- |        |                           |   |  |
|--------|---------------------------|---|--|
| (i)    | Use                       | : | commercial and residential   |
| (ii)   | Land use term             | : | 70 years for residential;<br>40 years for commercial;<br>50 years for other uses |
| (iii)  | Plot ratio                | : | ≤ 3.8  |
| (iv)   | Total gross floor area    | : | ≤ 1,834,294 sq m (excluding public construction)                                 |
| (v)    | Maximum/average height    | : | N/A  |
| (vi)   | Green area                | : | ≥ 49% of the total site area   |
| (vii)  | Land grant fee            | : | HK\$731,006,100  |
| (viii) | Annual land use right fee | : | N/A  |
- (6) Pursuant to the Agreement of Contract for Grant of State-owned Land Use Right Change, supplement of Contract for Grant of Land Use Right, entered into between Guangzhou Land Administration Bureau and the Joint Venture on 11 November 2008, both parties agreed that the total site area changed to 370,355 sq m and the total land grant fee changed to RMB294,624,032. The Joint Venture agreed to pay an additional RMB56,569,278 of land grant fee.
- (7) Pursuant to the Certificate for State-owned Land Use Right No. Shui Fu Guo Yong (1999) Zi Di Te 109 issued by the Guangzhou People’s Government and entered by Guangzhou Land Administration Bureau on 21 June 1999, the title to the land of 70,811 sq m is vested in the Joint Venture for composite use, with a land use term of 70 years for residential use, 40 years for commercial use and 50 years for other use.
- (8) Pursuant to the Certificate for State-owned Land Use Right No. Shui Fu Guo Yong (1999) Zi Di Te 110 issued by the Guangzhou People’s Government and entered by Guangzhou Land Administration Bureau on 21 June 1999, the title to the land of 134,960 sq m is vested in the Joint Venture for composite use, with a land use term of 70 years for residential use, 40 years for commercial use and 50 years for other use.
- (9) Pursuant to the Certificate for State-owned Land Use Right No. Shui Fu Guo Yong (1999) Zi Di Te 111 issued by the Guangzhou People’s Government and entered by Guangzhou Land Administration Bureau on 21 June 1999, the title to the land of 156,930 sq m is vested in the Joint Venture for composite use, with a land use term of 70 years for residential use, 40 years for commercial use and 50 years for other use.
- (10) Pursuant to the Real Estate Ownership Certificate No.0004961 dated 26 September 2005, the ownership of portion of the property with a total gross floor area of 28,374.71 sq m is vested in the Joint Venture.
- (11) Pursuant to the Construction Land Use Approval No. Shui Guo Tu Jian Yong Zi (2009) 151 issued by Guangzhou Land Resources and Real Estate Administrative Bureau on 30 September 2009, a land use area of 7,682 sq m is approved, permitted construction period commencing from September 2009 to September 2011.
- (12) Pursuant to the Commodity Housing Pre-sale Permit No. Shui Fang Yu Zi 20030101-4 issued by Guangzhou Land Resources and Real Estate Administrative Bureau on 31 March 2005, pre-sale of Block G1-G5 of Zone G, with a total gross floor area of 67,041 sq m (including 61,491 sq m of residential and 5,550 sq m of basement car park), is permitted.



- (13) Pursuant to the Commodity Housing Pre-sale Permit No. Shui Fang Yu Zi 20040093-3 issued by Guangzhou Land Resources and Real Estate Administrative Bureau on 23 June 2005, pre-sale of Block F1-F2 of Zone F, with a total gross floor area of 25,070 sq m (including 22,820 sq m of residential and 2,250 sq m of basement car park), is permitted.
- (14) Pursuant to the Commodity Housing Pre-sale Permit No. Shui Fang Yu (Wang) Zi 20070071 issued by Guangzhou Land Resources and Real Estate Administrative Bureau on 6 September 2007, pre-sale of Block E1-E3 is permitted.
- (15) Pursuant to the Construction Works Recording Certificate for Completion No. Shui Jian Yan Bei 2005-003 dated 27 August 2005, the construction work of the basement of Zone F and G of District No. 2, with a total gross floor area of 14,486 sq m is completed.
- (16) Pursuant to the Construction Works Recording Certificate for Completion No. Shui Li Jian Yan Bei 2009-004 dated 26 May 2009, the construction work of the basement of Zone E of District No. 2, with a total gross floor area of 46,798 sq m is completed.
- (17) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
- (i) The Joint Venture is a legally established Taiwan, Hong Kong and Macau with Domestic Joint Venture; Guangzhou Fangcun Real Estate Development and Management Company and Guangzhou Fangcun Real Estate Development General Company are entitled to 25% after tax profit of the Joint Venture and China Joy International Limited is entitled to 75% after tax profit of the Joint Venture;
  - (ii) The Joint Venture is the sole legal owner of the land use rights stated in Note nos. (7), (8) and (9), and protected by the PRC laws. The Joint Venture can freely use, develop, transfer, let or mortgage the aforesaid land use rights;
  - (iii) The Joint Venture has applied the state owned land use right certificate for the land stated in Note no. (11). Once the application being accepted by the government, relevant fees been settled with duly processed necessary procedure, there should be no legal obstacles to obtain the relevant state owned land use right certificate. The Joint Venture can freely use, develop, transfer, let or mortgage the aforesaid land use rights once the relevant state owned land use right is granted;
  - (iv) The Joint Venture has obtained the building ownership of portion of the property stated in Note no. (10);
  - (v) The Joint Venture has obtained necessary approvals and permits for the pre-sale of the building stated in Note nos. (12), (13) and (14). The Joint Venture has the right to pre-sale the relevant building as stipulated under the pre-sale permit; and
  - (vi) The property is not subject to mortgage.

**Group II — Property interest held under construction and for future development by the Group in the PRC**

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 31 October 2009</u>																																																									
2.	<p>Unsold Residential Portion of Phase IIE and Development Portions of Guangzhou Covent Garden Fangcun Dadao Fangcun District Guangzhou Guangdong Province The PRC</p> <p>Guangzhou Covent Garden (the "Development") is a residential/commercial composite development to be constructed in phases. The Development is erected on four parcels of adjoining site with a total site area of approximately 370,355 sq m (3,986,501 sq ft).</p> <p>Phase IID–G and IIE of the Development were completed in 2005 and 2009, respectively. Phase IA is currently under construction, while the remaining phases of the Development are vacant and pending for future development.</p> <p>The property comprises the unsold residential portion of Phase IIE, the under construction Phase IA and the vacant remaining phases of the Development.</p> <p>The approximate gross floor area of the unsold portion of the property is listed below:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th colspan="2" style="text-align: center;">Gross Floor Area</th> </tr> <tr> <td></td> <th style="text-align: center;"><i>sq m</i></th> <th style="text-align: center;"><i>sq ft</i></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">4,169</td> <td style="text-align: right;">44,875</td> </tr> <tr> <td>Sub-total:</td> <td style="text-align: right;">4,169</td> <td style="text-align: right;">44,875</td> </tr> </tbody> </table> <p>Phase IA, the portion under construction, will comprise the following approximate gross floor areas upon completion:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th colspan="2" style="text-align: center;">Gross Floor Area</th> </tr> <tr> <td></td> <th style="text-align: center;"><i>sq m</i></th> <th style="text-align: center;"><i>sq ft</i></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">194,726</td> <td style="text-align: right;">2,096,031</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">11,736</td> <td style="text-align: right;">126,326</td> </tr> <tr> <td>Car Park (Basement)</td> <td style="text-align: right;">50,355</td> <td style="text-align: right;">542,021</td> </tr> <tr> <td>Ancillary Facilities</td> <td style="text-align: right;">29,977</td> <td style="text-align: right;">322,672</td> </tr> <tr> <td>Sub-total:</td> <td style="text-align: right;">286,794</td> <td style="text-align: right;">3,087,050</td> </tr> </tbody> </table> <p>The proposed development of the vacant portion is listed below:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th colspan="2" style="text-align: center;">Gross Floor Area</th> </tr> <tr> <td></td> <th style="text-align: center;"><i>sq m</i></th> <th style="text-align: center;"><i>sq ft</i></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">691,618</td> <td style="text-align: right;">7,444,576</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">24,775</td> <td style="text-align: right;">266,678</td> </tr> <tr> <td>Car Park (Basement)</td> <td style="text-align: right;">56,722</td> <td style="text-align: right;">610,556</td> </tr> <tr> <td>Ancillary Facilities</td> <td style="text-align: right;">19,931</td> <td style="text-align: right;">214,537</td> </tr> <tr> <td>Sub-total:</td> <td style="text-align: right;">793,046</td> <td style="text-align: right;">8,536,347</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>1,084,009</u></td> <td style="text-align: right;"><u>11,668,272</u></td> </tr> </tbody> </table> <p>The land use rights of the Development have been granted for a term of 70 years for residential use, 40 years for commercial use and 50 years for other use.</p>	Use	Gross Floor Area			<i>sq m</i>	<i>sq ft</i>	Residential	4,169	44,875	Sub-total:	4,169	44,875	Use	Gross Floor Area			<i>sq m</i>	<i>sq ft</i>	Residential	194,726	2,096,031	Commercial	11,736	126,326	Car Park (Basement)	50,355	542,021	Ancillary Facilities	29,977	322,672	Sub-total:	286,794	3,087,050	Use	Gross Floor Area			<i>sq m</i>	<i>sq ft</i>	Residential	691,618	7,444,576	Commercial	24,775	266,678	Car Park (Basement)	56,722	610,556	Ancillary Facilities	19,931	214,537	Sub-total:	793,046	8,536,347	Total:	<u>1,084,009</u>	<u>11,668,272</u>	<p>Portion of the property is currently under construction and due to complete in 2011, whilst the remaining portion of the property is vacant. The development on the vacant portion is scheduled to be completed in 2019.</p>	<p>RMB2,398,000,000</p> <p>(75% interest attributable to the Group: RMB1,798,500,000)</p>
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*Notes:*

- (1) Pursuant to the Co-operative Joint Venture Contract, dated 8 November 1992 (the “Joint Venture Contract”), entered into between Guangzhou Fangcun Real Estate Development and Management Company (廣州市芳村房產開發經營有限公司, which is previously known as 廣州市芳村房產開發經營公司) and Guangzhou Fangcun Real Estate Development General Company (廣州市芳村區房地產開發總公司) (collectively the “PRC Parties”) and China Joy International Limited (中樂國際有限公司) (the “Foreign Party”) (the Foreign Party is a wholly-owned subsidiary of New World Development (China) Limited), both parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Joint Venture Contract are, inter-alia, cited as follows:
- (i) Name of Joint-venture company : Guangzhou Fong Chuen — New World Property Development Ltd.  
(the “Joint Venture”) (廣州芳村 — 新世界房地產發展有限公司)
  - (ii) Period of operation : 30 years from 5 February 1993
  - (iii) Total investment amount : RMB2,350,000,000
  - (iv) Registered capital : RMB780,000,000  
PRC Parties: 0%  
Foreign Party: 100%
  - (v) Profit sharing : PRC Parties: 40%  
Foreign Party: 60%
- (2) Pursuant to the supplemental contract of the Joint Venture dated 28 September 1999, the total investment amount is reduced to RMB1,000,000,000 and the registered capital is reduced to RMB330,000,000.
- (3) Pursuant to the Business Licence No. Qi Zuo Yue Shui Zong Zi 004701 dated 1 August 2008, the Joint Venture is incorporated with a registered capital of RMB330,000,000 for a valid period commencing from 5 February 1993 to 5 February 2023 and the scope of business is development, construction, sale, lease and management of self-build commodity building; operation and management of clubhouse (operating permit must be obtained, if relevant).
- (4) Pursuant to the supplemental contract of the Joint Venture dated 1 August 2009, the ratio of profit sharing among the PRC Parties and the Foreign Party was changed from 40%: 60% to 25%: 75%.
- (5) Pursuant to the Contract for Grant of State-owned Land Use Right, entered into between Guangzhou Land Administration Bureau and the Joint Venture on 17 December 1993 (the “Contract for Grant of Land Use Right”), the Joint Venture is granted with a land use right of a land with a site area of 482,709 sq m. The Contract for Grant of Land Use Right contains, inter-alia, the following salient conditions:
- (i) Use : commercial and residential
  - (ii) Land use term : 70 years for residential;  
40 years for commercial;  
50 years for other uses
  - (iii) Plot ratio : ≤ 3.8
  - (iv) Total gross floor area : ≤ 1,834,294 sq m (excluding public construction)
  - (v) Maximum/average height : N/A
  - (vi) Green area : ≥ 49% of the total site area
  - (vii) Land grant fee : HK\$731,006,100
  - (viii) Annual land use right fee : N/A
- (6) Pursuant to the Agreement of Contract for Grant of State-owned Land Use Right Change, supplement of Contract for Grant of Land Use Right, entered into between Guangzhou Land Administration Bureau and the Joint Venture on 11 November 2008, both parties agreed that the total site area changed to 370,355 sq m and the total land grant fee changed to RMB294,624,032. The Joint Venture agreed to pay an additional RMB56,569,278 of land grant fee.
- (7) Pursuant to the Certificate for State-owned Land Use Right No. Shui Fu Guo Yong (1999) Zi Di Te 109 issued by the Guangzhou People’s Government and entered by Guangzhou Land Administration Bureau on 21 June 1999, the title to the land of 70,811 sq m is vested in the Joint Venture for composite use, with a land use term of 70 years for residential use, 40 years for commercial use and 50 years for other uses.

- (8) Pursuant to the Certificate for State-owned Land Use Right No. Shui Fu Guo Yong (1999) Zi Di Te 110 issued by the Guangzhou People's Government and entered by Guangzhou Land Administration Bureau on 21 June 1999, the title to the land of 134,960 sq m is vested in the Joint Venture for composite use, with a land use term of 70 years for residential use, 40 years for commercial use and 50 years for other uses.
- (9) Pursuant to the Certificate for State-owned Land Use Right No. Shui Fu Guo Yong (1999) Zi Di Te 111 issued by the Guangzhou People's Government and entered by Guangzhou Land Administration Bureau on 21 June 1999, the title to the land of 156,930 sq m is vested in the Joint Venture for composite use, with a land use term of 70 years for residential use, 40 years for commercial use and 50 years for other uses.
- (10) Pursuant to the Construction Land Use Approval No. Shui Guo Tu Jian Yong Zi (2009) 151 issued by Guangzhou Land Resources and Real Estate Administrative Bureau on 30 September 2009, a land use area of 7,682 sq m is approved, permitted construction period commencing from September 2009 to September 2011.
- (11) Pursuant to the Construction Engineering Planning Permit No. Shui Fang Gui Jian (2003) 148 issued by Guangzhou Urban Planning Bureau of Fangcun District on 30 September 2005, the development (a block of middle school) with a total gross floor area of 10,201 sq m is permitted to be constructed.
- (12) Pursuant to the Construction Engineering Planning Permit No. Shui Gui Jian Zheng (2007) 584 issued by Guangzhou Urban Planning Bureau on 6 February 2007, the development (T1–T3) with 37,879 sq m of above-ground gross floor area and 5,621 sq m of below-ground gross floor area are permitted to be constructed.
- (13) Pursuant to the Construction Engineering Planning Permit No. Shui Gui Jian Zheng (2007) 4899 issued by Guangzhou Urban Planning Bureau on 13 November 2007, the development (C5–C8) with a total gross floor area of 119,486 sq m, including 84,848 sq m of above-ground gross floor area and 34,638 sq m of below-ground gross floor area, are permitted to be constructed.
- (14) Pursuant to the Construction Engineering Planning Permit No. Shui Gui Jian Zheng (2007) 4911 issued by Guangzhou Urban Planning Bureau on 13 November 2007, the development (C1–C4) with a total gross floor area of 87,950 sq m are permitted to be constructed.
- (15) Pursuant to the Construction Engineering Planning Permit No. Shui Gui Jian Zheng (2008) 1462 issued by Guangzhou Urban Planning Bureau on 5 May 2008, the development (C1–C5) with a total gross floor area of 113,787 sq m, including 91,129 sq m of above-ground gross floor area and 22,658 sq m of below-ground gross floor area, are permitted to be constructed.
- (16) Pursuant to the Construction Engineering Work Commencement Permit Certificate No. 440103200801150101 issued by Guangzhou Liwan District Construction and City Urban Planning Bureau on 15 January 2008, the construction work of C5–C8 of District No. 1, with a total gross floor area of 119,486 sq m, is permitted to be commenced.
- (17) Pursuant to the Construction Engineering Work Commencement Permit Certificate No. 440103200806110101 issued by Guangzhou Liwan District Construction and City Urban Planning Bureau on 11 June 2008, the construction work of C1–C5, with a total gross floor area of 113,787 sq m, is permitted to be commenced.
- (18) Pursuant to the Construction Engineering Work Commencement Permit Certificate No. 440103200808050101 issued by Guangzhou Liwan District Construction and City Urban Planning Bureau on 5 August 2008, the construction work of T1–T3 of District No. 1, with a total gross floor area of 43,500 sq m, is permitted to be commenced.
- (19) Pursuant to the Construction Engineering Work Commencement Permit Certificate No. 440103200905270101 issued by Guangzhou Liwan District Construction and City Urban Planning Bureau on 27 May 2009, the construction work of the middle school development, with a total gross floor area of 10,021 sq m, is permitted to be commenced.
- (20) Pursuant to the Construction Engineering Work Commencement Permit Certificate No. 440103200907200101 issued by Guangzhou Liwan District Construction and City Urban Planning Bureau on 20 July 2009, the construction work of C1–C4 of District No. 1, with a construction scale of 87,950 sq m, is permitted to be commenced.
- (21) Pursuant to the Commodity Housing Pre-sale Permit No. Shui Fang Yu (Wang) Zi 20070071 issued by Guangzhou Land Resources and Real Estate Administrative Bureau on 6 September 2007, pre-sale of Block E1–E3 is permitted.

- (22) Pursuant to the Construction Works Recording Certificate for Completion No. Shui Li Jian Yan Bei 2009-004 dated 26 May 2009, the construction work of the basement of Zone E of District No. 2, with a total gross floor area of 46,798 sq m is completed.
- (23) As advised by the Group, the construction cost paid and the outstanding construction cost of the property, including the under construction portion and vacant portion, as at 31 October 2009 were approximately RMB299,200,000 and RMB2,848,000,000 respectively. Accordingly, we have taken the said costs in our valuation. In our opinion, the estimate market value of the whole property assuming it were fully completed, as at 31 October 2009, was approximately RMB8,471,500,000.
- (24) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:
- (i) The Joint Venture is a legally established Taiwan, Hong Kong and Macau with Domestic Joint Venture; Guangzhou Fangcun Real Estate Development and Management Company and Guangzhou Fangcun Real Estate Development General Company are entitled to 25% after tax profit of the Joint Venture and China Joy International Limited is entitled to 75% after tax profit of the Joint Venture;
  - (ii) The Joint Venture is the sole legal owner of the land use rights stated in Note nos. (7), (8) and (9), and protected by the PRC laws. The Joint Venture can freely use, develop, transfer, let or mortgage the aforesaid land use rights;
  - (iii) The Joint Venture has applied the state owned land use right certificate for the land stated in Note no. (10). Once the application being accept by the government, relevant fees been settled with duly processed necessary procedure, there should be no legal obstacles to obtain the relevant state owned land use right certificate. The Joint Venture can freely use, develop, transfer, let or mortgage the aforesaid land use rights once the relevant state owned land use right is granted;
  - (iv) The Joint Venture has obtained necessary approvals and permits for the pre-sale of the building stated in Note no. (21). The Joint Venture has the right to pre-sale the relevant building as stipulated under the pre-sale permit;
  - (v) The necessary permits, approvals for the construction work of Phase IA of the property is legal and valid;
  - (vi) There should be no legal obstacles for the Joint Venture to obtain the construction engineering planning permit, construction work commencement permit and the pre-sale permit of the remaining phases of the property once requirements of relevant planning, construction and sale are fulfilled; and
  - (vii) The property is not subject to mortgage.

## 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 <sup>(1)</sup>	100,081,800	1.74
Mr. Doo Wai-hoi, William	13,125,000	—	52,258,400 <sup>(2)</sup>	65,383,400	1.14
Mr. Leung Chi-kin, Stewart	790,000	—	—	790,000	0.01
Mr. Chow Yu-chun, Alexander	9,825,000	—	—	9,825,000	0.17
Mr. Chow Kwai-cheung	126	—	—	126	0.00
Mr. Fong Shing-kwong, Michael	2,105,250	—	—	2,105,250	0.04
Ms. Ngan Man-ying, Lynda	100,000	—	—	100,000	0.00
Mr. 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:*

1. These Shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
2. 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	7 January 2008	(1)	2,238,806	6.228
	29 December 2008	(2)	1,791,045	1.340
Mr. Doo Wai-hoi, William	7 January 2008	(1)	895,522	6.228
	29 December 2008	(2)	727,612	1.340
Mr. Cheng Kar-shing, Peter	7 January 2008	(1)	895,522	6.228
	29 December 2008	(2)	727,612	1.340
Mr. Cheng Chi-kong, Adrian	25 July 2006	(3)	371,194	2.559
	7 January 2008	(1)	1,679,104	6.228
	29 December 2008	(2)	1,343,284	1.340
Mr. Leung Chi-kin, Stewart	7 January 2008	(1)	223,882	6.228
	29 December 2008	(2)	127,910	1.340
Mr. Chow Kwai-cheung	7 January 2008	(1)	223,882	6.228
	29 December 2008	(2)	167,910	1.340
Mr. Chow Yu-chun, Alexander	7 January 2008	(1)	559,701	6.228
	29 December 2008	(2)	559,701	1.340
Mr. Fong Shing-kwong, Michael	7 January 2008	(1)	559,701	6.228
	29 December 2008	(4)	125,933	1.340
Ms. Ngan Man-ying, Lynda	7 January 2008	(1)	1,119,403	6.228
	29 December 2008	(2)	1,007,463	1.340

Name of Director	Date of grant	Exercisable period (note)	Number of share options	Exercise price per Share HK\$
Mr. Cheng Wai-chee, Christopher	7 January 2008	(1)	335,821	6.228
	29 December 2008	(2)	252,221	1.340
Mr. Tien Pei-chun, James	7 January 2008	(1)	335,821	6.228
	29 December 2008	(2)	252,221	1.340
Mr. Lee Luen-wai, John	7 January 2008	(1)	335,821	6.228
	29 December 2008	(2)	252,221	1.340

*Notes:*

1. Divided into 3 tranches, exercisable from 8 February 2008, 8 February 2009 and 8 February 2010, respectively to 7 February 2011.
2. Divided into 4 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
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 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/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>New World Development Company Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	<b>300,000</b>	0.008
Mr. Doo Wai-hoi, William	—	—	1,000,000 <sup>(1)</sup>	<b>1,000,000</b>	0.026
Mr. Leung Chi-kin, Stewart	134,538	—	—	<b>134,538</b>	0.003
Mr. Chow Kwai-cheung	54,919	—	—	<b>54,919</b>	0.001
Mr. Fong Shing-kwong, Michael	206,033	—	—	<b>206,033</b>	0.005
<b>NWS Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 <sup>(2)</sup>	<b>17,179,199</b>	0.83
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 <sup>(1)</sup>	<b>11,136,566</b>	0.54
Mr. Cheng Kar-shing, Peter	201,025	—	2,967,575 <sup>(3)</sup>	<b>3,168,600</b>	0.15
Mr. Leung Chi-kin, Stewart	2,202,351	—	—	<b>2,202,351</b>	0.11
Mr. Chow Kwai-cheung	8,208	—	—	<b>8,208</b>	0.00
Mr. Fong Shing-kwong, Michael	1,620,707	—	—	<b>1,620,707</b>	0.08
Mr. Cheng Wai-chee, Christopher	762,337	—	—	<b>762,337</b>	0.04
<b>New World Department Store China Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 <sup>(4)</sup>	<b>1,107,000</b>	0.07
<b>Dragon Fortune Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 <sup>(5)</sup>	<b>15,869</b>	27.41

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>Mega Choice Holdings Limited</b> (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	3,710 <sup>(2)</sup>	<b>3,710</b>	34.61
<b>Shanghai Juyi Real Estate Development Co., Ltd.</b> (Registered capital in RMB)					
Mr. Doo Wai-hoi, William	—	—	1,165,000,000 <sup>(1)</sup>	<b>1,165,000,000</b>	100.00
<b>Shanghai Trio Property Development Co. Ltd.</b> (Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	42,525,000 <sup>(6)</sup>	<b>42,525,000</b>	52.50
<b>Sun City Holdings Limited</b> (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 <sup>(7)</sup>	<b>3,650,000</b>	45.63
<b>Sun Legend Investments Limited</b> (Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 <sup>(8)</sup>	<b>500</b>	50.00
<b>Taifook Securities Group Limited</b> (Ordinary shares of HK\$0.10 each)					
Mr. Doo Wai-hoi, William	—	—	5,000,000 <sup>(1)</sup>	<b>5,000,000</b>	0.71
<b>YE Holdings Corporation</b> (Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	<b>37,500</b>	1.50

*Notes:*

1. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
2. These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
5. 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.
6. These interests were beneficially owned by a company wholly-owned by Mr. Doo Wai-hoi, William and there is a contract to sell these interests, subject to completion of all conditions contained therein.
7. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
8. 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)	36,710,652	17.654
Mr. Cheng Kar-shing, Peter	19 March 2007	(note 1)	201,153	17.654
		(note 2)	1,206,925	17.654
Mr. Cheng Chi-kong, Adrian	19 March 2007	(note 2)	502,885	17.654
Mr. Leung Chi-kin, Stewart	19 March 2007	(note 1)	35,704,880	17.654
Mr. Chow Kwai-cheung	19 March 2007	(note 2)	1,206,925	17.654
Mr. Chow Yu-chun, Alexander	19 March 2007	(note 2)	1,508,656	17.654
Mr. Fong Shing-kwong, Michael	19 March 2007	(note 3)	603,462	17.654
Mr. Lee Luen-wai, John	19 March 2007	(note 1)	301,731	17.654

*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 Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited (“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 <i>HK\$</i>
Dr. Cheng Kar-shun, Henry	21 August 2007	(note 1)	1,200,511	16.193
		(note 2)	1,800,766	16.193
Mr. Doo Wai-hoi, William	21 August 2007	(note 1)	800,340	16.193
		(note 2)	1,200,511	16.193
Mr. Cheng Wai-chee, Christopher	21 August 2007	(note 1)	240,102	16.193
		(note 2)	360,153	16.193

*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 directors of the Company have interest in the debentures issued by New World China Land Finance Limited (“NWCLF”), a wholly-owned subsidiary of the Company. Details of the debentures of NWCLF held by them as at the Latest Practicable Date are as follows:

Name of Director	Amount of debentures in RMB issued by NWCLF				Percentage to the total debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
Mr. Doo Wai-hoi, William	10,000,000 <sup>(1)</sup>	36,000,000 <sup>(2)</sup>	87,700,000 <sup>(3)</sup>	133,700,000	5.24
Mr. Cheng Chi-kong, Adrian	—	—	2,000,000 <sup>(4)</sup>	2,000,000	0.08

*Notes:*

- These debentures are convertible into 1,484,553 Shares, representing approximately 0.03% of the Company’s issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.
- These debentures are beneficially held by a company owned by the spouse of Mr. Doo Wai-hoi, William and are convertible into 5,344,392 Shares, representing approximately 0.09% of the Company’s issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.
- These debentures are beneficially held by companies wholly-owned by Mr. Doo Wai-hoi, William and are convertible into 13,019,533 Shares, representing approximately 0.23% of the Company’s issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.
- These debentures are beneficially held by a company wholly-owned by Mr. Cheng Chi-kong, Adrian and are convertible into 296,910 Shares, representing approximately 0.01% of the Company’s issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.

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:

<b>Name of Director</b>	<b>Name of entity which businesses are considered to compete or likely to compete with the business of the Group</b>	<b>Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group</b>	<b>Nature of interest of the Director in the entity</b>
Dr. Cheng Kar-shun, Henry	Centennial Success Limited ("CSL") group of companies	Property investment and development, hotel operation and transport	Director
	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Hong Kong Jing-guang Development Limited	Hotel operation in Beijing	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	New Bei Fang Hotel Ltd.	Property investment in Harbin	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
Mr. Doo Wai-hoi, William	Fung Seng Estate Development (Shanghai) Co., Ltd.	Property development in Shanghai	Shareholder and Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Shareholder

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	CSL group of companies	Property investment and development, hotel operation and transport	Director
	New Bei Fang Hotel Ltd.	Property Investment in Harbin	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Cheng Chi-kong, Adrian	CSL group of companies	Property investment and development, hotel operation and transport	Director
	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
Mr. Chow Kwai-cheung	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director
Mr. Chow Yu-chun, Alexander	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	New Bei Fang Hotel Ltd.	Property investment in Harbin	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Fong Shing-kwong, Michael	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Jing Guang Centre Co., Ltd.	Hotel operation in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	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
Ms. Ngan Man-ying, Lynda	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	New Bei Fang Hotel Ltd.	Property investment in Harbin	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 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, save for the conditional sale and purchase agreement dated 30 April 2009 between New World China Property Limited ("NWCP") and Guilherme Holdings (Hong Kong) Limited ("Guilherme"), a company wholly-owned by Mr. Doo Wai-hoi, William, a director of the Company, relating to the acquisition by NWCP of 52.5% equity interest in Shanghai Trio Property Development Co., Ltd. from Guilherme for a consideration of HK\$523,308,026 and the disposal by NWCP of 50% equity interest in Shanghai Juyi Real Estate Development Co., Ltd. to Guilherme for a consideration of HK\$953,169,139 (details of which were contained in an announcement of the Company dated 30 April 2009), none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular 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:

<b>Name of Director</b>	<b>Name of substantial shareholder</b>
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 Group**

- (a) 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**

<b>Name</b>	<b>Number of Shares</b>			<b>Percentage to the issued share capital as at the Latest Practicable Date</b>
	<b>Beneficial interests</b>	<b>Corporate interests</b>	<b>Total</b>	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") <sup>(1)</sup>	—	4,067,863,083	4,067,863,083	70.67
Centennial Success Limited ("CSL") <sup>(1)</sup>	—	4,067,863,083	4,067,863,083	70.67
Chow Tai Fook Enterprises Limited ("CTF") <sup>(2)</sup>	—	4,067,863,083	4,067,863,083	70.67
NWD	3,813,278,042 <sup>(3)</sup>	254,585,041 <sup>(4)</sup>	4,067,863,083	70.67

*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. These include the beneficial interest in 3,806,449,096 Shares and the interest derived from the holding of debentures issued by New World China Land Finance Limited which were convertible into 6,828,946 Shares.
  4. The number of Shares held under the corporate interests of NWD includes 170,027,818 Shares held by Easywin Enterprises Corporation Limited, its 100% 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.
- (b) As at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company and save as otherwise disclosed in this circular, the persons (other than a Director or chief executive of the Company or his controlled corporations or a member of the Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name of substantial shareholder	Name of subsidiary	Number of shares/ amount of equity interest held
Dalian Commercial Network Construction and Development Company	Dalian New World Plaza International Co., Ltd.	RMB6,960,000 (12% of the equity interest)
Hing Pang Petroleum Chemicals (H.K.) Limited	Chengdu Xinyi Real Estate Development Co., Ltd.	US\$19,900,000 (20% of the equity interest)
Huamei Wealth (Beijing) International Property Investment Co., Ltd.	Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB12,500,000 (25% of the equity interest)
Melbourne Enterprises Ltd.	Billion Park Investment Limited	142,900 shares (14.29% of the equity interest)
貴陽市南明區金水食府	Guiyang Jinyang Heng Tai Catering Investment Co., Ltd.	RMB1,000,000 (16.67% of the equity interest)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 2 Limited	10% (note)

Name of substantial shareholder	Name of subsidiary	Number of shares/ amount of equity interest held
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 3 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 4 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 5 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 6 Limited	10% (note)
Hainan Zhonghong Investments Company Limited	New World Zhonghong Property Co. Ltd.	RMB105,000,000 (30% of the equity interest)
成都深港石化有限公司	Chengdu Xinyi Real Estate Development Co., Ltd.	US\$19,900,000 (20% of the equity interest)
佛山市祥福房地產開發有限公司	Foshan Country Club Real Estate Development Limited	10% (note)
武漢市國營漢口漁場	Wuhan Xin Han Development Co., Ltd.	30% (note)
北京勵升豪廷房地產顧問有限公司	北京新世界商建房地產開發有限公司	RMB4,500,000 (15% of the equity interest)
北京商建房地產開發有限公司	北京新世界商建房地產開發有限公司	RMB3,000,000 (10% of the equity interest)
北京崇遠投資經營公司	北京新世界物業管理有限公司	RMB664,000 (11.9% of the equity interest)

*Note:* Referred to as profit sharing ratio as set out in the relevant co-operative joint venture contracts.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than a Director or chief executive of the Company or his controlled corporations or a member of the Group), who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### 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 2009 (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:

<b>Name</b>	<b>Qualifications</b>
Knight Frank	Professional valuers
CIMB	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Knight Frank and CIMB have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their respective letters and reports (as the case may be) and references to their respective names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither Knight Frank nor CIMB was beneficially interested in the share capital of any member of the Group, nor did they have 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 they have any interest, either direct or indirect, in any assets which had since 30 June 2009 (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 shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at P.O. Box 309, Uglan 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, Wanchai, 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 31 December 2009:

- (i) the letter from the Independent Board Committee, the text of which is set out on page 9 of this circular;
- (ii) the letter from CIMB, the text of which is set out on pages 10 to 16 of this circular;
- (iii) the valuation report, by Knight Frank, as referred to on pages 17 to 27 of this circular;
- (iv) the written consents referred to in paragraph 5 headed "Expert and Consent" of this appendix;  
and
- (v) the Transfer Agreement.

This circular in both the English and Chinese versions is now available on the Company's website at [www.nwcl.com.hk](http://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](mailto:is-ecom@hk.tricorglobal.com) specifying your name, contact telephone number, address and request.