

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

CONNECTED TRANSACTIONS

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



CIMB-GK Securities (HK) Limited

A letter from the Independent Board Committee is set out on page 26 of this circular. A letter from CIMB-GK, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 27 to 49 of this circular.

A notice convening the EGM to be held at Meeting Room 201B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 31 December 2008, at 11:00 a.m. is set out on pages 101 and 102 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 and deposit it with the registered office of the Company at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 3 December 2008 entered into among NWCL, NWDC, NWCP, Mr. Doo, SEL, GCE and Golden Wealth in respect of Ramada, Faith Yard, Fortune Star, Shangxian Lane, Juyi, Trio and Huai Hai
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement
“Company”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Agreement in accordance with the provisions thereof
“connected person”	has the meaning ascribed to it under the Listing Rules
“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 Agreement
“Faith Yard”	Faith Yard Property Limited, a company incorporated in the British Virgin Islands with limited liability
“Faith Yard Share”	one share of US\$1.00 each of Faith Yard representing 50% interest in the issued share capital thereof
“Faith Yard Transfer”	the transfer of Faith Yard Share by GCE to NWDC under the Agreement
“First Agreement”	the reorganisation agreement dated 18 June 2008 entered into among NWCL, NWDC and Mr. Doo in respect of Juyi, Trio and Huai Hai
“First Reorganisation”	the reorganisation of Juyi, Trio and Huai Hai under the First Agreement

DEFINITIONS

“Fortune Star”	Fortune Star Worldwide Limited, a company incorporated in the British Virgin Islands with limited liability
“Fortune Star Shares”	the 60 shares of US\$1.00 each of Fortune Star representing 60% interest in the issued share capital thereof
“Fortune Star Transfer”	the transfer of Fortune Star Shares from SEL to NWDC under the Agreement
“GCE”	Grand China Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability
“GFA”	gross floor area
“Golden Wealth”	Golden Wealth Investment Limited, a company incorporated in Hong Kong which is wholly-owned by Mr. Doo and principally engaged in the business of investment holding
“Group”	the Company and its subsidiaries as at the Latest Practicable Date
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huai Hai”	上海新世界淮海物業發展有限公司 (Shanghai New World Huai Hai Property Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC
“Huai Hai Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCP, Golden Wealth and Mr. Doo, pursuant to which NWCP shall transfer 50% of the legal interest of Huai Hai to Golden Wealth
“Huai Hai Interest”	5.9% of the attributable interest of Huai Hai
“Huai Hai Transfer”	the transfer of the Huai Hai Interest from Golden Wealth to NWCP under the Agreement
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Yeung Ping-Leung, Howard, Dr. Cha Mou-Sing, Payson (alternate director to Dr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John, established to advise the Independent Shareholders in respect of the Agreement
“Independent Shareholders”	Shareholders of the Company other than Mr. Doo and his associates and any person who is involved in, or interested in, the Agreement

DEFINITIONS

“Juyi”	上海局一房地產發展有限公司 (Shanghai Juyi Real Estate Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC
“Juyi Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCP, Golden Wealth and Mr. Doo, pursuant to which NWCP shall transfer 50% of the legal interest of Juyi to Golden Wealth
“Juyi Interest”	20% of the attributable interest of Juyi
“Juyi Transfer”	the transfer of the Juyi Interest by NWCP to Golden Wealth under the Agreement
“Knight Frank”	Knight Frank Petty Limited, a firm of professional valuers independent from the Company and its associates
“Latest Practicable Date”	9 December 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
“Mr. Doo”	Mr. Doo Wai-Hoi, William, an executive director of NWCL, the director of certain subsidiaries of the Company and NWCL and is the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company and NWCL. Mr. Doo is the son-in-law of Dato’ Dr. Cheng Yu-Tung (director of the Company), the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter (directors of the Company and NWCL), and the uncle of Mr. Cheng Chi-Kong, Adrian (director of the Company and NWCL)
“NAV”	net asset value after taking into account any revaluation surplus arising from the properties together with tax thereon
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“NWCP”	New World China Property Limited, a company incorporated in Hong Kong with limited liability and currently wholly-owned by NWCL
“NWCP Agreement”	an equity transfer agreement which may be entered into between NWCP and the Shenzhen Company, pursuant to which NWCP agrees to sell the entire equity interests in Juyi, Trio and Huai Hai to the Shenzhen Company

DEFINITIONS

“NWCP Shareholders’ Agreement”	the shareholders’ agreement entered into among NWCL, Golden Wealth and NWCP relating to NWCP on 18 June 2008
“NWDC”	New World Development (China) Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by NWCL
“Participation Agreements”	the three participation agreements all dated 3 December 2008 entered into among NWCL, NWDC, Golden Wealth and Mr. Doo in respect of Golden Wealth’s participation in Juyi, Trio and Huai Hai, respectively
“Participation Transactions”	the transactions contemplated under the Participation Agreements
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“Purchase Interests”	the shares and interests to be transferred under the Ramada Transfer, the Faith Yard Transfer, the Fortune Star Transfer and the Huai Hai Transfer in accordance with the Agreement
“Ramada”	Ramada Property Ltd., a company incorporated in the British Virgin Islands with limited liability
“Ramada Shareholder’s Loan”	the outstanding shareholder’s loan of Ramada owed to SEL amounting to HK\$224,393,439 as of 30 June 2008
“Ramada Shares”	250 issued shares of US\$1.00 each of Ramada representing 25% interest in the issued share capital thereof
“Ramada Transfer”	the transfer of the Ramada Shares and assignment of the Ramada Shareholder’s Loan from SEL to NWDC under the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Transactions”	the transactions in respect of the acquisitions and disposals of the Target Companies contemplated under the Agreement
“Sale Interests”	the Shangxian Lane Equity Interest to be transferred under the Shangxian Lane Transfer and the Juyi Interest to be transferred under the Juyi Transfer in accordance with the Agreement
“SEL”	Stanley Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“Shanghai Ramada”	Shanghai Ramada Plaza Ltd., a co-operative joint venture company established in the PRC which is owned by Ramada and independent PRC joint venture partners as to 99.81% and 0.19%, respectively
“Shangxian Lane”	上海新尚賢坊房地產發展有限公司 (Shanghai New World Shangxian Lane Development Ltd.), a sino-foreign equity joint venture established in the PRC which is held as to 99% by NWCL and 1% by an independent PRC joint venture partner
“Shangxian Lane Equity Interest”	99% of the equity interest of Shangxian Lane
“Shangxian Lane Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCL, Golden Wealth and Mr. Doo, pursuant to which NWCL shall sell the Shangxian Lane Equity Interest to Golden Wealth
“Shangxian Lane Transfer”	the transfer of the Shangxian Lane Equity Interest by NWCL to Golden Wealth under the Agreement
“Share(s)”	the ordinary share(s) in the issued share capital of the Company, with a par value of HK\$1.00 each
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Company”	a company whose shares are listed on the Shenzhen Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in the Listing Rules
“Target Companies”	Ramada, Faith Yard, Fortune Star, Shangxian Lane, Juyi and Huai Hai under the Agreement
“Transactions”	the Participation Transactions and the Sale and Purchase Transactions
“Trio”	上海三聯物業發展有限公司 (Shanghai Trio Property Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC
“Trio Equity Transfer Agreement”	an equity transfer agreement to be entered into among NWCP, Golden Wealth and Mr. Doo, pursuant to which NWCP shall transfer 52.5% of the legal interest of Trio to Golden Wealth
“US\$”	United States dollars, the lawful currency of the United States of America

DEFINITIONS

“Zhaoqing Fubang”	Zhaoqing Fubang Property Management Limited (肇慶富邦物業管理有限公司), a wholly foreign owned enterprise established in the PRC, which is wholly-owned by Fortune Star
“Zhaoqing Property”	Zhaoqing New World Property Development Limited (肇慶新世界房產發展有限公司), a wholly foreign owned enterprise established in the PRC, which is wholly-owned by Fortune Star
“sq. m.”	square metre(s)
“%”	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)

Executive 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 Chi-Kong, Adrian

Registered office:

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

Non-executive directors:

Mr. Cheng Kar-Shing, Peter
Mr. Chow Kwai-Cheung
Mr. Liang Cheung-Biu, Thomas
Ms. Ki Man-Fung, Leonie, JP

Independent non-executive directors:

Mr. Yeung Ping-Leung, Howard
Dr. Cha Mou-Sing, Payson, JP
(*alternate director to Dr. Cha Mou-Sing, Payson:*
Mr. Cha Mou-Zing, Victor)
Mr. Ho Hau-Hay, Hamilton
Mr. Lee Luen-Wai, John, JP

15 December 2008

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

Dear Sir or Madam,

CONNECTED TRANSACTIONS

BACKGROUND

A. The First Reorganisation and the Participation Agreements

On 18 June 2008, the Company and NWCL jointly announced, among other things, that: (i) NWCL, NWDC and Mr. Doo entered into the First Agreement relating to the First Reorganisation; (ii) NWCL, Golden Wealth and NWCP entered into the NWCP Shareholders' Agreement relating to NWCP; and (iii) NWCL was considering and negotiating with the Shenzhen Company regarding the NWCP

LETTER FROM THE BOARD

Agreement for the possible acquisition of the entire equity interests in each of Juyi, Trio and Huai Hai by the Shenzhen Company in exchange for certain new shares to be issued by the Shenzhen Company to NWCP.

Pursuant to the terms of the First Agreement: (i) NWDC and Mr. Doo agreed to transfer all of their respective interests in Juyi, Trio and Huai Hai to NWCP and NWCP will in turn hold a 100% interest in each of Juyi, Trio and Huai Hai; and (ii) NWCL agreed to procure NWCP to allot 43.54% of its shares to Golden Wealth, a company wholly-owned by Mr. Doo.

The entire respective legal interests in respect of each of Juyi, Trio and Huai Hai have been transferred to NWCP and NWCP is registered as the sole legal owner of each of Juyi, Trio and Huai Hai. However, the allotment of 43.54% of NWCP's shares to Golden Wealth has not been proceeded and effected by the relevant parties. As such, completion under the provisions of the First Agreement has not taken place. The board of directors of NWCL has decided not to proceed with the relevant transactions contemplated under the NWCP Agreement and the relevant parties have not entered into the NWCP Agreement with the consent of all parties to the First Agreement. The board of directors of NWCL has decided not to proceed with the NWCP Agreement and hence the First Agreement as the terms of the transactions relating to the NWCP Agreement are not in the best interest of NWCL.

On 3 December 2008, NWCL, NWDC, Golden Wealth and Mr. Doo entered into the Participation Agreements in order to restore the relevant parties to their respective original position in relation to their respective interests in Juyi, Trio and Huai Hai and to terminate the First Agreement.

B. The Sale and Purchase Transactions and the Agreement

On 3 December 2008, NWCL, NWDC, NWCP, Mr. Doo, SEL, GCE and Golden Wealth entered into the Agreement relating to the Sale and Purchase Transactions, which involves the acquisition by NWCL (through its wholly-owned subsidiaries) of additional interests in Ramada, Faith Yard, Fortune Star and Huai Hai, and the disposal by NWCL (through its wholly-owned subsidiary or itself) of interests in Shangxian Lane and Juyi. Upon Completion (i) the entire issued share capital of each of Ramada, Fortune Star and Faith Yard will be held by NWCL (through its wholly-owned subsidiary, NWDC) (ii) 99% equity interest of Shangxian Lane will be held by Mr. Doo (through its wholly-owned company, Golden Wealth); and (iii) 50% equity interest each of Juyi, and 50% equity interest each of Huai Hai, will be held by NWCL (through its wholly-owned subsidiary, NWCP) and Mr. Doo (through its wholly-owned company, Golden Wealth), respectively.

C. Purpose of this circular

The purpose of this circular is to provide you with details of the Transactions, the Participation Agreements and the Agreement, the opinion of the Independent Board Committee and the advice of CIMB-GK in respect of the Sale and Purchase Transactions and the Agreement, and to give notice of the EGM thereof.

LETTER FROM THE BOARD

THE PARTICIPATION AGREEMENTS

Date

3 December 2008

Parties

NWCL, NWDC, Golden Wealth and Mr. Doo

Subject matter of the Participation Agreements

In order to restore the positions of the interests held by NWCL and Mr. Doo in Juyi, Trio and Huai Hai to those which existed immediately before the signing of the First Agreement, NWCL agreed to grant Golden Wealth indirect participating interests in the respective property project undertaken by Juyi, Trio and Huai Hai, determined at 30% (in the case of Juyi), 52.5% (in the case of Trio) and 55.9% (in the case of Huai Hai).

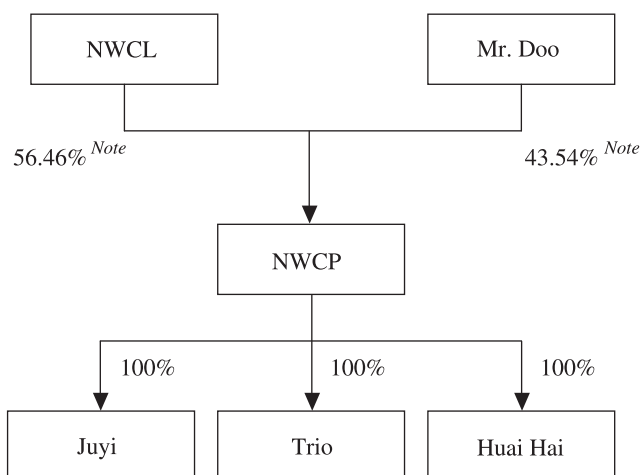
Golden Wealth agreed to pay to NWCL 30% (in the case of Juyi), 52.5% (in the case of Trio) and 55.9% (in the case of Huai Hai) of the respective project cost contribution payable for the property projects undertaken by Juyi, Trio and Huai Hai, respectively, in cash within 7 days after Golden Wealth receives a written request from NWCL. Golden Wealth is entitled to receive from NWCL 30% (in the case of Juyi), 52.5% (in the case of Trio) and 55.9% (in the case of Huai Hai) of the returns received by NWCL in respect of Juyi, Trio and Huai Hai, respectively.

NWCL does not anticipate any project construction cost to be incurred which will require contribution from Golden Wealth under the Participation Agreements in the near future. The legal ownership of the equity interests of each of Juyi, Trio and Huai Hai will not be affected by virtue of entering into the Participation Agreements by NWCL. The Participation Agreements are subject to the approval by the independent shareholders of NWCL at an extraordinary general meeting of NWCL. The First Agreement lapsed and was terminated upon signing of the Participation Agreements. The Participation Agreements will lapse and be terminated upon Completion. In the event that the Agreement cannot be completed, the Participation Agreements will continue to be effective.

LETTER FROM THE BOARD

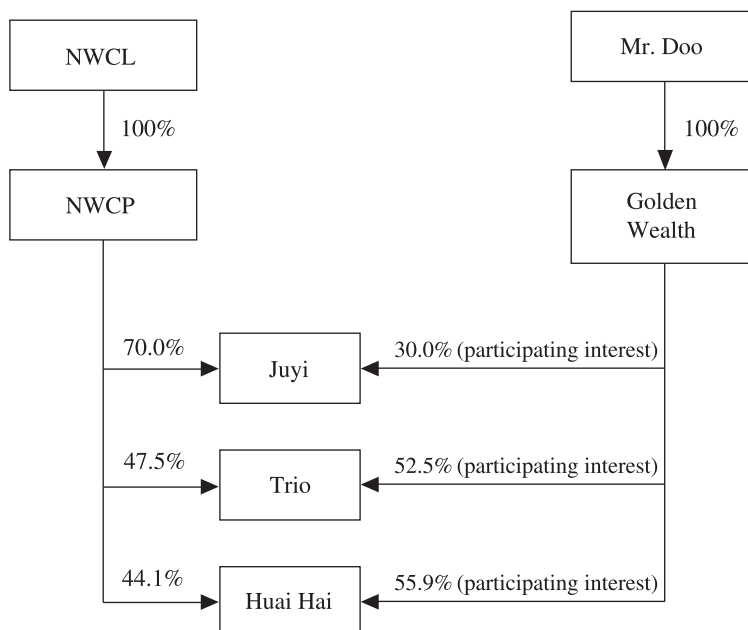
Attributable interest structure before and after the signing of the Participation Agreements

Before signing of the Participation Agreements



Note: the attributable interest held by NWCL and Mr. Doo as if completion of the First Agreement had taken place.

Upon completion of the Participation Agreements



LETTER FROM THE BOARD

Effect on NWCL's ownership in Juyi, Trio and Huai Hai upon signing of the Participation Agreements

	Attributable interest as if completion of the First Agreement had taken place	Attributable interest upon completion of the Participation Agreements	Changes in attributable interest — increase/ (decrease)	Effect on NWCL
Juyi	56.46%	70.0%	13.54%	Deemed acquisition
Trio	56.46%	47.5%	(8.96%)	Deemed disposal
Huai Hai	56.46%	44.1%	(12.36%)	Deemed disposal

Conditions precedent

Completion of the transactions contemplated under each of the Participation Agreements is subject to and conditional upon the fulfillment of the following conditions precedent on or before 30 June 2009:

- (1) NWCL and NWDC having performed all of the covenants and agreements required to be performed by each of them under each of the Participation Agreements on or prior to completion of the relevant transactions under the Participation Agreements;
- (2) each of Golden Wealth and Mr. Doo having performed all of the covenants and agreements required to be performed by it under each of the Participation Agreements on or prior to completion of the relevant transactions under the Participation Agreements;
- (3) all approvals and consents of third parties and the authorities (including the Stock Exchange and if so required, lenders) which are necessary for the entering into and the implementation of each of the Participation Agreements and all transactions contemplated under each of the Participation Agreements having been obtained; and
- (4) the approval of each of the Participation Agreements and the transactions contemplated under the Participation Agreements by the independent shareholders of NWCL at the extraordinary general meeting of NWCL having been obtained in accordance with the requirements of the Listing Rules.

NWCL and/or NWDC may in its absolute discretion at any time waive in writing any of the conditions set out above (or any part thereof) and such waiver may be made subject to such terms and conditions as determined by NWCL and/or NWDC. NWCL and/or NWDC shall not be entitled to exercise such right of waiver in respect of items (3) and (4) above if as a result of such waiver NWCL would be in breach of the Listing Rules or any other rules or regulations.

In the event that any of the conditions set out above shall not have been fulfilled (or waived) prior to 30 June 2009, none of the parties to the Participation Agreements shall be bound to proceed with the transactions contemplated under the Participation Agreements and the provisions in the Participation Agreements shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Participation Agreements.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF JUYI, TRIO AND HUAI HAI

The following financial information in respect of Juyi, Trio and Huai Hai is extracted from the audited financial statements of Juyi, Trio and Huai Hai, respectively, which was prepared in accordance with the accounting principles generally accepted in Hong Kong.

Juyi

For the year ended 30 June				
Attributable portion of the deemed acquisition of 13.54% interest		Attributable portion of the deemed acquisition of 13.54% interest		
2008	2007			
HK\$	HK\$	HK\$	HK\$	
Loss before/after taxation and extraordinary items	43,905,887	5,944,857	1,716,466	232,409

The deemed consideration for the transfer is HK\$260,774,356 which is determined by reference to the audited net asset value of Juyi as at 30 June 2008, being HK\$793,589,372 and revaluation surplus arising from property together with tax thereon.

The original purchase cost of such interest is nil.

Further information on Juyi is set out below in this circular.

Trio

For the year ended 30 June				
Attributable portion of the deemed disposal of 8.96% interest		Attributable portion of the deemed disposal of 8.96% interest		
2008	2007			
HK\$	HK\$	HK\$	HK\$	
Loss before/after taxation and extraordinary items	8,500,625	761,656	1,892,713	169,587

The deemed consideration for the transfer is HK\$41,830,471 which is determined by reference to the audited net asset value of Trio as at 30 June 2008, being HK\$466,857,936.

Trio has a registered capital and paid-up capital of US\$81,000,000. The principal activity of Trio is the development of Shanghai Zhongshan Square located in Hongqiao Development Zone, Shanghai.

LETTER FROM THE BOARD

Huai Hai

For the year ended 30 June				
	Attributable portion of the deemed disposal of 12.36% interest		Attributable portion of the deemed disposal of 12.36% interest	
	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$
Profit before taxation and extraordinary items	665,986,433	82,315,923	375,660,378	46,431,623
Profit after taxation and extraordinary items	511,072,296	63,168,536	336,188,444	41,552,892

The deemed consideration for the transfer is HK\$348,234,488 which is determined by reference to the audited net asset value of Huai Hai as at 30 June 2008, being HK\$2,817,431,130.

Further information on Huai Hai is set out below in this circular.

No gain or loss will be recorded by virtue of the deemed disposals under the Participation Agreements.

THE AGREEMENT

Date

3 December 2008

Parties

NWCL, NWDC, NWCP, Mr. Doo, SEL, GCE and Golden Wealth

Subject matter of the Agreement

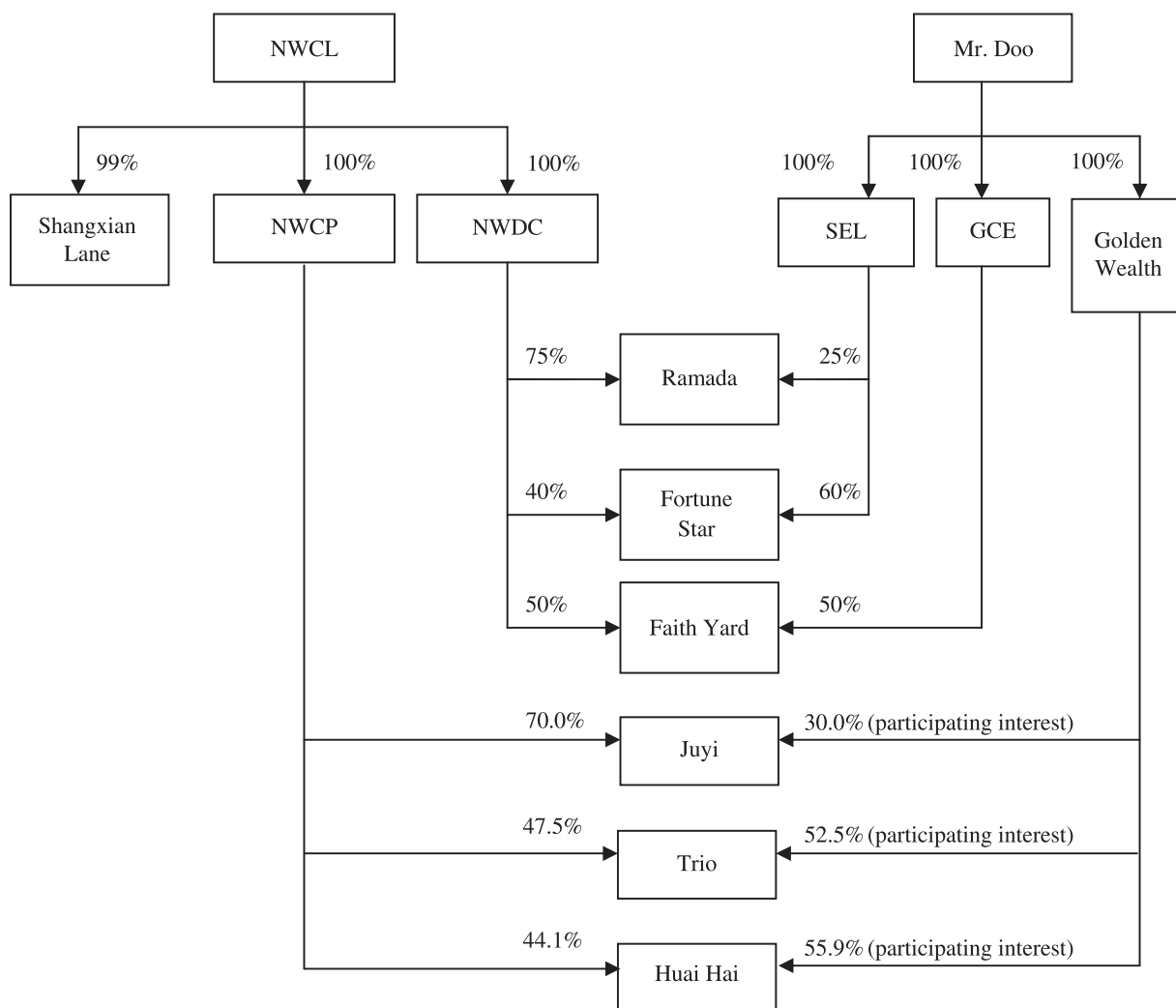
Subject to the terms and conditions of the Agreement, the parties have agreed the following in order to implement the Sale and Purchase Transactions:

- (A) SEL has agreed to sell the Ramada Shares and assign the Ramada Shareholder's Loan to NWDC;
- (B) GCE has agreed to sell the Faith Yard Share to NWDC;
- (C) SEL has agreed to sell the Fortune Star Shares to NWDC;
- (D) NWCL has agreed to sell the Shangxian Lane Equity Interest to Golden Wealth;
- (E) NWCP has agreed to sell the Juyi Interest to Golden Wealth; and
- (F) Golden Wealth has agreed to sell the Huai Hai Interest to NWCP.

LETTER FROM THE BOARD

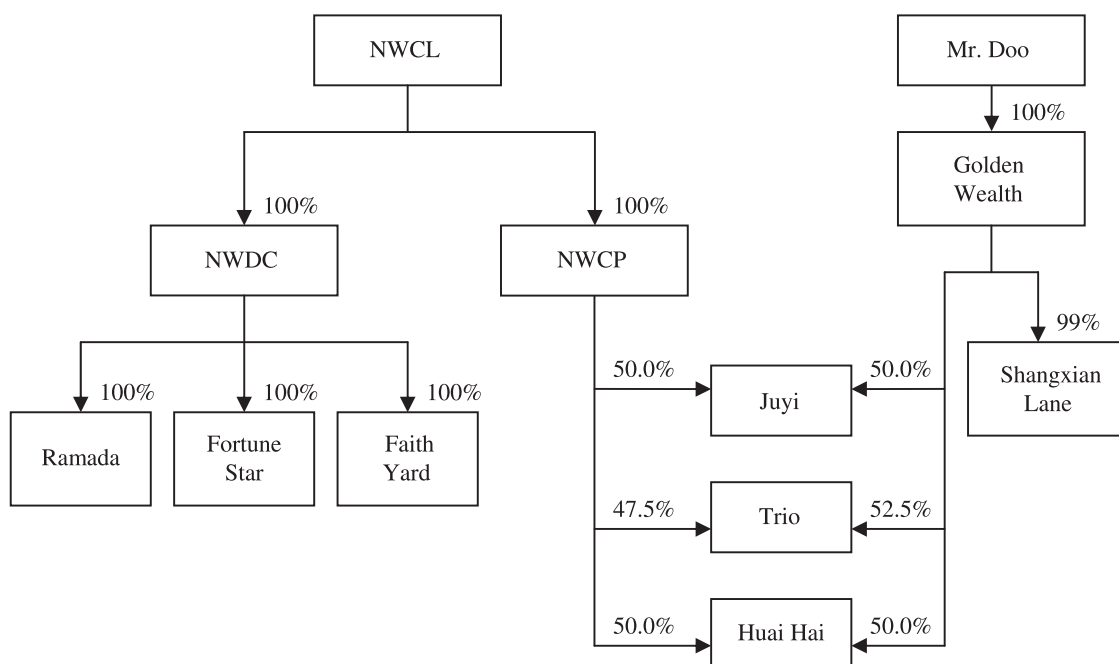
Attributable interest structure before and after completion of the Sale and Purchase Transactions

Before the Sale and Purchase Transactions



LETTER FROM THE BOARD

After the Sale and Purchase Transactions



Effect on NWCL's ownership in the Target Companies after the Sale and Purchase Transactions

	Attributable interest upon the completion of the Participation Transactions	Attributable interest after the Sale and Purchase Transactions	Changes in attributable interest — increase/ (decrease)	Effect on NWCL
Ramada	75.0%	100.0%	25.0%	Acquisition
Faith Yard	50.0%	100.0%	50.0%	Acquisition
Fortune Star	40.0%	100.0%	60.0%	Acquisition
Huai Hai	44.1%	50.0%	5.9%	Acquisition
Shangxian Lane	99.0%	0.0%	(99.0%)	Disposal
Juyi	70.0%	50.0%	(20.0%)	Disposal

Conditions precedent

Completion of the sale and purchase of the Sale Interests, the Purchase Interests and the Ramada Shareholder's Loan is subject to and conditional upon the fulfillment of the following conditions precedent on or before 30 June 2009:

- (1) NWCL and NWCP having performed all of the covenants and agreements required to be performed by each of them under the Agreement on or prior to Completion;
- (2) each of SEL and GCE having performed all of the covenants and agreements required to be performed by it under the Agreement on or prior to Completion;

LETTER FROM THE BOARD

- (3) the registration of the Ramada Shares, Faith Yard Share and Fortune Star Shares in the name of NWDC;
- (4) each of the Shangxian Lane Equity Transfer Agreement, the Juyi Equity Transfer Agreement, the Trio Equity Transfer Agreement and the Huai Hai Equity Transfer Agreement having entered into and duly executed by the relevant parties and all necessary approvals, consents, filing and registration from the authority in the PRC in relation thereto having been obtained;
- (5) each of the articles of association of Juyi and Huai Hai having been amended to the satisfaction of NWCL and NWCP and approved and filed with the authority in the PRC;
- (6) during the period from the date of the Agreement to the date of Completion, there not having occurred any material adverse effect on, or there not being in existence on the date of Completion any material adverse change in the financial position, operating performance and all other material aspects of Ramada, Faith Yard, Fortune Star or any member of their respective group of companies;
- (7) all approvals and consents of third parties and the authorities (including the Stock Exchange and if so required, lenders) which are necessary for the entering into and the implementation of the Agreement and all transactions contemplated under the Agreement having been obtained; and
- (8) the approval of the Agreement and the transactions contemplated under the Agreement by the Independent Shareholders of the Company and independent shareholders of NWCL, respectively, at the extraordinary general meetings of each of the Company and NWCL having been obtained in accordance with the requirements of the Listing Rules; and
- (9) all the conditions precedent stipulated under each of the Participation Agreements having been fulfilled and satisfied in accordance with the terms of the Participation Agreements.

NWCL, NWDC and/or NWCP may in its absolute discretion at any time waive in writing any of the conditions set out above (or any part thereof) and such waiver may be made subject to such terms and conditions as determined by NWCL, NWDC and/or NWCP. NWCL, NWDC and/or NWCP shall not be entitled to exercise such right of waiver in respect of items (7) and (8) above if as a result of such waiver NWCL would be in breach of the Listing Rules or any other rules or regulations.

In the event that any of the conditions set out above shall not have been fulfilled (or waived) prior to 30 June 2009, NWDC shall not be bound to proceed with the purchase of the Purchase Interests and the assignment of the Ramada Shareholder's Loan and Golden Wealth shall not be bound to proceed with the purchase of the Sale Interests and the provisions in the Agreement which relate to the sale and purchase of the Purchase Interests, the Sale Interests and the Ramada Shareholder's Loan shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Agreement.

The Sale and Purchase Transactions in respect of Juyi, Trio and Huai Hai involve a change in the respective attributable interests of NWCL and Mr. Doo in Juyi and Huai Hai only. In order to align the legal interests of the relevant parties in Juyi, Trio and Huai Hai, (i) NWCP, Golden Wealth and Mr. Doo have agreed to enter into the Juyi Equity Transfer Agreement so that upon completion of the relevant registration procedures in the PRC, Juyi will be owned and held by each of NWCP and Golden Wealth

LETTER FROM THE BOARD

as to 50%; (ii) NWCP, Golden Wealth and Mr. Doo have agreed to enter into the Trio Equity Transfer Agreement so that upon completion of the relevant registration procedures in the PRC, Trio will be owned and held by NWCP and Golden Wealth as to 47.5% and 52.5%, respectively; and (iii) NWCP, Golden Wealth and Mr. Doo have agreed to enter into the Huai Hai Equity Transfer Agreement so that upon completion of the relevant registration procedures in the PRC, Huai Hai will be owned and held by each of NWCP and Golden Wealth as to 50%.

Termination of the Participation Agreements

The Participation Agreements will lapse and be terminated upon Completion.

Consideration

The total consideration for the sale and purchase of the Purchase Interests (HK\$1,034,285,003) payable by the group of NWCL to Mr. Doo and/or his nominee(s) in respect of the Faith Yard Transfer, Ramada Transfer, Huai Hai Transfer and Fortune Star Transfer, shall be set-off against the total consideration for the sale and purchase of the Sale Interests (HK\$623,148,075) payable by Mr. Doo and/or his nominee(s) to the group of NWCL in respect of the Shangxian Lane Transfer and the Juyi Transfer. As a result of such set-off, the consideration payable by the group of NWCL to Mr. Doo and/or his nominee(s) at Completion will be HK\$411,136,928, which shall be payable in the following manner:

- (i) an initial deposit for the sum of HK\$102,784,232, being 25% of the consideration upon signing of the Agreement;
- (ii) a further deposit for the sum of HK\$205,568,464, being 50% of the consideration within one month of the signing of the Agreement; and
- (iii) the balance of the consideration for the sum of HK\$102,784,232 upon the Completion.

The consideration of the sale and purchase of the Purchase Interests and the Sale Interests is subject to adjustment as described below but in any event shall not exceed HK\$1,042,585,003 and HK\$626,248,075, respectively.

- (i) The parties to the Agreement shall determine the NAV of each of the Target Companies (the “New NAV”) as at the date of Completion within 30 business day(s) from the date of Completion.
- (ii) If the New NAV as at date of the Completion is less than the audited NAV as at 30 June 2008 in respect of Ramada, Faith Yard, Fortune Star and Huai Hai, SEL, GCE and Golden Wealth (as the case may be) shall pay the shortfall in cash to NWDC and NWCP (as the case may be) but in any event such amount shall not exceed 0.8% of the total consideration of the Purchase Interests. If the New NAV as at the date of Completion is more than the audited NAV as at 30 June 2008 in respect of Ramada, Faith Yard, Fortune Star and Huai Hai, NWDC and NWCP (as the case may be) shall pay the excess in cash to SEL, GCE and Golden Wealth (as the case may be) but in any event such amount shall not exceed 0.8% of the total consideration of the Purchase Interests.

LETTER FROM THE BOARD

- (iii) If the New NAV as at the date of Completion is less than the audited NAV as at 30 June 2008 in respect of Shangxian Lane and Juyi, NWCL and NWCP (as the case may be) shall pay the shortfall in cash to Golden Wealth but in any event such amount shall not exceed 0.5% of the total consideration of the Sale Interests. If the New NAV as at the date of Completion is more than the audited NAV as at 30 June 2008 in respect of Shangxian Lane and Juyi, Golden Wealth shall pay the excess in cash to NWCL and NWCP (as the case may be) but in any event such amount shall not exceed 0.5% of the total consideration of the Sale Interests.

In the event that the Agreement is terminated on or prior to Completion, Mr. Doo or his nominee(s) shall pay back NWCL any such amount already paid by NWCL and/or its nominee(s) together with the relevant interests with reference to the Hong Kong Interbank Offered Rate on the date of payment.

The consideration was determined by reference to the audited net asset value of the Target Companies as at 30 June 2008 and any revaluation surplus arising from the properties together with tax thereon. The effect on the changes in the fair value of the properties since 30 June 2008 and up to 31 October 2008 (being the date the property interests were valued) is insignificant to the net consideration payable by NWCL.

FINANCIAL INFORMATION OF THE TARGET COMPANIES

The following financial information in respect of the Target Companies is extracted from the audited financial statements of the Target Companies, respectively, which was prepared in accordance with the accounting principles generally accepted in Hong Kong.

Target Companies

Ramada

For the year ended 30 June				
	Attributable portion of the acquisition		Attributable portion of the acquisition	
	2008	of 25% interest	2007	of 25% interest
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
(Loss)/profit before taxation and extraordinary items	(45,675,296)	(11,418,824)	44,195,004	11,048,751
(Loss)/profit after taxation and extraordinary items	(36,020,514)	(9,005,128)	46,961,782	11,740,446

LETTER FROM THE BOARD

The consideration for the Ramada Transfer is HK\$353,719,753 which is determined by reference to the audited net asset value of Ramada as at 30 June 2008, being HK\$782,690,516 and revaluation surplus arising from the property together with tax thereon. The consideration payable under the Ramada Transfer includes the consideration for the assignment of Ramada Shareholder's Loan on a dollar-to-dollar basis.

Ramada has a registered and paid-up capital of HK\$7,800. The principal activity of Ramada is the holding of 99.81% attributable interest in Shanghai Ramada, a co-operative joint venture company incorporated in the PRC. The principal business of Shanghai Ramada is the holding of a portion of Shanghai Ramada Plaza located at 1555 Dingxi Road, Changning District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 75% equity interest in Ramada. Upon Completion, NWCL will own the entire interest in Ramada. Ramada will continue to be a subsidiary of the Company and NWCL upon Completion.

The original purchase cost of such interest to Mr. Doo is approximately HK\$224,395,389.

Faith Yard

For the year ended 30 June				
	Attributable portion of the acquisition of 50% interest		Attributable portion of the acquisition of 50% interest	
	2008		2007	
	HK\$	HK\$	HK\$	HK\$
Profit before taxation and extraordinary items	216,976,186	108,488,093	23,303,463	11,651,732
Profit after taxation and extraordinary items	201,757,333	100,878,666	20,050,463	10,025,232

The consideration for the Faith Yard Transfer is HK\$318,777,160 which is determined by reference to the audited net asset value of Faith Yard as at 30 June 2008, being HK\$637,554,319.

Faith Yard has a registered and paid-up capital of US\$2. The principal activity of Faith Yard is the holding of Shanghai Belvedere Service Apartments and a portion of Shanghai Ramada Plaza located at 1555 Dingxi Road, Changning District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 50% attributable interest in Faith Yard. Upon Completion, NWCL will have a 100% interest in Faith Yard. Faith Yard will become a subsidiary of the Company and NWCL upon Completion.

The original purchase cost of such interest to Mr. Doo is approximately HK\$283,177,571.

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Fortune Star

For the year ended 30 June				
	Attributable portion of the acquisition of 60% interest			Attributable portion of the acquisition of 60% interest
	2008	2007		
	HK\$	HK\$	2007	HK\$
			HK\$	HK\$
(Loss)/Profit before/ after taxation and extraordinary items	(4,300,052)	(2,580,031)	3,272,117	1,963,270

The consideration for the Fortune Star Transfer is HK\$195,559,653 which is determined by reference to the audited net asset value of Fortune Star as at 30 June 2008, being HK\$180,876,370 and revaluation surplus arising from the property together with tax thereon.

Fortune Star has a registered and paid-up capital of US\$100. Fortune Star is an investment holding company whose major assets are the holding of interests in Zhaoqing Property and Zhaoqing Fubang, both wholly-owned by Fortune Star. Zhaoqing Property has a fully paid up registered capital of USD13,750,000 and is principally engaged in the development of Zhaoqing New World Garden, a residential development located besides the Banyue Lake, Zhaoqing, Guangdong Province, the PRC. Zhaoqing Fubang has a paid up registered capital of HK\$5,000,000 and is principally engaged in the provision of property management services in respect of the properties in Zhaoqing New World Garden.

Before the Sale and Purchase Transactions, NWCL has a 40% equity interest in Fortune Star. Upon Completion, NWCL will have a 100% interest in Fortune Star. Fortune Star will become a subsidiary of the Company and NWCL upon Completion.

The original purchase cost of such interest to Mr. Doo is approximately HK\$99,794,624.

Huai Hai

For the year ended 30 June				
	Attributable portion of the acquisition of 5.9% interest			Attributable portion of the acquisition of 5.9% interest
	2008	2007		
	HK\$	HK\$	2007	HK\$
			HK\$	HK\$
Profit before taxation and extraordinary items	665,986,433	39,293,200	375,660,378	22,163,962
Profit after taxation and extraordinary items	511,072,296	30,153,265	336,188,444	19,835,118

LETTER FROM THE BOARD

The consideration for the Huai Hai Transfer is HK\$166,228,437 which is determined by reference to the audited net asset value of Huai Hai as at 30 June 2008, being HK\$2,817,431,130.

Huai Hai has a registered and paid-up capital of US\$108,500,000. The principal activity of Huai Hai is the development of Shanghai Hong Kong New World Tower located in Huaihaizhong Road, Luwan District, Shanghai, the PRC. The development was completed in 2003 and the property has then been held for rental purposes. Before the Sale and Purchase Transactions, NWCL has a 44.1% attributable interest in Huai Hai which is accounted for as an associated company of each of the Company and NWCL. Upon completion of the Sale and Purchase Transactions, NWCL will have a 50% interest in Huai Hai and Huai Hai will become a jointly controlled entity of each of the Company and NWCL.

The original purchase cost of such interest to Mr. Doo is approximately HK\$567,000,000.

Shangxian Lane

Shangxian Lane was incorporated in the PRC on 18 July 2008 with a registered capital of RMB127,000,000 and has obtained a development right in respect of a property project in Luwan District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 99% attributable interest in Shangxian Lane. Upon Completion, NWCL will no longer have any interest in Shangxian Lane.

The consideration for the Shangxian Lane Transfer is HK\$237,957,002 which is determined by reference to the audited net asset value of Shangxian Lane as at 30 June 2008, being HK\$198,418,916 and revaluation surplus arising from property together with tax thereon.

NWCL expects a gain in respect of the disposal of the 99% interest in Shangxian Lane amounts to approximately HK\$39,500,000.

The original acquisition cost of the entire interest in Shangxian Lane to NWCL is HK\$198,000,000. The approximately HK\$39,500,000 expected gain represents the amount of the adjusted revaluation surplus of the property project of Shangxian Lane (after adjustment for tax from revaluation surplus of the property project) as at 30 June 2008.

Juyi

For the year ended 30 June				
	Attributable portion of the disposal		Attributable portion of the disposal	
	of 20% interest		of 20% interest	
	2008	2007	2008	2007
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Loss before/after taxation and extraordinary items	43,905,887	8,781,177	1,716,466	343,293

LETTER FROM THE BOARD

The consideration for the Juyi Transfer is HK\$385,191,073 which is determined by reference to the audited net asset value of Juyi as at 30 June 2008, being HK\$793,589,372 and revaluation surplus arising from property together with tax thereon.

Juyi has a registered and paid-up capital of RMB765,000,000. The principal activity of Juyi is the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. Before the Sale and Purchase Transactions, NWCL has a 70% attributable interest in Juyi. Upon Completion, NWCL will have a 50% interest in Juyi. Juyi will be a jointly controlled entity of the Company and NWCL upon Completion.

NWCL expects a gain in respect of the disposal of the 20% equity interest in Juyi amounts to approximately HK\$226,400,000, which represents the amount of the adjusted revaluation surplus of the property projects of Juyi (after adjustment for tax from revaluation surplus of the property projects) as at 30 June 2008 with reference to the decrease in the 20% equity interest in Juyi.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTICIPATION AGREEMENTS AND THE AGREEMENT

The Directors consider that the implementation of the Agreement will enable NWCL to acquire the entire control in Ramada, Faith Yard and Fortune Star, thus increasing its interest in Shanghai Ramada Plaza, Shanghai Belvedere Service Apartments and Zhaoqing New World Garden, respectively. Given the property projects held by Ramada, Faith Yard and Huai Hai have been completed, the acquisition of further interests in these property projects would benefit NWCL by generating steady income and no further funding is required for these property development projects. It is also expected that the shareholding structure held by NWCL and Mr. Doo in Huai Hai would be streamlined and the efficiency in the management of Fortune Star would be improved following Completion.

The Agreement also streamlines the shareholding structure held by NWCL and Mr. Doo in Juyi and enables NWCL to dispose of its interest in Shangxian Lane. Given the substantial funding requirement for the property project undertaken by Juyi, the prevailing credit crunch and unfavourable stock market sentiment for fund raising activities, the disposal of the 20% interest in Juyi would benefit NWCL by reducing its share of the funding requirement of the property project whilst retaining a substantial interest of 50% in Juyi which would enable NWCL to continue to benefit from the future prospects of the property project. The disposal of the entire equity interest of Shangxian Lane is also in the interest of NWCL given the uncertainty in the timing for resolving the resettlement of the existing residents on the site.

The terms of the Participation Agreements and the Agreement have been determined through arm's length negotiations between the parties and reflect normal commercial terms. The Directors (including the independent non-executive directors) consider that the terms of the Participation Agreements and the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTIONS

Upon Completion, NWCL expects to record (i) an unaudited gain in respect of the disposal of the 20% equity interest in Juyi amounts to approximately HK\$226,400,000, which represents the amount of the adjusted revaluation surplus of the property projects of Juyi (after adjustment for tax from revaluation surplus of the property projects) as at 30 June 2008 with reference to the decrease in the

LETTER FROM THE BOARD

20% equity interest in Juyi; and (ii) an unaudited gain in respect of the disposal of the entire equity interest in Shangxian Lane of approximately HK\$39,500,000, which represents the amount of the adjusted revaluation surplus of the property project of Shangxian Lane (after adjustment for tax from revaluation surplus of the property project) as at 30 June 2008. The actual gain on the disposals is to be determined with reference to the New NAV of each of the Target Companies as at the date of Completion as more described under the paragraphs headed “Consideration” above. Given that NWCL is a non-wholly-owned subsidiary of the Company, the disposal of the 20% interest in Juyi and the entire interest in Shangxian Lane by NWCL is expected to have a positive effect on the Group’s consolidated earnings in the financial year in which Completion takes place.

In addition, upon Completion, each of Faith Yard and Fortune Star will be accounted for as a subsidiary of NWCL and hence an indirect subsidiary of the Company, and the results of Faith Yard and Fortune Star, together with Ramada, will be consolidated into the results of the NWCL, which will then be consolidated into that of the Group. Huai Hai will be accounted for as a jointly controlled entity of NWCL and hence a jointly controlled entity of the Company.

Upon Completion, it is expected that the net asset value of NWCL will be increased by approximately HK\$265,900,000, which mainly results from the estimated gain from the disposal of the interests in Juyi and Shangxian Lane. As a result of the Sale and Purchase Transactions, total consolidated assets and total liabilities of NWCL will be decreased by approximately HK\$788,700,000 and HK\$856,700,000 respectively. Given that NWCL is a non-wholly-owned subsidiary of the Company, the aforesaid effect on the NWCL’s net asset value will also be reflected in the consolidated results and consolidated balance sheet of the Group through the consolidation of NWCL.

The Directors are of the view that the Transactions will have no immediate material financial effect on the Group.

CONNECTED TRANSACTION

As at the date of this circular, the Company held an approximately 70% attributable interest in the issued share capital of NWCL. Mr. Doo is an executive director of NWCL, the director of certain subsidiaries of the Company and NWCL and is the beneficial owner of several corporate substantial shareholders of certain subsidiaries of the Company and NWCL. As at the Latest Practicable Date, Mr. Doo and his associates held approximately 0.04% and 3.95% attributable interest in the issued share capital of the Company and NWCL respectively. Mr. Doo is also the son-in-law of Dato’ Dr. Cheng Yu-Tung (director of the Company), the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter (directors of the Company and NWCL), and the uncle of Mr. Cheng Chi-Kong, Adrian (director of the Company and NWCL). In light of the above, Mr. Doo is a connected person of the Company. As at the date of the Participation Agreements and the date of the Agreement, SEL, GCE and Golden Wealth are wholly-owned by Mr. Doo, and are therefore associates of a connected person of the Company under the Listing Rules. NWDC and NWCP are, as at the date of the Participation Agreements and the date of the Agreement, wholly-owned subsidiaries of NWCL. Accordingly, the entering into of the Participation Agreements and the Agreement constitutes connected transactions of the Company under the Listing Rules.

LETTER FROM THE BOARD

As one or more of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement for the Company exceeds 2.5%, the Sale and Purchase Transactions contemplated under the Agreement are subject to the reporting and announcement requirements and Independent Shareholders' approval under the Listing Rules.

Details of the Participation Agreements and the Agreement will be included in the next annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

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 Agreement. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement.

EGM

The Company will convene the EGM at Meeting Room 201B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 31 December 2008 at 11:00 a.m., to consider the Agreement. A notice of the EGM is set out in Appendix III to this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, the votes of Independent Shareholders in respect of the Agreement taken at the EGM must be taken on poll. Mr. Doo and his associates and any person who is involved in, or interested in, the Agreement will abstain from voting in respect of the ordinary resolution proposed to approve the 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 registered office of the Company at 30th Floor, New World Tower, 18 Queen's Road Central, 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 74 of the articles of association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (c) by any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by a 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 vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

OPINION

The Directors (including the independent non-executive Directors) consider that the terms of the Participation Agreements and the Agreement are fair and reasonable, and that entering into the Participation Agreements and the Agreement 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 CIMB-GK set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of CIMB-GK to the Independent Board Committee and the Independent Shareholders, respectively. Your attention is also drawn to the information as set out in the Appendices to this circular.

Yours faithfully
For and on behalf of
New World Development Company Limited
Dr. Cheng Kar-Shun, Henry
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

15 December 2008

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

We refer to the letter from the Board set out in the circular issued by the Company to the Shareholders and dated 15 December 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 by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms and conditions of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Agreement is in the interests of the Company and the Shareholders as a whole. CIMB-GK has been appointed by the Company as the independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from CIMB-GK to us and the Independent Shareholders which contains its advice to us in relation to the Agreement as set out in the Circular.

Having considered the principal factors and reasons considered by, and the opinion of, CIMB-GK as set out in its letter of advice, we consider the terms of the Agreement to be fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution approving the Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully
Independent Board Committee
Mr. Yeung Ping-Leung, Howard
Dr. Cha Mou-Sing, Payson
Mr. Ho Hau-Hay, Hamilton
Mr. Lee Luen-Wai, John

LETTER FROM CIMB-GK

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from CIMB-GK in respect of the Agreement, prepared for the purpose of inclusion in this circular.



CIMB-GK Securities (HK) Limited

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

15 December 2008

*To the Independent Board Committee and the Independent Shareholders of
New World Development Company Limited*

Dear Sirs,

CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Transactions. Details of the terms of the Agreement and the Sale and Purchase Transactions are set out in the letter from the Board (the "Letter from the Board") as contained in the circular of the Company to the Shareholders dated 15 December 2008 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Sale and Purchase Transactions contemplated under the Agreement involve the acquisition by NWCL, and its subsidiaries (the "NWCL Group"), of additional interests in Ramada, Faith Yard, Fortune Star and Huai Hai from SEL, GCE and Golden Wealth respectively and the disposal by the NWCL Group of interests in Juyi and Shangxian Lane to Golden Wealth.

Given that SEL, GCE and Golden Wealth are wholly-owned by Mr. Doo, who is an executive director of NWCL, and as at the Latest Practicable Date, the Company held an approximately 70% attributable interest in the issued share capital of NWCL, the entering into of the Agreement constitutes a connected transaction of the Company under the Listing Rules. As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Agreement exceeds 2.5%, the Sale and Purchase Transactions contemplated under the Agreement are therefore subject to approval by the Independent Shareholders at the EGM. Mr. Doo, SEL, GCE and Golden Wealth and their respective associates will abstain from voting in relation to the resolution approving the Agreement and the Sale and Purchase Transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yeung Ping-Leung, Howard, Dr. Cha Mou-Sing, Payson (alternate Director to Dr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John, has been formed to advise the Independent Shareholders in relation to the Sale and Purchase Transactions.

LETTER FROM CIMB-GK

Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Transactions, is to (i) provide the Independent Board Committee and the Independent Shareholders an independent opinion and recommendation as to whether the Agreement is entered into on normal and commercial terms, in the ordinary and usual course of business, and is in the interests of the Company (through its interest in NWCL) and the Independent Shareholders as a whole, and that the terms thereof are fair and reasonable and in the interests of the Company so far as the Company (through its interest in NWCL) and the Independent Shareholders are concerned; and (ii) advise the Independent Shareholders on how to vote at the EGM.

BASIS OF ADVICE

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view to justify reliance on the information contained in the Circular and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and senior management of the Company. The Directors have declared in a responsibility statement set out in the Appendix to the Circular that they jointly and severally accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the representations of the Directors and the management of NWCL contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the information contained and the representations of the Directors and the management of NWCL made in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, NWCL or the Target Companies or any of their respective subsidiaries or associated companies.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the Sale and Purchase Transactions, we have considered the following principal factors and reasons:

1. Background information of the Group and NWCL

The core businesses of the Company include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology. As at the Latest Practicable Date, the Company indirectly owned approximately 70% attributable interest of the entire issued share capital of NWCL.

NWCL, a non wholly-owned subsidiary of the Company, is principally engaged in investment and development of property projects in the PRC and is one of the well recognised and significant property players in China with over 30 years of property development experience. NWCL focuses

LETTER FROM CIMB-GK

on mid-size to large scale quality developments to capture the growing housing demand from the emerging middle to high income households, and to capitalise on the healthy economic growth of major cities in China. It also develops and invests in properties such as hotels, service apartments, office buildings, commercial properties and car parking spaces in China. Set out below is the consolidated financial results of NWCL for the three years ended 30 June 2008 and the selected consolidated balance sheet items of NWCL as at 30 June 2006, 2007 and 2008, as extracted from NWCL's relevant annual reports:

Consolidated financial results

	Year ended 30 June		
	2008	2007	2006
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Revenue	3,524	2,474	1,691
Gross profit	1,128	847	529
Change in fair value of investment properties	202	73	349
Share of results of jointly controlled entities and associated companies	527	593	427
Profit before taxation	2,379	1,315	947
Profit attributable to Shareholders	2,020	1,191	741

Selected consolidated balance sheet items

	As at 30 June		
	2008	2007	2006
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Investment properties	7,322	5,872	4,371
Properties held for development	6,870	7,852	4,244
Investment in jointly controlled entities and associated companies (<i>Note 1</i>)	13,226	12,230	11,976
Properties under development	7,889	4,133	4,927
Completed properties held for sale	<u>1,497</u>	<u>1,241</u>	<u>1,292</u>
Total investment in properties	<u>36,804</u>	<u>31,328</u>	<u>26,810</u>
Cash and bank balances (<i>Note 2</i>)	<u>4,825</u>	<u>6,396</u>	<u>2,852</u>
Bank loans	7,903	5,148	3,010
Loans from fellow subsidiaries	2,888	2,835	2,940
Advances from participating interests	930	705	—
Loans from minority shareholders	137	143	146
Convertible bonds	<u>2,821</u>	<u>2,434</u>	<u>—</u>
Total interest bearing debts	<u>14,679</u>	<u>11,265</u>	<u>6,096</u>
Total assets	<u>50,358</u>	<u>43,114</u>	<u>34,002</u>
Total liabilities	<u>19,321</u>	<u>15,642</u>	<u>9,790</u>
Total equity	<u>31,037</u>	<u>27,472</u>	<u>24,212</u>

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Notes:

1. Mainly represented investment in companies which are engaged in property development and investment.
2. Did not include cash held by jointly controlled entities and associated companies.

As illustrated above, NWCL has been able to record an increase in revenue, gross profit and profit attributable to the Shareholders in the past two years, with revenue increasing by approximately 108% and net profit increasing by approximately 173% over the two years ended 30 June 2008. According to the management of NWCL, NWCL's satisfactory results in the past two years were partly attributable to the management's ability in completing most of the property projects on schedule and NWCL's strategy of focusing on quality developments targeted at the emerging middle to high income households in China. The robust economy in China for the past few years had led to a boom in the property market with strong demand and increasing prices and this has also contributed to NWCL's strong performance.

In the past two years, NWCL has also expanded its total asset size from approximately HK\$34,002 million as at 30 June 2006 to approximately HK\$50,358 million as at 30 June 2008, representing an increase of approximately 48% over a two year period. Accordingly, NWCL's total liabilities also increased from approximately HK\$9,790 million as at 30 June 2006 to approximately HK\$19,321 million as at 30 June 2008, resulting in an increase in the debt-to-equity ratio from 0.40 as at 30 June 2006 to 0.62 as at 30 June 2008.

A substantial portion of NWCL's assets are properties interests. As at 30 June 2008, NWCL has total investment in properties of approximately HK\$36,804 million, accounting for approximately 73% of NWCL's total assets.

As disclosed in NWCL's annual report for the year ended 30 June 2008 (the "NWCL FY2008 Annual Report"), NWCL's property portfolio held by subsidiaries, associated companies and jointly controlled entities as at 30 June 2008 comprised the following:

Usage	GFA (sq.m.)
Residential	18,449,070
Commercial	3,588,200
Office	1,072,025
Hotel	562,240
Car park	<u>5,138,822</u>
Total	<u>28,810,357</u>

As illustrated in the table above, NWCL has a property portfolio covering residential, commercial, office, hotel and car parking spaces. As advised by the Directors, residential properties are NWCL's major focus as it expects that the middle to high end residential property market has significant growth potential due to the strong demand for such properties as a result of persistent development of the Chinese economy, the corresponding urbanization, income increase, and improvement in living standard of the urban population.

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In terms of geographical coverage, NWCL's property portfolio is diversified, covering most of the first tier and some of the second tier cities in China. Set out below is the breakdown of NWCL's property portfolio by location as extracted from the NWCL FY2008 Annual Report:

Location	GFA sq.m.
Guiyang	4,489,879
Shenyang	4,125,992
Guangzhou	3,594,437
Chengdu	3,405,275
Wuhan	2,578,707
Haikou	2,575,043
Pearl River Delta	2,067,473
Beijing	1,892,925
Changsha	1,211,342
Shanghai	1,077,885
Other cities/regions	<u>1,791,399</u>
Total	<u><u>28,810,357</u></u>

The Directors believe that the geographical diversification of NWCL's property portfolio will alleviate the risks of having too much of its operation concentration in one particular city or region.

2. The Sale and Purchase Transactions and background information of the Target Companies

The Sale and Purchase Transactions contemplated under the Agreement involve the acquisition by the NWCL Group of additional interests in Ramada, Faith Yard, Fortune Star and Huai Hai and the disposal by the NWCL Group of interests in Juyi and Shangxian Lane. The effect of the Sale and Purchase Transactions is summarized below:

Target Company	Current attributable interest held by NWCL	Attributable interest held by NWCL immediately upon Completion	Change in attributable interest — increase/ (decrease)	Effect on NWCL
Ramada	75.0%	100.0%	25.0%	Acquisition
Faith Yard	50.0%	100.0%	50.0%	Acquisition
Fortune Star	40.0%	100.0%	60.0%	Acquisition
Huai Hai	44.1% <i>(Note)</i>	50.0%	5.9%	Acquisition
Juyi	70.0% <i>(Note)</i>	50.0%	(20.0%)	Disposal
Shangxian Lane	99.0%	—	(99.0%)	Disposal

Note: Being the attributable interest immediately upon completion of the Participation Agreements.

Ramada and Faith Yard

Ramada and Faith Yard are the holding companies of the Shanghai Ramada Plaza and the Belvedere Service Apartments respectively. The two properties are located on adjacent sites on Dingxi Road, Changning District, Shanghai, which is 10 kilo metres from the Shanghai Hongqiao Airport and has easy access to the commercial and financial centre of Shanghai.

The Shanghai Ramada Plaza, completed in 2003, comprises The Mayfair Hotel, Penta Hotel, a commercial podium and car parking spaces. The Mayfair Hotel is a 5-star hotel consisting of 605 guest rooms whereas Penta Hotel is a 4-star hotel consisting of 255 guest rooms. Both hotels are owned by Ramada and are currently managed by the Group.

The commercial podium has a total GFA of approximately 22,502 sq.m., with Ramada owning approximately 12,772 sq.m. and Faith Yard owning the remaining approximately 9,579 sq.m. The commercial podium is currently leased under a tenancy expiring in November 2021. The car park has 260 car parking spaces, with Ramada owning 145 car parking spaces and Faith Yard owning the remaining 115 car parking spaces.

The Belvedere Service Apartments with GFA of approximately 37,176 sq.m. was completed in 2002 and comprises 261 units which are all fully furnished. The Belvedere Service Apartments is owned by Faith Yard and is currently leased under short to long term tenancies with occupancy rate of over 90%.

Before the Sale and Purchase Transactions, NWCL has a 75% attributable interest in Ramada and 50% attributable interest in Faith Yard. Upon Completion, NWCL will have a 100% attributable interest in each of Ramada and Faith Yard.

Fortune Star

Fortune Star is the holding company of the Zhaoqing New World Garden project located in Zhongtiaohong Lake West, Zhaoqing, Guangdong Province. The project is a residential development. Phase I comprising GFA of 39,510 sq.m. was completed in 2005. Most of the units in Phase I have already been sold with only GFA of 176 sq.m., remaining unsold. Phase I also includes a clubhouse having a GFA of 6,900 sq.m. Phase II and Phase III of the development, including 207,010 sq.m. of residential area, 19,488 sq.m. of commercial area as well as 10,000 sq.m. of unsaleable ancillary facilities, are currently under construction and scheduled to be completed in June 2009 and December 2010 respectively. The remaining phases, including 37,100 sq.m. of residential development, are currently pending for development.

The estimated outstanding development cost of the Zhaoqing New World Garden as at 31 October 2008 was approximately RMB210 million.

Before the Sale and Purchase Transactions, NWCL has a 40% attributable interest in Fortune Star. Upon Completion, NWCL will have a 100% attributable interest in Fortune Star.

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Huai Hai

Huai Hai is the holding company of the Shanghai Hong Kong New World Tower located on Huaihaizhong Road, Luwan District, Shanghai. The property, completed in 2003, is a 58-storey office building with a 4-level commercial podium and 3-level car parking/commercial basement. The property comprises a commercial portion with a total GFA of approximately 17,528 sq.m., an office portion with a total GFA of approximately 81,957 sq.m. and 310 car parking spaces at basement levels of the development.

A total GFA of approximately 75,265 sq.m. of the office building are currently leased under tenancies for various terms with the latest expiry in June 2011, yielding a total monthly rental of approximately RMB18.0 million (exclusive of management fees). A total GFA of approximately 17,407 sq.m. of the commercial podium are currently leased under tenancies for various terms with the latest expiry in February 2012, yielding a total monthly rental of approximately RMB5.6 million (exclusive of management fees).

Upon completion of the Participation Agreements, NWCL has a 44.1% attributable interest in Huai Hai. Upon Completion, NWCL will have a 50% attributable interest in Huai Hai.

Juyi

Juyi is the holding company of the Hong Kong New World Garden located on Zhongshannayi Road and Mengzi Road, Luwan District, Shanghai. The project is a large-scale residential development with commercial facilities constructed in various phases. Phase I was completed in 2001 and all of the units and commercial space except for 580 sq.m. and some ancillary facilities have been sold. The remaining phases of the project are pending for development. The estimated outstanding development cost for the remaining phases of the property as at 31 October 2008 was approximately RMB2,315 million, which include the outstanding land premium of approximately RMB228.5 million.

Upon completion of the Participation Agreements, NWCL has a 70% attributable interest in Juyi. Upon Completion, NWCL will have a 50% interest in Juyi. The expected gain to NWCL in respect of the disposal of the 20% equity interest in Juyi amounts to approximately HK\$226.4 million.

Shangxian Lane

Shangxian Lane is the holding company of a plot of land located on Huaihaizhong Road, Luwan District, Shanghai. The land is proposed to be a commercial development with an office building, a hotel and a commercial podium. Although the land use right grant contract in respect of the site was obtained in 2003, development of the project has not yet commenced given that there are currently about 480 families resided on the site and development can only commence after these families have been resettled. As advised by the senior management of NWCL, NWCL is in negotiation with the government regarding the resettlement cost but no agreement has yet been reached. According to the senior management of NWCL, the resettlement cost is expected to be no less than RMB900 million. We note in the valuation report issued by Knight Frank, an independent firm of

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professional valuers in respect of the valuation of the respective property of each of the Target Companies, as set out in Appendix I to this circular, it is estimated that the period of obtaining vacant possession of the property is approximately three years from 2010. The estimated outstanding development cost of the property as at 31 October 2008 was approximately RMB1,583 million, which include RMB900 million resettlement costs.

Before the Sale and Purchase Transactions, NWCL has a 99% attributable interest in Shangxian Lane. Upon Completion, NWCL will not have any interest in Shangxian Lane. The expected gain to NWCL in respect of the disposal of the 99% attributable interest in Shangxian Lane amounts to approximately HK\$39.5 million.

For the detail analysis of the historical financial performance of each of the Target Companies, please refer to the paragraph headed “5. Historical financial performance of the Target Companies” below.

3. Reasons for the Sale and Purchase Transactions

The core businesses of the Company include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology. Accordingly, acquisition and disposal of property interests are within the Group’s ordinary course of business.

As advised by the management of NWCL, as at 30 June 2008, NWCL has interest in over 39 property projects, all of which are located in the PRC. Some of these property projects are wholly owned by NWCL while there are co-investors or joint venture partners for the remaining projects. The Target Companies are among those projects in which NWCL co-invests with SEL, GCE and Golden Wealth, all of which are wholly owned by Mr. Doo. The Sale and Purchase Transactions contemplated under the Agreement involve the re-alignment of the shareholding interests of the Target Companies between NWCL and Mr. Doo.

As summarized in paragraph headed “2. The Sale and Purchase Transactions and background information of the Target Companies” above, the effects of the Sale and Purchase Transactions are:

1. acquisition by the NWCL Group of all the interests in Ramada, Faith Yard and Fortune Star currently held by SEL and GCE, resulting in NWCL owning 100% interests in each of these companies;
2. acquisition by the NWCL Group of 5.9% interests in Huai Hai, increasing NWCL’s interests from 44.1% to 50%;
3. disposal by the NWCL Group of 20% interests in Juyi, reducing NWCL’s interests from 70% to 50%; and
4. disposal by the NWCL Group of its entire interests in Shangxian Lane.

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Of the projects which the NWCL Group proposes to acquire additional interest, save for Fortune Star, all the projects, namely Ramada, Faith Yard and Huai Hai, are projects located in Shanghai with development fully completed and are generating recurring revenue mostly in the form of rental income and hotel operating income. Without taking into consideration the gain or loss arising from the change in fair value of investment properties, Ramada and Faith Yard made an aggregate profit before taxation of approximately HK\$18 million for the year ended 30 June 2008 (“FY2008”) whereas Huai Hai made a profit before taxation of approximately HK\$242 million for FY2008. As stated in the Letter from the Board, the Directors consider the acquisition of further interests in these projects not only enables NWCL to streamline the shareholding structure of these projects with NWCL securing full or additional control and ownership of these projects but also benefits the Group in view of the steady income generated from these projects.

The project undertaken by Fortune Star is located in Zhaoqing, Guangdong Province. Phase I of the project was completed in 2005 with about breakeven result as most of the units in Phase I were sold during 2004 to 2005 at the then average selling price was about RMB2,800 per sq.m.. The remaining inventory of Phase I were gradually cleared up with an average selling price reaching RMB5,800 per sq.m. in subsequent years. The estimated outstanding development cost for the remaining phases of the project as at 31 October 2008 was approximately RMB210 million. NWCL currently has a 40% interest in the project. At present, the project is managed by the joint venture partner of which the management is stationed in Shanghai. As stated in the Letter from the Board, the Directors consider that acquisition of the remaining 60% interest in Fortune Star, thus making it a wholly-owned subsidiary of NWCL, would facilitate more efficient and effective management of the project as it will then be managed by NWCL’s regional office in Guangzhou, which is only 2-hour drive from the site of the project.

The project undertaken by Juyi is located in Shanghai. The project is a large scale residential development with commercial facilities. Phase I of the project was completed in 2001 and most of the units and commercial spaces were sold. Juyi recorded minimal revenue for the past three years ended 30 June 2008. However, in FY2008, Juyi recorded a taxation of approximately HK\$41 million, arising from under-provision of tax on shareholders’ loan interests in prior years. Development of the Phase II has already commenced. It is estimated that the outstanding development cost for the remaining phases of the project as at 31 October 2008 was approximately RMB2,315 million. As stated in the Letter from the Board, the Directors consider that the disposal of 20% interests in Juyi would not only allow NWCL to record a gain on disposal of approximately HK\$226 million but more importantly alleviate NWCL’s share of the funding required for the project.

Shangxian Lane is interested in a parcel of land in Shanghai. Although the land use right grant contract was obtained in 2003, development of the project has not yet commenced pending the resettlement of about 480 families currently resided on the site. We understand from the senior management of NWCL that the negotiation of the resettlement costs is a lengthy process expected to last at least three more years. We are further advised that the estimated outstanding development cost as at 31 October 2008 was approximately RMB1,583 million, which includes the estimated RMB900 million resettlement costs. As stated in the Letter from the Board, given the uncertainty of the time required for resettling the existing residents of the site, the Directors consider disposal

of the entire interest in Shangxian Lane is in the interest of the Group. In addition, such disposal would not only allow NWCL to recoup its investment in the project but also record a gain from the disposal of approximately HK\$39.5 million.

Considering (i) the fact that Ramada, Faith Yard and Huai Hai are completed projects generating steady income and do not require further funding for development, and (ii) the expected improved efficiency in the management of Fortune Star following Completion, we concur with the Directors' view that the acquisition of further interests in these projects is in the interest of the Company (through its interests in NWCL).

After taking into account (i) the prevailing credit crunch and unfavourable stock market sentiment for fund raising activities, and the flexibility available to NWCL to deploy the surplus resources, as a result of the reduction of NWCL's share of the substantial funding requirements for the projects undertaken by Juyi, to other projects of NWCL, and (ii) the fact that NWCL will retain a substantial interest of 50% in the project and thus will continue to benefit from the future prospects of the project, we concur with the Directors' view that the disposal of 20% interest in Juyi will reduce NWCL's share of the funding required for the project and is in the interests of the Company (through its interests in NWCL).

We also concur with the Directors' view the disposal of the entire interests in Shangxian Lane is in the interest of the Company (through its interests in NWCL) taking into account the uncertainty in the timing for resolving the resettlement of the existing residents on the site.

4. Overview of the Shanghai and Zhaoqing property markets

Shanghai

The projects of Ramada, Faith Yard, Huai Hai, Shangxian Lane and Juyi are located in Shanghai. We have reviewed information sourced from public domains in respect of the economy development and the property market in Shanghai.

Based on our review, we note that over the years, Shanghai has successfully established itself as a world-class metropolitan city and shown its own economic momentum. For example, during the period from 2002 to 2007, the city has witnessed its gross domestic product and annual disposable income per capita of urban households to increase dramatically, amounting to approximately RMB1,219 billion and RMB23,623, respectively in 2007, representing a compound annual growth rate ("CAGR") of approximately 16% and approximately 12%, respectively, as compared to each in 2002. During the same period, total investment in fixed assets of the city increased to approximately RMB446 billion in 2007, representing a CAGR of approximately 15% as compared to that of 2002, among which, the total investment in the property development increased to approximately RMB131 billion in 2007, representing a CAGR of approximately 12% as compared to that of 2002.

With strong economic momentum and proven political stability, foreign capital has been pouring into the city. In 2007, the city absorbed foreign investment amounting to approximately US\$7.9 billion, representing a CAGR of approximately 14% as compared with that of 2000. The economy development and the foreign capital inflow have stimulated business activities and property market in Shanghai. In 2007, total retail consumption sales of

the city amounted to approximately RMB385 billion, representing a CAGR of approximately 12% as compared with that of 2002, and the rentable area of retail properties, office buildings and residence in Shanghai grew rapidly to approximately 2.7 million sq.m., approximately 3.4 million sq.m. and approximately 1.1 million sq.m. respectively in 2007, representing a CAGR of approximately 23%, approximately 12% and approximately 9%, respectively, as compared to that of 2000. Besides, the increasing number of foreign residents and the buoyant tourism industry there has also created massive demand for mid- to high-end hotels and apartments and stimulated the development of the local property market. We note that during the period from 2005 to 2007, the number of foreign residents in Shanghai increased to 133,340, representing a CAGR of approximately 15% as compared with that of 2005, and the number of international tourists increased to approximately 6.7 million, representing a CAGR of approximately 20% as compared with that of 2000.

As noted from information available in the public domain, despite the austerity measures as implemented by the PRC government, the rapidly-growing purchasing of the middle class in Shanghai encouraged international retailers to expand their networks in Shanghai. As a result, the prime retail vacancy rate declined from 7% to 6% during the second quarter of 2008. In spite of the global financial crisis, rent of prime office space in Shanghai remains stable in the third quarter of 2008.

Zhaoqing

The project of Fortune Star is located in Zhaoqing. We have reviewed information sourced from public domains in respect of the economy development and the property market in Zhaoqing.

Based on our review, we note that Zhaoqing, a city located in the Guangdong province, the PRC, has been positioned by the city municipal government as an “industrial city”. In 2007, the gross domestic product of the city amounted to approximately RMB62 billion, representing a year-on-year (“YoY”) growth of 15.3%, which was 0.8% higher than the average growth rate of the Guangdong province in 2007, and the annual disposable income per capita of urban households increased to RMB12,794, representing a YoY growth of 10.8%. Total investment in fixed assets of the city increased to approximately RMB29 billion in 2007, representing a YoY growth of 35.3%, among which, the total investment in property development amounted to approximately RMB5 billion, representing a YoY growth of 84.3%.

As with the situation in Shanghai, the economy development has attracted foreign investment into Zhaoqing. In 2007, the relevant local authority approved 312 new foreign investment projects with foreign investment contract amount of approximately US\$1.4 billion, representing a YoY growth of 23.3%, and the actual attraction of foreign investment amounted to US\$775 million, representing a YoY growth of 15.3%.

The commercial activities as well as the property market in Zhaoqing have been stipulated by the local economy development and the foreign capital inflow. In 2007, total retail consumption sales of Zhaoqing reached approximately RMB20 billion in 2007, representing a YoY growth of 17.2%, and sales of commercial houses amounted to approximately RMB4.5 billion, representing a YoY growth of 72.7%.

We also note from the public information that the growth rate of gross domestic product of Zhaoqing for the year of 2008 is expected to be around 13.5%–14.5%.

Long term prospect of the PRC property market

We have also reviewed public information in respect of the macro economy and business environment of the property sector in the PRC. Based on our review, we note that for the nine months ended 30 September 2008, each of the gross domestic product and the investment in the property sector of the PRC amounted to approximately RMB20,163 billion and RMB2,128 billion, respectively, representing an increase of 9.9% and 26.5%, respectively, as compared with each of the same period of 2007. Given that property development and investment activity are usually based on planning of a longer term of 2–3 years ahead, the above statistics does not reflect the set back of the PRC property market in the past year.

Since late 2007, the PRC government began to implement austerity measures to the property sector to curb the continual increase in property prices. These measures include limiting bank loans to the property developers, delay in approving foreign investments in the property sector, etc. As a result of these measures, we began to see correction in property prices in most major cities in the PRC since mid 2008. The recent global financial market meltdown and credit crunch have further hampered the fund raising capabilities of the property developers, triggering significant price cut by developers in some cities. The unfavorable market conditions have affected all sectors of property market, although the degree of impact to different sectors may vary. Given the fact that property development projects normally requires significant cash outflow during the development period which normally last for years, property development projects involve higher uncertainty as compared to investment in completed properties.

To spend the country out of a slowdown caused by the global financial crisis, the central government has recently announced a RMB4 trillion stimulus package. The planned investment spans many sectors including rail, roads, ports and housing with a focus on rural infrastructure. There are also preferential policies in respect of the PRC property industry including, among others, tax breaks for certain housing transactions and lowering of mortgage rates for first-time home purchasers and encouraging banks to provide mortgages, and several local governments have also introduced new policies aimed at reviving the local property market. On 26 November 2008, to further improve market liquidity to battle the economic slowdown, the central bank of the PRC cut the benchmark interest rate by 108 basis points, the most aggressive reduction in more than a decade. While we believe that these policies can help to stabilize the property market in the PRC to some extent, their effects are yet to be seen.

Looking ahead, considering the PRC's long term growth prospect and economic development, continual urbanization policy and increasing affluence of its population, we believe that demand for residential, office and commercial properties will remain strong in the long run. We further believe that property prices in Shanghai, in which most of the projects which NWCL proposes to acquire additional interest are located, will be more resilient to downturn given the limited supply of land in Shanghai.

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5. Historical financial performance of the Target Companies

Ramada

Ramada is the holding company of the Shanghai Ramada Plaza. The development of the project was completed in 2003. The project comprises The Mayfair Hotel, Penta Hotel, a commercial podium and car parking spaces. The two hotels are operated by New World Hotel Management Limited under two hotel management contracts. The commercial podium is leased for rental income. Set out below is the financial performance of Ramada for the past two years:

	Year ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
	(Audited)	(Audited)
Revenue	317,092	305,541
Cost of sales	<u>(199,031)</u>	<u>(151,369)</u>
Gross profit	118,061	154,172
Interest income and exchange gain	18,859	31,343
Changes in fair value of investment property	(38,619)	9,000
Administrative and operating expenses	<u>(111,025)</u>	<u>(117,745)</u>
Operating (loss)/profit before finance costs	(12,724)	76,770
Finance costs	<u>(32,951)</u>	<u>(32,575)</u>
(Loss)/ profit before taxation	(45,675)	44,195
Taxation credit	<u>9,655</u>	<u>2,767</u>
(Loss)/ profit for the year	<u><u>(36,020)</u></u>	<u><u>46,962</u></u>

Ramada has two main revenue sources, namely income from hotel operation and rental income from the leasing of the commercial podium and the car parks. For FY2008, revenue recorded an increase of 4% as compared to the year ended 30 June 2007 ("FY2007") but gross profit dropped by 23.4%, with gross profit margin deteriorating from 50.5% for FY2007 to 37.2% for FY2008. According to the senior management of NWCL, the drop in gross profit margin was mainly attributable to the increase in hotel management fee in respect of the hotel management contract entered into in February 2007, reclassification of certain direct salary to cost of sales (which was previously accounted for as administrative expenses), decrease in hotel rooms available as a result of the renovation of Penta hotel during the period from January to September 2008 and the appreciation of RMB during the year. The drop in gross profit margin coupled with the decrease in the fair value of the property of approximately HK\$38.6 million resulted in an operating loss of approximately

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HK\$12.7 million for FY2008. After taking into account the finance costs, Ramada recorded a loss for the year of approximately HK\$36.0 million as compared to a net profit of approximately HK\$47.0 million for FY2007.

Faith Yard

Faith Yard is the holding company of the Belvedere Service Apartments in Shanghai. The development of the project was completed in 2002. The project comprises 261 units, all of which are fully furnished, and a portion of a commercial podium. Set out below is the financial performance of Faith Yard for the past two years:

	Year ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	57,945	54,099
Cost of sales	<u>(14,932)</u>	<u>(13,155)</u>
Gross profit	43,013	40,944
Exchange gain	1,981	868
Changes in fair value of investment properties	192,012	—
Administrative expenses	<u>(4)</u>	<u>(4)</u>
Operating profit before finance costs	237,002	41,808
Finance costs	<u>(20,026)</u>	<u>(18,505)</u>
Profit before taxation	216,976	23,303
Taxation	<u>(15,219)</u>	<u>(3,253)</u>
Profit for the year	<u><u>201,757</u></u>	<u><u>20,050</u></u>

Faith Yard has two main revenue sources, namely rental income from the leasing of the service apartment building and the commercial podium. For FY2008, revenue recorded a slight increase of 6% as compared to FY2007, which increase was mainly attributable to appreciation of RMB. Gross profit margin remained relatively stable. Without taking into consideration the increase in fair value of the property, Faith Yard's profit before taxation only represented a small increase of 7% as compared to that of FY2007. After taking into account the increase in fair value of the property, Faith Yard recorded a net profit of approximately HK\$201.8 million for the year as compared to approximately HK\$20.1 million for FY2007.

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Fortune Star

Fortune Star is the holding company of the Zhaoqing New World Garden project located in Zhongtiaohong Lake West, Zhaoqing, Guangdong Province. The project is a residential development. Phase I of the project was completed in 2004 and most of the units in Phase I have already been sold. As advised by the management of NWCL, majority of the Phase I units were sold out during 2004 and 2005 at the then average selling price was around RMB2,800 per sq.m. while the remaining inventory of Phase I were gradually cleared up with an average selling price reaching RMB5,800 per sq.m. in subsequent years. Phase II and Phase III of the development are currently under construction and scheduled to be completed in June 2009 and December 2010 respectively. The management of NWCL anticipated that the launching of these respective phases would be able to catch the benefit from the increasing selling prices of properties in the prevailing matured property market in the vicinity. The remaining phases are currently pending for development. Set out below is the financial performance of Fortune Star for the past two years:

	Year ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	5,627	11,724
Cost of sales	<u>(4,157)</u>	<u>(6,092)</u>
Gross profit	1,470	5,632
Exchange gain	7	14
Selling, administrative and operating expenses	<u>(5,777)</u>	<u>(2,374)</u>
(Loss)/profit for the year	<u><u>(4,300)</u></u>	<u><u>3,272</u></u>

Given that Phase I of the project was completed in 2005 with most of the units having been sold prior to FY2007 and Phase II and Phase III are under development, Fortune Star did not record any major revenue or expenses in both FY2007 and FY2008.

Huai Hai

Huai Hai is the holding company of the Shanghai Hong Kong New World Tower located on Huaihaizhong Road, Luwan District, Shanghai. The property, completed in 2003, is a 58-storey office building with a 4-level commercial podium and 3-level car parking/commercial basement.

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At present, most of the office building and the commercial podium are leased under tenancies for various terms with the latest expiry in February 2012, yielding a total monthly rental of approximately RMB23.6 million (exclusive of management fees). Set out below is the financial performance of Huai Hai for the past two years:

	Year ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	332,970	281,765
Cost of sales	<u>(83,878)</u>	<u>(77,053)</u>
Gross profit	249,092	204,712
Interest income and exchange gain	63,126	118,877
Changes in fair value of investment property	423,843	139,346
Administrative expenses	<u>(9,609)</u>	<u>(4,795)</u>
Operating profit before finance costs	726,452	458,140
Finance costs	<u>(60,466)</u>	<u>(82,480)</u>
Profit before taxation	665,986	375,660
Taxation	<u>(154,914)</u>	<u>(39,472)</u>
Profit for the year	<u><u>511,072</u></u>	<u><u>336,188</u></u>

Huai Hai has strong and increasing income from leasing the office building and the commercial podium, with revenue increasing by 18.2% in FY2008. The increase in cost of sales was in line with the increase in revenue. Gross profit for FY2008 recorded a healthy growth of 21.7%. During the year, Huai Hai also recorded a substantial increase in fair value of the property of approximately HK\$423.8 million. As a result, Huai Hai recorded a net profit of approximately HK\$511.1 million for FY2008 as compared to approximately HK\$336.2 million for FY2007.

LETTER FROM CIMB-GK

Juyi

Juyi is the holding company of the Hong Kong New World Garden project located in Luwan District, Shanghai. The project is a large-scale residential development with commercial facilities constructed in various phases. Phase I of the project was completed in 2001 and most of the units and commercial spaces in Phase I have already been sold. The remaining phases are pending for development. Set out below is the financial performance of Juyi for the past two years:

	Year ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	—	86
Cost of sales	<u>—</u>	<u>(27)</u>
Gross profit	—	59
Exchange gain	3,495	559
Selling, administrative and operating expenses	<u>(6,058)</u>	<u>(2,574)</u>
Loss before tax	(2,563)	(1,956)
Taxation	<u>(41,343)</u>	<u>240</u>
Loss for the year	<u><u>(43,906)</u></u>	<u><u>(1,716)</u></u>

Given that Phase I of the project was completed in 2001 with most of the units and commercial spaces having been sold prior to FY2007 and the development of the remaining phases is yet to commence, Juyi did not record any major revenue or expenses in both FY2007 and FY2008. The taxation of approximately HK\$41.3 million for FY2008 was mainly related to under-provision of tax on shareholders' loan interests in prior years.

Shangxian Lane

Shangxian Lane is the holding company of a plot of land located on Huaihaizhong Road, Luwan District, Shanghai. The land is proposed to be a commercial development with an office building, a hotel and a commercial podium. Although the land use right grant contract in respect of the site has been obtained in 2003, development of the project has not yet commenced pending the resettlement of the residents currently resided on the site. As Shangxian Lane has not yet commenced business other than holding the land site, it has not recorded any revenue or expenses in the past two years.

LETTER FROM CIMB-GK

6. Consideration and payment term

Basis of the consideration

As noted from the Letter from the Board, the total consideration for the sale and purchase of the Purchase Interests (HK\$1,034,285,003) payable by the NWCL Group to Mr. Doo and/or his nominee(s) in respect of the Faith Yard Transfer, Ramada Transfer, Huai Hai Transfer and Fortune Star Transfer shall be set-off against the total consideration for the sale and purchase of the Sale Interests (HK\$623,148,075) payable by Mr. Doo and/or his nominee(s) to the NWCL Group in respect of the Shangxian Lane Transfer and the Juyi Transfer. As a result of such set-off, the consideration payable by NWCL to Mr. Doo at Completion will be HK\$411,136,928, subject to adjustment as explained below.

We have discussed with the management of NWCL and note that the consideration was determined with reference to (i) the percentage of interest to be acquired or disposed of by NWCL; and (ii) the adjusted net asset value (“NAV”) of each of the Target Companies as at 30 June 2008, which is calculated based on the audited NAV of each of the Target Companies as at 30 June 2008, after adjusting for the fair value of the relevant property projects (the “Properties”) and the corresponding tax effect from the revaluation surplus as a result.

The following table sets out the consideration payable and receivable by the NWCL Group pursuant to the Agreement:

Target Companies	% of interest to be acquired/ (disposed of) by NWCL	Consideration (payable)/ receivable HK\$
Ramada (<i>Note</i>)	25%	(353,719,753)
Faith Yard	50%	(318,777,160)
Fortune Star	60%	(195,559,653)
Huai Hai	5.9%	<u>(166,228,437)</u>
Total consideration payable by NWCL		<u>(1,034,285,003)</u>
Juyi	(20%)	385,191,073
Shangxian Lane	(99%)	<u>237,957,002</u>
Total consideration receivable by NWCL		<u>623,148,075</u>
Net consideration payable by NWCL		<u>(411,136,928)</u>

Note: The consideration payable under the Ramada Transfer includes the consideration for the assignment of Ramada Shareholder’s Loan on a dollar-to-dollar basis.

LETTER FROM CIMB-GK

The consideration of the sale and purchase of the Purchase Interests and the Sale Interests is subject to adjustment as described below but in any event shall not exceed HK\$1,042,585,003 and HK\$626,248,075, respectively:

- (i) The parties to the Agreement shall determine the NAV of each of the Target Companies (the “New NAV”) as at the date of Completion within 30 business days from the date of Completion.
- (ii) If the New NAV as at date of the Completion is less than the audited NAV as at 30 June 2008 in respect of Ramada, Faith Yard, Fortune Star and Huai Hai, SEL, GCE and Golden Wealth (as the case may be) shall pay the shortfall amount in cash to the NWCL Group but in any event such shortfall amount shall not exceed 0.8% of the total consideration of the Purchase Interests (the “Purchase Interests Adjustment Cap”). If the New NAV as at the date of Completion is more than the audited NAV as at 30 June 2008 in respect of Ramada, Faith Yard, Fortune Star and Huai Hai, the NWCL Group shall pay the excess in cash to SEL, GCE and Golden Wealth (as the case may be) but in any event such excess shall not exceed the Purchase Interests Adjustment Cap.
- (iii) If the New NAV as at the date of Completion is less than the audited NAV as at 30 June 2008 in respect of Shangxian Lane and Juyi, the NWCL Group shall pay the shortfall in cash to Golden Wealth but in any event such shortfall shall not exceed 0.5% of the total consideration of the Sale Interests (the “Sale Interests Adjustment Cap”). If the New NAV as at the date of Completion is more than the audited NAV as at 30 June 2008 in respect of Shangxian Lane and Juyi, Golden Wealth shall pay the excess amount in cash to the NWCL Group but in any event such excess amount shall not exceed the Sale Interests Adjustment Cap.

As noted in the valuation report issued by Knight Frank as set out in Appendix I to the Circular, the aggregate fair value of the properties subject to the Purchase Interests as at 31 October 2008 has declined by approximately 2.3% as compared to that as at 30 June 2008, while that of the Sales Interests has declined by approximately 1.4%. Taking into account the percentage of interest to be acquired/disposed of by NWCL and the consideration payable and receivable by NWCL, the decline in fair value of the Properties since 30 June 2008 to 31 October 2008 has no material adverse effect to NWCL.

Knight Frank has informed us that in the valuation of the commercial, office, service apartment and car parking areas of the property interests of Ramada, Faith Yard and Huai Hai, which are held by NWCL for investment purpose in the PRC, it has adopted the valuation method of capitalization of rental income and/or market rental, and where appropriate, by reference to sales evidence as available on the market. In valuing the hotel portions of Ramada, Knight Frank has adopted the method by capitalization of the average historical gross operating income (after deducting the relevant direct expenses) divided by a capitalization rate, which is determined with reference to the required rate of return of similar form of investment. Knight Frank also advises that the capitalization method is one of the most commonly used valuation method in the valuation of the market value of rental income generating properties.

LETTER FROM CIMB-GK

In the valuation of property interests of Fortune Star, Shangxian Lane and Juyi, which are mostly property sites held under construction and for future development by NWCL in the PRC, Knight Frank has adopted the direct comparison method of valuation. In particular, Knight Frank has taken into account NWCL's latest development proposals of the aforesaid property interests, transacted comparables, estimated gross outstanding development cost, estimated gross development value, and the total development period of the project. Based on our discussion with Knight Frank, we understand that the direct comparison method of valuation is one of the most commonly used valuation method in the valuation of the market value of property held under construction and for future development.

In respect of the valuation of Shangxian Lane, we are advised by the management of NWCL that, based on the written confirmation issued by "Construction and Transportation Committee of the Luwan District", there are currently about 480 families resided on the site and development can only commence after these families have been resettled. In addition, there are certain tenants that occupy an aggregate GFA of approximately 2,600 sq.m. on the site. The management of NWCL further advised that the resettlement costs, which form part of the land cost, is expected to be no less than RMB900 million (the "Compensation and Resettlement Costs") or approximately RMB10,588 per sq.m. calculated based on the intended GFA of the commercial complex to be built on Shangxian Lane. As advised by the management of NWCL, the Compensation and Resettlement Costs is estimated with reference to (i) the written confirmation issued by "Construction and Transportation Committee of the Luwan District" which stated that based on the current market condition the total estimated relocation costs may amount to approximately RMB1,150 million; and (ii) the resettlement cost, calculated based on the GFA of the new building erected on the resettlement site, of approximately RMB10,125 per sq.m. of a resettlement comparable concluded in June 2006 in respect of a land site in the Luwan District.

Based on our discussion with Knight Frank, we were advised that, in the PRC, such resettlement costs are mainly determined by negotiation between the representative of the developer and the local residents with reference to the location of the subject property and the then market price of such property. Knight Frank considers that the management of NWCL has taken reasonable steps in arriving at the amount of RMB900 million Compensation and Resettlement Costs. We note that in the valuation report issued by Knight Frank as set out in Appendix I to the Circular, Knight Frank has taken into consideration the RMB900 million Compensation and Resettlement Costs in arriving at the fair value of the property interests of Shangxian Lane.

Having reviewed the supporting materials as provided by NWCL in determining the Compensation and Resettlement Costs and taken into consideration our discussion with Knight Frank, we have no reason to doubt the basis for determining the Compensation and Resettlement Costs.

LETTER FROM CIMB-GK

Payment Term

Pursuant to the terms of the Agreement, the net consideration payable by NWCL to Mr. Doo at Completion will be HK\$411,136,928, which shall be payable in the following manner: (i) an initial deposit for the sum of HK\$102,784,232, being 25% of the consideration upon signing of the Agreement; (ii) a further deposit for the sum of HK\$205,568,464, being 50% of the consideration within one month of the signing of the Agreement; and (iii) the balance of the consideration for the sum of HK\$102,784,232 upon the Completion.

Pursuant to the terms of the Agreement, if the Agreement is terminated on or prior to Completion, Mr. Doo or his nominee(s) shall pay back the NWCL Group any such amount already paid by the NWCL Group together with the relevant interests with reference to the Hong Kong Interbank Offered Rate on the date of payment.

Our Views

Having considered (i) that the consideration for the Sale and Purchase Transactions are determined with reference to the adjusted audited NAV of the Target Companies as at 30 June 2008; (ii) the valuation method adopted by Knight Frank in valuing the projects undertaken by the Target Companies; and (iii) the insignificant difference in the net consideration payable by the NWCL Group (being the consideration for the Purchase Interests less that of the Sale Interests) after taking into account the changes in the fair value of the Properties since 30 June 2008 and up to 31 October 2008, we are of the view that the consideration and the payment terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

7. Possible financial impact

Earnings

As noted from the Letter from the Board, upon Completion, NWCL expects to record (i) an unaudited gain in respect of the disposal of the 20% equity interest in Juyi amounts to approximately HK\$226.4 million, which represents the amount of the adjusted revaluation surplus of the property projects of Juyi (after adjustment for tax from revaluation surplus of the property projects) as at 30 June 2008 with reference to the decrease in the 20% equity interest in Juyi; and (ii) an unaudited gain in respect of the disposal of the entire equity interest in Shangxian Lane of approximately HK\$39.5 million, which represents the amount of the adjusted revaluation surplus of the property project of Shangxian Lane (after adjustment for tax from revaluation surplus of the property project) as at 30 June 2008. Given that NWCL is a non wholly-owned subsidiary of the Company, the disposal of the 20% interest in Juyi and the entire interest in Shangxian Lane by the NWCL Group is expected to have a positive effect on the impact on the Group's earnings in the financial year in which Completion takes place.

LETTER FROM CIMB-GK

In addition, upon Completion, each of Faith Yard and Fortune Star will be accounted for as a subsidiary of NWCL and hence an indirect subsidiary of the Company, and the results of Faith Yard and Fortune Star, together with Ramada, will be consolidated into the results of NWCL, which will then be consolidated into that of the Company. Huai Hai will be accounted for as a jointly controlled entity of NWCL and hence the Company.

NAV

We note from the Letter from the Board that, upon Completion, it is expected that the net asset value of NWCL will be increased by approximately HK\$265.9 million, which mainly results from the estimated gain from the disposal of the interests in Juyi and Shangxian Lane. As a result of the Sale and Purchase Transactions, total consolidated assets and total liabilities of NWCL will be decreased by approximately HK\$788.7 million and HK\$856.7 million respectively. Given that NWCL is a non wholly owned subsidiary of the Company, the aforesaid effect on NWCL's NAV will also be reflected in the results and balance sheet of the Company through the consolidation of NWCL.

Working capital

The net consideration payable by the NWCL Group to Mr. Doo at Completion of approximately HK\$411.1 million will be fully settled by cash. Taking into account the unrestricted cash and bank balances of the NWCL Group as at 30 June 2008 of approximately HK\$4,368 million, the Sale and Purchase Transactions will have no material adverse effect on the working capital of NWCL or the Company.

RECOMMENDATION

Having taken into consideration the principal factors and reasons referred to above, in particular:

In respect of the acquisition of the Purchase Interests:

- (i) the fact that Ramada, Faith Yard and Huai Hai are completed projects generating steady income and do not require further funding for development; and
- (ii) the expected improved efficiency in the management of Fortune Star following Completion;

In respect of the disposal of the Sale Interests:

- (iii) in light of the prevailing credit crunch and unfavourable stock market sentiment for fund raising activities, the additional flexibility available to NWCL to deploy the surplus resources, as a result of the reduction of NWCL's share of the substantial funding requirements for the projects undertaken by Juyi and Shangxian Lane, to other projects of the NWCL Group;
- (iv) the fact that NWCL will retain a substantial interest of 50% in Juyi and thus will continue to benefit from the future prospects of Juyi; and
- (v) the uncertainty in the timing for resolving the resettlement of the existing residents on the site of Shangxian Lane,

LETTER FROM CIMB-GK

we are of the opinion that the Agreement is entered into on normal and commercial terms, in the ordinary and usual course of business, and is in the interests of the Company (through its interest in NWCL) and the Independent Shareholders as a whole and that the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote for the ordinary resolution to be proposed at the EGM to approve the Agreement.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) Limited

Alex Lau

Heidi Cheng

Director

Director

Head of Corporate Finance

Set out below is the text of a letter with the summary of values and valuation report received from Knight Frank Petty Limited, prepared for the purpose of incorporation in this Circular in connection with the valuation of the property interests as at 31 October 2008.

Knight Frank  **萊坊**
Knight Frank Petty Limited
4/F Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

15 December 2008

The Directors
New World Development Company Limited
30th Floor,
New World Tower
18 Queen's Road
Central
Hong Kong

Dear Sirs,

VALUATION OF VARIOUS PROPERTIES IN THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value various property interests held by New World China Land Limited ("NWCL"), approximately 70% interests of NWCL held by New World Development Company Limited as at the date of this circular, or its subsidiaries, associated companies or its jointly controlled entities (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of these property interests as at 31 October 2008.

BASIS OF VALUATION

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

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

VALUATION METHODOLOGY

We have valued the leased portion of property interests of Property Nos. 2, 3, 4, 5, 6 and 7 in Group I, which are held by the Group for investment purpose in the PRC by reference to sales evidence as available on the market and on the basis of capitalization of the rental incomes as shown on the documents handed to us by the Group. We have allowed for outgoings and, in appropriate cases, made provisions for reversionary income potential. For the remaining vacant portion of the properties, we have carried out the valuation by capitalization of market rental and where appropriate, by reference to sales evidence as available on the market.

In valuing the hotel portion of Property no. 1 in Group I as a going concern, we have adopted income approach by reference to its historical performance of the past years. We have based on the average gross operating profit generated from the corresponding operating periods and capitalised the aforesaid profit by an appropriate capitalisation rate. We have also made reference to the required rate of return of similar form of investment in order to arrive at the aforesaid capitalisation rate.

For the property interests in Group II which are held under construction and for future development by the Group in the PRC, we have valued each of these property interests on the basis that these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that approvals for the proposals will be granted without onerous conditions. In arriving at our opinion of values, we have adopted Direct Comparison Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the developments to reflect the quality of the completed developments.

TITLE DOCUMENTS AND ENCUMBRANCES

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

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

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and the legal opinion of the Group's PRC legal adviser. We have no reason to doubt the truth and the accuracy of the information provided by the Group and/or its PRC legal adviser which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, tenure, ownership, completion date of the buildings, joint-venture agreements/contracts, particulars of occupancy, tenancy details, floor and site areas, development schemes, construction costs and development costs expended, estimated development costs and all other relevant matters. Dimension, measurements and areas included in the valuation report attached are based on information provided to

us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

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

REMARKS

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

CURRENCY

All amount stated are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Alex S L Ng
MRICS MHKIS RPS (GP)
Executive Director

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement W M Leung
MRICS MHKIS RPS (GP)
Executive Director

Notes: Alex S L Ng, MRICS, MHKIS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 22 years’ experience in the valuation of properties in Hong Kong and has been involved in the valuation of properties in the People’s Republic of China and Asia Pacific regions since 1998.

Clement W M Leung, MRICS, MHKIS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since August 1999 and has 14 years’ experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the People’s Republic of China and Asia Pacific regions.

SUMMARY OF VALUES

<u>Property</u>	<u>Market value in existing state as at 31 October 2008</u>	<u>Interest attributable to the Group</u>	<u>Market value in existing state attributable to the Group as at 31 October 2008</u>
Group I — Property interests held by the Group for investment purpose in the PRC			
1. The Hotel Portion of Changning Ramada Plaza 1525 Ding Xi Road Changning District Shanghai The PRC	RMB1,380,000,000	75%	RMB1,035,000,000
2. Shanghai Jiuzhou Plaza 1525 Dingxi Road Changning District Shanghai The PRC	RMB64,500,000	75%	RMB48,375,000
3. Portion of the Commercial Podium and 145 Car Parking Spaces of Changning Ramada Plaza Dingxi Road/ Yuyuan Road Changning District Shanghai The PRC	RMB270,000,000	75%	RMB202,500,000
4. Portion of the Commercial Podium of Changning Ramada Plaza Dingxi Road/ Yuyuan Road Changning District Shanghai The PRC	RMB296,000,000	50%	RMB148,000,000

*(As advised, this property is
held by Faith Yard Property
Ltd.)*

<u>Property</u>	<u>Market value in existing state as at 31 October 2008</u>	<u>Interest attributable to the Group</u>	<u>Market value in existing state attributable to the Group as at 31 October 2008</u>
5. 115 Car Parking Spaces of Changning Ramada Plaza Dingxi Road/ Yuyuan Road Changning District Shanghai The PRC <i>(As advised, this property is held by Faith Yard Property Ltd.)</i>	RMB34,000,000	50%	RMB17,000,000
6. Shanghai Belvedere Service Apartment 1555 Dingxi Road Changning District Shanghai The PRC <i>(As advised, this property is held by Faith Yard Property Ltd.)</i>	RMB906,000,000	50%	RMB453,000,000
7. Shanghai Hong Kong New World Tower 6 Huaihaizhong Road Luwan District Shanghai The PRC	RMB3,681,000,000	44.1%	RMB1,623,321,000
Sub-total:			<u>RMB3,527,196,000</u>

<u>Property</u>	<u>Market value in existing state as at 31 October 2008</u>	<u>Interest attributable to the Group</u>	<u>Market value in existing state attributable to the Group as at 31 October 2008</u>
Group II — Property interests held under construction and for future development by the Group in the PRC			
8. Hong Kong New World Garden Zhongshannanyi Road and Mengzi Road Luwan District Shanghai The PRC	RMB4,576,000,000	70%	RMB3,203,200,000
9. Shangxianfang 358 Huaihaizhong Road Luwan District Shanghai The PRC	RMB203,000,000	99%	RMB200,970,000
10. Zhaoqing New World Garden Zhongtiaohong Lake West Zhaoqing Guangdong Province The PRC	RMB500,800,000	40%	RMB200,320,000
Sub-total:			<u>RMB3,604,490,000</u>
Grand Total:			<u>RMB7,131,686,000</u>

VALUATION REPORT

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

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2008
1. The Hotel Portion of Changning Ramada Plaza 1525 Ding Xi Road Changning District Shanghai The PRC	<p>Changning Ramada Plaza (the “Development”) is a large-scale composite development located opposite to the Zhongshan Park in the heart of Changning District. The Development is a large-scale hotel/commercial development erected upon three parcels of land with a total site area of 10,883 sq.m. (117,145 sq.ft.). The Development comprises a hotel development with two hotel towers of 13 and 24-storey respectively and an apartment tower; the 24-storey hotel tower and the apartment tower are erected on a commercial podium (located from basement 3 to level 3) and a 3-level car park (located from level 4 to level 6).</p> <p>The property comprises the aforesaid 13-storey hotel tower, Penta Hotel (the “Old Wing”) and the 24-storey hotel tower, the Mayfair Hotel (the “New Wing”), restaurants, lounge, business centre and recreation facilities of the Development, all completed in 2003.</p> <p>The Old Wing is being operated as a 4-star hotel consisting of 255 guest rooms; and the New Wing is being operated as a 5-star hotel consisting 605 guest rooms. The total gross floor area of the property is approximately 58,011 sq.m. (624,430 sq.ft.).</p> <p>The Old Wing currently leases portion of Shanghai Jiuzhou Plaza as the hotel lobby. <i>(Please see Property No. 2 for details)</i></p> <p>As advised by the Group, the property is held under two land use rights terms, expiring on 31 January 2039 and 13 May 2046 for commercial use and composite use respectively. <i>(Please see Note Nos. (3) and (4) below for details)</i></p>	<p>The property is operating as two hotels, Penta Hotel is graded as 4-star and Mayfair Hotel is graded as 5-star.</p>	<p>RMB1,380,000,000</p> <p>(75% interest attributable to the Group: RMB1,035,000,000)</p> <p><i>(Please refer to Note No. (7) below)</i></p>

Notes:

- (1) Pursuant to the Memorandum and Articles of Association for Shanghai Ramada Plaza Limited dated 18 March 2003 (the “Memorandum”), entered into among Shanghai Changfeng Real Estate Development Company (上海長峰房地產開發有限公司) (“Party A”), Ramada Property Ltd. (華美達物業有限公司) (“Party B”), Shanghai Jiuzhou (Group) Company Limited (上海九洲 (集團) 有限公司) (“Party C”) and Gold Team Worldwide Limited (高天有限公司) (“Party D”) (Party D is a wholly-owned subsidiary of Party B), all parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Memorandum are, *inter-alia*, cited as follows:
- | | | | |
|-------|-------------------------------|---|--|
| (i) | Name of Joint-venture company | : | Shanghai Ramada Plaza Ltd
(上海華美達廣場有限公司)
(the “Joint Venture”) |
| (ii) | Period of operation | : | 50 years from 28 August 1996 |
| (iii) | Total investment amount | : | US\$120,000,000 |
| (iv) | Registered capital | : | US\$42,000,000
Party A : 0%
Party B : 80.95%
Party C : 0.19%
Party D : 18.86% |
| (v) | Profit Sharing | : | Party A : RMB10,000 per annum
Party B : According to the respective share in the registered capital
Party C : RMB30,000 per annum
Party D : According to the respective share in the registered capital |
- (2) Pursuant to the Business Licence No. 310000400154080 (Shi Ju) (310000400154080 (市局)) dated 22 May 2008 (the “Business Licence”), the Joint Venture is incorporated with a registered capital of US\$42,000,000 for a valid period from 28 August 1996 to 27 August 2046 and the scope of business includes construction, operation, sale, lease and management of the apartment style office, hotel, shopping centre and carpark, including its ancillary facilities.
- (3) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2005) 000389 issued by Shanghai Buildings and Land Administrative Bureau on 20 December 2004 (the “Certificate of Real Estate Ownership No. 1”), the title to the land with a site area of 1,799 sq.m. is vested in the Joint Venture for a land use term of 40 years commencing from 1 February 1999 and expiring on 31 January 2039 for commercial use.
- (4) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Shi Zi (1997) 100349 issued by Shanghai Buildings and Land Administrative Bureau on 10 September 1997 (the “Certificate of Real Estate Ownership No. 2”), the title to the land with a site area of 4,820 sq.m. is vested in the Joint Venture for a land use term of 50 years commencing from 14 May 1996 and expiring on 13 May 2046 for composite use.
- (5) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2008) 010299 issued by Shanghai Buildings and Land Resources Administrative Bureau on 7 July 2008 (the “Certificate of Real Estate Ownership No. 3”), the title to the land with a site area of 4,264 sq.m., with total gross floor area of 50,332.20 sq.m. including basement area which is under construction, is vested in the Joint Venture for a land use term of 50 years commencing from 18 December 1997 and expiring on 17 December 2047 for composite use.
- (6) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2008) 009654 issued by Shanghai Housing and Land Resources Administration Bureau on 24 June 2008 (the “Certificate of Real Estate Ownership No. 4”), the title to the property with a site area of 377 sq.m., with a total gross floor area of 2,442.36 sq.m., is vested in the Joint Venture for a land use term of 40 years commencing from 21 April 2008 and expiring on 20 April 2048 for commercial use.
- (7) Pursuant to the Supplement Contract for Grant of State-owned Land Use Right Contract of Shanghai City No. Gui Tu Zi (2008) Chu Rang He Tong Bu Zi Di 40 Hao, the total gross floor area of Changning Ramada Plaza, with a total site area of 10,883 sq.m. (please refer to Note Nos. (3), (4) and (5)), cannot greater than 132,569.97 sq.m., including 114,875.14 sq.m. of above-ground area and 17,694.83 sq.m. of under-ground area; the completed gross floor area stated in Note No. (6) is excluded in the aforesaid permitted gross floor area. The Joint Venture is liable for an additional land consideration of RMB160,981,000. We were advised by the Group not to take into account the additional land consideration in our valuation.

- (8) As advised by the Group, the buildings erected on the aforesaid land in Note Nos. (3), (4) and (5) have been completed in 2003 and the total completed gross floor area is 132,569.97 sq.m..
- (9) We have been provided with the Group's PRC legal adviser's opinion, which *inter-alia*, contains the following:
- (i) The land use rights of the property are legally owned by the Joint Venture and protected by the PRC laws. The Joint Venture is the sole legal owner of the land use rights of the property;
 - (ii) The land use rights and real estate construction engineering of land stated in Note No. (4) are subject to a mortgage, all relevant consents, approvals for the mortgage have been obtained. The mortgage is legal, valid and enforceable;
 - (iii) The land use rights stated in Note Nos. (3), (5) and (6) are not subject to mortgage or any other third party interests;
 - (iv) The total completed gross floor area of buildings erected on lands stated in Note Nos. (3), (4) and (5) is 132,569.97 sq.m., which is complied with the permitted gross floor area stated in Note No. (7). Upon full settlement of the additional land consideration, the Joint Venture will be able to obtain the Real Estate Ownership Certificate of the property without any legal obstacles; and
 - (v) After obtaining the Real Estate Ownership Certificate of the property, the Joint Venture can freely use, transfer, let or mortgage the property.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2008
2. Shanghai Jiuzhou Plaza 1525 Dingxi Road Changning District Shanghai The PRC	<p>Shanghai Jiuzhou Plaza is a commercial development adjoining to Changning Ramada Plaza, located opposite to the Zhongshan Park in the heart of Changning District.</p> <p>The property comprises 3-level of retail floor with a total gross floor area of 2,442.36 sq.m. (26,290 sq.ft.) completed in 1992.</p> <p>The land use right of the property has been granted for a term of 40 years for commercial use, expiring on 20 April 2048.</p>	<p>Portion of the property with a total gross floor area of 160.4 sq.m. is leased to Pental Hotel, operating as hotel lobby, with the tenancy expiry date on 31 December 2010, yielding a monthly rental of RMB120,000. <i>(Please refer to Property No. 1 for property details)</i></p> <p>Portion of the property with a total lettable area of 965.86 sq.m. is let under tenancies for various terms with the latest expiry date in February 2011, yielding a total monthly rental of approximately RMB231,351.</p> <p>The remaining portion of the property is currently vacant.</p>	<p>RMB64,500,000</p> <p>(75% interest attributable to the Group: RMB48,375,000)</p>

Notes:

- (1) Pursuant to the Memorandum and Articles of Association for Shanghai Ramada Plaza Limited dated 18 March 2003 (the "Memorandum"), entered into among Shanghai Changfeng Real Estate Development Company (上海長峰房地產開發有限公司) ("Party A"), Ramada Property Ltd. (華美達物業有限公司) ("Party B"), Shanghai Jiuzhou (Group) Company Limited (上海九洲(集團)有限公司) ("Party C") and Gold Team Worldwide Limited (高天有限公司) ("Party D") (Party D is a wholly-owned subsidiary of Party B), all parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Memorandum are, *inter-alia*, cited as follows:

- | | | | |
|-------|-------------------------------|---|--|
| (i) | Name of Joint-venture company | : | Shanghai Ramada Plaza Ltd
(上海華美達廣場有限公司)
(the "Joint Venture") |
| (ii) | Period of operation | : | 50 years from 28 August 1996 |
| (iii) | Total investment amount | : | US\$120,000,000 |
| (iv) | Registered capital | : | US\$42,000,000
Party A : 0%
Party B : 80.95%
Party C : 0.19%
Party D : 18.86% |
| (v) | Profit Sharing | : | Party A : RMB10,000 per annum
Party B : According to the respective share in the registered capital
Party C : RMB30,000 per annum
Party D : According to the respective share in the registered capital |

- (2) Pursuant to the Business Licence No. 310000400154080 (Shi Ju) (310000400154080 (市局)) dated 22 May 2008 (the "Business Licence"), the Joint Venture is incorporated with a registered capital of US\$42,000,000 for a valid period from 28 August 1996 to 27 August 2046 and the scope of business includes construction, operation, sale, lease and management of the apartment style office, hotel, shopping centre and carpark, including its ancillary facilities.

- (3) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2008) 009654 issued by Shanghai Housing and Land Resources Administration Bureau on 24 June 2008 (the “Certificate of Real Estate Ownership”), the title to the property with a site area of 377 sq.m., with a total gross floor area of 2,442.36 sq.m., is held by and the Certificate of Real Estate Ownership is issued in the name of the Joint Venture for a land use term of 40 years commencing from 21 April 2008 and expiring on 20 April 2048 for commercial use.
- (4) We have been provided with the Group’s PRC legal adviser’s opinion, which *inter-alia*, contains the following:
- (i) The land use rights and the building ownership of the property are legally owned by the Joint Venture and protected by the PRC laws;
 - (ii) The Joint Venture is the sole legal owner of the property;
 - (iii) The property is not subject to mortgage or any other third party interests; and
 - (iv) The Joint Venture has the right to freely use, transfer, let or mortgage the property.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2008
3. Portion of the Commercial Podium and 145 Car Parking Spaces of Changning Ramada Plaza Dingxi Road/ Yuyuan Road Changning District Shanghai The PRC	<p>Changning Ramada Plaza (the “Development”) is a large-scale composite development located opposite to the Zhongshan Park in the heart of Changning District. The Development is a large-scale hotel/ commercial development erected upon three parcels of land with a total site area of 10,883 sq.m. (117,145 sq.ft.). The Development comprises a hotel development with two hotel towers of 13 and 24-storey respectively and an apartment tower; the 24-storey hotel tower and the apartment tower are erected on a commercial podium (located from basement 3 to level 3) and a 3-level car park (located from level 4 to level 6).</p> <p>The property comprises portion of the commercial podium of the Development with a total gross floor area of approximately 12,772.04 sq.m. (137,478 sq.ft.) and 145 car parking spaces located on level 4 to level 6 of the Development, all completed in 2001.</p> <p>As advised by the Group, the property is held under two land use rights terms, expiring on 13 May 2046 and 17 December 2047 both for composite use. (Please see Note Nos. (4) and (5) below for details)</p>	<p>The commercial portion of the property is let under a tenancy with a term expiring in November 2008, yielding an annual rental of RMB6,000,000.</p> <p>The lessee is currently sub-leasing the aforesaid portion to a third party.</p> <p>(Details of the tenancy particulars are described in Note Nos. (10), (11) and (12) below.)</p> <p>The remaining portion of the property is vacant</p>	<p>RMB270,000,000* (75% interest attributable to the Group: RMB202,500,000) (Please refer to Note No. (7) below)</p>

Notes:

- (1) Pursuant to the Memorandum and Articles of Association for Shanghai Ramada Plaza Limited dated 18 March 2003 (the “Memorandum”), entered into among Shanghai Changfeng Real Estate Development Company (上海長峰房地產開發有限公司) (“Party A”), Ramada Property Limited (華美達物業有限公司) (“Party B”), Shanghai Jiuzhou (Group) Company Limited (上海九洲 (集團) 有限公司) (“Party C”) and Gold Team Worldwide Limited (高天有限公司) (“Party D”) (Party D is a wholly-owned subsidiary of Party B), all parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Memorandum are, *inter-alia*, cited as follows:

(i)	Name of Joint-venture company	:	Shanghai Ramada Plaza Ltd (上海華美達廣場有限公司) (the “Joint Venture”)
(ii)	Period of operation	:	50 years from 28 August 1996
(iii)	Total investment amount	:	US\$120,000,000
(iv)	Registered capital	:	US\$42,000,000 Party A : 0% Party B : 80.95% Party C : 0.19% Party D : 18.86%
(v)	Profit Sharing	:	Party A : RMB10,000 per annum Party B : According to the respective share in the registered capital Party C : RMB30,000 per annum Party D : According to the respective share in the registered capital

- (2) Pursuant to the Business Licence No. 310000400154080 (Shi Ju) (310000400154080 (市局)) dated 22 May 2008 (the “Business Licence”), the Joint Venture is incorporated with a registered capital of US\$42,000,000 for a valid period from 28 August 1996 to 27 August 2046 and the scope of business includes construction, operation, sale, lease and management of the apartment style office, hotel, shopping centre and carpark, including its ancillary facilities.
- (3) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2005) 000389 issued by Shanghai Buildings and Land Resources Administrative Bureau on 20 December 2004 (the “Certificate of Real Estate Ownership No. 1”), the title to the land with a site area of 1,799 sq.m. is vested in the Joint Venture for a land use term of 40 years commencing from 1 February 1999 and expiring on 31 January 2039 for commercial use.
- (4) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Shi Zi (1997) 100349 issued by Shanghai Buildings and Land Administrative Bureau on 10 September 1997 (the “Certificate of Real Estate Ownership No. 2”), the title to the land with a site area of 4,820 sq.m. is vested in the Joint Venture for a land use term of 50 years commencing from 14 May 1996 and expiring on 13 May 2046 for composite use.
- (5) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2008) 010299 issued by Shanghai Buildings and Land Resources Administrative Bureau on 7 July 2008 (the “Certificate of Real Estate Ownership No. 3”), the title to the land with a site area of 4,264 sq.m., with total gross floor area of 50,332.20 sq.m. including basement area which is under construction, is vested in the Joint Venture for a land use term of 50 years commencing from 18 December 1997 and expiring on 17 December 2047 for composite use.
- (6) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zhi (2008) 009654 issued by Shanghai Housing and Land Resources Administration Bureau on 24 June 2008 (the “Certificate of Real Estate Ownership No. 4”), the title to the property with a site area of 377 sq.m., with a total gross floor area of 2,442.36 sq.m., is vested in the Joint Venture for a land use term of 40 years commencing from 21 April 2008 and expiring on 20 April 2048 for commercial use.
- (7) Pursuant to the Supplement Contract for Grant of State-owned Land Use Right Contract of Shanghai City No. Gui Tu Zi (2008) Chu Rang He Tong Bu Zi Di 40 Hao, the total gross floor area of Changning Ramada Plaza, with a total site area of 10,883 sq.m. (please refer to Note Nos. (3), (4) and (5)), cannot greater than 132,569.97 sq.m., including 114,875.14 sq.m. of above-ground area and 17,694.83 sq.m. of under-ground area; the completed gross floor area stated in Note No. (6) is excluded in the aforesaid permitted gross floor area. The Joint Venture is liable for an additional land consideration of RMB160,981,000. We were advised by the Group not to take into account the additional land consideration in our valuation.
- (8) As advised by the Group, the buildings erected on the aforesaid land in Note Nos. (3), (4) and (5) have been completed in 2003 and the total completed gross floor area is 132,569.97 sq.m..
- (9) Pursuant to the tenancy agreement entered into between the Joint Venture and Fengsheng Estate Development (Shanghai) Ltd. (豐盛地產發展(上海)有限公司) (the “Party E”) dated 1 December 2006 (the “Tenancy Agreement No. 1”), the Joint Venture agreed to lease the property with a gross floor area of 12,800 sq.m. and its ancillary facilities to Party E for a term of 2 years commencing from 1 December 2006. Upon expiry of the tenancy, Party E should have the priority to renew the tenancy if the Joint Venture decides to continue leasing the property to other party upon the expiry of the tenancy. In addition, Party E shall have the priority to purchase if the Joint Venture decides to sell the whole or part of the leased portion during the tenancy period or at any extended periods. The annual rental of the property is set at RMB6,000,000.
- (10) As advised by the Group, the tenancy agreement stated in Note No. (9) has been renewed for a lease term of 1 year, expiring on 30 November 2009.

- (11) Pursuant to the tenancy agreement entered into between Party E and Shanghai Xinning Shopping Centre Limited (上海新寧購物中心有限公司) (“Party F”) dated 15 October 2001 (the “Tenancy Agreement No. 2”), Party E agreed to lease the property with a gross floor area of 20,851 sq.m. and its ancillary facilities to Party F for a term of 5 years commencing from 1 December 2001. Upon expiry of the tenancy, both parties agreed to renew the tenancy for a lease term of 5 years automatically and the renewal of the tenancy can be extended for a maximum of three times until 30 November 2021. The annual rental of the property is set at RMB10,000,000, the annual rental will remain unchanged upon the renewal of the tenancy. In addition, Party F shall have the priority to purchase if Party E decides to sell the whole or part of the leased portion during the tenancy period or at any extended periods. As advised by the Group, Tenancy Agreement No. 2 is including the commercial portion of the Property.
- (12) Pursuant to the supplement tenancy agreement of Tenancy Agreement No. 2 dated 1 December 2006, Party E and Party F decided to renew the tenancy of the property for a lease term of 5 years, expiring on 30 November 2011, with terms and conditions stated in Tenancy Agreement No. 2 remain unchanged.
- (13) We have been provided with the Group’s PRC legal adviser’s opinion, which *inter-alia*, contains the following:
- (i) The land use rights of the property are legally owned by the Joint Venture and protected by the PRC laws. The Joint Venture is the sole legal owner of the land use rights of the property;
 - (ii) The land use rights and real estate construction engineering of land stated in Note No. (4) are subject to a mortgage, all relevant consents, approvals for the mortgage have been obtained. The mortgage is legal, valid and enforceable;
 - (iii) The land use rights stated in Note Nos. (3), (5) and (6) are not subject to mortgage or any other third party interests;
 - (iv) The total completed gross floor area of buildings erected on lands stated in Note Nos. (3), (4) and (5) is 132,569.97 sq.m., which is complied with the permitted gross floor area stated in Note No. (7). Upon full settlement of the additional land consideration, the Joint Venture will be able to obtain the Real Estate Ownership Certificate of the property without and legal obstacles; and
 - (v) After obtaining the Real Estate Ownership Certificate of the property, the Joint Venture can freely use, transfer, let or mortgage the property.

	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 31 October 2008</u>
4.	Portion of the Commercial Podium of Changning Ramada Plaza Dingxi Road/ Yuyuan Road Changning District Shanghai The PRC	Changning Ramada Plaza (the “Development”) is a large-scale composite development located opposite to the Zhongshan Park in the heart of Changning District. The Development is a large-scale hotel/ commercial development erected upon three parcels of land with a total site area of 10,883 sq.m. (117,145 sq.ft.). The Development comprises a hotel development with two hotel towers of 13 and 24-storey respectively and an apartment tower; the 24-storey hotel tower and the apartment tower are erected on a commercial podium (located from basement 3 to level 3) and a 3-level car park (located from level 4 to level 6). The property comprises portion of the commercial podium of the Development with a total gross floor area of approximately 9,579.25 sq.m. (103,111 sq.ft.) completed in 2001. As advised by the Group, the property is held under two land use rights terms, expiring on 13 May 2046 and 17 December 2047 both for composite use. (Please see Note Nos. (4) and (5) below for details)	The commercial portion of the property and the commercial portion of Property No. (3) are let together under one tenancy with a term expiring in November 2021, yielding an annual rental of RMB10,000,000. (Details of the tenancy particulars are described in Note Nos. (11) and (12) below.) The remaining portion of the property is vacant.	RMB296,000,000 (50% interest attributable to the Group: RMB148,000,000) (Please refer to Note Nos. (7) and (8) below)

Notes:

- (1) Pursuant to the Memorandum and Article of Association for Shanghai Ramada Plaza Limited dated 18 March 2003 (the “Memorandum”), entered into among Shanghai Changfeng Real Estate Development Company (上海長峰房地產開發有限公司) (Party A), Ramada Property Limited (華美達物業有限公司) (Party B), Shanghai Jiuzhou (Group) Company Limited (上海九洲 (集團) 有限公司) (Party C) and Gold Team Worldwide Limited (高天有限公司) (Party D) (Party D is a wholly-owned subsidiary of Party B), all parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Memorandum are, *inter-alia*, cited as follows:

(i)	Name of Joint-venture company	:	Shanghai Ramada Plaza Ltd (上海華美達廣場有限公司) (the “Joint Venture”)
(ii)	Period of operation	:	50 years from 28 August 1996
(iii)	Total investment amount	:	US\$120,000,000
(iv)	Registered capital	:	US\$42,000,000
			Party A : 0%
			Party B : 80.95%
			Party C : 0.19%
			Party D : 18.86%
(v)	Profit Sharing	:	Party A : RMB10,000 per annum Party B : According to the respective share in the registered capital Party C : RMB30,000 per annum Party D : According to the respective share in the registered capital

- (2) Pursuant to the Business Licence No. 310000400154080 (Shi Ju) (310000400154080 (市局)) dated 22 May 2008 (the "Business Licence"), the Joint Venture is incorporated with a registered capital of US\$42,000,000 for a valid period from 28 August 1996 to 27 August 2046 and the scope of business includes construction, operation, sale, lease and management of the apartment style office, hotel, shopping centre and carpark, including its ancillary facilities.
- (3) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2005) 000389 issued by Shanghai Buildings and Land Administrative Bureau on 20 December 2004 (the "Certificate of Real Estate Ownership No. 1"), the title to the land with a site area of 1,799 sq.m. is vested in the Joint Venture for a land use term of 40 years commencing from 1 February 1999 and expiring on 31 January 2039 for commercial use.
- (4) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Shi Zi (1997) 100349 issued by Shanghai Buildings and Land Administrative Bureau on 10 September 1997 (the "Certificate of Real Estate Ownership No. 2"), the title to the land with a site area of 4,820 sq.m. is vested in the Joint Venture for a land use term of 50 years commencing from 14 May 1996 and expiring on 13 May 2046 for composite use.
- (5) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2008) 010299 issued by Shanghai Buildings and Land Resources Administrative Bureau on 7 July 2008 (the "Certificate of Real Estate Ownership No. 3"), the title to the land with a site area of 4,264 sq.m., with total gross floor area of 50,332.20 sq.m. including basement area which is under construction, is vested in the Joint Venture for a land use term of 50 years commencing from 18 December 1997 and expiring on 17 December 2047 for composite use.
- (6) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zhi (2008) 009654 issued by Shanghai Housing and Land Resources Administration Bureau on 24 June 2008 (the "Certificate of Real Estate Ownership No. 4"), the title to the property with a site area of 377 sq.m., with a total gross floor area of 2,442.36 sq.m., is vested in the Joint Venture for a land use term of 40 years commencing from 21 April 2008 and expiring on 20 April 2048 for commercial use.
- (7) Pursuant to the Supplement Contract for Grant of State-owned Land Use Right Contract of Shanghai City No. Gui Tu Zi (2008) Chu Rang He Tong Bu Zi Di 40 Hao, the total gross floor area of Changning Ramada Plaza, with a total site area of 10,883 sq.m. (please refer to Note Nos. (3), (4) and (5)), cannot be greater than 132,569.97 sq.m., including 114,875.14 sq.m. of above-ground area and 17,694.83 sq.m. of under-ground area; the completed gross floor area stated in Note No. (6) is excluded in the aforesaid permitted gross floor area. The Joint Venture is liable for an additional land consideration of RMB160,981,000. We were advised by the Group not to take into account the additional land consideration in our valuation.
- (8) Pursuant to a declaration of trust dated 11 October 2001 (the "Declaration of Trust") entered into between the Joint Venture and Faith Yard Property Limited (the "Faith Yard"), the Joint Venture held the above property interests on trust in favour of Faith Yard, as the beneficial owner. As at the date of this valuation, 31 October 2008, the Group held 50% interests in Faith Yard.
- (9) As advised by the Group, the buildings erected on the aforesaid land in Note Nos. (3), (4) and (5) have been completed in 2003 and the total completed gross floor area is 132,569.97 sq.m..
- (10) Pursuant to a power of attorney dated 15 October 2001 entered into between Faith Yard and Fengsheng Estate Development (Shanghai) Ltd. (豐盛地產發展(上海)有限公司) (the "Party E"), Faith Yard as the beneficial owner of the properties, appointed Party E to deal with all leasing matters of the properties as the landlord for and on behalf of Faith Yard.
- (11) Pursuant to the tenancy agreement entered into between Party E and Shanghai Xinning Shopping Centre Limited (上海新寧購物中心有限公司) (the "Party F") dated 15 October 2001 (the "Tenancy Agreement No. 1"), the Party E has agreed to lease the property with a gross floor area of 20,851 sq.m. and its ancillary facilities to Party F for a term of 5 years commencing from 1 December 2001. Upon expiry of the tenancy, both parties agreed to renew the tenancy for a lease term of 5 years automatically and the renewal of the tenancy can be extended for maximum three times until 30 November 2011. The annual rental of the property is set at RMB10,000,000 per annum, the annual rental will remain unchanged upon the renewal of the tenancy. In addition, Party F shall have the priority to purchase if Party E decides to sell the whole or part of the leased portion during the tenancy period or at any extended periods. As advised by the Group, Tenancy Agreement No. 1 includes the commercial portion of Property No. 3.

- (12) Pursuant to the supplement tenancy agreement of Tenancy Agreement No. 1 dated 1 December 2006, Party E and Party F decided to renew the tenancy of the property for a lease term of 5 year, expiring on 30 November 2011, with term and condition stated in Tenancy Agreement No. 1 remain unchanged.
- (13) We have been provided with the Group's PRC legal adviser's opinion, which *inter-alia*, contains the following:
- (i) The land use rights of the property are legally owned by the Joint Venture and protected by the PRC laws. The Joint Venture is the sole legal owner of the land use rights of the property;
 - (ii) Pursuant to the Declaration of Trust, the Joint Venture held the property interests on trust in favour of Faith Yard;
 - (iii) The land use rights and real estate construction engineering of land stated in Note No. (4) are subject to a mortgage, all relevant consents, approvals for the mortgage have been obtained. The mortgage is legal, valid and enforceable;
 - (iv) The land use rights stated in Note Nos. (3), (5) and (6) are not subject to mortgage or any other third party interests;
 - (v) The total completed gross floor area of buildings erected on lands stated in Note Nos. (3), (4) and (5) is 132,569.97 sq.m., which is complied with the permitted gross floor area stated in Note No. (7). Upon full settlement of the additional land consideration, the Joint Venture will be able to obtain the Real Estate Ownership Certificate of the property without any legal obstacles; and
 - (vi) After obtaining the Real Estate Ownership Certificate of the property, the Joint Venture can freely use, transfer, let or mortgage the property.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2008
5. 115 Car Parking Spaces of Changning Ramada Plaza Dingxi Road/ Yuyuan Road Changning District Shanghai The PRC	Changning Ramada Plaza (the “Development”) is a large-scale composite development located opposite to the Zhongshan Park in the heart of Changning District. The Development is a large-scale hotel/ commercial development erected upon three parcels of land with a total site area of 10,883 sq.m. (117,145 sq.ft.). The Development comprises a hotel development with two hotel towers of 13 and 24-storey respectively and an apartment tower; the 24-storey hotel tower and the apartment tower are erected on a commercial podium (located from basement 3 to level 3) and a 3-level car park (located from level 4 to level 6).	The property is currently vacant.	RMB34,000,000 (50% interest attributable to the Group: RMB17,000,000) (Please refer to Note Nos. (7) and (8) below)
	The property comprises 115 car parking spaces located on level 4 to level 6 of the Development, completed in 2001.		
	As advised by the Group, the property is held under two land use rights terms, expiring on 13 May 2046 and 17 December 2047 for composite use. (Please see Note Nos. (4) and (5) below for details)		

Notes:

- (1) Pursuant to the Memorandum and Articles of Association for Shanghai Ramada Plaza Limited dated 18 March 2003 (the “Memorandum”), entered into among Shanghai Changfeng Real Estate Development Company (上海長峰房地產開發有限公司) (“Party A”), Ramada Property Limited (華美達物業有限公司) (“Party B”), Shanghai Jiuzhou (Group) Company Limited (上海九洲 (集團) 有限公司) (“Party C”) and Gold Team Worldwide Limited (高天有限公司) (“Party D”) (Party D is a wholly-owned subsidiary of Party B), all parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Memorandum are, *inter-alia*, cited as follows:

- | | | | |
|-------|-------------------------------|---|--|
| (i) | Name of Joint-venture company | : | Shanghai Ramada Plaza Ltd
(上海華美達廣場有限公司)
(the “Joint Venture”) |
| (ii) | Period of operation | : | 50 years from 28 August 1996 |
| (iii) | Total investment amount | : | US\$120,000,000 |
| (iv) | Registered capital | : | US\$42,000,000
Party A : 0%
Party B : 80.95%
Party C : 0.19%
Party D : 18.86% |
| (v) | Profit Sharing | : | Party A : RMB10,000 per annum
Party B : According to the respective share in the registered capital
Party C : RMB30,000 per annum
Party D : According to the respective share in the registered capital |

- (2) Pursuant to the Business Licence No. 310000400154080 (Shi Ju) (310000400154080 (市局)) dated 22 May 2008 (the “Business Licence”), the Joint Venture is incorporated with a registered capital of US\$42,000,000 for a valid period from 28 August 1996 to 27 August 2046 and the scope of business includes construction, operation, sale, lease and management of the apartment style office, hotel, shopping centre and carpark, including its ancillary facilities.
- (3) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2005) 000389 issued by Shanghai Buildings and Land Resources Administrative Bureau on 20 December 2004 (the “Certificate of Real Estate Ownership No. 1”), the title to the land with a site area of 1,799 sq.m. is vested in the Joint Venture for a land use term of 40 years commencing from 1 February 1999 and expiring on 31 January 2039 for commercial use.
- (4) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Shi Zi (1997) 100349 issued by Shanghai Buildings and Land Administrative Bureau on 10 September 1997 (the “Certificate of Real Estate Ownership No. 2”), the title to the land with a site area of 4,820 sq.m. is vested in the Joint Venture for a land use term of 50 years commencing from 14 May 1996 and expiring on 13 May 2046 for composite use.
- (5) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2008) 010299 issued by Shanghai Buildings and Land Resources Administrative Bureau on 7 July 2008 (the “Certificate of Real Estate Ownership No. 3”), the title to the land with a site area of 4,264 sq.m., with total gross floor area of 50,332.20 sq.m. including basement area which is under construction, is vested in the Joint Venture for a land use term of 50 years commencing from 18 December 1997 and expiring on 17 December 2047 for composite use.
- (6) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zhi (2008) 009654 issued by Shanghai Housing and Land Resources Administration Bureau on 24 June 2008 (the “Certificate of Real Estate Ownership No. 4”), the title to the property with a site area of 377 sq.m., with a total gross floor area of 2,442.36 sq.m., is vested in the Joint Venture for a land use term of 40 years commencing from 21 April 2008 and expiring on 20 April 2048 for commercial use.
- (7) Pursuant to the Supplement Contract for Grant of State-owned Land Use Right Contract of Shanghai City No. Gui Tu Zi (2008) Chu Rang He Tong Bu Zi Di 40 Hao, the total gross floor area of Changning Ramada Plaza, with a total site area of 10,883 sq.m. (please refer to Note Nos. (3), (4) and (5)), cannot be greater than 132,569.97 sq.m., including 114,875.14 sq.m. of above-ground area and 17,694.83 sq.m. of under-ground area; the completed gross floor area stated in Note No. (6) is excluded in the aforesaid permitted gross floor area. The Joint Venture is liable for an additional land consideration of RMB160,981,000. We were advised by the Group not to take into account the additional land consideration in our valuation.
- (8) Pursuant to a declaration of trust dated 11 October 2001 (the “Declaration of Trust”) entered into between the Joint Venture and Faith Yard Property Limited (the “Faith Yard”), the Joint Venture held the above property interests on trust in favour of Faith Yard, as the beneficial owner. As at the date of this valuation, 31 October 2008, the Group held 50% interests in Faith Yard.
- (9) As advised by the Group, the buildings erected on the aforesaid land in Note Nos. (3), (4) and (5) have been completed in 2003 and the total completed gross floor area is 132,569.97 sq.m..
- (10) Pursuant to a power of attorney dated 15 October 2001 entered into between Faith Yard and Fengsheng Estate Development (Shanghai) Ltd. (豐盛地產發展 (上海) 有限公司) (the “Party E”), Faith Yard as the beneficial owner of the properties, appointed Party E to deal with all leasing matters of the properties as the landlord for and on behalf of Faith Yard.
- (11) We have been provided with the Group’s PRC legal adviser’s opinion, which *inter-alia*, contains the following:
 - (i) The land use rights of the property are legally owned by the Joint Venture and protected by the PRC laws. The Joint Venture is the sole legal owner of the land use rights of the property;
 - (ii) Pursuant to the Declaration of Trust, the Joint Venture held the property interests on trust in favour of Faith Yard;

- (iii) The land use rights and real estate construction engineering of land stated in Note No. (4) are subject to a mortgage, all relevant consents, approvals for the mortgage have been obtained. The mortgage is legal, valid and enforceable;
- (iv) The land use rights stated in Note Nos. (3), (5) and (6) are not subject to mortgage or any other third party interests;
- (v) The total completed gross floor area of buildings erected on lands stated in Note Nos. (3), (4) and (5) is 132,569.97 sq.m., which is complied with the permitted gross floor area stated in Note No. (7). Upon full settlement of the additional land consideration, the Joint Venture will be able to obtain the Real Estate Ownership Certificate of the property without any legal obstacles; and
- (vi) After obtaining the Real Estate Ownership Certificate of the property, the Joint Venture can freely use, transfer, let or mortgage the property.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2008
6. Shanghai Belvedere Service Apartment 1555 Dingxi Road Changning District Shanghai The PRC	<p>Changning Ramada Plaza (the “Development”) is a large-scale composite development located opposite to the Zhongshan Park in the heart of Changning District. The Development is a large-scale hotel/ commercial development erected upon three parcels of land with a total site area of 10,883 sq.m. (117,145 sq.ft.). The Development comprises a hotel development with two hotel towers of 13 and 24-storey respectively and an apartment tower; the 24-storey hotel tower and the apartment tower are erected on a commercial podium (located from basement 3 to level 3) and a 3-level car park (located from level 4 to level 6).</p> <p>The property comprises the apartment portion of the Development with a total floor area of approximately 37,176 sq.m. (400,162 sq.ft.) completed in 2002.</p> <p>As advised by the Group, the property is held under a land use rights term, expiring on 17 December 2047 for composite use. (Please see Note No. (5) for details.)</p>	<p>The property is let under a tenancy with a term expiring on 30 November 2008, yielding an annual rental of RMB31,000,000.</p> <p>(Details of the tenancy particulars are described in Note No. (11) below.)</p> <p>The leasee is currently sub-leasing the property to various third parties.</p>	<p>RMB906,000,000</p> <p>(50% interest attributable to the Group: RMB453,000,000)</p> <p>(Please refer to Note Nos. (7) and (8) below)</p>

Notes:

- (1) Pursuant to the Memorandum and Articles of Association for Shanghai Ramada Plaza Limited dated 18 March 2003 (the “Memorandum”), entered into among Shanghai Changfeng Real Estate Development Company (上海長峰房地產開發有限公司) (“Party A”), Ramada Property Limited (華美達物業有限公司) (“Party B”), Shanghai Jiuzhou (Group) Company Limited (上海九洲 (集團) 有限公司) (“Party C”) and Gold Team Worldwide Limited (高天有限公司) (“Party D”) (Party D is a wholly-owned subsidiary of Party B), all parties agreed to establish a co-operative joint-venture company. The salient conditions as stipulated in the Memorandum are, *inter-alia*, cited as follows:

(i)	Name of Joint-venture company	:	Shanghai Ramada Plaza Ltd (上海華美達廣場有限公司) (the “Joint Venture”)
(ii)	Period of operation	:	50 years from 28 August 1996
(iii)	Total investment amount	:	US\$120,000,000
(iv)	Registered capital	:	US\$42,000,000 Party A : 0% Party B : 80.95% Party C : 0.19% Party D : 18.86%
(v)	Profit Sharing	:	Party A : RMB10,000 per annum Party B : According to the respective share in the registered capital Party C : RMB30,000 per annum Party D : According to the respective share in the registered capital

- (2) Pursuant to the Business Licence No. 310000400154080 (Shi Ju) (310000400154080 (市局)) dated 22 May 2008 (the “Business Licence”), the Joint Venture is incorporated with a registered capital of US\$42,000,000 for a valid period from 28 August 1996 to 27 August 2046 and the scope of business includes construction, operation, sale, lease and management of the apartment style office, hotel, shopping centre and carpark, including its ancillary facilities.
- (3) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2005) 000389 issued by Shanghai Buildings and Land Resources Administrative Bureau on 20 December 2004 (the “Certificate of Real Estate Ownership No. 1”), the title to the land with a site area of 1,799 sq.m. is vested in the Joint Venture for a land use term of 40 years commencing from 1 February 1999 and expiring on 31 January 2039 for commercial use.
- (4) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Shi Zi (1997) 100349 issued by Shanghai Buildings and Land Administrative Bureau on 10 September 1997 (the “Certificate of Real Estate Ownership No. 2”), the title to the land with a site area of 4,820 sq.m. is vested in the Joint Venture for a land use term of 50 years commencing from 14 May 1996 and expiring on 13 May 2046 for composite uses.
- (5) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zi (2008) 010299 issued by Shanghai Buildings and Land Resources Administrative Bureau on 7 July 2008 (the “Certificate of Real Estate Ownership No. 3”), the title to the land with a site area of 4,264 sq.m., with total gross floor area of 50,332.20 sq.m. including basement area which is under construction, is vested in the Joint Venture for a land use term of 50 years commencing from 18 December 1997 and expiring on 17 December 2047 for composite use.
- (6) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Chang Zhi (2008) 009654 issued by Shanghai Housing and Land Resources Administration Bureau on 24 June 2008 (the “Certificate of Real Estate Ownership No. 4”), the title to the property with a site area of 377 sq.m., with a total gross floor area of 2,442.36 sq.m., is vested in the Joint Venture for a land use term of 40 years commencing from 21 April 2008 and expiring on 20 April 2048 for commercial use.
- (7) Pursuant to the Supplement Contract for Grant of State-owned Land Use Right Contract of Shanghai City No. Gui Tu Zi (2008) Chu Rang He Tong Bu Zi Di 40 Hao, the total gross floor area of Changning Ramada Plaza, with a total site area of 10,883 sq.m. (please refer to Note Nos. (3), (4) and (5)), cannot be greater than 132,569.97 sq.m., including 114,875.14 sq.m. of above-ground area and 17,694.83 sq.m. of under-ground area; the completed gross floor area stated in Note No. (6) is excluded in the aforesaid permitted gross floor area. The Joint Venture is liable for an additional land consideration of RMB160,981,000. We were advised by the Group not to take into account the additional land consideration in our valuation.
- (8) Pursuant to a declaration of trust dated 11 October 2001 (the “Declaration of Trust”) entered into between the Joint Venture and Faith Yard Property Limited (the “Faith Yard”), the Joint Venture held the above property interests on trust in favour of Faith Yard, as the beneficial owner. As at the date of this valuation, 31 October 2008, the Group held 50% interests in Faith Yard.
- (9) As advised by the Group, the buildings erected on the aforesaid land in Note Nos. (3), (4) and (5) have been completed in 2003 and the total completed gross floor area is 132,569.97 sq.m..
- (10) Pursuant to a power of attorney dated 15 October 2001 entered into between Faith Yard and Fengsheng Estate Development (Shanghai) Ltd. (豐盛地產發展 (上海) 有限公司) (the “Party E”), Faith Yard as the beneficial owner of the properties, appointed Party E to deal with all leasing matters of the properties as the landlord and on behalf of Faith Yard.
- (11) Pursuant to the tenancy agreement entered into between Party E and the Joint Venture dated 1 December 2006, the Party E agreed to lease the property with a gross floor area of 37,000 sq.m. and its ancillary facilities to the Joint Venture for a term of 2 years commencing from 1 December 2006. Upon expiry of the tenancy, the Joint Venture should have the priority to renew the tenancy if Party E decides to continue leasing the property to other party upon the expiry of the tenancy. In addition, the Joint Venture shall have the priority to purchase if Party E decides to sell the whole or part of the leased portion during the tenancy period or at any extended periods. The annual rental of the property is set at RMB31,000,000.

(12) We have been provided with the Group's PRC legal adviser's opinion, which *inter-alia*, contains the following:

- (i) The land use rights of the property are legally owned by the Joint Venture and protected by the PRC laws. The Joint Venture is the sole legal owner of the land use rights of the property;
- (ii) Pursuant to the Declaration of Trust, the Joint Venture held the property interests on trust in favour of Faith Yard;
- (iii) The land use rights and real estate construction engineering of land stated in Note No. (4) are subject to a mortgage, all relevant consents, approvals for the mortgage have been obtained. The mortgage is legal, valid and enforceable;
- (iv) The land use rights stated in Note Nos. (3), (5) and (6) are not subject to mortgage or any other third party interests;
- (v) The total completed gross floor area of buildings erected on lands stated in Note Nos. (3), (4) and (5) is 132,569.97 sq.m., which is complied with the permitted gross floor area stated in Note No. (7). Upon full settlement of the additional land consideration, the Joint Venture will be able to obtain the Real Estate Ownership Certificate of the property without any legal obstacles; and
- (vi) After obtaining the Real Estate Ownership Certificate of the property, the Joint Venture can freely use, transfer, let or mortgage the property.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2008
7. Shanghai Hong Kong New World Tower 6 Huaihaizhong Road Luwan District Shanghai The PRC	<p>Shanghai Hong Kong New World Tower (the “Development”) is a 58-storey office building including a 4-level commercial podium and 3-level car parking/ commercial basement constructed upon a roughly rectangular-shaped site with a site area of approximately 9,953 sq.m. (107,134 sq.ft.).</p> <p>The property comprises the commercial portion of the Development with a total lettable area of approximately 17,528 sq.m. (188,671 sq.ft.) and the office portion, with a total lettable area of approximately 81,957 sq.m. (882,185 sq.ft.), completed in 2001.</p> <p>The property also comprises 310 car parking spaces with a gross floor area of 14,362 sq.m. (154,593 sq.ft.) at basement levels of the Development.</p> <p>The land use right of the property has been granted for a term of 50 years commencing from 2 December 1994 for composite use.</p>	<p>Portion of the commercial portion of the property with a total lettable area of 17,407.40 sq.m. is let under tenancies for various terms with the latest expiring in February 2012, yielding a total monthly rental of about RMB5,564,759.</p> <p>Portion of the office portion of the property with a total lettable area of 75,265.13 sq.m. is leased under tenancies for various terms with the latest expiry date in June 2011, yielding a total monthly rental of about RMB17,981,199, exclusive of management fees.</p> <p>The remaining portion of the property is currently vacant.</p>	<p>RMB3,681,000,000</p> <p>(44.1% interest attributable to the Group: RMB1,623,321,000)</p>

Notes:

- (1) Pursuant to the Business Licence No. 310000400109275 (Shi Ju) (310000400109275 (市局)) dated 3 January 2008 (the “Business Licence”), Shanghai New World Huai Hai Property Development Co. Ltd. (上海新世界淮海物業發展有限公司) (the “Huai Hai Property”), a wholly foreign-owned company by New World China Land Limited, is incorporated with a registered capital of US\$108,500,000 for a valid period from 9 March 1995 to 8 March 2045 and the scope of business includes construction, sale, lease and management of office, commodity building, hotel, commercial building and carpark operation.
- (2) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Lu Zi (2006) Di 003200 Hao (滬房地盧字 (2006) 第003200號) issued by Shanghai Housing and Land Resources Administration Bureau on 9 November 2006 (the “Certificate of Real Estate Ownership”), the title to the property with a site area of 9,953 sq.m., with a total gross floor area of 130,384.17 sq.m., is vested in the Huai Hai Property for a land use term of 50 years commencing from 2 December 1994 and expiring on 1 December 2044 for composite use.
- (3) We have been provided with the Group’s PRC legal adviser’s opinion, which *inter-alia*, contains the following:
 - (i) The land use rights and the building ownership of the property are legally owned by Huai Hai Property and protected by the PRC laws;
 - (ii) Huai Hai Property is the sole legal owner of the property;

- (iii) The property is subject to a mortgage, all relevant consents, approvals for the mortgage have been obtained. The mortgage is legal, valid and enforceable; and
- (iv) Huai Hai Property has the right to freely use, transfer, let or mortgage the property subject to approval from the mortgagor.

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

			Market value in existing state as at 31 October 2008																																																						
Property	Description and tenure	Particulars of occupancy																																																							
8. Hong Kong New World Garden Zhongshannanyi Road and Mengzi Road Luwan District Shanghai The PRC	<p>Hong Kong New World Garden (the “Development”) is a large-scale residential development with commercial facilities constructed into various phases. The Development is erected upon three parcels of irregular-shaped site with a total site area of approximately 113,857 sq.m. (1,225,557 sq.ft.).</p> <p>Phase I of the Development was completed in 2001 and the remaining phases of the Development are either under construction or vacant for future development.</p> <p>The property comprises the unsold portion of Phase I of the Development, the remaining phases of the Development including the portion under construction and the vacant portion.</p> <p>The gross floor area of the unsold potion of the property is listed as follows:</p> <table><tr><td colspan="3">Gross floor area</td></tr><tr><td></td><td><i>sq.m.</i></td><td><i>sq.ft.</i></td></tr><tr><td>Phase I</td><td></td><td></td></tr><tr><td>Commercial</td><td>580</td><td>6,243</td></tr><tr><td>Ancillary Facilities</td><td><u>1,183</u></td><td><u>12,734</u></td></tr><tr><td>Sub-total:</td><td>1,763</td><td>18,977</td></tr></table> <p>Upon completion, the remaining phases of the property will comprise the following approximate gross floor areas:</p> <table><tr><td colspan="3">Phase Under Construction</td></tr><tr><td>Residential</td><td>130,000</td><td>1,399,320</td></tr><tr><td>Office</td><td>39,610</td><td>426,362</td></tr><tr><td>Hotel</td><td><u>21,600</u></td><td><u>232,502</u></td></tr><tr><td>Sub-total:</td><td>191,210</td><td>2,058,184</td></tr><tr><td colspan="3">Remaining phases</td></tr><tr><td>Residential</td><td>197,302</td><td>2,123,759</td></tr><tr><td>Commercial</td><td>57,317</td><td>616,960</td></tr><tr><td>Office</td><td>18,820</td><td>202,578</td></tr><tr><td>Ancillary Facilities</td><td><u>19,000</u></td><td><u>204,516</u></td></tr><tr><td>Sub-total:</td><td>292,439</td><td>3,147,813</td></tr><tr><td>Total</td><td><u>485,412</u></td><td><u>5,224,974</u></td></tr></table>	Gross floor area				<i>sq.m.</i>	<i>sq.ft.</i>	Phase I			Commercial	580	6,243	Ancillary Facilities	<u>1,183</u>	<u>12,734</u>	Sub-total:	1,763	18,977	Phase Under Construction			Residential	130,000	1,399,320	Office	39,610	426,362	Hotel	<u>21,600</u>	<u>232,502</u>	Sub-total:	191,210	2,058,184	Remaining phases			Residential	197,302	2,123,759	Commercial	57,317	616,960	Office	18,820	202,578	Ancillary Facilities	<u>19,000</u>	<u>204,516</u>	Sub-total:	292,439	3,147,813	Total	<u>485,412</u>	<u>5,224,974</u>	<p>The unsold portion of the property is currently vacant, while portion of the Development is currently under construction due to be completed in June 2011 whilst the remaining portion of the Development is vacant.</p>	<p>RMB4,576,000,000</p> <p>(70% interest attributable to the Group: RMB3,203,200,000)</p> <p>(Please refer to Note No. (15) below)</p>
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<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 31 October 2008</u>
	<p>The property will also comprise 4,845 car parking spaces, with a gross floor area of 218,010 sq.m. (2,346,660 sq.ft.) upon completion of the remaining phases.</p> <p>The land use rights of the Development have been granted for a term of 70 years for residential use, 50 years for composite use and 50 years for commercial/hotel/office uses, expiring on 1 May 2069, 15 July 2045 and 2 January 2058, respectively.</p>		

Notes:

- (1) Pursuant to the Business Licence No. 310000400061616 (shiju) (310000400061616 (市局)) dated 20 May 2008 (the "Business Licence"), Shanghai Juyi Real Estate Development Company Limited (上海局一房地產發展有限公司) (the "Juyi"), a wholly foreign-owned company by New World China Land Limited, is incorporated with a total investment amount of US\$765,000,000 and a registered capital of US\$765,000,000 for a valid term from 5 October 1993 to 4 October 2043 and the scope of business includes development of commodity, commercial and office composite building and hotel development and construction, real estate information handling, property management, construction of shopping arcades and associated facilities and car parking facilities management
- (2) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Shi Zi (2001) Di 005066 Hao issued by Shanghai Housing and Land Resources Administration Bureau dated 23 July 2001, the title to the land with a site area of 5,858 sq.m. is vested in Juyi for a land use term commencing from 16 July 1995 and expiring on 15 July 2045 for composite use.
- (3) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Lu Zi (2008) Di 000469 Hao issued by Shanghai Housing and Land Resources Administration Bureau dated 28 February 2008, the title to the land with a site area of 8,811.9 sq.m. is vested in Juyi for a land use term commencing from 3 January 2008 and expiring on 2 January 2058 for commercial, hotel and office uses.
- (4) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Lu Zi (2008) Di 000470 Hao issued by Shanghai Housing and Land Resources Administration Bureau dated 28 February 2008, the title to the land with a site area of 99,187.1 sq.m. is vested in Juyi for a land use term commencing from 1 May 1999 and expiring on 1 May 2069 for residential use.
- (5) Pursuant to the Construction Land Use Planning Permit No. Hu Gui Di (2008) 00080423E00441 dated 21 April 2008, the development with a site area of 99,187 sq.m. and a total construction scale of 375,257 sq.m. was permitted to be developed.
- (6) Pursuant to the Construction Land Use Planning Permit No. Hu Gui Di (2008) 00080423E00437 dated 21 April 2008, the development with a site area of 5,858 sq.m. and a total construction scale of 42,208 sq.m. was permitted to be developed.
- (7) Pursuant to the Construction Land Use Planning Permit No. Hu Gui Di (2008) 00080505E00483 dated 4 May 2008, the development with a site area of 8,811.9 sq.m. and a total construction scale of 60,469 sq.m. was permitted to be developed.
- (8) Pursuant to the Construction Engineering Planning Permit No. Hu Gui Jian (2008) 00080604F01302, the development having a total gross floor area of approximately 64,087 sq.m. was permitted to be constructed.
- (9) Pursuant to the Construction Engineering (for basement construction portion) Planning Permit Notification No. Hu Gui Jian Ji (2007) 00070803F02196 Hao, the development with a total gross floor area of 16,369 sq.m. was permitted to be constructed.

- (10) Pursuant to the Construction Engineering (for basement construction portion) Planning Permit Notification No. Hu Gui Jian Ji (2007) 00071204F03403 Hao, the development with a total gross floor area of 183,336 sq.m. was permitted to be constructed.
- (11) Pursuant to the Construction Works Commencement Permit No. 9602LW7003D04 dated 8 August 2007, approval for the commencement of construction works for with a gross floor area of approximately 16,369 sq.m. has been obtained.
- (12) Pursuant to the Construction Works Commencement Permit No. 9602LW7003D05 dated 17 December 2007, approval for the commencement of construction works with a gross floor area of approximately 88,080 sq.m. has been obtained.
- (13) Pursuant to the Construction Works Commencement Permit No. 9602LW7003D06 dated 24 December 2007, approval for the commencement of construction works with a gross floor area of approximately 95,255 sq.m. has been obtained.
- (14) As advised by the Group, the construction cost paid and the outstanding construction cost of the property as at 31 October 2008 were approximately RMB561,400,000 and RMB2,314,600,000 respectively. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the estimated market value of the property after completion, as at 31 October 2008, was approximately RMB11,313,000,000.
- (15) According to the Group's specific terms of instructions, we have taken into account the outstanding land premium of the property of RMB228,500,000.
- (16) We have been provided with the Group's PRC legal adviser's opinion, which *inter-alia*, contains the following:
 - (i) The land use rights of the property is legally owned by Juyi and protected by the PRC laws. Juyi is the sole legal owner of the land use rights of the property;
 - (ii) The land use right stated in Note No. (2) is not subject to mortgage or any other third party interests. Juyi can freely use, transfer, let or mortgage the land use right;
 - (iii) The land use rights stated in Note Nos. (3) and (4) are subject to two separate mortgages, all relevant consents, approvals for these mortgages have been obtained. These mortgages are legal, valid and enforceable. Juyi can freely use, transfer, let or mortgage these land use rights subject to approval from the mortgagors;
 - (iv) According to Construction Engineering Commencement Work Certificate Nos. 9602LW7003D04, 9602LW7003D05 and 9602LW7003D06, Juyi can commence the construction work of basement of 1#building of "Hong Kong New World Garden" and 27#building; and
 - (v) Juyi can legally commence the construction of the remaining phases of "Hong Kong New World Garden" once the construction engineering planning permit certificate and commencement work permit certificate have been obtained. Juyi should be able to obtain the construction engineering planning permit and construction engineering commencement work permit certificate without legal obstacles once the requirements of relevant planning and construction are fulfilled.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2008																					
9.	Shangxianfang 358 Huaihaizhong Road Luwan District Shanghai The PRC	<p>Shangxianfang (the “Development”) is proposed to be developed into a commercial development equipped with office and hotel to be erected on a roughly rectangular shaped site with a site area of approximately 8,773 sq.m. (94,433 sq.ft.).</p> <p>Upon completion, the Development will comprise a high-rise office tower and a five-star hotel equipped with a 3-level commercial portion. According to the Planning Notice No. Hu Gui She (2006) 00060713B00470, the approximate gross floor areas of the Development (except the commercial portion) upon completion are listed as follows:</p> <table><tr><th></th><th colspan="2">Gross floor area</th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Office</td><td>25,180</td><td>271,038</td></tr><tr><td>Five-Star Hotel</td><td><u>44,820</u></td><td><u>482,442</u></td></tr><tr><td>Sub-total</td><td>70,000</td><td>753,480</td></tr><tr><td>Basement</td><td><u>15,000</u></td><td><u>161,460</u></td></tr><tr><td>Total</td><td><u><u>85,000</u></u></td><td><u><u>914,940</u></u></td></tr></table> <p>The land use rights of the Development have been granted for a term of 50 years for composite use.</p>		Gross floor area			sq.m.	sq.ft.	Office	25,180	271,038	Five-Star Hotel	<u>44,820</u>	<u>482,442</u>	Sub-total	70,000	753,480	Basement	<u>15,000</u>	<u>161,460</u>	Total	<u><u>85,000</u></u>	<u><u>914,940</u></u>	<p>The property is currently pending for development.</p>	<p>RMB203,000,000</p> <p>(99% interest attributable to the Group: RMB200,970,000)</p> <p><i>(Please refer to Note No. (5), (6) and (8) below)</i></p>
	Gross floor area																								
	sq.m.	sq.ft.																							
Office	25,180	271,038																							
Five-Star Hotel	<u>44,820</u>	<u>482,442</u>																							
Sub-total	70,000	753,480																							
Basement	<u>15,000</u>	<u>161,460</u>																							
Total	<u><u>85,000</u></u>	<u><u>914,940</u></u>																							

(Please refer to Note No. (5), (6) and (8) below)

Notes:

- Pursuant to the approval of the joint venture establishment of Shanghai New Shangxianfang Real Estate Development Limited (上海新尚賢坊房地產發展有限公司) No. Hu Wai Zi Wei Pi [2008] 1738 Hao (滬外資委批 [2008] 1738 號) dated 5 June 2008, issued by Shanghai Foreign Investment Committee, New World China Land Limited (新世界中國地產有限公司) (“Party A”) and Shanghai Fuxing Construction Development Limited (上海復興建設發展有限公司) (“Party B”) were agreed to establish a joint-venture company, named Shanghai New World Shangxian Lane Development Ltd. (上海新尚賢坊房地產發展有限公司) (the “Joint Venture”), with a total investment amount of US\$252,000,000 and registered capital of US\$127,000,000.
- Pursuant to the Business Licence No. 310000400579193 (Shiju) (310000400579193 (市局)) dated 18 July 2008, the Joint Venture is incorporated with a registered capital of US\$127,000,000 for a valid period from 18 July 2008 to 17 July 2058 and the scope of business includes development, construction, lease, sale and real estate management of office, hotel, guest room, food and beverage and other ancillary facilities, including carpark, of the property.

- (3) Pursuant to the State-owned Land Use Right Grant Contract (the “Contract”) No. Lu Fang Di Yong (2003) Chu Rang He Tong Di 20 Hao dated 21 July 2003 entered into among Shanghai Luwan Housing and Land Administration Bureau (“Party C”), Party A and Party B, as amended and supplemented by the Construction Engineering Planning Notice No. Hu Gui She (2006) 00060713B00470, land use right of the Development, with a site area of 8,773 sq.m., was granted by Party C to the Joint Venture. The Contract for Grant of Land Use Rights contains, *inter-alia*, the following salient conditions:
- | | | | |
|--------|----------------------------|---|---|
| (i) | Use | : | composite (commercial, office and hotel) |
| (ii) | Land use term | : | 50 years |
| (iii) | Plot ratio | : | N/A |
| (iv) | Total gross floor area | : | ≤ 94,346 sq.m. |
| (v) | Maximum height | : | ≤ 200 m |
| (vi) | Green area | : | N/A |
| (vii) | Land grant fee | : | RMB42,418,320
(which has been waived according to the Hu Fang Di Zi An (2002) 665 Hao and Hu Jian Cheng (2001) 68 Hao) |
| (viii) | Annual land use rights fee | : | RMB1.00 per sq.m. |
- (4) Pursuant to a document issued by the Shanghai Luwan District Construction and Transportation Committee to the Joint Venture dated 25 November 2008, the total resettlement cost of Shangxianfang development is approximately RMB1,150,000,000.
- (5) According to the specific term of instruction from the Group, we are advised to assume the total requisite compensation and resettlement cost to be RMB900,000,000 for obtaining vacant possession of the Development, instead of the aforesaid amount, RMB1,150,000,000, mentioned in Note (4).
- (6) According to the specific terms of instructions from the Group, we have carried out our valuation based on the following assumptions:
- The aforesaid 3-storey commercial portion is excluded in the valuation.
 - The period of obtaining vacant possession of the subject site is 3 years from the valuation date — 31 October 2008.
- (7) As advised by the Group, the construction cost paid and the outstanding construction cost of the property as at 31 October 2008 were approximately RMB69,500,000 and RMB682,500,000 respectively. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the estimated capital value of the property after completion, as at 31 October 2008, was approximately RMB2,909,000,000.
- (8) According to specific terms of instructions, we have taken into account of the aforesaid compensation and resettlement cost of RMB900,000,000 in arriving at our valuation.
- (9) We have been provided with the Group’s PRC legal adviser’s opinion, which *inter-alia*, contains the following:
- The Land Use Rights Grant Contract of the property is currently vested in Party A and Party B. The Joint Venture shall has no legal obstacles in obtaining the land use right of the property;
 - After obtaining the land use right of the property, the Joint Venture has the right to freely use, transfer, let or mortgage the land use right of the property; and
 - Upon full settlement of the required resettlement cost, the Joint Venture will be able to obtain the demolition permit certificate to clear the site without any legal obstacles.

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Notes:

- (1) Pursuant to the Business Licence No. 441200400006947 dated 12 May 2008, the Zhaoqing New World Property Development Limited, a wholly foreign-owned company of Fortune Star Worldwide Limited (富運盛國際有限公司) (the “Zhaoqing New World Property”), is incorporated with a registered capital of US\$13,750,000 for a valid period from 14 February 1999 to 13 February 2014 and the scope of business includes development of land, construction of commodity housing and conducting local and overseas sales of real estate.
- (2) Pursuant to the Certificate of State-owned Land Use No. Zhao Guo Yong (2003) Zi Di 00280 Hao (肇國用(2003)字第00280號) issued by Zhaoqing Land Administration Bureau on 19 March 2003 (the “Certificate of State-owned Land Use No. 1”), the title to the land of 29,127.53 sq.m. is vested in Zhaoqing New World Property with a land use term expiring on 19 December 2068 for residential use.
- (3) Pursuant to the Certificate of State-owned Land Use No. Zhao Guo Yong (2003) Zi Di 00282 Hao (肇國用(2003)字第00282號) issued by Zhaoqing Land Administration Bureau on 19 March 2003 (the “Certificate of State-owned Land Use No. 2”), the title to the land of 7,910 sq.m. is vested in Zhaoqing New World Property for commercial and residential uses.
- (4) Pursuant to the Certificate of State-owned Land Use No. Zhao Guo Yong (2003) Zi Di 00272 Hao (肇國用(2003)字第00272號) issued by Zhaoqing Land Administration Bureau on 20 March 2003 (the “Certificate of State-owned Land Use No. 3”), the title to the land of 43,420 sq.m. is vested in Zhaoqing New World Property for commercial and residential uses.
- (5) Pursuant to the Certificate of State-owned Land Use No. Zhao Guo Yong (2003) Zi Di 00283 Hao (肇國用(2003)字第00283號) issued by Zhaoqing Land Administration Bureau on 24 March 2003 (the “Certificate of State-owned Land Use No. 4”), the title to the land of 20,874 sq.m. is vested in Zhaoqing New World Property for commercial and residential uses.
- (6) Pursuant to the Certificate of State-owned Land Use No. Zhao Guo Yong (2003) Zi Di 01097 Hao/ 1202020003280 (肇國用(2003)字第01097號) issued by Zhaoqing Land Administration Bureau on 12 December 2003 (the “Certificate of State-owned Land Use No. 5”), the title to the land of 10,055.08 sq.m. is vested in Zhaoqing New World Property with a land use term expiring on 24 December 2068 for residential use.
- (7) Pursuant to the Certificate of State-owned Land Use No. Zhao Guo Yong (2003) Zi Di 01098 Hao/ 1202020003043 (肇國用(2003)字第01098號) issued by Zhaoqing Land Administration Bureau on 12 December 2003 (the “Certificate of State-owned Land Use No. 6”), the title to the land of 25,953.34 sq.m. is vested in Zhaoqing New World Property with a land use term expiring on 24 December 2068 for residential use.
- (8) Pursuant to the Certificate of Real Estate Ownership No. Yue Fang Di Zheng Zi Di C4035928 Hao (粵房地證字第C4035928號) issued by Zhaoqing People’s Government, the title to the property with a total gross floor area of 6,963.3525 sq.m. erected on the land with a site area of 20,874 sq.m. (please refer to Note No. (5)) is vested in Zhaoqing New World Property for clubhouse use.
- (9) Pursuant to the Certificate of Real Estate Ownership No. Yue Fang Di Zheng Zi Di C4519956 Hao (粵房地證字第C4519956號) issued by Zhaoqing People’s Government dated 24 April 2007, the title to the property with a total gross floor area of 2,605.0208 sq.m. located at the land with a site area of 10,055.08 sq.m. (please refer to Note No. (6)) is vested in the Zhaoqing New World Property for carparking use.
- (10) Pursuant to the Construction Engineering Planning Permit Certificate No. (2006) Zhao Gui Jian Zheng Zi Di 136 Hao ((2006) 肇規建證字第136號) issued by Zhaoqing Urban Rural Planning Bureau dated on 28 September 2006, 5 commodity residential buildings, Block A to E of District D and E with a total gross floor area of 154,523 sq.m.; and a basement area of 20,126.5 sq.m. are permitted to be constructed.
- (11) Pursuant to the Construction Engineering Planning Permit Certificate No. (2006) Zhao Gui Jian Zheng Zi Di 137 Hao ((2006) 肇規建證字第137號) issued by Zhaoqing Urban Rural Planning Bureau dated on 29 September 2006, the supermarket of District D and E with a total gross floor area of 14,913.23 sq.m. is permitted to be constructed.

- (12) Pursuant to the Construction Engineering Work Commencement Permit Certificate No. 2006108 issued by Zhaoqing Development Bureau dated 27 November 2006, construction work of District D and E of Phase 3, with a construction scale of 189,563 sq.m., is permitted to be commenced.
- (13) Pursuant to eight Pre-sale Permit for Commodity Housing of Zhaoqing, Guangdong Province, Nos. Zhao Yu Xu Zi Di 2008048 Hao, 2008049 Hao, 2008050 Hao, 2008051 Hao, 2008029 Hao, 2008023 Hao 2007258 Hao and 2008047 Hao, permits of pre-sale construction housing area of 7,221.67 sq.m., 7,221.67 sq.m., 6,119.75 sq.m., 5,792.59 sq.m., 12,677.72 sq.m., 5,086.56 sq.m., 8,662.27 sq.m. and 7,221.67 sq.m. respectively, all named District C of New World Garden and erected on a residential land No. Zhao Guo Yong (2003) Di 01098 Hao (please refer to Note No. (7)), are obtained.
- (14) As advised by the Group, the construction cost paid and the outstanding construction cost of the property as at 31 October 2008 were approximately RMB267,000,000 and RMB210,000,000 respectively. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the estimated capital value of the property after completion, as at 31 October 2008, was approximately RMB995,500,000.
- (15) We have been provided with the Group's PRC legal adviser's opinion, which *inter-alia*, contains the following:
- (i) The land use rights of the property are legally owned by Zhaoqing New World Property and protected by the PRC laws. Zhaoqing New World Property is the sole legal owner of the land use rights of the property;
 - (ii) Zhaoqing New World Property has legally obtained the ownership of buildings stated in Note Nos. (8) and (9). These building ownerships are not subject to mortgage or any other third party interests. Zhaoqing New World Property can freely use, transfer, let or mortgage these building ownership;
 - (iii) The land use rights stated in Note Nos. (4), (5) and (7) are subject to various mortgages, all relevant consents, approvals for these mortgages have been obtained. These mortgages are legal, valid and enforceable. Zhaoqing New World Property has the right to freely use, transfer, let or mortgage these land use rights subject to approval from the mortgagors;
 - (iv) The land use rights stated in Note Nos. (2), (3) and (6) are not subject to mortgage or any other third party interests. Zhaoqing New World Property has the right to freely use, transfer, let or mortgage these land use rights;
 - (v) Zhaoqing New World Property has legally obtained the permission to develop and construct DE District and the supermarket of DE District of New World Garden; and
 - (vi) Zhaoqing New World Property has obtained all necessary approvals and permits for the pre-sale of buildings erected on land stated in Note No. (7). The Joint Venture has the rights to pre-sale the relevant buildings under construction as stipulated under the pre-sale permit.

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 herein misleading.

2. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or 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 and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(I) Long position in shares

	Number of shares				
	Beneficial interests	Interests of spouse	Interests of controlled corporation	Total	Approximate % of shareholding
the Company					
(ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	—	300,000	—	300,000	0.01
Dr. Sin Wai-Kin, David	4,727,287	47,098	—	4,774,385	0.13
Mr. Leung Chi-Kin, Stewart	232,974	—	—	232,974	negligible
Mr. Chow Kwai-Cheung	244,527	—	—	244,527	negligible
Mr. Ho Hau-Hay, Hamilton	—	—	439,177 ⁽¹⁾	439,177	0.01
Mr. Liang Cheung-Biu, Thomas	5,215	—	—	5,215	negligible
Ms. Ki Man-Fung, Leonie	60,000	—	—	60,000	negligible
Dragon Fortune Limited					
(ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	15,869 ⁽²⁾	15,869	27.41
HH Holdings Corporation					
(ordinary shares of HK\$1.00 each)					
Dr. Sin Wai-Kin, David	42,000	—	—	42,000	7.00
Mega Choice Holdings Limited					
(ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	—	—	3,710 ⁽³⁾	3,710	34.61

	Number of shares				
	Beneficial interests	Interests of spouse	Interests of controlled corporation	Total	Approximate % of shareholding
NWCL					
(ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-Shun, Henry	12,500,000	1,950,000	52,271,200 ⁽⁴⁾	66,721,200	1.74
Mr. Leung Chi-Kin, Stewart	500,000	—	—	500,000	0.01
Mr. Chow Kwai-Cheung	650,126	—	—	650,126	0.02
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	negligible
New World Department Store China Limited					
(ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-Kong, Adrian	—	—	1,107,000 ⁽⁵⁾	1,107,000	0.07
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	negligible
NWS Holdings Limited					
(ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	9,179,199	—	8,000,000 ⁽⁴⁾	17,179,199	0.84
Dr. Sin Wai-Kin, David	3,281	31	16,995,745 ⁽⁶⁾	16,999,057	0.83
Mr. Liang Chong-Hou, David	164	—	—	164	negligible
Mr. Cheng Kar-Shing, Peter	190,981	—	2,819,284 ⁽⁷⁾	3,010,265	0.15
Mr. Leung Chi-Kin, Stewart	2,402,351	—	—	2,402,351	0.12
Mr. Chow Kwai-Cheung	207,000	—	—	207,000	0.01
Ms. Ki Man-Fung, Leonie	10,000	—	—	10,000	negligible
Sun City Holdings Limited					
(ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	80,000	3,570,000 ⁽⁸⁾	3,650,000	45.63
Sun Legend Investments Limited					
(ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	500 ⁽⁹⁾	500	50.00
YE Holdings Corporation					
(ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-Kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These shares are beneficially-owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% 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 ("Sun City"), 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 companies which are wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (4) These shares are beneficially-owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (5) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Chi-Kong, Adrian.
- (6) These shares are beneficially-owned by a company which is jointly-owned by Dr. Sin Wai-Kin, David and his spouse.

- (7) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.
- (8) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 49.58%.
- (9) 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.

(II) Long position in underlying shares — share options

(i) *the Company*

Name of Director	Grant date	Number of share options outstanding as at the Latest Practicable Date with exercise price per share of HK\$17.756		
		Exercisable period (Note 1)	Exercisable period (Note 2)	Total
Dato Dr. Cheng Yu-Tung	19 March 2007	36,500,000	—	36,500,000
Dr. Cheng Kar-Shun, Henry	19 March 2007	36,500,000	—	36,500,000
Lord Sandberg Michael (Note 4)	19 March 2007	300,000	—	300,000
Dr. Sin Wai-Kin, David	19 March 2007	300,000	—	300,000
Mr. Liang Chong-Hou, David	19 March 2007	300,000	—	300,000
Mr. Yeung Ping-Leung, Howard	19 March 2007	300,000	—	300,000
Dr. Cha Mou-Sing, Payson	19 March 2007	300,000	—	300,000
Mr. Cheng Kar-Shing, Peter	19 March 2007	200,000	1,200,000	1,400,000
Mr. Leung Chi-Kin, Stewart	19 March 2007	35,500,000	—	35,500,000
Mr. Chow Kwai-Cheung	19 March 2007	—	1,200,000	1,200,000
Mr. Ho Hau-Hay, Hamilton	19 March 2007	200,000	—	200,000
Mr. Lee Luen-Wai, John	19 March 2007	300,000	—	300,000
Mr. Liang Cheung-Biu, Thomas	19 March 2007	200,000	—	200,000
Mr. Cheng Chi-Kong, Adrian	19 March 2007	—	500,000	500,000
Ms. Ki Man-Fung, Leonie	19 March 2007	—	1,000,000	1,000,000

Notes:

- (1) 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) The cash consideration paid by each of the above Directors for the grant of the share options is HK\$10.0.
- (4) Retired on 2 December 2008.

(ii) *NWCL*

Name of Director	Date of grant	Exercisable period (Note)	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-Shun, Henry	7 January 2008	(1)	2,000,000	6.972
Mr. Cheng Kar-Shing, Peter	7 January 2008	(1)	800,000	6.972
Mr. Leung Chi-Kin, Stewart	7 January 2008	(1)	200,000	6.972
Mr. Chow Kwai-Cheung	7 January 2008	(1)	200,000	6.972
Mr. Lee Luen-Wai, John	7 January 2008	(1)	300,000	6.972
Mr. Cheng Chi-Kong, Adrian	25 July 2006	(2)	331,600	2.865
	7 January 2008	(1)	1,500,000	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.
- (3) The cash consideration paid by each of the above Directors for the grant of share options is HK\$10.0.

(iii) *New World Department Store China Limited*

Name of Director	Date of grant	Exercisable period (Note)	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-Shun, Henry	27 November 2007	(1)	1,000,000	8.66
Mr. Cheng Chi-Kong, Adrian	27 November 2007	(1)	500,000	8.66

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) The cash consideration paid by each of the above Directors for the grant of share options is HK\$1.0.

(iv) *NWS Holdings Limited*

Name of Director	Date of grant	Exercisable period (Note)	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-Shun, Henry	21 August 2007	(1)	3,001,277	16.193

Notes:

- (1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The cash consideration paid by the above Director for the grant of share options is HK\$10.0.

(III) Long position in underlying shares — debentures

New World China Land Finance Limited (“NWCLF”)

Name of director	Amount of debentures in RMB issued by NWCLF				Percentage of the total debentures in issue as at the Latest Practicable Date
	Beneficial interest	Corporate interest	Family interest	Total	
Mr. Cheng Chi-Kong, Adrian	—	2,000,000 (Note)	—	2,000,000	0.08

Note: These debentures are convertible into 260,034 shares of HK\$0.1 each of NWCL, representing 0.01% of its issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012, which are held by a company wholly-owned by Mr. Cheng Chi-Kong, Adrian.

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any of 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 the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

- (c) Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 30 June 2008, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Save for the Agreement, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group since 30 June 2008, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.
3. (a) As at the Latest Practicable Date, so far as is known to the Directors, the interests of substantial shareholders (as defined in the Listing Rules) in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions in Shares

Name	Number of shares held			Approximate % of shareholding
	Beneficial interests	Interests of controlled corporation	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	—	1,425,243,774	1,425,243,774	37.92
Centennial Success Limited ("Centennial") ⁽²⁾	—	1,425,243,774	1,425,243,774	37.92
Chow Tai Fook Enterprises Limited ("CTF") ⁽³⁾	1,287,802,947	137,440,827	1,425,243,774	37.92

Notes:

- (1) CYTFH holds 51% direct interest in Centennial and is accordingly deemed to have an interest in the shares deemed to be interested by Centennial. Each of Dato' Dr. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter is also a director of CYTFH.
- (2) Centennial holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF. Each of Dato' Dr. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter and Mr. Cheng Chi-Kong, Adrian is also a director of Centennial.
- (3) CTF together with its subsidiaries. Each of Dato' Dr. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter and Mr. Cheng Chi-Kong, Adrian is also a director of CTF.

- (b) As at the Latest Practicable Date, so far as is known to the Directors, the interests of persons (other than a Director, chief executive of the Company or substantial shareholders (as defined in the Listing Rules)) in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
JPMorgan Chase & Co.	Beneficial owner Investment manager Custodian corporation/ approved lending agent	22,533,317 49,769,289 152,919,511	225,222,117 ⁽¹⁾	5.99
UBS AG	Beneficial owner Person having a security interest in shares Interest of controlled corporations	74,131,590 33,507,359 217,167,050	324,805,999 ⁽²⁾	8.64

Short positions in shares and underlying shares

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
JPMorgan Chase & Co.	Beneficial owner	14,180,751	14,180,751 ⁽³⁾	0.38
UBS AG	Beneficial owner Interest of controlled corporations	6,209,161 16,655,109	22,864,270 ⁽⁴⁾	0.61

Notes:

- (1) The interests included aggregate interests in 10,705,101 underlying shares through its holding of certain listed physically settled derivatives (6,767,101 underlying shares), and unlisted physically settled derivatives (3,938,000 underlying shares). It also included 152,919,511 shares in the lending pool.

- (2) The interests included aggregate interests in 39,912,364 underlying shares through its holding of certain listed physically settled derivatives (39,871,450 underlying shares) and unlisted physically settled derivatives (40,914 underlying shares).
- (3) The interests included aggregate interests in 3,218,703 underlying shares through its holding of certain listed cash settled derivatives (1,330,000 underlying shares) and unlisted physically settled derivatives (1,888,703 underlying shares).
- (4) The interests included interests in 368,737 underlying shares through its holding of certain listed physically settled derivatives.
- (c) As at the Latest Practicable Date, so far as is known to the Directors and save as disclosed in this circular, the following entities, other than a Director or chief executive of the Company or a member of the Group, 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 other members of the Group:

Name of entity	Name of member of the Group	Approximate percentage of interest held
168 Finance Limited	The Automall Discovery Park Limited	49.00
Aldburg Assets Limited	Coral Business Inc.	12.50
Architectural Precast Limited (in court compulsory liquidation)	Architectural Precast GRC Limited	35.00
Asean Giant Limited	Gold Return Resources Ltd.	10.00
Asian East Worldwide Limited	Guangzhou Northring Freeway Company Limited	24.30
Beijing Zirancao Advertising Co., Ltd.	Beijing Xintong Sinologue Media & Advertising Co., Ltd.	25.00
Bioforte (Hong Kong) Environmental Engineering And Technology Company Limited	BioEnviroLink Technologies Limited	30.00
Bolo Ltd.	Bright Moon Company Limited	25.00
Changzhi City Changda Highway Development Company	Shanxi Xinda Highways Limited	40.00
Changzhi City Changda Highway Development Company	Shanxi Xinhuang Highways Limited	40.00
Ms. Cheung Sau Lin	Success Concept Investments Limited	15.00
Chow Tai Fook Enterprises Limited	Advance Planner Limited	40.00
Chow Tai Fook Enterprises Limited	Beames Holdings Limited	36.00
Chow Tai Fook Enterprises Limited	Crimson Company Limited	37.00
Chow Tai Fook Enterprises Limited	HH Holdings Corporation	12.00

Name of entity	Name of member of the Group	Approximate percentage of interest held
Dalian Commercial Network Construction and Development Company	Dalian New World Plaza International Co., Ltd.	12.00
Dr. Ren Keyong	NoveMed Group Ltd.	20.00
Ever Global Investment Limited	Autowin Limited	30.00
Fast Choice Investments Limited	Winner World Group Limited	20.00
Foshan City Gaoming District Transportation Infrastructure Co. Ltd.	Foshan Gaoming Xinming Bridge Company Limited	49.00
Fung Seng Diamond Co. Ltd.	Silver Bloom Company Limited	10.00
Fung Seng Diamond Co. Ltd.	Ultra Force Limited	20.00
Gaintek Development Limited	Better Rich Development Limited	30.00
Ginza Assets Ltd.	Rich Apple Developments Limited	49.99
Golden Sphere Investments Ltd.	New Hope Limited	15.00
Good Step Profits Limited	Well Phase International Limited	20.00
Grand Business Development Limited	北京新世界威邁特高新技術有限公司	45.00
Grand Choice Profits Limited	Gold Return Resources Ltd.	10.00
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 Wuzhou Heng Tong Development Ltd.	Wuzhou Xinwu 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 Ltd.	Guangzhou Northring Freeway Company Limited	10.41
Gujiao Highway-Bridge Development & Construction Company	Taiyuan Xinyuan Highways Limited	40.00
Hainan Zhonghong Investments Company Limited	Hunan Success New Century Investment Company Limited	10.00
Hing Pang Petroleum Chemicals (H.K.) Limited	Chengdu Xinyi Real Estate Development Co., Ltd.	20.00
Honor Fidelity Ltd.	Dominion 2000 Limited	30.00
Hotspring Ltd.	Easlin Corporation	20.00

Name of entity	Name of member of the Group	Approximate percentage of interest held
Huamei Wealth (Beijing) International Property Investment Co., Ltd.	Beijing Dongfang Huamei Real Estate Development Co., Ltd.	25.00
Huasheng Audio & Video Publishing House	Beijing Jingdun Xintong Movie and TV Culture Co., Ltd.	25.00
Infinity Regent Inc.	Milestone Overseas Limited	16.67
Info Trade Investment Limited	Teddy Bear Kingdom Holdings Limited	22.06
Intex Shanghai Company Limited	Hong Kong-Shanghai Venue Management (Zhengzhou) Limited	30.00
Ji Lee Company Limited	Hong Kong Jing-Guang Development Limited	18.00
Kawick Enterprises Ltd.	Pearls Limited	40.00
Kly (Nominees) Ltd.	Super Value Development Limited	20.00
Kly (Nominees) Ltd.	Top Flash Investments Limited	20.00
Lai Sun Development Company Limited	Easlin Corporation	20.00
Leader Civil Engineering Corporation Limited	Hip Hing — Leader JV Limited	33.33
LifeTech International Limited	New World LifeTech Limited	20.00
Longreach Shipping Limited	Mass Profits Limited	20.00
Luckstar International Ltd.	Sun King Folk Co. Limited	12.00
Lucky Flow Limited	New World ZGM Limited	15.00
Lucky Flow Limited	Keenwise Technology Limited	15.00
Magic Pioneer Limited	Two-Way Communications Limited	10.00
Melbourne Enterprises Limited	Billion Park Investment Limited	14.29
Merino Holdings Limited	New World ZGM Limited	20.00
Mr. Li Chau-Ming, Peter	Apex-Pro Systems Limited	14.90
Mr. Philip Yuen	Henry Bon Enterprises Company Limited	10.00
Ms. Carmen Leung	Henry Bon Enterprises Company Limited	10.00
Ms. Yao Baozhen	Beijing Xintong Sinologue Media & Advertising Co., Ltd.	25.10
Nanjing Port Authority	Nanjing Huining Wharfs Co., Ltd.	45.00
Nice Touch Investments Limited	New World Hotel Management (BVI) Limited	29.50
Open Door Investments Ltd.	Realistic Reward Limited	30.00
Panion Holdings Ltd.	NoveMed Group Ltd.	15.00
Polarway Investment Ltd.	Highness Land Investment Company Limited	40.00

Name of entity	Name of member of the Group	Approximate percentage of interest held
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development Limited	10.00 (<i>Note</i>)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 2 Limited	10.00 (<i>Note</i>)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 3 Limited	10.00 (<i>Note</i>)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 4 Limited	10.00 (<i>Note</i>)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 5 Limited	10.00 (<i>Note</i>)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 6 Limited	10.00 (<i>Note</i>)
Sidney Consultants Limited	auto22.com Holdings Limited	15.70
Space Enterprises Limited	Mega Choice Holdings Limited	24.25
Sparkle Spirit Limited	Milestone Overseas Limited	16.67
Stanford Ocean Limited	Two-Way Communications Limited	10.00
Stanley Enterprises Limited	Ramada Property Ltd.	25.00
Surely Limited	Mega Choice Holdings Limited	10.36
Tacko Hotel (Zhanjiang) Ltd.	New World Tacko (Xian) Limited	30.00
Taiyuan Tongtai Industry & Commerce General Company	Taiyuan Xintai Highways Limited	40.00
Tenswin Limited	Boxwin Limited	16.58
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xindi Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlong Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlu Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinming Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinqing Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinquan Expressway Co., Ltd.	33.38

Name of entity	Name of member of the Group	Approximate percentage of interest held
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsen Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinshi Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsi Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintong Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintuo Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinxiang Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinyan Expressway Co., Ltd.	33.38
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinzhan Expressway Co., Ltd.	33.38
Mr. Tsui Ka Lun	Taifook Lexton Consultants Limited	25.00
Mr. Tsui Ka Lun	Taifook Lexton Wealth Management Limited	25.00
Wah Tai Company Limited	Silver Bloom Company Limited	20.00
Weatbest Investments Limited	Right Choice International Limited	35.00
Winteam Holdings Limited	China Step Limited	30.00
Wiseful Engineering Group Limited	Kentfull Engineering Company Limited	40.00
Mr. Wong Wai Keung	Taifook Lexton Consultants Limited	15.00
Mr. Wong Wai Keung	Taifook Lexton Wealth Management Limited	15.00
Wuhan Airport Road Industrial Development Co. Ltd.	Wuhan Airport Road Development Ltd.	33.33
云南药材有限公司	云南新云三七产业有限公司	14.00
北京市萬勝全物業管理中心	Beijing Kiu Lok Property Management Services Co., Ltd.	40.00
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	10.00

Name of entity	Name of member of the Group	Approximate percentage of interest held
北京極致通達傳媒廣告有限公司	Beijing Xintong Media & Advertising Co., Ltd.	17.14
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	15.00
成都深港石化有限公司	Chengdu Xinyi Real Estate Development Co., Ltd.	20.00
佛山市祥福房地產開發有限公司	Foshan Country Club Real Estate Development Limited	10.00 (<i>Note</i>)
武漢市國營漢口魚場	Wuhan Xinhuan Development Co., Limited	30.00 (<i>Note</i>)
武漢武建鼎安安裝工程有限公司	Trihan Engineering (Wuhan) Company Limited	49.00
珠海國際經濟技術合作公司	珠海市景福工程有限公司 (In members' voluntary liquidation)	20.00
溫州港集團有限公司	Wenzhou Zhuangyuan Ao New World International Terminals Company Limited	45.00
廣州市機電安裝公司	Triguang Engineering (Guang Zhou) Company Limited	49.00
廣東番禺交通建設投資有限公司	廣州市東新高速公路有限公司	49.00

Note: refer to the profit sharing ratio as set out in the relevant co-operative joint venture contract

- (d) Save as disclosed above, so far as is known to the Directors, there was no other person who as at the Latest Practicable Date had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 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 members of the Group.

4. DIRECTORS' SERVICE CONTRACTS

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

5. 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 2008 (being the date to which the latest published audited financial statements of the Company were made up).

6. COMPETING INTEREST

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

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dato' Dr. Cheng Yu-Tung	Shun Tak Holdings Limited ("Shun Tak") group of companies	Property investment and development, ferry services and hotel related service	Director
	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Melbourne Enterprises Limited ("Melbourne") group of companies	Property investment	Director
	Lifestyle International Holdings Limited ("Lifestyle") group of companies	Department stores operations and property investment	Director
Dr. Cheng Kar-Shun, Henry	Shun Tak group of companies	Property investment and development, ferry services and hotel related services	Director
	CTF group of companies	Property investment and development, hotel operations and transport	Director
	HKR International Limited ("HKR") group of companies	Property investment and development and property management	Director
	Lifestyle group of companies	Department stores operations and property investment	Director

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Sin Wai-Kin, David	Miramar Hotel and Investment Company, Limited (“Miramar”) group of companies	Property investment and development and hotel operations	Director
Mr. Yeung Ping-Leung, Howard	Miramar group of companies	Property investment and development and hotel operations	Director
Dr. Cha Mou-Sing, Payson	HKR group of companies	Property investment and development and property management	Director and shareholder
	Hanison Construction Holdings Limited group of companies	Construction, property investment and development	Director and shareholder
Mr. Cheng Kar-Shing, Peter	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder
Mr. Chow Kwai-Cheung	Flying Dragon Properties Limited	Property investment	Director and shareholder
	Asia Leisure Development Co. Ltd.	Property development	Director
Mr. Cha Mou-Zing, Victor	HKR group of companies	Property investment and development and property management	Director and shareholder
	Hanison Construction Holdings Limited group of companies	Construction, property investment and development	Shareholder

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Mr. Ho Hau-Hay, Hamilton	CITIC Pacific Limited	Property development and investment, telecommunications and operation of power station and tunnel and financial services	Director
	Honorway Investments Limited	Property development and investment	Director and shareholder
	Tak Hung (Holding) Company Limited	Property development and investment	Director and shareholder
Mr. Lee Luen-Wai, John	Lippo Limited	Property investment, development and management	Director
	Lippo China Resources Limited	Property investment, development and management	Director
	Hongkong Chinese Limited	Property investment, development and management	Director
Mr. Liang Cheung-Biu, Thomas	Bermuda Investments Limited	Property investment	Director
	Greenwich Investors Limited	Property investment	Director
	Lambda Enterprises Limited	Property management	Director
	Miramar group of companies	Property investment and development and hotel operations	Director

Name of Director	Businesses which were considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Mr. Cheng Chi-Kong, Adrian	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Grandhope Properties Limited	Property investment	Director and shareholder
	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	International Entertainment Corporation	Hotel operations	Director

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates was considered to have interest in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

As the Board is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

7. EXPERT AND CONSENT

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

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

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

As at the Latest Practicable Date, neither Knight Frank nor CIMB-GK was beneficially interested in the share capital of any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which had since 30 June

2008 (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.

8. 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 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong.

9. 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 30th Floor, New World Tower, 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 26 of this circular;
- (ii) the letter from the CIMB-GK, the text of which is set out on pages 27 to 49 of this circular;
- (iii) the valuation report, by Knight Frank, as referred to on pages 50 to 82 of this circular;
- (iv) the written consents referred to in paragraph 7 headed "Expert and Consent" of this appendix;
- (v) the Participation Agreements; and
- (vi) the Agreement.



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of the shareholders of New World Development Company Limited (the “Company”) will be held at Meeting Room 201B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 31 December 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT,**

- (a) the sale and purchase agreement dated 3 December 2008 entered into among (i) New World China Land Limited; (ii) New World Development (China) Limited; (iii) New World China Property Limited; (iv) Mr. Doo Wai-Hoi, William; (v) Stanley Enterprises Limited; (vi) Grand China Enterprises Limited; and (vii) Golden Wealth Investment Limited (the “Agreement”) (a copy of the Agreement marked “A” has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification) relating to the acquisitions by New World China Land Limited (through its wholly-owned subsidiaries) of additional interests in Ramada Property Ltd., Faith Yard Property Limited, Fortune Star Worldwide Limited and 上海新世界淮海物業發展有限公司 (Shanghai New World Huai Hai Property Development Co., Ltd.), and the disposal by New World China Land Limited (through its wholly-owned subsidiary or itself) of interests in 上海局一房地產發展有限公司 (Shanghai Juyi Real Estate Development Co., Ltd.) and 上海新尚賢坊房地產發展有限公司 (Shanghai New World Shangxian Lane Development Ltd.), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take all steps necessary or expedient in his/her opinion to implement and/or give effect to the terms of the Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith; 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, instruments and agreements and to do all such acts or things incidental to, ancillary to or in connection with the matters contemplated under the Agreement.”

Yours faithfully

By order of the Board
Leung Chi-Kin, Stewart
Company Secretary

Hong Kong, 15 December 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 registered office of the Company at 30th Floor, New World Tower, 18 Queen's Road Central, 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 at the Meeting.
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: (a) the executive directors of the Company are Dato' Dr. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry, Dr. Sin Wai-Kin, David, Mr. Liang Chong-Hou, David, Mr. Leung Chi-Kin, Stewart and Mr. Cheng Chi-Kong, Adrian; (b) the non-executive directors of the Company are Mr. Cheng Kar-Shing, Peter, Mr. Chow Kwai-Cheung, Mr. Liang Cheung-Biu Thomas and Ms. Ki Man-Fung, Leonie; and (c) the independent non-executive directors of the Company are Mr. Yeung Ping-Leung, Howard, Dr. Cha Mou-Sing, Payson (alternate director to Dr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John.