

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

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**New World China Land Limited**  
**新世界中國地產有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 917)**

**CONTINUING CONNECTED TRANSACTIONS**

**MASTER SERVICE AGREEMENT WITH  
NEW WORLD DEVELOPMENT COMPANY LIMITED**

**Independent Financial Adviser  
to the Independent Board Committee  
and the Independent Shareholders**

**COMMERZBANK** 

**Commerzbank AG Hong Kong Branch**

---

A letter from the Independent Board Committee is set out on page 10 of this circular. A letter from Commerzbank, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 11 to 20 of this circular.

A notice convening the EGM to be held at Bauhinia Room 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (Expo Galleria Entrance) on Friday, 27 June 2008, at 10:30 a.m. is set out on pages 37 to 38 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

|                 |
|-----------------|
| <b>CONTENTS</b> |
|-----------------|

|  | <i>Page</i> |
|--|-------------|
| <b>DEFINITIONS</b> .....   | 1           |
| <b>LETTER FROM THE BOARD</b> .....                                 | 3           |
| <b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....           | 10          |
| <b>LETTER FROM COMMERZBANK</b> .....                               | 11          |
| <b>APPENDIX I — GENERAL INFORMATION</b> .....                      | 21          |
| <b>APPENDIX II — NOTICE OF EXTRAORDINARY GENERAL MEETING</b> ..... | 37          |

## DEFINITIONS

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

|                               |  |
|-------------------------------|--|
| “associates”                  | has the meaning ascribed to it under the Listing Rules   |
| “Board”                       | the board of Directors of the Company  |
| “Commerzbank”                 | Commerzbank AG, acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Master Service Agreement |
| “Company”                     | New World China Land Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange   |
| “connected person”            | has the meaning ascribed to it under the Listing Rules   |
| “Contracting Services”        | the provision of construction, engineering and related services by the relevant members of the NWD Group to members of the Group as described in the section headed “Master Service Agreement” in this circular  |
| “Director(s)”                 | director(s) of the Company   |
| “EGM”                         | the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Master Service Agreement   |
| “Group”                       | the Company and its subsidiaries from time to time   |
| “HK\$”                        | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                   | The Hong Kong Special Administrative Region of the PRC   |
| “Independent Board Committee” | an independent board committee of the Company comprising Messers. Cheng Wai-chee, Christopher and Tien Pei-chun, James, which is formed to advise the Independent Shareholders in relation to the Master Service Agreement. Mr. Lee Luen-wai, John is the independent non-executive director of both the Company and NWD and hence, he is not a member of the committee of the Board   |
| “Independent Shareholders”    | shareholders of the Company other than NWD and its associates  |

## DEFINITIONS

|                            |  |
|----------------------------|--|
| “Latest Practicable Date”  | 3 June 2008, 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  |
| “Master Service Agreement” | the master service agreement in relation to the Services entered into between the Company and NWD on 27 May 2008   |
| “NWD”                      | New World Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange   |
| “NWD Group”                | NWD and its subsidiaries from time to time   |
| “Operational Agreement”    | the individual agreement in respect of the provision of any of the Services which may from time to time be entered into between a member of the Group and a member of the NWD Group pursuant to the Master Service Agreement   |
| “PRC”                      | The People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan  |
| “Property Agency Services” | the provision of property agency and related services in connection with the promotion, sale and leasing of properties by the relevant members of the NWD Group to members of the Group as described in the section headed “Master Service Agreement” in this circular |
| “Services”                 | the Contracting Services and the Property Agency Services  |
| “SFO”                      | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong   |
| “Share(s)”                 | the ordinary share(s) in the share capital of the Company, with a par value of HK\$0.10 each   |
| “Shareholder(s)”           | holder(s) of the Shares of the Company   |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited  |
| “subsidiary”               | has the meaning ascribed to it under the Companies Ordinance, Chapter 32 of the Laws of Hong Kong  |
| “%”                        | per cent.  |



**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

*Non-executive Director:*

Mr. Fu Sze-shing

*Independent non-executive Directors:*

Mr. Cheng Wai-chee, Christopher

Mr. Tien Pei-chun, James

Mr. Lee Luen-wai, John *JP*

*Registered office:*

P.O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

*Principal place of business in*

*Hong Kong:*

9th Floor, New World Tower 1

18 Queen's Road Central

Hong Kong

10 June 2008

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

**MASTER SERVICE AGREEMENT WITH  
NEW WORLD DEVELOPMENT COMPANY LIMITED**

**BACKGROUND**

In the ordinary course of their businesses, members of the Group regularly enter into continuing connected transactions with members of the NWD Group. In order to streamline and renew such continuing connected transactions, the Company and NWD entered into the Master Service Agreement on 27 May 2008 whereby the Company agrees to engage relevant members of the NWD Group to provide the Services to members of the Group during the term of the Master Service Agreement.

The purpose of this circular is to provide you with details of the Master Service Agreement, the opinion of the Independent Board Committee and the advice of Commerzbank in respect of the Master Service Agreement, and to give notice of the EGM thereof.

# LETTER FROM THE BOARD

## MASTER SERVICE AGREEMENT

**Date:** 27 May 2008

**Parties:** the Company and NWD

**Term:** with effect from 1 July 2008 for a term of three years

### Provision of Services

Under the Master Service Agreement, the Company agrees to engage relevant members of the NWD Group to provide the Services to members of the Group during the term of the Master Service Agreement.

The Services include the following categories of services:

| <b>Categories of Services</b> | <b>Description of services</b>  |
|-------------------------------|---|
| Contracting Services          | the provision of construction, engineering and related services by the relevant members of the NWD Group to members of the Group, including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation maintenance and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction and project management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems and system design and consultancy and computer aided drafting services |
| Property Agency Services      | the provision of property agency and related services in connection with the promotion, sale and leasing of properties by the relevant members of the NWD Group to members of the Group, including but not limited to, (a) design and compilation of promotion and marketing plans; (b) supervision of marketing activities and overseeing the operation of sales offices; (c) formulation of pricing strategy and assistance in the execution and completion of sale and leasing agreements with the buyers and tenants  |

## LETTER FROM THE BOARD

### Major terms

Pursuant to the Master Service Agreement, the provision of the Services shall be in accordance with the following terms:

- (a) as for the Services undertaken by any member of the NWD Group but not yet completed as at the commencement date of the Master Service Agreement, NWD agrees to procure relevant members of the NWD Group to continue to provide the relevant Services in accordance with the terms of the relevant agreements, notwithstanding the terms of the Master Service Agreement;
- (b) save as the Services referred to in (a) above, NWD agrees to provide the Services through itself and/or any of its subsidiaries to members of the Group in accordance with the terms of the Master Service Agreement at the request of the Group, subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular service which shall be recorded in writing in the form of an operational agreement;
- (c) the terms of the Operational Agreements shall be in compliance with the relevant laws and regulations in force from time to time and shall be on normal commercial terms, negotiated on arm's length basis and at prices and terms comparable with terms available to independent third parties; and
- (d) the appointment of the relevant members of the NWD Group by the Group to provide the Services under the Master Service Agreement is on a non-exclusive basis.

### Historic transaction values and annual caps

The aggregate transaction values in respect of each category of the Services for the periods indicated below were as follows:

| <b>Services</b>          | <b>Aggregate transaction values</b>    |                       |                           |
|--------------------------|--|-----------------------|---------------------------|
|                          | <b>for each of the financial years</b> |                       | <b>for the six months</b> |
|                          | <b>ended 30 June</b>                   |                       | <b>period ended</b>       |
|                          | <b>2006</b>                            | <b>2007</b>           | <b>2007</b>               |
|                          | <i>HK\$ (million)</i>                  | <i>HK\$ (million)</i> | <i>HK\$ (million)</i>     |
| Contracting Services     | 173.9                                  | 135.8                 | 217.4                     |
| Property Agency Services | 2.0                                    | 5.1                   | 4.2                       |
| <b>Total</b>             | <b>175.9</b>                           | <b>140.9</b>          | <b>221.6</b>              |

## LETTER FROM THE BOARD

The annual cap in respect of each category of the Services for each of the financial years ended 30 June 2006 and 2007 and for the financial year ending 30 June 2008 are as follows:

| <b>Services</b>          | <b>Annual cap for each of the financial years</b> |                               |                                |
|--------------------------|---|-------------------------------|--------------------------------|
|                          | <b>ended 30<br/>June 2006</b>                     | <b>ended 30<br/>June 2007</b> | <b>ending 30<br/>June 2008</b> |
|                          | <i>HK\$ (million)</i>                             | <i>HK\$ (million)</i>         | <i>HK\$ (million)</i>          |
| Contracting Services     | 1,073.0   | 1,391.0                       | 1,714.0                        |
| Property Agency Services | 8.8   | 11.7                          | 9.0                            |
| <b>Total</b>             | <b>1,081.8</b>                                    | <b>1,402.7</b>                | <b>1,723.0</b>                 |

### Annual caps

The Company expects that the maximum aggregate annual value in respect of each category of the Services will be as follows:

| <b>Services</b>          | <b>Annual cap for each of the<br/>financial years ending 30 June</b> |                       |                       |
|--------------------------|--|-----------------------|-----------------------|
|                          | <b>2009</b>  | <b>2010</b>           | <b>2011</b>           |
|                          | <i>HK\$ (million)</i>  | <i>HK\$ (million)</i> | <i>HK\$ (million)</i> |
| Contracting Services     | 4,102.0  | 4,728.1               | 4,649.5               |
| Property Agency Services | 6.6  | 7.4                   | 7.0                   |
| <b>Total</b>             | <b>4,108.6</b>   | <b>4,735.5</b>        | <b>4,656.5</b>        |

Each of the annual caps above has been determined by reference to:

- (a) the prevailing market conditions;
- (b) the historical annual amounts in respect of that category of service provided by the relevant members of the NWD Group to members of the Group; and
- (c) the projected quantity of Services that relevant members of the NWD Group would be engaged to undertake in the next three financial years.

The above mentioned projected figures are determined based on the relevant historical figures, the business growth of the Group, the estimated future demand for the Services with regard to factors such as the values of the construction contracts signed, new sizeable property projects scheduled to be developed and construction of new phases of existing property projects by the Group, and inflation.



## **LETTER FROM THE BOARD**

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICE AGREEMENT**

The Company is principally engaged in property development, property investment as well as rental and hotel operation in the PRC. The core businesses of NWD include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology.

The transactions contemplated under the Master Service Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and the NWD Group. The Master Service Agreement provides a framework for Services which may be provided by the NWD Group from time to time on a non-exclusive basis and regulates the future possible business relationship between the Group and the NWD Group.

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

### **CONTINUING CONNECTED TRANSACTION**

As NWD, together with its subsidiaries, holds approximately 70% of total issued share capital of the Company, it is a substantial shareholder of the Company and hence a connected person of the Company. The transactions contemplated under the Master Service Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the maximum aggregate annual value in respect of the Services contemplated under the Master Service Agreement exceeds 2.5%, the Master Service Agreement is subject to reporting and announcement requirements and Independent Shareholders' approval under the Listing Rules. NWD and its associates will abstain from voting on the resolution to approve the Master Service Agreement at the EGM.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee of the Company has been appointed to advise the Independent Shareholders on the terms of the Master Service Agreement. Commerzbank has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Service Agreement.

## LETTER FROM THE BOARD

### EGM

The Company will convene the EGM at Bauhinia Room 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (Expo Galleria Entrance) on Friday, 27 June 2008 at 10:30 a.m., Hong Kong, to consider the Master Service Agreement. A notice of the EGM is set out in Appendix II to this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, the votes of Independent Shareholders in respect of the Master Service Agreement taken at the EGM must be taken on poll. NWD, being the controlling Shareholder who together with its subsidiaries was holding approximately 70% of total issued share capital of the Company as at the Latest Practicable Date, and its associates will abstain from voting in respect of the ordinary resolution proposed to approve the Master Service Agreement at the EGM.

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

### PROCEDURE TO DEMAND A POLL

Pursuant to article 80 of the Articles of Association, a resolution put to the vote of the meeting shall be decided on show on hands unless (before or on the declaration of the result of the show of hands) a poll is duly demanded by:

- (a) the chairman of the meeting; or
- (b) any of the Directors who individually or collectively (with the chairman of the meeting) hold proxies in respect of Shares representing five per cent. or more of the total voting rights at the meeting, where on a show of hands such meeting votes in the opposite manner to that instructed by the grantors of those proxies; or
- (c) at least five Shareholders present in person or by proxy and entitled to vote; or
- (d) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (e) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

## LETTER FROM THE BOARD

### OPINION

The Directors (including the independent non-executive Directors) consider that the terms of the Master Service Agreement are fair and reasonable, and that entering into the Master Service Agreement by the Company are in the best interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) therefore recommend the Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM.

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

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



**New World China Land Limited**

**新世界中國地產有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 917)**

10 June 2008

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

**MASTER SERVICE AGREEMENT WITH  
NEW WORLD DEVELOPMENT COMPANY LIMITED**

We refer to the letter from the Board set out in the circular issued by the Company to the Shareholders and dated 10 June 2008 (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 as the Independent Board Committee to consider the terms of the Master Service Agreement and to advise the Independent Shareholders in connection with the Master Service Agreement as to whether, in our opinion, its terms are fair and reasonable so far as the Independent Shareholders are concerned and whether the Master Service Agreement is in the interests of the Company and the Shareholders as a whole. Commerzbank has been appointed as the independent financial adviser to advise us in this respect.

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

Having considered the principal factors and reasons considered by, and the opinion of, Commerzbank as set out in its letter of advice, we consider the terms of the Master Service Agreement to be fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the Master Service Agreement is in the interests of the Company and the Shareholders as a whole.

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

## LETTER FROM COMMERZBANK

*The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Commerzbank in respect of the Master Service Agreement, prepared for the purpose of incorporation into this circular.*

### **COMMERZBANK**

#### **Hong Kong Branch**

21st Floor, Hong Kong Club Building  
3A Chater Road, Central  
Hong Kong

10 June 2008

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs

### **CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the independent board committee of the Company (the “Independent Board Committee”) and the Independent Shareholders in connection with the Services to be provided by NWD Group under the Master Service Agreement and the annual maximum value in respect of the Services provided under the Master Service Agreement (the “Services Caps”), details of which, among other things, are set out in the section headed “Letter from the Board” in this circular dated 10 June 2008 (the “Circular”), of which this letter forms a part. Unless otherwise defined herein, terms used in this letter shall have the same meanings as those defined in the Circular.

On 27 May 2008, the Company entered into the Master Service Agreement with NWD, pursuant to which, the Company agreed to engage relevant members of NWD Group to provide the Services (comprising the Contracting Services and the Property Agency Services) to members of the Group for a term of three years commencing from 1 July 2008.

Since NWD, together with its subsidiaries, is the controlling Shareholder (as defined under the Listing Rules), NWD is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Service Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since the Services Caps exceed HK\$10 million and the relevant percentage ratios (as defined under the Listing Rules) are greater than 2.5%, the Services provided by NWD Group under the Master Service Agreement constitute non-exempt continuing connected transactions for the Company and are subject to (i) annual review requirement under Rules 14A.37 to 14A.38 of the Listing Rules; (ii) the reporting requirement under Rules 14A.45 to 14A.47 of the Listing Rules; and (iii) the independent shareholders’ approval requirement under Rule 14A.48 of the Listing Rules. NWD and its associates are required to abstain from voting at the EGM in relation to the resolution to approve the Master Service Agreement.

## LETTER FROM COMMERZBANK

The Board currently comprises 13 Directors, with Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, 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 and Ms. Ngan Man-ying, Lynda as the executive Directors; Mr. Fu Sze-shing as non-executive Director and Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John as the independent non-executive Directors. Mr. Lee Luen-wai, John is the independent non-executive director of NWD and the transactions contemplated under the Master Service Agreement (including the Services Caps) are subject to the approval of the Independent Shareholders. Accordingly, the Independent Board Committee comprising only Mr. Cheng Wai-chee, Christopher and Mr. Tien Pei-chun, James has been formed for the purpose of making recommendation to the Independent Shareholders as to how they should vote on the resolution in respect of the Master Service Agreement and the transactions contemplated (including the Services Caps) thereunder at the EGM. We, Commerzbank AG Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on whether (i) the engagement of NWD Group to provide the Services are in the ordinary and usual course of business of the Group; (ii) the terms of the Master Service Agreement are on normal commercial terms and are fair and reasonable; and (iii) the entering into of the Master Service Agreement is in the interest of Company and the Shareholders as a whole, and how the Independent Shareholders should vote in respect of the resolution to approve the Master Service Agreement and the transactions contemplated thereunder.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have assumed that all information and facts supplied to us by the Company are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the Directors and the management of the Company that having made all due enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the Circular misleading. In addition, we have reviewed, inter alia, the Master Service Agreement, the financial information of the Company, such as its published annual reports covering the two financial years ended 30 June 2006 (“FY2006”) (the “2006 Annual Report”) and 30 June 2007 (“FY2007”) (the “2007 Annual Report”), respectively, and its interim report covering the six-month period ended 31 December 2006 (the “2007 Interim Period”) and 2007 (the “2008 Interim Period”) (the “2008 Interim Report”). We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which the Company is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have (i) taken reasonable steps as required under Rule 13.80 of the Listing Rules in obtaining all necessary information from the Company and (ii) reviewed sufficient information to enable us to reach an informed view regarding the Services provided by NWD Group under the Master Service Agreement and the Services Caps and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company and its respective associates.

# LETTER FROM COMMERZBANK

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Master Service Agreement, the Services provided by NWD Group under the Master Service Agreement and the Services Caps, and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders in this regard, we have taken into account the following principal factors:

### 1. Background and relation between the Group and NWD Group

The Group is a property developer principally engaged in the development, investment and leasing of properties as well as hotel operations in PRC. NWD Group is one of the leading Hong Kong-based conglomerates with an operating history of over 30 years and is one of the constituent companies of the Hang Seng Index. NWD Group's business has expanded to include four core businesses, namely, (i) property development and hotel operations; (ii) infrastructure and services; (iii) department store operations in Hong Kong, the Macau Special Administrative Region of PRC and PRC as well as (iv) strategic investments such as telecommunication and technology.

The Group's revenue is principally derived from four major business segments, namely, property sales, rental operations, hotel operation and property management services. Its revenue was increased from approximately HK\$1,618.02 million in FY2005 to approximately HK\$2,474.24 million in FY2007, representing an increase of approximately 52.92% or a compound annual growth rate ("CAGR") of approximately 23.66%. In addition, for the 2008 Interim Period, the Group's revenue also increased to approximately HK\$1,261.42 million or approximately 18.42% from approximately HK\$1,065.18 million in the 2007 Interim Period. During the three years ended 30 June 2007 and the 2008 Interim Period, revenue derived from the Group's property sale business accounted for more than 70% of its consolidated revenue and recorded substantial growth of approximately 51.50% from approximately HK\$1,244.65 million in FY2005 to approximately HK\$1,885.62 million in FY2007 or a CAGR of approximately 23.08%. Set out below is the summary of the Group's financial results extracted from the 2006 Annual Report, the 2007 Annual Report and the 2008 Interim Report:

|                                | <b>For the year ended 30 June</b> |                  |                  | <b>For the six months ended 31 December</b> |                  |
|--------------------------------|-----------------------------------|------------------|------------------|---|------------------|
|                                | <b>2005</b>                       | <b>2006</b>      | <b>2007</b>      | <b>2006</b>                                 | <b>2007</b>      |
|                                | <i>HK\$'000</i>                   | <i>HK\$'000</i>  | <i>HK\$'000</i>  | <i>HK\$'000</i>                             | <i>HK\$'000</i>  |
| <b>Revenue</b>                 |                                   |                  |                  |   |                  |
| — Sale of properties           | 1,244,943                         | 1,233,859        | 1,885,622        | 781,175                                     | 928,622          |
| — Rental operation             | 186,147                           | 256,561          | 310,671          | 152,701                                     | 170,444          |
| — Hotel operation              | 180,125                           | 189,677          | 234,326          | 115,197                                     | 135,805          |
| — Property management services | 6,808                             | 11,223           | 43,619           | 16,110                                      | 26,552           |
| — Other operations             | —                                 | —                | —                | —   | —                |
| <b>Total revenue</b>           | <b>1,618,023</b>                  | <b>1,691,320</b> | <b>2,474,238</b> | <b>1,065,183</b>                            | <b>1,261,423</b> |

## LETTER FROM COMMERZBANK

|  | For the year ended 30 June |                 |                 | For the six months<br>ended 31 December |                 |
|--|----------------------------|-----------------|-----------------|---|-----------------|
|  | 2005                       | 2006            | 2007            | 2006                                    | 2007            |
|  | <i>HK\$'000</i>            | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                         | <i>HK\$'000</i> |
| <b>Segment results</b>                             |                            |                 |                 |   |                 |
| — Sale of properties                               | 251,723                    | 387,705         | 702,042         | 177,972                                 | 885,684         |
| — Rental operation                                 | 32,315                     | 365,233         | 134,988         | 113,088                                 | 39,401          |
| — Hotel operation                                  | (17,696)                   | 17,825          | 54,141          | 20,073                                  | 20,790          |
| — Property management<br>services                  | (348)                      | (2,410)         | 13,023          | 2,378                                   | 4,903           |
| — Other operations                                 | (1,922)                    | (12)            | (17,124)        | (8,257)                                 | (40,526)        |
| <b>Segment results</b>                             | 264,072                    | 768,341         | 887,070         | 305,254                                 | 910,252         |
| <b>Gross Profit</b>                                | 436,945                    | 529,145         | 847,194         | 372,501                                 | 477,911         |
| <b>Net Profit attributable<br/>to Shareholders</b> | 166,025                    | 740,512         | 1,191,444       | 406,473                                 | 919,588         |

*Source:* the 2006 Annual Report, the 2007 Annual Report and the 2008 Interim Report

As disclosed in the section headed “Letter from the Board” of the Circular, the Services provided by NWD Group under the Master Service Agreement comprise two major categories, namely, the Contracting Services and the Property Agency Services, which are key to the Group’s property construction and development business. The Contracting Services include a number of property construction related work such as, the provision of construction, engineering and related services including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation maintenance and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction and project management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating, ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems and system design and consultancy and computer aided drafting services, which are key to the various development stages of the Group’s properties and their subsequent maintenance, whilst the Property Agency Services include the provision of property agency and related services in connection with the promotion, sale and leasing of properties, including, but not limited to, (i) design and compilation of promotion and marketing plans; (ii) supervision of marketing activities and overseeing the operation of sales offices; (iii) formulation of pricing strategy and assistance in the execution and completion of sale and leasing agreements with the buyers and tenants.



## LETTER FROM COMMERZBANK

As disclosed in the Company's circular dated 10 June 2005, NWD Group, which has had a long history of providing construction related services to the Group since 1992, entered into a master service agreement (the "Previous Master Service Agreement") with the Company on 30 May 2005 relating to the provision of construction services (comprising construction works similar to the Constructing Services under the Master Service Agreement) by NWD Group for a term of three years commencing from 1 July 2005. In addition, as disclosed in the Company's announcement dated 2 June 2004 (the "Announcement") and the 2007 Annual Report, the Group, on 2 June 2004, entered into a property agency services agreement (the "Previous Property Agency Services Agreement") with a member of NWD Group for the provision of property agency services for the promotion, sale and leasing of properties of the Group's Chateau Regalia Beijing in Beijing, PRC for a term of three years commencing from 2 June 2004 to 1 June 2007 (which was further extended to 1 June 2008 pursuant to a supplemental agreement dated 4 October 2007). Having considered that (i) both Contracting Services and the Property Agency Services form integral parts of the Group's overall property development business and (ii) the satisfactory performance of the Contracting Services and the Property Agency Services provided by NWD Group throughout the past years as confirmed by the management of the Company, we are of the view that the entering into of the Master Services Agreement is a natural extension of the business relationship between the Group and NWD Group under both the Previous Master Service Agreement and the Previous Property Services Agreement and, therefore, the engagement of NWD Group to provide the Services is in the ordinary and usual course of business of the Group.

### **2. Terms and pricing policy of the Master Service Agreement**

#### *Major terms of the Master Service Agreement*

Subject to the approval of the Independent Shareholders, the Master Service Agreement will have a term of three years commencing from 1 July 2008, the major terms of which are summarized as follows:

- (i) as for the Services undertaken by any member of NWD Group but not yet completed as at the commencement date of the Master Service Agreement, NWD agrees to procure relevant members of NWD Group to continue to provide the relevant Services in accordance with the terms of the relevant agreement, notwithstanding the terms of the Master Services Agreement;
- (ii) save as the Services referred to in (i) above, NWD agrees to provide the Services through itself and/or any of its subsidiaries to members of the Group in accordance with the terms of the Master Service Agreement at the request of the Group, subject to the subsequent agreement of the terms and conditions by the parties in the form of an operational agreement;
- (iii) the terms of the Operational Agreement shall be in compliance with the relevant laws and regulations in force from time to time and shall be on normal commercial terms, negotiated on arm's length basis and at prices and terms comparable with those available to independent third parties; and
- (iv) the appointment of the relevant member of NWD Group by the Group to provide the Services under the Master Service Agreement is on a non-exclusive basis.

## LETTER FROM COMMERZBANK

### *The Group's pricing policies*

Notwithstanding the requirement under the Master Service Agreement that the Services will be provided by NWD Group to the Group on a non-exclusive basis and the prices to be charged by NWD Group will be based on arm's length basis on normal commercial terms which are comparable to those available to the independent third parties to NWD Group, the management of the Company has confirmed that all construction contracts relating to the Contracting Services will be awarded to potential contractors by way of tender and the Group has maintained a set of stringent tendering procedures and written internal guidelines (including the pre-approved lists of tenderers) which are subject to periodic review and update by the Company's management to ensure terms relating to the Contracting Services are comparable to other independent third parties of the Group.

As represented by the management of the Company, the Company generally determines its contractors' construction fee based on (i) the PRC government prescribed prices; (ii) the PRC government-guided prices; (iii) the market prices or (iv) construction costs plus reasonable profit margins as determined by the parties to the relevant construction contracts. Each property development project of the Group will usually require a number of different categories of construction work, including, but not limited to, piling and foundation, superstructure construction, landscaping, fire system installation and public utilities work. Therefore, the Group has maintained various lists of tenderers (including members of NWD Group) for different regions and for different types of construction works. For each category of construction work, the Group generally invites at least 3 qualified tenderers (including members of NWD Group) to submit tender proposals for the relevant construction project(s). In determining the successful tenderers for each construction projects, the Company's management usually considers the following factors:

- (i) the total price of the construction work provided;
- (ii) the qualification of the tenderer (such as the prescribed grade or license obtained by the tenderer for specific type of construction work);
- (iii) the tenderer's historical performance, previous track records and reputation; and
- (iv) financial capabilities of the tender.

The Property Agency Services will usually be carried out by the respective subsidiaries of the Group unless such subsidiaries do not have its own sales team. Under the circumstances, the Group will outsource its marketing function and determine the property agents for provision of such marketing service after comparing, among other things, the terms offered by the various property agents (including members of NWD Group), their quoted commission rates, reputation and geographical coverage and strength.

Given the above, we are of the view that the terms of the Master Service Agreement are on normal commercial terms and the entering into of the Master Service Agreement is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

# LETTER FROM COMMERZBANK

## 3. Basis of the Services Caps

Set out is a summary of the actual amounts of the Services charged by NWD Group for the two years ended 30 June 2007 and the proposed Services Caps for the three years ending 30 June 2011:

|   | <b>For the year ended/ending 30 June</b> |                 |                   |                |                |                |
|---|--|-----------------|-------------------|----------------|----------------|----------------|
|   | <b>2006</b>                              | <b>2007</b>     | <b>2008</b>       | <b>2009</b>    | <b>2010</b>    | <b>2011</b>    |
|   | <b>Actual</b>                            | <b>Actual</b>   | <b>Annualised</b> |                |                |                |
|   | <i>(Note 1)</i>                          | <i>(Note 1)</i> | <i>(Note 2)</i>   |                |                |                |
|   | <i>HK\$'</i>                             | <i>HK\$'</i>    | <i>HK\$'</i>      | <i>HK\$'</i>   | <i>HK\$'</i>   | <i>HK\$'</i>   |
|   | <i>Million</i>                           | <i>Million</i>  | <i>Million</i>    | <i>Million</i> | <i>Million</i> | <i>Million</i> |
| <b>Services</b>   |  |                 |                   |                |                |                |
| ● Contracting Services  |  |                 |                   |                |                |                |
| — Actual amount   |  |                 |                   |                |                |                |
| incurred  | <i>(1)</i>                               | 173.9           | 135.8             | 434.8          |                |                |
| — Annual caps   | <i>(2)</i>                               | 1,073.0         | 1,391.0           | 1,714.0        | 4,102.0        | 4,728.1        |
| — <i>Utilisation</i>  |  | 16.2%           | 9.8%              | 25.4%          |                |                |
| ● Property Agency Services  |  |                 |                   |                |                |                |
| — Actual amount   |  |                 |                   |                |                |                |
| incurred  | <i>(3)</i>                               | 2.0             | 5.1               | 8.4            |                |                |
| — Annual caps   | <i>(4)</i>                               | 8.8             | 11.7              | 9.0            | 6.6            | 7.4            |
| — <i>Utilisation</i>  |  | 22.7%           | 43.6%             | 93.3%          |                |                |
| <b>Total amount of Services</b>   | <i>(1)+(3)</i>                           | <u>175.9</u>    | <u>140.9</u>      | <u>443.2</u>   | <u>N/A</u>     | <u>N/A</u>     |
| <i>Total annual caps of the Contracting Services and the Property Agency Services</i> |  |                 |                   |                |                |                |
|   | <i>(2)+(4)</i>                           | <u>1,081.8</u>  | <u>1,402.7</u>    | <u>1,723.0</u> | <u>4,108.6</u> | <u>4,735.5</u> |
| <i>Utilisation</i>  |  | <u>16.3%</u>    | <u>10.0%</u>      | <u>25.7%</u>   | <u>N/A</u>     | <u>N/A</u>     |

*Note 1:* based on the audited figures extracted from the 2007 Annual Report and the Circular

*Note 2:* the balances represented the annualised figures of the actual amount charged by NWD Group for the 2008 Interim Period under the Previous Master Service Agreement and the Previous Property Agency Service Agreement

## LETTER FROM COMMERZBANK

The Group is one of the major property developers in PRC. According to the 2007 Annual Report, the Group's total land bank had been increased by approximately 54.5% from approximately 17.01 million square metres ("sq.m.") as at 30 June 2005 to approximately 26.28 million sq.m. as at 30 June 2007 throughout the major provinces/cities in PRC such as Beijing, Tianjin, Wuhan, Changsha, Guangzhou, Shanghai, Shenyang and Shenzhen. Set out below is the summary of the Group's land bank as at 30 June 2005, 2006 and 2007, respectively:

|   | <b>Gross floor area as at 30 June</b> |                          |                          |
|---|---------------------------------------|--------------------------|--------------------------|
|   | <b>2005</b>                           | <b>2006</b>              | <b>2007</b>              |
|   | <i>(sq.m.)</i>                        | <i>(sq.m.)</i>           | <i>(sq.m.)</i>           |
| <b>Properties under or held for development</b>   | <b>15,915,952</b>                     | <b>16,063,979</b>        | <b>24,531,343</b>        |
| — <i>Development projects for sale</i>            | 15,475,269                            | 15,760,863               | 24,369,737               |
| — <i>Investment properties under development</i>  | 367,681                               | 230,114                  | 73,951                   |
| — <i>Hotel properties under development</i>       | 73,002                                | 73,002                   | 87,655                   |
| <b>Completed investments and hotel properties</b> | <b>1,090,821</b>                      | <b>1,471,033</b>         | <b>1,747,430</b>         |
| — <i>Completed investment property projects</i>   | 937,763                               | 1,315,932                | 1,592,329                |
| — <i>Completed hotel property projects</i>        | 153,058                               | 155,101                  | 155,101                  |
| <b>Newly acquired projects</b>                    | <u>—</u>                              | <u><b>7,270,000</b></u>  | <u>—</u>                 |
| <b>Total gross floor area</b>                     | <u><b>17,006,773</b></u>              | <u><b>24,805,012</b></u> | <u><b>26,278,773</b></u> |

*Source:* the Company annual reports for each of the year ended 30 June 2005, 2006 and 2007

The Services Caps have been estimated based on a number of factors, including (i) the Company's internal projections with reference to the development schedule of its property projects of the Group in PRC for each of the three years ending 30 June 2011; (ii) the outstanding Services to be provided by NWD Group under the then relevant agreements entered into during the term of the Previous Master Service Agreement and the Previous Property Agency Services Agreement; (iii) the business expansion of the Group; and (iv) the expected amount of services provided by NWD Group. As disclosed in the 2007 Annual Report, the total gross floor area under/held for development of the Group amounted to approximately 24.37 million sq.m. (comprising mainly an aggregate gross floor area of approximately 1.94 million sq.m. to be completed from the second half of 2008 to 2011 and an aggregate gross floor area of approximately 21.52 million sq.m. with development schedules yet to be determined) as at 30 June 2007, representing an increase of approximately 54.6% from FY2006. We understood from the management of the Company that (i) amongst those development sites with their development schedules yet to be determined as at 30 June 2007, the Group is planning to commence the development of a number of sizeable property projects in the second half of 2008, particularly those located in Shanghai and Shengyang (with an aggregate gross floor area of approximately 3.10 million sq.m.), PRC; and (ii) it is also the Group's intention to speed up the development pace of its property development projects of which

## LETTER FROM COMMERZBANK

their projected annual construction cost to be incurred shall become comparatively higher than in previous year. Accordingly, the Services Caps in respect of the Contracting Services has been increased substantially from HK\$1,714.0 million for the year ending 30 June 2008 to HK\$4,102 million for the year ending 30 June 2009 to cope with the possibility of engaging NWD Group for provision of the Contracting Services.

As disclosed in the 2008 Interim Report, the gross domestic product (“GDP”) of PRC recorded a growth rate of 11.4% in 2007 and double-digit growth for the past five years. PRC’s disposable income per urban household and net income per rural household have also recorded significant growth from RMB10,493 (equivalent to approximately HK\$11,437) and RMB3,255 (equivalent to approximately HK\$3,548) in 2005 to RMB13,786 (equivalent to approximately HK\$15,027) and RMB4,140 (equivalent to approximately HK\$4,513), respectively, in 2007. The management of the Company expects that the high economic growth, the increase of average income per capita and improvement in living standards of the urban population in PRC present significant growth potential for the middle- to high-end residential properties. As such, the Group has been focusing on mid-sized to large scale high-end residential property development to capture the substantial housing demand from the emerging middle to high income households in PRC. Having considered the positive outlook of PRC’s property market and with a view to coping with the increase in the Services to be provided by NWD Group for the various property development projects to be undertaken by the Group, the management of the Company has increased the Services Caps substantially for each of the three years ending 30 June 2011.

Having considered the above, together with our review of the property development schedule prepared by the management of the Company and the corresponding financial information, we are of the view that it is fair and reasonable for the Group to adopt the above-mentioned assumptions for determining the Services Caps for the three years ending 30 June 2011.

#### **4. Compliance with the Listing Rules**

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Services under the Master Service Agreement are subject to, among other things, certain annual review requirements, including the review by the independent non-executive Directors and the Company’s auditors of the followings:

- (i) for each of the three years ending 30 June 2011, the relevant amount of the transaction value of the Services will not exceed the relevant Services Caps under the Master Service Agreement of HK\$4,108.6 million, HK\$4,735.5 million and HK\$4,656.5 million, respectively;
- (ii) the Services will be entered into:
  - (a) in the ordinary and usual course of business of the Group;
  - (b) either on normal commercial terms, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those available to independent third parties; and

## LETTER FROM COMMERZBANK

- (c) in accordance with the Master Service Agreement on terms that are fair and reasonable and in the interest of the Shareholders;
- (iii) brief details of the Services will be disclosed in the Company's next and each successive annual report, each accompanied with a statement of the opinion of the independent non-executive Directors on the matters referred to in paragraph (iv) below;
- (iv) the independent non-executive Directors will review annually the Services and confirm in the Company's annual report for the year in question that such Services provided by NWD Group under their review are and have been conducted in the manners as stated in paragraph (ii) (a) to (c) above;
- (v) the Company's auditors will review annually the Services provided by NWD Group and confirm in a letter to the Directors in accordance with Rule 14A.38 of the Listing Rules;
- (vi) during the term of the Master Service Agreement, the Company will allow and procure that each member of the Group and NWD Group will allow and endeavour to procure the relevant counter parties in respect of the Services provided to allow the auditors of the Company sufficient access to the relevant records of the Services for the purpose of review by the Company's auditors on the Services as referred to in paragraph (v) above. The Board will also state in the relevant annual report(s) as to whether the auditors have confirmed the matters stated in Rule 14A.38 of the Listing Rules; and
- (vii) the Company will comply with the applicable provisions of the Listing Rules governing continuing connected transactions in the event that the total amount of the Services provided under the Master Service Agreement exceeds the Services Caps and if there is any material amendment to the terms of the Master Service Agreement.

### RECOMMENDATION

Based on the above principal factors and reasons, we consider that (i) the entering into of the Master Service Agreement is in the ordinary and usual course of the business of the Group; (ii) the terms of the Master Service Agreement are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) with respect to the Master Service Agreement and the transactions contemplated thereunder and the Services Caps at the EGM.

Yours faithfully,

for and on behalf of

**Commerzbank AG Hong Kong Branch**

**Kenneth Chan**

*Head of Corporate Finance — Asia Pacific*

**Gaston Lam**

*Corporate Finance — Asia Pacific*

## 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 the 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     | 12,500,000         | 1,950,000        | 52,271,200          | 66,721,200 | 1.74   |
|                               |                    |                  | (note 1)            |            |  |
| Mr. Doo Wai-hoi, William      | 8,750,000          | —                | 69,010,000          | 77,760,000 | 2.03   |
|                               |                    |                  | (note 2)            |            |  |
| Mr. Cheng Chi-kong, Adrian    | 110,400            | —                | 760,000             | 870,400    | 0.02   |
|                               |                    |                  | (note 3)            |            |  |
| Mr. Leung Chi-kin, Stewart    | 500,000            | —                | —                   | 500,000    | 0.01   |
| Mr. Chow Yu-chun, Alexander   | 6,550,000          | —                | —                   | 6,550,000  | 0.17   |
| Mr. Chow Kwai-cheung          | 650,126            | —                | —                   | 650,126    | 0.02   |
| Mr. Fong Shing-kwong, Michael | 1,366,000          | —                | —                   | 1,366,000  | 0.04   |
| Ms. Ngan Man-ying, Lynda      | 100,000            | —                | —                   | 100,000    | 0.003  |

Notes:

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

(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 | Number of share options | Exercise price per Share<br>HK\$ |
|---------------------------------|----------------|--------------------|-------------------------|----------------------------------|
| Dr. Cheng Kar-shun, Henry       | 7 January 2008 | (note 1)           | 2,000,000               | 6.972                            |
| Mr. Doo Wai-hoi, William        | 7 January 2008 | (note 1)           | 800,000                 | 6.972                            |
| Mr. Cheng Kar-shing, Peter      | 7 January 2008 | (note 1)           | 800,000                 | 6.972                            |
| Mr. Cheng Chi-kong, Adrian      | 25 July 2006   | (note 2)           | 442,000                 | 2.865                            |
|                                 | 7 January 2008 | (note 1)           | 1,500,000               | 6.972                            |
| Mr. Leung Chi-kin, Stewart      | 7 January 2008 | (note 1)           | 200,000                 | 6.972                            |
| Mr. Chow Kwai-cheung            | 7 January 2008 | (note 1)           | 200,000                 | 6.972                            |
| Mr. Chow Yu-chun, Alexander     | 7 January 2008 | (note 1)           | 500,000                 | 6.972                            |
| Mr. Fong Shing-kwong, Michael   | 7 January 2008 | (note 1)           | 500,000                 | 6.972                            |
| Ms. Ngan Man-ying, Lynda        | 7 January 2008 | (note 1)           | 1,000,000               | 6.972                            |
| Mr. Fu Sze-shing                | 7 January 2008 | (note 1)           | 200,000                 | 6.972                            |
| Mr. Cheng Wai-chee, Christopher | 7 January 2008 | (note 1)           | 300,000                 | 6.972                            |
| Mr. Tien Pei-chun, James        | 7 January 2008 | (note 1)           | 300,000                 | 6.972                            |
| Mr. Lee Luen-wai, John          | 7 January 2008 | (note 1)           | 300,000                 | 6.972                            |

*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 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.



(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/<br>amount of registered capital |                     |                              | Total      | Percentage to the<br>relevant issued/<br>registered capital<br>as at the Latest<br>Practicable Date |
|---|---|---------------------|------------------------------|------------|---|
|   | Personal<br>interests                             | Family<br>interests | Corporate<br>interests       |            |   |
| <b>NWD</b>  |   |                     |                              |            |   |
| (Ordinary shares of HK\$1.00 each)                  |   |                     |                              |            |   |
| Dr. Cheng Kar-shun, Henry                           | —   | 300,000             | —                            | 300,000    | 0.01  |
| Mr. Leung Chi-kin, Stewart                          | 32,974  | —                   | —                            | 32,974     | 0.00  |
| Mr. Chow Kwai-cheung                                | 244,527   | —                   | —                            | 244,527    | 0.01  |
| Mr. Fong Shing-kwong, Michael                       | 200,000   | —                   | —                            | 200,000    | 0.01  |
| <b>NWS Holdings Limited</b>                         |   |                     |                              |            |   |
| (Ordinary shares of HK\$1.00 each)                  |   |                     |                              |            |   |
| Dr. Cheng Kar-shun, Henry                           | 9,179,199   | —                   | 8,000,000<br><i>(note 1)</i> | 17,179,199 | 0.85  |
| Mr. Doo Wai-hoi, William                            | 2,006,566   | —                   | 9,130,000<br><i>(note 2)</i> | 11,136,566 | 0.55  |
| Mr. Cheng Kar-shing, Peter                          | 186,722   | —                   | 2,756,391<br><i>(note 3)</i> | 2,943,113  | 0.14  |
| Mr. Leung Chi-kin, Stewart                          | 2,945,351   | —                   | —                            | 2,945,351  | 0.15  |
| Mr. Chow Kwai-cheung                                | 207,000   | —                   | —                            | 207,000    | 0.01  |
| Mr. Chow Yu-chun, Alexander                         | 450,286   | —                   | —                            | 450,286    | 0.02  |
| Mr. Fong Shing-kwong, Michael                       | 1,726,707   | —                   | —                            | 1,726,707  | 0.09  |
| Mr. Cheng Wai-chee, Christopher                     | 720,148   | —                   | —                            | 720,148    | 0.04  |
| <b>New World Department Store<br/>China Limited</b> |   |                     |                              |            |   |
| (Ordinary shares of HK\$0.10 each)                  |   |                     |                              |            |   |
| Mr. Cheng Chi-kong, Adrian                          | —   | —                   | 1,107,000<br><i>(note 4)</i> | 1,107,000  | 0.07  |
| Mr. Chow Yu-chun, Alexander                         | 268,000   | —                   | —                            | 268,000    | 0.02  |
| <b>Dragon Fortune Limited</b>                       |   |                     |                              |            |   |
| (Ordinary shares of US\$1.00 each)                  |   |                     |                              |            |   |
| Mr. Cheng Kar-shing, Peter                          | —   | —                   | 15,869<br><i>(note 5)</i>    | 15,869     | 27.41   |
| <b>Faith Yard Property Limited</b>                  |   |                     |                              |            |   |
| (Ordinary shares of US\$1.00 each)                  |   |                     |                              |            |   |
| Mr. Doo Wai-hoi, William                            | —   | —                   | 1<br><i>(note 2)</i>         | 1          | 50.00   |
| <b>Fortune Star Worldwide Limited</b>               |   |                     |                              |            |   |
| (Ordinary shares of US\$1.00 each)                  |   |                     |                              |            |   |
| Mr. Doo Wai-hoi, William                            | —   | —                   | 60<br><i>(note 2)</i>        | 60         | 60.00   |

|   | Number of shares/<br>amount of registered capital |                     |                                | Total       | Percentage to the<br>relevant issued/<br>registered capital<br>as at the Latest<br>Practicable Date |
|---|---|---------------------|--------------------------------|-------------|---|
|   | Personal<br>interests                             | Family<br>interests | Corporate<br>interests         |             |   |
| <b>Fung Seng Estate Development<br/>(Shanghai) Co., Ltd.</b>              |   |                     |                                |             |   |
| (Registered capital in US\$)  |   |                     |                                |             |   |
| Mr. Doo Wai-hoi, William  | —   | —                   | 10,000,000<br><i>(note 6)</i>  | 10,000,000  | 100.00  |
| <b>Grand Make International Limited</b>                                   |   |                     |                                |             |   |
| (Ordinary shares of US\$1.00 each)  |   |                     |                                |             |   |
| Mr. Doo Wai-hoi, William  | —   | —                   | 20<br><i>(note 2)</i>          | 20          | 20.00   |
| <b>Guangzhou Ronghe Real Estate<br/>Co., Ltd.</b>                         |   |                     |                                |             |   |
| (Registered capital in RMB)   |   |                     |                                |             |   |
| Mr. Fu Sze-shing  | —   | —                   | 4,666,500<br><i>(note 7)</i>   | 4,666,500   | 5.00  |
| <b>Master Services Limited</b>  |   |                     |                                |             |   |
| (Ordinary shares of US\$0.01 each)  |   |                     |                                |             |   |
| Mr. Leung Chi-kin, Stewart  | 16,335  | —                   | —                              | 16,335      | 1.63  |
| Mr. Chow Kwai-cheung  | 16,335  | —                   | —                              | 16,335      | 1.63  |
| Mr. Chow Yu-chun, Alexander   | 16,335  | —                   | —                              | 16,335      | 1.63  |
| <b>Mega Choice Holdings Limited</b>                                       |   |                     |                                |             |   |
| (Ordinary shares of HK\$1.00 each)  |   |                     |                                |             |   |
| Dr. Cheng Kar-shun, Henry   | —   | —                   | 3,710<br><i>(note 1)</i>       | 3,710       | 34.61   |
| <b>Ramada Property Ltd.</b>   |   |                     |                                |             |   |
| (Ordinary shares of US\$1.00 each)  |   |                     |                                |             |   |
| Mr. Doo Wai-hoi, William  | —   | —                   | 250<br><i>(note 2)</i>         | 250         | 25.00   |
| <b>Shanghai Juyi Real Estate<br/>Development Co., Ltd.</b>                |   |                     |                                |             |   |
| (Registered capital in RMB)   |   |                     |                                |             |   |
| Mr. Doo Wai-hoi, William  | —   | —                   | 229,500,000<br><i>(note 8)</i> | 229,500,000 | 30.00   |
| <b>Shanghai New World Huai Hai<br/>Property Development<br/>Co., Ltd.</b> |   |                     |                                |             |   |
| (Registered capital in US\$)  |   |                     |                                |             |   |
| Mr. Doo Wai-hoi, William  | —   | —                   | 1,085,000<br><i>(note 2)</i>   | 1,085,000   | 1.00  |
| <b>Shanghai Trio Property<br/>Development Co. Ltd.</b>                    |   |                     |                                |             |   |
| (Registered capital in US\$)  |   |                     |                                |             |   |
| Mr. Doo Wai-hoi, William  | —   | —                   | 42,525,000<br><i>(note 9)</i>  | 42,525,000  | 52.50   |

|  | Number of shares/<br>amount of registered capital |                     |                               | Total     | Percentage to the<br>relevant issued/<br>registered capital<br>as at the Latest<br>Practicable Date |
|--|---|---------------------|-------------------------------|-----------|---|
|  | Personal<br>interests                             | Family<br>interests | Corporate<br>interests        |           |   |
| <b>Sun City Holdings Limited</b>                           |   |                     |                               |           |   |
| (Ordinary shares of HK\$1.00 each)                         |   |                     |                               |           |   |
| Mr. Cheng Kar-shing, Peter                                 | —   | 80,000              | 3,570,000<br><i>(note 10)</i> | 3,650,000 | 45.63   |
| <b>Sun Legend Investments Limited</b>                      |   |                     |                               |           |   |
| (Ordinary shares of HK\$1.00 each)                         |   |                     |                               |           |   |
| Mr. Cheng Kar-shing, Peter                                 | —   | —                   | 500<br><i>(note 11)</i>       | 500       | 50.00   |
| <b>Taifook Securities Group Limited</b>                    |   |                     |                               |           |   |
| (Ordinary shares of HK\$0.10 each)                         |   |                     |                               |           |   |
| Mr. Doo Wai-hoi, William                                   | —   | —                   | 3,000,000<br><i>(note 2)</i>  | 3,000,000 | 0.46  |
| <b>YE Holdings Corporation</b>                             |   |                     |                               |           |   |
| (Ordinary shares of HK\$1.00 each)                         |   |                     |                               |           |   |
| Mr. Leung Chi-kin, Stewart                                 | 37,500  | —                   | —                             | 37,500    | 1.50  |
| <b>Zhaoqing New World Property<br/>Development Limited</b> |   |                     |                               |           |   |
| (Registered capital in US\$)                               |   |                     |                               |           |   |
| Mr. Doo Wai-hoi, William                                   | —   | —                   | 8,250,000<br><i>(note 12)</i> | 8,250,000 | 60.00   |
| <b>Zhaoqing New World Property<br/>Management Limited</b>  |   |                     |                               |           |   |
| (Registered capital in HK\$)                               |   |                     |                               |           |   |
| Mr. Doo Wai-hoi, William                                   | —   | —                   | 300,000<br><i>(note 12)</i>   | 300,000   | 60.00   |

*Notes:*

- These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
- These interests are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
- These shares are beneficially owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
- 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
- Pursuant to a sale and purchase agreement dated 30 April 2008, a wholly-owned company of Mr. Doo Wai-hoi, William agreed to acquire 100% interest in Fung Seng Estate Development (Shanghai) Co., Ltd., an existing subsidiary of the Company, subject to a number of conditions contained therein which had not been fulfilled as at the Latest Practicable Date.
- The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.

8. These represent the participating interest held by a company wholly-owned by Mr. Doo Wai-hoi, William.
9. These include 50% direct interest and 2.5% participating interest in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
10. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
11. Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interests in Sun City.
12. Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.

(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<br>HK\$ |
|-------------------------------|---------------|--------------------|-------------------------|----------------------------------|
| Dr. Cheng Kar-shun, Henry     | 19 March 2007 | (note 1)           | 36,500,000              | 17.756                           |
| Mr. Cheng Kar-shing, Peter    | 19 March 2007 | (note 1)           | 200,000                 | 17.756                           |
|                               |               | (note 2)           | 1,200,000               | 17.756                           |
| Mr. Cheng Chi-kong, Adrian    | 19 March 2007 | (note 2)           | 500,000                 | 17.756                           |
| Mr. Leung Chi-kin, Stewart    | 19 March 2007 | (note 1)           | 36,000,000              | 17.756                           |
| Mr. Chow Kwai-cheung          | 19 March 2007 | (note 2)           | 1,200,000               | 17.756                           |
| Mr. Chow Yu-chun, Alexander   | 19 March 2007 | (note 2)           | 1,500,000               | 17.756                           |
| Mr. Fong Shing-kwong, Michael | 19 March 2007 | (note 3)           | 600,000                 | 17.756                           |
| Mr. Fu Sze-shing              | 19 March 2007 | (note 2)           | 750,000                 | 17.756                           |
| Mr. Lee Luen-wai, John        | 19 March 2007 | (note 1)           | 300,000                 | 17.756                           |

*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<br>HK\$ |
|---------------------------------|----------------|--------------------|-------------------------|----------------------------------|
| Dr. Cheng Kar-shun, Henry       | 21 August 2007 | (note 1)           | 1,200,000               | 16.200                           |
|                                 |                | (note 2)           | 1,800,000               | 16.200                           |
| Mr. Doo Wai-hoi, William        | 21 August 2007 | (note 1)           | 800,000                 | 16.200                           |
|                                 |                | (note 2)           | 1,200,000               | 16.200                           |
| Mr. Cheng Wai-chee, Christopher | 21 August 2007 | (note 1)           | 240,000                 | 16.200                           |
|                                 |                | (note 2)           | 360,000                 | 16.200                           |

*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<br>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.

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 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  | Hong Kong Jiang-guang Development Limited  | Hotel operation in Beijing   | Director  |
|                            | Huizhou New World Enterprises Development Co., Ltd.  | Property development in Huizhou  | Director  |
|                            | Qingyuan New World Housing Development Ltd.  | Property development in Qingyuan   | Director  |
|                            | Tianjin Tianzheng Property & Merchants Co., Ltd.   | Land improvement in Tianjin  | Director  |
|                            | Wuhan New Eagle Development Co., Ltd.  | Property investment in Wuhan   | Director  |
| Mr. Doo Wai-hoi, William   | Wuxi Ramada Hotel Company Limited  | Hotel operation in Wuxi  | Director  |
|                            | New Bei Fang Hotel Ltd.  | Property Investment  | Director  |
| Mr. Cheng Kar-shing, Peter | Tianjin Tianzheng Property & Merchants Co., Ltd.   | Land improvement in Tianjin  | Director  |
|                            | Qingyuan New World Housing Development Ltd.  | Property development in Qingyuan   | Director  |
|                            | Wuhan New Eagle Development Co., Ltd.  | Property investment in Wuhan   | Director  |

| Name of Director            | Name of entity which businesses are considered to compete or likely to compete with the business of the Group | Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group | Nature of interest of the Director in the entity |
|-----------------------------|---|---|--|
| Mr. Chow Kwai-cheung        | 北京市天竺花園別墅發展有限公司   | Property development in Beijing   | Director   |
|                             | Tianjin Tianzheng Property & Merchants Co., Ltd.  | Land improvement in Tianjin   | Director   |
|                             | 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   |
|                             | 增城永裕房地產有限公司   | 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   | Director   |
|                             | Qingyuan New World Housing Development Ltd.   | Property development in Qingyuan  | Director   |
|                             | Wuhan New Eagle Development Co., Ltd.   | Property investment in Wuhan  | Director   |

| Name of Director              | Name of entity which businesses are considered to compete or likely to compete with the business of the Group | Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group | Nature of interest of the Director in the entity |
|-------------------------------|---|---|--|
| Mr. Fong Shing-kwong, Michael | Beijing Jiang Guang Centre Co., Ltd.  | Hotel operation in Beijing  | Director   |
|                               | 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   |
|                               | Wuxi New City Development Co., Ltd.   | Hotel operation in Wuxi   | Director   |
| 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   |

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.

#### **(IV) Other Directors' interests**

Save for the disposal of interests in Fung Seng Estate Development (Shanghai) Co., Ltd. as disclosed in the Company's announcement dated 30 April 2008 none of the Directors has, or has 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 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, 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<br>Centennial Success Limited<br>Chow Tai Fook Enterprises Limited<br>NWD |
| Mr. Cheng Kar-shing, Peter | Cheng Yu Tung Family (Holdings) Limited<br>Centennial Success Limited<br>Chow Tai Fook Enterprises Limited<br>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***

| Name  | Number of Shares     |                     |               | Percentage to the issued share capital as at the Latest Practicable Date |
|---|----------------------|---------------------|---------------|--|
|   | Beneficial interests | Corporate interests | Total         |  |
| Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1) | —                    | 2,714,858,780       | 2,714,858,780 | 70.82  |
| Centennial Success Limited ("CSL") (note 1)               | —                    | 2,714,858,780       | 2,714,858,780 | 70.82  |
| Chow Tai Fook Enterprises Limited ("CTF") (note 2)        | —                    | 2,714,858,780       | 2,714,858,780 | 70.82  |
| NWD (note 3)  | 2,537,632,731        | 177,226,049         | 2,714,858,780 | 70.82  |

***Notes:***

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
  2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
  3. The number of shares held under the corporate interests of NWD includes 113,351,879 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 41,366,106 shares held by High Earnings Holdings Limited, its 56% 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<br>(12% of the equity interest)    |

| Name of substantial shareholder                                     | Name of subsidiary  | Number of shares/amount of equity interest held   |
|---|---|---|
| Hainan Zhonghong Investments Company Limited                        | Changsha Xiangxianghai Housing Development Co., Ltd.      | RMB15,000,000<br>(20% of the equity interest)     |
| Hing Pang Petroleum Chemicals (H.K.) Limited                        | Chengdu Xinyi Real Estate Development Co., Ltd.           | US\$19,900,000<br>(20% of the equity interest)    |
| Hainan Zhonghong Investments Company Limited                        | Hunan Success New Century Investment Company Limited      | RMB25,000,000<br>(10% of the equity interest)     |
| Huamei Wealth (Beijing) International Property Investment Co., Ltd. | Beijing Dongfang Huamei Real Estate Development Co., Ltd. | RMB12,500,000<br>(25% of the equity interest)     |
| Melbourne Enterprises Ltd.  | Billion Park Investment Limited                           | 142,900 shares<br>(14.29% 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)  |
| 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)  |

| Name of substantial shareholder  | Name of subsidiary                                  | Number of shares/amount of equity interest held |
|----------------------------------|---|---|
| Win Honour International Limited | New World Hotel Management (BVI) Limited            | 295 shares<br>(29.5% 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<br>(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<br>(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<br>(10% 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. 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 2007 (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>  |
|-------------|--|
| Commerzbank | (acting through its Hong Kong branch) a licensed bank under the Banking Ordinance and an authorized financial institution under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 of the SFO |

Commerzbank has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which they appear.

As at the Latest Practicable Date, Commerzbank was not beneficially interested in the share capital of any member of the Group, nor did it 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 it have any interest, either direct or indirect, in any assets which had since 30 June 2007 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

## 6. LITIGATION

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

## 7. MISCELLANEOUS

- (a) The English text of this circular and the enclosed proxy form shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (c) The head office and principal place of business of the Company is situated at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Ms. Ngan Man-ying, Lynda, *FCCA CPA*.
- (f) The qualified accountant of the Company is Ms. Ngan Man-ying, Lynda, *FCCA CPA*.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (i) the letter from the Independent Board Committee, the text of which is set out on page 10 of this circular;
- (ii) the letter from the Independent Financial Adviser, the text of which is set out on pages 11 to 20 of this circular;
- (iii) the written consent referred to in paragraph 5 headed "Expert and consent" of this appendix; and
- (iv) the Master Service Agreement.



# New World China Land Limited

## 新世界中國地產有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 917)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “Meeting”) of the shareholders of New World China Land Limited (the “Company”) will be held at Bauhinia Room 2, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (Expo Galleria Entrance) on Friday, 27 June 2008 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT,**

- (a) the master service agreement dated 27 May 2008 entered into between the Company and New World Development Company Limited (the “Master Service Agreement”), a copy of the circular dated 10 June 2008 marked “A” and a copy of the Master Service Agreement marked “B” have been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification, and the terms of and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the annual cap in respect of each category of the Services (as defined in the circular) under the Master Service Agreement be and are hereby approved, ratified and confirmed; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts or things incidental to, ancillary to or in connection with the Master Service Agreement.”

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

Hong Kong, 10 June 2008

*Notes:*

- 1. A member entitled to attend and vote at the Meeting (or at any adjournment thereof) is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- 2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the proxy will not preclude any member from attending and voting in person should you so wish.

3. In case of joint registered holders of any shares of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares of the Company as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of such holders so present whose name stands first in the register of members of the Company in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
4. A form of proxy for use at the Meeting is enclosed.
5. The ordinary resolution as set out above will be determined by way of a poll.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. As at the date of this notice, the board of directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, 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 and Ms. Ngan Man-ying, Lynda as executive directors; (2) Mr. Fu Sze-shing as non-executive director and (3) Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John as independent non-executive directors.