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新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

POSSIBLE DISCLOSEABLE TRANSACTION

**UNDERWRITING OF THE PROPOSED RIGHTS ISSUE OF
NEW WORLD CHINA LAND LIMITED**

Financial Advisor



Standard Chartered Bank (Hong Kong) Limited

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DEFINITIONS

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

“Announcement”	the joint announcement of the Company and NWCL dated 18 February 2005 relating to, among other things, the NWCL Rights Issue
“associate(s)”	has the same meaning as defined in Chapter 1 of the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which commercial banks are open for business in Hong Kong
“Company” or “NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and which is the controlling shareholder (as defined under the Listing Rules) of NWCL
“Companies Law”	the Companies Law, Cap 22 (Law 3 of the 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Director(s)”	the director(s) of the Company
“Excluded NWCL Rights Shares”	1,522,579,638 NWCL Rights Shares that the Company is entitled and has undertaken to subscribe for pursuant to the terms of the NWCL Rights Issue in its capacity as a NWCL Qualifying Shareholder
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Acceptance Date”	being 4:00 p.m. on 8 April 2005, the latest date upon which provisional allotments of NWCL Rights Shares in nil-paid form may be validly accepted
“Latest Practicable Date”	8 March 2005, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company, the shares of which are listed on the Stock Exchange
“NWCL EGM”	the extraordinary general meeting of NWCL to be convened on Monday, 21 March 2005 for the purposes of, among other things, approving the NWCL Rights Issue

DEFINITIONS

“NWCL Excluded Shareholder(s)”	the NWCL Shareholder(s) whose name(s) appear(s) on the register of members of NWCL and whose registered address(es) as shown on such register are outside Hong Kong as at the close of business on the Record Date, and to whom the directors of NWCL, based on the legal advices given by the legal counsels of the relevant jurisdictions, consider it necessary or expedient not to offer the NWCL Rights Shares
“NWCL Group”	NWCL and its subsidiaries from time to time
“NWCL Independent Shareholders”	the NWCL Shareholders other than the Company, its associates and parties acting in concert with them
“NWCL Qualifying Shareholder(s)”	the NWCL Shareholder(s), other than the NWCL Excluded Shareholder(s), whose name(s) appear(s) on the register of members of NWCL on the Record Date
“NWCL Rights Issue”	the proposed issue of NWCL Rights Shares on the basis of three NWCL Rights Shares for every two existing NWCL Shares to NWCL Qualifying Shareholders by way of rights or to holders of nil-paid NWCL Rights Shares at the Subscription Price pursuant to the terms and conditions of the rights issue
“NWCL Rights Issue Documents”	the prospectus to be issued by NWCL in relation to the NWCL Rights Issue, the provisional allotment letter and the form of application for excess NWCL Rights Shares relating thereto
“NWCL Rights Share(s)”	not less than 2,253,426,138 new NWCL Shares and not more than 2,295,347,178 new NWCL Shares to be issued by NWCL pursuant to NWCL Rights Issue
“NWCL Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of NWCL
“NWCL Shareholder(s)”	shareholder(s) of NWCL
“NWCL Share Options”	options to subscribe for NWCL Shares granted by NWCL under the share option schemes of NWCL
“PRC”	the People’s Republic of China
“Record Date”	21 March 2005, being the date for determining the NWCL Qualifying Shareholders for the purpose of the NWCL Rights Issue
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Monies”	the subscription monies which will be payable by the Company to NWCL in respect of the NWCL Rights Shares to be issued to the Company, including the NWCL Rights Shares which will be issued in the event that the Company is required to fulfil its obligation under the Underwriting Agreement
“Subscription Price”	the subscription price of HK\$2.80 per NWCL Rights Share
“subsidiary” or “holding company”	has the same meaning as defined in section 2 of the Companies Ordinance
“Underwriting Agreement”	the underwriting agreement dated 18 February 2005 entered into between the Company and NWCL in relation to the NWCL Rights Issue
“%”	per cent.

LETTER FROM THE BOARD



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

Directors:

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

Registered office:

30th Floor
New World Tower
18 Queen's Road Central
Hong Kong

* *Independent non-executive Director*

11 March 2005

To the Shareholders

Dear Sir or Madam,

POSSIBLE DISCLOSEABLE TRANSACTION

UNDERWRITING OF THE PROPOSED RIGHTS ISSUE OF NEW WORLD CHINA LAND LIMITED

INTRODUCTION

On 18 February 2005, the Company announced that it had entered into the Underwriting Agreement with NWCL in respect of the NWCL Rights Issue on the basis of three NWCL Rights Shares for every two existing NWCL Shares. As stated in the Announcement, the NWCL Rights Issue is expected to raise approximately HK\$6,309.59 million (assuming no NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the exercise of the NWCL Share Options eligible to exercise) or approximately HK\$6,426.97 million (assuming NWCL Shares are issued and allotted to holders of NWCL Share Options pursuant to the full exercise of the NWCL Share Options eligible to exercise) before expenses at the subscription price of HK\$2.80 per NWCL Rights Share.

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Pursuant to the Underwriting Agreement, the Company will fully underwrite the NWCL Rights Issue, other than the Excluded NWCL Rights Shares, and has undertaken to fully subscribe for the Excluded NWCL Rights Shares. As stated in the Announcement, the Company is a controlling shareholder of NWCL holding approximately 67.57% of the existing issued share capital of NWCL and in the event that the Company is called upon to meet its underwriting commitment under the Underwriting Agreement in full, the aggregate interests of the Company and parties acting in concert with it in NWCL will increase to approximately 88.28% (assuming no NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the exercise of the NWCL Share Options eligible to exercise) or approximately 88.10% (assuming NWCL Shares are issued and allotted to holders of NWCL Share Options pursuant to the full exercise of all NWCL Share Options eligible to exercise) of NWCL's issued share capital as enlarged by the issue of the NWCL Rights Shares.

The possible acquisition by the Company of an interest in NWCL pursuant to the underwriting arrangements under the Underwriting Agreement constitutes a possible discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to give you further information in relation to the underwriting arrangements under the Underwriting Agreement.

INFORMATION RELATING TO THE NWCL RIGHTS ISSUE

Issue statistics

Basis of the NWCL Rights Issue	:	three NWCL Rights Shares for every two existing NWCL Shares held on the Record Date
Number of NWCL Shares in issue	:	1,503,360,894 NWCL Shares as at the Latest Practicable Date
Number of NWCL Rights Shares	:	not less than 2,253,426,138 NWCL Rights Shares and not more than 2,295,347,178 NWCL Rights Shares
Underwriter	:	the Company

The NWCL Rights Shares in nil-paid form represent approximately 150% of the issued share capital of NWCL and approximately 60% of the issued share capital of NWCL as enlarged by the issue of the NWCL Rights Shares.

Subscription Price

The subscription price for the NWCL Rights Share is HK\$2.80 per NWCL Rights Share. This, as stated in the Announcement represents:

- a discount of approximately 30.0% to the closing price of HK\$4.00 per NWCL Share as quoted on the Stock Exchange on Thursday, 17 February 2005, being the last trading day prior to the suspension of trading of NWCL Shares pending the publication of the Announcement;
- a discount of approximately 14.6% to the theoretical ex-rights price of HK\$3.28 per NWCL Share based on the closing price as quoted on the Stock Exchange on Thursday, 17 February 2005, being the last trading day prior to the suspension of trading of NWCL Shares pending the publication of the Announcement; and

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- a discount of approximately 74.5% to the audited consolidated net tangible asset value of approximately HK\$10.99 per NWCL Share as at Wednesday, 30 June 2004.

The Subscription Price was arrived at after arm's length negotiation between the Company and NWCL with reference to the market price of NWCL Shares under prevailing market conditions. The directors of NWCL consider the Subscription Price to be fair and reasonable and to be in the interests of NWCL and the NWCL Shareholders as a whole.

The Subscription Price also represents:

- a discount of approximately 17.0% to the closing price of HK\$3.375 per NWCL Share as quoted on the Stock Exchange on Tuesday, 8 March 2005, being the Latest Practicable Date;
- a discount of approximately 16.7% to the average closing price of HK\$3.3625 per NWCL Share for the 10 consecutive trading days up to and including Tuesday, 8 March 2005, being the Latest Practicable Date; and
- a discount of approximately 7.6% to the theoretical ex-rights price of HK\$3.03 per NWCL Share based on the closing price as quoted on the Stock Exchange on Tuesday, 8 March 2005, being the Latest Practicable Date.

Listing and dealings in the NWCL Rights Shares

NWCL will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the NWCL Rights Shares in both nil-paid and fully-paid forms. It is expected that dealings in the NWCL Rights Shares in their nil-paid form will commence from Wednesday, 23 March 2005 to Monday, 4 April 2005 (both dates inclusive).

Conditions of the NWCL Rights Issue

The NWCL Rights Issue is conditional upon the following conditions being fulfilled:

- (a) NWCL despatching the circular to the NWCL Shareholders containing, among other things, details of the NWCL Rights Issue together with proxy form and notice of the NWCL EGM;
- (b) the passing by the NWCL Independent Shareholders at the NWCL EGM of ordinary resolution to approve the NWCL Rights Issue (including, but not limited to, the exclusion of the offer of the NWCL Rights Issue to NWCL Excluded Shareholders);
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the NWCL Rights Shares (in both nil-paid and fully-paid forms), subject only to the allotment and despatch of the appropriate documents of title;
- (d) the filing and registration of all documents relating to the NWCL Rights Issue, which are required by law to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance and otherwise complying with the requirements of the Companies Law;
- (e) the posting of the NWCL Rights Issue Documents to NWCL Qualifying Shareholders; and

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- (f) the obligations of the Company under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of that agreement.

The above conditions of the NWCL Rights Issue cannot be waived by the Company and/or NWCL under the terms of the Underwriting Agreement. If any of the conditions of the NWCL Rights Issue are not fulfilled on or before the Latest Acceptance Date (or such later date as the Company and NWCL may determine), neither the Company nor NWCL shall have any rights or be subject to any obligations arising from the Underwriting Agreement, and the NWCL Rights Issue will lapse.

THE UNDERWRITING AGREEMENT

Information relating to the Underwriting Agreement

Date	:	18 February 2005
Underwriter	:	the Company, a controlling shareholder of NWCL, together with its subsidiaries is interested in 1,054,107,600 NWCL Shares, representing approximately 70.12% of the issued share capital of NWCL as at the Latest Practicable Date
Number of shares underwritten	:	not less than 730,846,500 NWCL Rights Shares (assuming that no NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the exercise of the NWCL Share Options eligible to exercise) and not more than 772,767,540 NWCL Rights Shares (assuming that NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the full exercise of all NWCL Share Options eligible to exercise) (<i>Note</i>)
Subscription Price	:	HK\$2.80 per NWCL Rights Issue
Commission	:	1% of the total issue price of the NWCL Rights Shares underwritten by the Company
		The maximum commission to be received by the Company will be approximately HK\$21.6 million
Payment of Subscription Monies	:	if the conditions of the NWCL Rights Issue are fulfilled on or before 4:00 p.m. of the Latest Acceptance Date and the Underwriting Agreement becomes unconditional and is not terminated in accordance with the terms thereof, the Company shall pay the Subscription Monies in cash net of the commission entitled by the Company, being 1% of the total issue price of NWCL Rights Shares underwritten by the Company, on the date to be agreed by the Company and NWCL, but in the absence of such agreed date, not later than 4:30 p.m. on the third Business Day following the Latest Acceptance Date

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Note: These figures exclude the Excluded NWCL Rights Shares provisionally allotted to the Company in respect of its beneficial shareholding in NWCL which it has undertaken to subscribe for in full.

Pursuant to the Underwriting Agreement, the Company has irrevocably undertaken to apply for, take up and pay for its provisional entitlements in the Excluded NWCL Rights Shares.

The amount payable by the Company for the Excluded NWCL Rights Shares is HK\$4,263,222,986.40. The amount payable by the Company if all the underwritten NWCL Rights Shares are subscribed for by the Company will be HK\$2,163,749,112.00 (assuming NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the full exercise of all outstanding NWCL Share Options eligible to exercise). Accordingly, the Subscription Monies payable by the Company if the Excluded NWCL Rights Shares and all the underwritten NWCL Rights Shares are subscribed for will be HK\$6,426,972,098.40.

In the event that the Company is called upon to subscribe for its obligations under the Underwriting Agreement in full, the aggregate shareholding interests of the Company and parties acting in concert with it in NWCL will increase from approximately 70.65% as at the Latest Practicable Date to approximately 88.10% of the issued share capital of NWCL as enlarged by the issue of NWCL Rights Shares (assuming NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the full exercise of all NWCL Share Options eligible to exercise), subject to the undertaking made by the Company and the Directors to the Stock Exchange. For details of the Company's undertaking to the Stock Exchange, please refer to the paragraph headed "Maintaining the listing of NWCL" below.

The Underwriting Agreement was determined after arm's length negotiations between the Company and NWCL. The Directors consider that the terms of the Underwriting Agreement are on normal commercial terms, the Subscription Price and the commission to be received by the Company are fair and reasonable so far as the Company and Shareholders as a whole are concerned.

Reasons for entering into the Underwriting Agreement by the Company

As stated in the Announcement, upon the full subscription of the NWCL Rights Shares, NWCL will receive approximately HK\$6,285.13 million (assuming no NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the exercise of the outstanding NWCL Share Options eligible for exercise) or approximately HK\$6,401.33 million (assuming NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the full exercise of all outstanding NWCL Share Options eligible for exercise) by way of subscription proceeds net of expenses. Approximately HK\$3,300 million of such proceeds is intended to be used for reducing NWCL Group's debt and approximately HK\$2,500 million for settling the outstanding resettlement costs and the remaining balance for funding development costs of the NWCL Group's property projects and as general working capital for future development of NWCL Group.

The Company is principally engaged in the business of property development, property investments, hotel and infrastructure investment, telecommunications and technology, primarily in Hong Kong and the PRC. While it is not in the ordinary course of the Company's business to act as an underwriter, the Directors believe that the underwriting of the NWCL Rights Issue would enable the Company to maintain and enhance the value of its investment in NWCL, as the underwriting will ensure that the NWCL Rights Issue is fully subscribed for, and this in turn will enable the NWCL Group to systematically pay down its existing bank borrowings and allow NWCL to have more

LETTER FROM THE BOARD

flexibility in financing its property development business in the PRC. Accordingly, the Directors believe that the entering into of the Underwriting Agreement is in the best interests of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Company, by notice in writing, the ability to terminate its obligations thereunder on the occurrence of certain events. The Company may terminate its commitment under the Underwriting Agreement on or before the Latest Acceptance Date if:

- (a) NWCL is in material breach of any of the warranties as set out in the Underwriting Agreement which cannot be rectified or resolved to the reasonable satisfaction of the Company within a period of seven days from the Company giving notice of such breach to NWCL, provided that such rectification period cannot be extended beyond the Latest Acceptance Date;
- (b) any of the conditions to which the obligations of the Company under the Underwriting Agreement are subject to is not fulfilled or becomes incapable of being fulfilled; or
- (c) there shall have occurred any change in national or international, political, military, diplomatic, financial or economic conditions which in the reasonable opinion of the Company, is or is likely to be materially prejudicial to the business or financial condition of the NWCL Group or the NWCL Rights Issue.

If the Underwriting Agreement is terminated by the Company on or before the aforesaid deadline or does not become unconditional, the NWCL Rights Issue will not proceed.

EFFECTS OF THE UNDERWRITING AGREEMENT

In the event that the Company is required to fulfill its obligations under the Underwriting Agreement in full, the aggregate interests of the Company together with parties acting in concert with it in NWCL will increase from 70.65% as at the Latest Practicable Date to approximately 88.26% (assuming no NWCL Shares are issued and allotted to holders of NWCL Share Options on or before the Record Date pursuant to the exercise of the NWCL Share Options eligible to exercise) or approximately 88.10% (assuming NWCL Shares are issued and allotted to holders of NWCL Share Options pursuant to the full exercise of all NWCL Share Options eligible to exercise) of the issued share capital of NWCL as enlarged by the issue of the NWCL Rights Shares. The Directors consider that such increase of interests in NWCL does not have a significant impact on the financial position of the Group.

Maintaining the listing of NWCL

It is the intention of the Company and the Directors to maintain the listing of NWCL after the NWCL Rights Issue. Accordingly, the Company and the Directors have jointly and severally undertaken to the Stock Exchange that if necessary, the Company will take appropriate steps, including, but not limited to, placing down the Company's shareholdings in NWCL to parties who are not connected persons as defined in the Listing Rules, as soon as practicable after the completion of the NWCL Rights Issue or within such period or time the Stock Exchange may agree to ensure the number of NWCL Shares held by the public at all times is in compliance with the minimum public float requirement under Rule 8.08 of the Listing Rules.

LETTER FROM THE BOARD

INFORMATION RELATING TO NWCL

NWCL is incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange. The principal activities of the NWCL Group are property development and property related investment in the PRC. NWCL and its subsidiaries recorded a net loss before and after tax and extraordinary items of approximately HK\$1,844.6 million and HK\$1,841.4 million for the year ended 30 June 2003, respectively and a net profit before and after tax and extraordinary items of approximately HK\$211.6 million and HK\$166.8 million for the year ended 30 June 2004, respectively.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendix of this circular.

Yours faithfully,
By order of the Board
New World Development Company Limited
Dr. Cheng Kar-shun, Henry
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests or short positions of the Directors in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have 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 they have taken or deemed to have under such provisions of the SFO, or will be required to be recorded in the register maintained by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)) were as follows:

(a) Long positions in issued shares

(i) *Shares in the Company*

(Ordinary shares of HK\$1.00 each)

Name of Directors	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Dr. Sin Wai-kin, David	4,708,708	47,098	—	4,755,806	0.136
Mr. Leung Chi-kin, Stewart	32,553	—	—	32,553	0.001
Mr. Chow Kwai-cheung	43,000	—	—	43,000	0.001
Mr. Ho Hou-hay, Hamilton	—	—	438,905 ⁽¹⁾	438,905	0.013
Mr. Liang Cheung-biu, Thomas	5,215	—	—	5,215	—

(ii) *Shares in the associated corporations*

Dragon Fortune Limited

(Ordinary shares of US\$1.00 each)

Name of Director	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Mr. Cheng Kar-shing, Peter	—	—	15,869 ⁽²⁾	15,869	27.41

HH Holdings Corporation
(Ordinary shares of HK\$1.00 each)

Name of Director	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Dr. Sin Wai-kin, David	42,000	—	—	42,000	7.00

Master Services Limited
(Ordinary shares of HK\$0.01 each)

Name of Directors	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Mr. Leung Chi-kin, Stewart	16,335	—	—	16,335	1.63
Mr. Chow Kwai-cheung	16,335	—	—	16,335	1.63

New World China Land Limited
(Ordinary shares of HK\$0.10 each)

Name of Directors	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Mr. Cheng Kar-shing, Peter	366,800	—	—	366,800	0.02
Mr. Chow Kwai-cheung	400,126	—	—	400,126	0.03

New World TMT Limited
(Ordinary shares of HK\$1.00 each)

Name of Directors	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Dr. Cheng Kar-shun, Henry	—	1,000,000	—	1,000,000	0.11
Dr. Sin Wai-kin, David	5,594	53	—	5,647	—
Mr. Liang Chong-hou, David	262	—	—	262	—

NWS Holdings Limited
(Ordinary shares of HK\$1.00 each)

Name of Directors	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Dr. Cheng Kar-shun, Henry	2,000,000	587,000	—	2,587,000	0.14
Dr. Sin Wai-kin, David	—	—	32,224,060 ⁽³⁾	32,224,060	1.81
Mr. Cheng Kar-shing, Peter	333,333	—	2,659,700 ⁽⁴⁾	2,993,033	0.17
Mr. Liang Chong-hou, David	153	—	—	153	—
Mr. Leung Chi-kin, Stewart	3,526,630	—	84,607 ⁽⁵⁾	3,611,237	0.20
Mr. Chow Kwai-cheung	2,264,652	—	—	2,264,652	0.13

Sun City Holdings Limited
(Ordinary shares of HK\$1.00 each)

Name of Director	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 ⁽⁶⁾	3,650,000	45.63

Sun Legend Investments Limited
(Ordinary shares of HK\$1.00 each)

Name of Director	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Mr. Cheng Kar-shing, Peter	—	—	500 ⁽⁷⁾	500	50.00

YE Holdings Corporation
(Ordinary shares of HK\$1.00 each)

Name of Director	Personal interests	Number of ordinary shares		Total	Approximate % of shareholding
		Family interests	Corporate interests		
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These shares are beneficially owned by a company of which Mr. Ho Hou-hay, Hamilton owns 20% of its issued share capital.

- (2) 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, of which Mr. Cheng Kar-shing, Peter is deemed to be interested in 45.63% of its issued share capital.
- (3) These shares are beneficially owned by a company which is jointly owned by Dr. Sin Wai-kin, David and his spouse.
- (4) These shares are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-shing, Peter.
- (5) These shares are beneficially owned by a company of which Mr. Leung Chi-kin, Stewart has a direct interest of 55%.
- (6) These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns 48.18% of its issued share capital.
- (7) Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interest in Sun City Holdings Limited.

(b) Long positions in underlying shares of associated corporations

(i) Share options in New World China Land Limited

Name of Directors	Date of grant	Option period	Exercise price	Number of share options outstanding as at the Latest Practicable Date ⁽³⁾
Dr. Cheng Kar-shun, Henry	7 February 2001	8 March 2001 to 7 March 2006	HK\$1.955	5,000,000 ⁽¹⁾
Mr. Cheng Kar-shing, Peter	9 February 2001	10 March 2003 to 9 March 2006	HK\$1.955	1,500,000 ⁽²⁾
Mr. Leung Chi-kin, Stewart	7 February 2001	8 March 2001 to 7 March 2006	HK\$1.955	500,000 ⁽¹⁾
Mr. Chow Kwai-cheung	9 February 2001	10 March 2005 to 9 March 2006	HK\$1.955	100,000

Notes:

- (1) The share options are exercisable during a period of five years commencing from one month after the dates of each grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary year(s).
- (2) The share options are exercisable within the three years as stated therein, provided that the maximum number of share options that can be exercised during each anniversary year is one-third of the outstanding balance of share options held together with any unexercised share options carried forward from the previous anniversary year(s).
- (3) The cash consideration paid by each Director for each grant of the share options is HK\$10.

(ii) *Share options in NWS Holdings Limited*

Name of Directors	Date of grant	Option period	Exercise price	Number of share options outstanding as at the Latest Practicable Date ⁽²⁾
Dr. Cheng Kar-shun, Henry	21 July 2003	21 July 2005 to 20 July 2008	HK\$3.725	1,000,000
Mr. Cheng Kar-shing, Peter	21 July 2003	21 July 2005 to 20 July 2008	HK\$3.725	166,667
Mr. Leung Chi-kin, Stewart	21 July 2003	21 July 2004 to 20 July 2008	HK\$3.725	68,000 ⁽¹⁾

Notes:

(1) Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 to 20 July 2008, respectively.

(2) The cash consideration paid by each Director for each grant of the share options is HK\$10.

(iii) *Share options in New World Mobile Holdings Limited*

Name of Director	Date of grant	Option period	Exercise price	Number of share options outstanding as at the Latest Practicable Date ⁽¹⁾
Dr. Cheng Kar-shun, Henry	28 January 2005	28 January 2005 to 31 December 2010	HK\$1.260	780,000

Note:

(1) The cash consideration paid by Dr. Cheng Kar-shun, Henry for the grant of the share options is HK\$1.

(c) **Other Directors' interests**

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 2004, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, there was no argument or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Underwriting Agreement or otherwise connected with the Underwriting Agreement.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, information of the persons, other than Directors or chief executive of the Company, who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long position in issued shares

Name	Capacity	Number of Shares held	As a % of the existing issued share capital as at the Latest Practicable Date
Chow Tai Fook Enterprises Limited	Beneficial owner	1,224,945,836	35.332
Marathon Asset Management Ltd	Beneficial owner	208,191,948	6.005

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than members of the Group) were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the following members of the Group (other than the Company) and the amount of each of such person's interest in such securities were as follows:

Name of person	Name of member of the Group	Attributable equity interest held by the person
Dalian Commercial Network Construction and Development Limited	Dalian New World Plaza International Co., Ltd.	12.00%
Hopwin Construction Engineering Limited	Hopwin Properties (China) Limited	20.00%
Melbourne Enterprises Limited	Billion Park Investment Limited	14.29%
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development Limited	10.00% (Note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 2 Limited	10.00% (Note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 3 Limited	10.00% (Note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 4 Limited	10.00% (Note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 5 Limited	10.00% (Note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 6 Limited	10.00% (Note)
Shanghai Hongdu Enterprises (Group) Company Limited	Shanghai Heyu Properties Company Limited	20.00% (Note)
Shun Hing China Investment Limited	Ramada Property Ltd.	10.00%
深圳瑋鵬實業有限公司	Shenzhen Topping Real Estate Development Co., Limited	10.00%
Stanley Enterprises Limited	Ramada Property Ltd.	20.00%
武漢市國營漢口漁場	Wuhan Xinhua Development Co., Limited	30.00% (Note)
Infinity Regent Inc.	Milestone Overseas Limited	16.67%
Sparkle Spirit Limited	Milestone Overseas Limited	16.67%
Stanford Ocean Limited	Two-Way Communications Limited	10.00%
Magic Pioneer Limited	Two-Way Communications Limited	10.00%
Li Chau Ming Peter	Apex-Pro Systems Limited	10.00%

Name of person	Name of member of the Group	Attributable equity interest held by the person
Millennium Star Group Limited	Multi-Trends Limited	35.71%
Ren Keyong	NoveMed Group Ltd	20.00%
Panlon Holdings Ltd	NoveMed Group Ltd.	15.00%
Chow Tai Fook Enterprises Limited	Advance Planner Limited	40.00%
Ever Global Investments Ltd	Autowin Limited	30.00%
Chow Tai Fook Enterprises Limited	Beames Holdings Limited	36.00%
Gaintek Development Ltd	Better Rich Development Limited	30.00%
Bolo Ltd	Bright Moon Company Limited	25.00%
Tenswin Ltd	Boxwin Limited	16.58%
Chow Tai Fook Enterprises Limited	Crimson Company Limited	37.00%
Honor Fidelity Ltd	Dominion 2000 Limited	30.00%
Hotspring Ltd	Easlin Corporation	20.00%
Lai Sun Development Company Limited	Easlin Corporation	20.00%
Chow Tai Fook Enterprises Limited	Front Post Limited	15.00%
Chow Tai Fook Enterprises Limited	Grand Hyatt Hong Kong Company Limited	36.00%
Philip Yuen	Henry Bon Enterprises Company Limited	10.00%
Carmen Leung	Henry Bon Enterprises Company Limited	10.00%
Kam Wah Investment Co Ltd	Highness Land Investment Company Limited	40.00%
Space Enterprises Limited	Mega Choice Holdings Limited	20.00%
Chow Tai Fook Enterprises Limited	New World Harbourview Hotel Company Limited	36.00%
Tacko Development (Zhanjiang) Ltd	New World Tacko (Xian) Limited	30.00%
Golden Sphere Investment Ltd	New Hope Limited	15.00%
Chow Tai Fook Enterprises Limited	New World Hotel Company Limited	36.00%
Chow Tai Fook Enterprises Limited	NWD (Hotels Investments) Limited	36.00%
Glory Good Investments Ltd	Pearls Limited	36.00%
Kawick Enterprises Ltd	Pearls Limited	40.00%
Fung Seng Diamond Co Ltd	Silver Bloom Company Limited	10.00%
Wah Tai Company Limited	Silver Bloom Company Limited	20.00%
Kly (Nominee) Ltd	Super Value Development Limited	20.00%
Kly (Nominee) Ltd	Top Flash Investment Limited	20.00%
Fung Seng Diamond Co Ltd	Ultra Force Limited	20.00%
Wisdom Profit Investments Ltd	Wise Come Development Limited	20.00%
Architectural Precast Limited	Architectural Precast GRC Limited	35.00%
New Concepts Foundation Limited	Barbican-New Concepts Joint Venture	40.00%
北京市萬勝全物業管理中心	Beijing Kiu Lok Property Management Services Co. Ltd.	40.00%
Bioforte (Hong Kong) Environmental Engineering And Technology Company Ltd	BioEnviroLink Technologies Limited	30.00%
Cinagro Pte Limited	Cinabel (Singapore) Pic Limited	20.00%
Miramar Hotel & Investment Company	Espora Company Limited	50.00%
Foshan City Guoming District Traffic Development Co.	Gaoming Xinming Bridge Co., Ltd.	49.00%
Guangxi Beiliu Gaote Co. Ltd.	Guangxi Beiliu Xinbei Highways Limited	40.00%
Guangxi Cangwu County Electric Power Co. Ltd	Guangxi Cangwu Xincang Highways Limited	30.00%
Guangxi Rongxian Road & Bridge Construction Co. Ltd.	Guangxi Rongxian Xinrong Highways Limited	30.00%
Guangxi Yulin City Heng Tong Ltd.	Guangxi Yulin Xintong Highways Limited	40.00%
Guangxi Yulin City Heng Tong Ltd.	Guangxi Yulin Xinye Highways Limited	40.00%
Guangxi Yulin Yu Shieh Ltd.	Guangxi Yulin Xinyu Highways Limited	40.00%
Guangzhou Yongtong Freeway Company Limited	Guangzhou Northring Freeway Company Limited	10.41%

Name of person	Name of member of the Group	Attributable equity interest held by the person
Asian East Worldwide Limited	Guangzhou Northring Freeway Company Limited	24.30%
Taisei Corporation	Hip Hing-Taisei Joint Venture	40.00%
Hong Kong Ticketing Alliance Limited	Hong Kong Ticketing Holdings Limited	38.32%
Junglesoft Inc.	Junglesoft Net Limited	20.00%
Nanjing Port Authority	Nanjing Huining Wharfs Co., Ltd.	45.00%
Qingxin Country Communications Construction Development Co.	Qingyuan Xinqing Highways Limited	21.00%
Changzhi City Changda Highway Development Company	Shanxi Xinda Highways Limited	40.00%
Changzhi City Changda Highway Development Company	Shanxi Xinhuang Highways Limited	40.00%
順德市誠業建築集團公司	Shunde Xiexing Construction Engineering Company Limited	15.00%
Taiyuan Tongtai Industry & Commerce General Company	Taiyuan Xintai Highways Limited	40.00%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinyan Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xindi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlong Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintu Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinming Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinqing Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinquan Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsen Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinshi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintong Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintuo Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinxiang Expressway Company Limited	33.38%
Gujiao Highway-Bridge Development & Construction Company	Taiyuan Xinyuan Highways Limited	40.00%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinzhan Expressway Company Limited	33.38%
廣州市機電安裝公司	Triguang Engineering (Guang Zhou) Company Limited	49.00%
武漢武建鼎安安裝工程有限公司	Trihan Engineering (Wuhan) Co. Ltd.	49.00%
Wuhan Airport Road Industrial Development Co. Ltd.	Wuhan Airport Road Development Ltd.	33.33%
Guangxi Wuzhou Heng Tong Development	Wuzhou Xinwu Highway Limited	40.00%

Name of person	Name of member of the Group	Attributable equity interest held by the person
Xiamen COSCO International Container Freight Statement & Transportation Co., Ltd.	Xiamen Xinyuan Container Terminal Co., Ltd.	30.00%
珠海國際經濟技術合作公司	珠海市景福工程有限公司	20.00%
珠海市萬泉河科技發展有限公司	深圳香島園花卉有限公司	20.00%
廣州市新運行汽車運輸有限公司	廣州銳萊停車場設備有限公司	10.00%
深圳市高成達機械電子有限公司	襄樊高成達停車場管理有限公司	35.00%
北京建工集團有限責任公司	Beijing Hip Hing Construction Engineering Company Limited	25.00%
北京崇建工程公司	Beijing Hip Hing Construction Engineering Company Limited	20.00%
Shine Vision International Limited	Carpark Solution Enterprise Limited	35.00%
Huns Engineering Company Limited	Huns-Majestic Joint Venture	40.00%
Wiseful Engineering Group Limited	Kentfull Engineering Company Limited	40.00%

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

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

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

Name of Directors	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Dr. Cheng Yu-tung	Shun Tak Holdings Limited group of companies	Property investment and development, ferry services and hotel related services	director
	Chow Tai Fook Enterprises Limited group of companies	Property investment and development and transport	director
	Melbourne Enterprises Limited group of companies	Property investment	director
	Lifestyle International Holdings Ltd. group of companies	Department stores operations and property investment	director
Dr. Cheng Kar-shun, Henry	Shun Tak Holdings Limited group of companies	Property investment and development, ferry services and hotel related services	director
	Chow Tai Fook Enterprises Limited group of companies	Property investment and development and transport	director
	HKR International Limited group of companies	Property investment and development, construction and property management	director
	Beijing Chang Le Real Estates Development Co., Ltd.	Property development in Beijing	director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	director

Name of Directors	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
	Beijing Po Garden Real Estates Development Co., Ltd.	Property development in Beijing	director
	Lifestyle International Holdings Ltd. group of companies	Department stores operations and property investment	director
Dr. Sin Wai-kin, David	Miramar Hotel & Investment Company Limited group of companies	Property investment and hotel operation	director
Mr. Cheng Yue-pui	Chow Tai Fook Enterprises Limited group of companies	Property investment and development and transport	director
	Melbourne Enterprises Limited group of companies	Property investment	director
Mr. Cheng Kar-shing, Peter	Chow Tai Fook Enterprises Limited group of companies	Property investment and development and transport	director
	Long Vocation Investments Limited group of companies	Property investment	director and shareholder
Mr. Chow Kwai-cheung	Asia Leisure Development Company Limited	Property development	director
	Beijing Chang Le Real Estates Development Co., Ltd.	Property development in Beijing	director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	director
	Beijing Po Garden Real Estates Development Co., Ltd.	Property development in Beijing	director
	Flying Dragon Properties Ltd.	Property investment	director and shareholder
	Global Agents Ltd.	Investment holding	director and shareholder
	Hinkok Development Limited	Property development	shareholder

The above-mentioned Directors' involvement in the management of the above-mentioned entities are not significant nor are the size of the above-mentioned businesses undertaken by the entities in which they were appointed as directors considered as significant as compared to the Group.

As the Board is independent of the boards of these entities, the Group is capable of carrying on such businesses independently of, and at arm's length from the businesses of these entities.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company, other than contracts expiring or terminable within one year without any compensation payable (other than statutory compensation).

6. LITIGATION

The Group has disputes with certain joint venture partners in respect of certain property development projects in the PRC and a hotel project in Malaysia. For the PRC property development projects, no statement of claims setting out details of the claims had been served by the PRC joint venture partner to the Group as at the Latest Practicable Date. The Group, however, had made a claim against such joint venture partner. For the hotel project in Malaysia, the trial was heard and adjourned on 14 July 2003 and a judgment in favour of the Group was made on 1 April 2004. The joint venture partner lodged an appeal against the judge's judgment which is scheduled to be heard in June 2005. The Directors of the Company have obtained legal advice on the aforementioned matters and are of the opinion that the matters will not have any material adverse impact on the financial position of the Group.

The Company's subsidiary, New World TMT Limited ("NWTMT"), is involved in a litigation relating to the investment in PrediWave Corporation and certain of its associated companies, details of which were disclosed in the joint announcements with NWTMT dated 27 May 2004 and 22 July 2004.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

7. MISCELLANEOUS

- (a) The registered office of the Company is at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong.
- (b) The share registrar of the Company is Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Leung Chi-kin, Stewart.
- (d) The qualified accountant of the Company is Mr. Chow Yu-chun, Alexander.
- (e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.