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## IMPORTANT

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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, 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 to the purchaser or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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

This Circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of New World Development Company Limited.

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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)*

### CONNECTED TRANSACTION

**PROPOSED SHARE EXCHANGE INVOLVING NWS HOLDINGS LIMITED,  
NEW WORLD FIRST HOLDINGS LIMITED,  
CHOW TAI FOOK ENTERPRISES LIMITED  
AND MERRYHILL GROUP LIMITED**

**Financial Adviser to New World Development Company Limited**

**HSBC**

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

**COMMERZBANK**

**Commerzbank AG Hong Kong Branch**

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A letter from the Board is set out on pages 5 to 11 of this Circular and a letter from the Independent Board Committee is set out on page 12 of this Circular. In addition, a letter from Commerzbank, the independent financial adviser to the Independent Board Committee, containing its advice to the Independent Board Committee is set out on pages 13 to 20 of this Circular.

A notice convening the Extraordinary General Meeting of New World Development Company Limited to be held at Room 301B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 8 January 2004 at 11:30 a.m. is set out on page 21 of this Circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the registered office of New World Development Company Limited at 30/F., 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 Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof should you so wish.

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## DEFINITIONS

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

“American Appraisal”	American Appraisal China Limited, an independent professional valuer
“associates”	as defined in the Listing Rules
“Board”	the board of directors of the Company
“Chief Executive”	as defined in the Listing Rules
“Citybus”	Citybus Limited, a company incorporated in Hong Kong with limited liability
“Citybus Group”	Citybus and its subsidiaries
“Commerzbank”	Commerzbank AG through its Hong Kong Branch, the independent financial adviser to the Independent Board Committee in relation to the Proposed Share Exchange
“Company” or “NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Share Exchange Agreement
“CTF”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability which, as at the Latest Practicable Date, held approximately 35% of the total issued share capital of NWD and approximately 3% of the total issued share capital of NWSH
“Directors”	directors of the Company
“EGL”	Enrich Group Limited, a company incorporated in the British Virgin Islands with limited liability, being an indirect wholly-owned subsidiary of CTF
“Experts”	Commerzbank and American Appraisal
“Extraordinary General Meeting”	the extraordinary general meeting of the NWD Shareholders to be held on Thursday, 8 January 2004 at Room 301B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong, notice of which is set out on page 21 of this Circular
“First Action”	First Action Developments Limited, a company incorporated in the British Virgin Islands with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of PRC

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the board of directors of NWD formed by Messrs. Yeung Ping-Leung, Howard and Cha Mou-Zing, Victor, two independent non-executive directors of NWD for the purpose of considering and advising the Independent NWD Shareholders in respect of the Proposed Share Exchange
“Independent NWD Shareholders”	NWD Shareholders other than CTF and its associates
“KCB”	Kwoon Chung Bus Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Latest Practicable Date”	18 December 2003, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining information contained in this Circular
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of PRC
“Merryhill”	Merryhill Group Limited, a company incorporated in the British Virgin Islands with limited liability which currently is an indirect wholly-owned subsidiary of CTF and upon Completion will become 50% held by each of CTF and NWSH (indirectly through EGL and NWSSM respectively)
“Merryhill Group”	Merryhill and its subsidiaries
“Merryhill Shareholder Loans”	the aggregate amount of inter-company shareholder loans owed by members of the Merryhill Group to CTF and/or its subsidiaries (other than the Merryhill Group)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies
“Net Debt”	in respect of the Merryhill Group or the NWFH Group (as the case may be), that group’s: (a) aggregate external indebtedness; plus (b) aggregate shareholder loans and advances owed to CTF and/or its subsidiaries, other than the Merryhill Group (in the case of the Merryhill Group) or the NWSH Group (in the case of NWFH Group), less (c) cash at bank and in hand, in each case at a specific date
“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, being a subsidiary of the Company
“NWD Group”	NWD and its subsidiaries
“NWD Shareholders”	the holders of the shares of HK\$1 each in the issued share capital of the Company

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## DEFINITIONS

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“NWFB”	New World First Bus Services Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of NWFH
“NWFF”	New World First Ferry Services Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of NWFH
“NWFF(M)”	New World First Ferry Services (Macau) Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of NWFH
“NWFH”	New World First Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being an indirect wholly-owned subsidiary of NWSH
“NWFH Group”	NWFH and its subsidiaries
“NWFH Shareholder Loans”	the aggregate amount of inter-company shareholder loans and other advances owed by members of the NWFH Group to the NWSH Group prior to Completion
“NWSH”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, being a subsidiary of the Company
“NWSH Circular”	the circular (including the appendices thereto) dated 23 December 2003 issued by NWSH in respect of the Proposed Share Exchange, a copy of which is reproduced in Appendix II to this Circular
“NWSH Group”	NWSH and its subsidiaries, excluding the NWFH Group
“NWSSM”	NWS Service Management Limited, a company incorporated in the British Virgin Islands with limited liability, being an indirect wholly-owned subsidiary of NWSH
“NWTMT”	New World TMT Limited (formerly known as New World Infrastructure 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, being a subsidiary of the Company
“PRC”	The People’s Republic of China, excluding Hong Kong and Macau
“Proposed Share Exchange”	as defined in Section 1 of the “Letter from the Board” contained in this Circular
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Exchange Agreement”	the conditional Share Exchange Agreement entered into among CTF, NWSH and Merryhill on 8 December 2003

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## DEFINITIONS

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“Share Exchange Conditions”	the conditions precedent to the completion of the Share Exchange Agreement as set out in Section 5 of the “Letter from the Board” of the NWSH Circular
“Shareholders Agreement”	the Shareholders Agreement to be entered into among CTF, EGL, NWSH and NWSSM upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## LETTER FROM THE BOARD

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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)

**Directors:**

*Executive Directors:*

Dato' Dr. CHENG Yu-Tung (*Chairman*)

Dr. CHENG Kar-Shun, Henry (*Managing Director*)

Dr. SIN Wai-Kin, David

LIANG Chong-Hou, David

**Registered Office:**

30th Floor

New World Tower

18 Queen's Road Central

Hong Kong

*Non-Executive Directors:*

The Honourable LEE Quo-Wei\*

Lord SANDBERG, Michael\*

Dr. HO Tim\*

CHENG Yue-Pui

YEUNG Ping-Leung, Howard\*

Dr. CHA Mou-Sing, Payson\*

CHENG Kar-Shing, Peter

LEUNG Chi-Kin, Stewart

CHAN Kam-Ling

CHOW Kwai-Cheung

CHA Mou-Zing, Victor

(*Alternate Director to Dr. CHA Mou-Sing, Payson*)

\* *Independent Non-Executive Directors*

23 December 2003

*To the NWD Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
PROPOSED SHARE EXCHANGE INVOLVING NWS HOLDINGS LIMITED,  
NEW WORLD FIRST HOLDINGS LIMITED,  
CHOW TAI FOOK ENTERPRISES LIMITED  
AND MERRYHILL GROUP LIMITED**

**1. INTRODUCTION**

On 8 December 2003, the Board together with the board of directors of NWSH jointly announced that CTF, NWSH and Merryhill entered into the Share Exchange Agreement in connection with a proposed share exchange which, if completed, will place the respective transport and related businesses of CTF and NWSH under Merryhill (the "**Proposed Share Exchange**").

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## LETTER FROM THE BOARD

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As at the date of this Circular, Merryhill is an indirect wholly-owned subsidiary of CTF which holds, among other investments, the Citybus Group. The Proposed Share Exchange involves, inter alia, a transfer of NWSH's entire shareholding in NWFH into Merryhill so that, upon and following Completion, each of CTF and NWSH will own 50% of the total issued share capital of Merryhill.

### **The Share Exchange Agreement**

As at 31 October 2003, the equity value (i.e. business enterprise value less Net Debt position) of the Merryhill Group was higher than that of the NWFH Group. At Completion, the following arrangements will take place, pursuant to the Share Exchange Agreement, to put in place the 50:50 shareholding structure and to make up the difference in the equity values between the Merryhill Group and the NWFH Group:

- (a) Merryhill will declare and pay a dividend in cash to EGL;
- (b) NWFH will issue certain new NWFH shares to NWSH for the purpose of capitalising a portion of the NWFH Shareholder Loans;
- (c) NWSH will procure the transfer of its entire shareholding in NWFH (including those new NWFH shares issued to NWSH as a result of the above-mentioned capitalisation of the NWFH Shareholder Loans) as well as the assignment, on a dollar-for-dollar basis, of the uncapped portion of the NWFH Shareholder Loans to Merryhill; in consideration of such transfers and assignment, NWSH will receive newly-issued shares in Merryhill as well as a cash payment to be made by Merryhill to it; and
- (d) Merryhill will repay a part of the Merryhill Shareholder Loans and issue new shares to CTF for the purpose of capitalising the remaining Merryhill Shareholder Loans.

Completion is subject to satisfaction or waiver of the Share Exchange Conditions. The above-mentioned arrangements have been established as a result of arm's length negotiations between CTF and NWSH with reference to independent valuations of the business enterprises of the Merryhill Group and the NWFH Group respectively carried out by American Appraisal. Such valuations were performed using a combination of the discounted cash-flow method and the capitalisation of stabilised earnings method (commonly known as the income approach) and the direct market capitalisation method (commonly known as the market approach).

Upon Completion, CTF and NWSH (together with EGL and NWSSM) will enter into the Shareholders Agreement.

### **The Shareholders Agreement**

The principal business of the Merryhill Group will be the carrying on of transport and related businesses in Hong Kong, Macau and/or PRC. The Shareholders Agreement contains provisions relating to the respective rights and obligations of the parties towards the management of the business and the affairs of the Merryhill Group after Completion, such as the respective shareholders' right to appoint the same number of directors of Merryhill and, to the extent practicable, its subsidiaries and associated companies. The Shareholders Agreement also sets out certain matters fundamental to the management of the business and the affairs of the Merryhill Group which will require the unanimous consent of the shareholders.

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## LETTER FROM THE BOARD

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Pursuant to the terms of the Shareholders Agreement, CTF will give certain covenants to NWSH such that, among other things and subject to the first rights of refusal mentioned below and certain exceptions set out in the Shareholders Agreement, CTF shall not and shall procure that its subsidiaries and associated companies shall not in any relevant capacity directly or indirectly carry on any business which is in competition with any transport and related businesses of the Merryhill Group during the term of the Shareholders Agreement in Hong Kong, Macau and PRC.

Pursuant to the terms of the Shareholders Agreement, CTF will grant and undertake to procure each of its subsidiaries and associated companies to grant to Merryhill a right of first refusal to pursue any business opportunity which falls within the business scope of Merryhill. If: (i) CTF has notified NWSH and Merryhill of the existence of such an opportunity; and (ii) NWSH is unwilling for Merryhill to pursue that opportunity or Merryhill has decided not to pursue that opportunity, then CTF may pursue that opportunity on its own, subject to the terms on which the opportunity is accepted being no more favourable terms than those offered to Merryhill.

CTF will also grant and undertake to procure each of its subsidiaries and associated companies to grant to members of the Merryhill Group a right of first refusal to lease the ferry vessels owned by CTF or any of its subsidiaries or associated companies upon no less favourable terms than those offered to any third party.

Under the Shareholders Agreement, each of CTF and NWSH will undertake to procure Merryhill to, in relation to all of the Merryhill Group's requirements in Hong Kong, Macau and PRC for the provision of those services which the NWSH Group provides, engage members of the NWSH Group for the provision of such services for a period of 15 years from the date of the Shareholders Agreement.

### **Connected transaction**

As at the Latest Practicable Date, CTF held approximately 35% of the total issued share capital of NWD which, in turn, held approximately 54% of the total issued share capital of NWSH. CTF also directly held approximately 3% of the total issued share capital of NWSH. Since CTF is a substantial shareholder of NWD and hence a connected person of NWD under the Listing Rules, the Proposed Share Exchange constitutes a connected transaction for NWD under the Listing Rules and therefore requires the approval of the Independent NWD Shareholders at the Extraordinary General Meeting.

The Independent Board Committee, which consists of Messrs. Yeung Ping Leung, Howard and Cha Mou Zing, Victor, has been formed to consider the Proposed Share Exchange. An independent financial adviser, Commerzbank, has been appointed to advise the Independent Board Committee regarding the same.

The purpose of this letter and other sections of this Circular of which this letter forms part is to provide you with information relating to the details of the Proposed Share Exchange and to set out the recommendation from the Independent Board Committee as well as the advice from Commerzbank.

Terms defined in this Circular have the same meanings when used in this letter.

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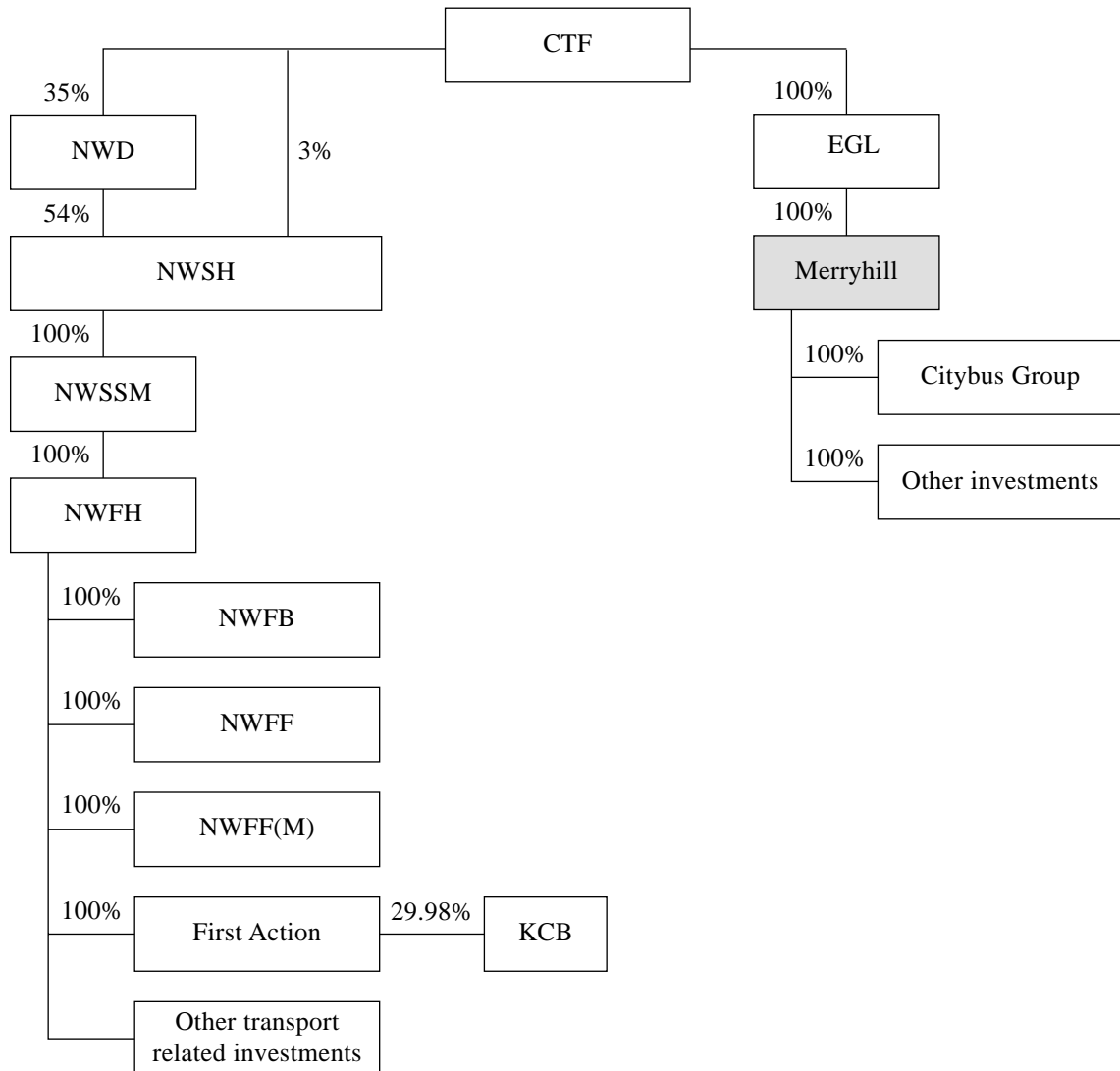
## LETTER FROM THE BOARD

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### 2. CORPORATE AND SHAREHOLDING STRUCTURES

The simplified corporate and shareholding structures of the NWSH Group, the NWFH Group and the Merryhill Group before and after Completion are illustrated by the following diagrams:

#### Before Completion

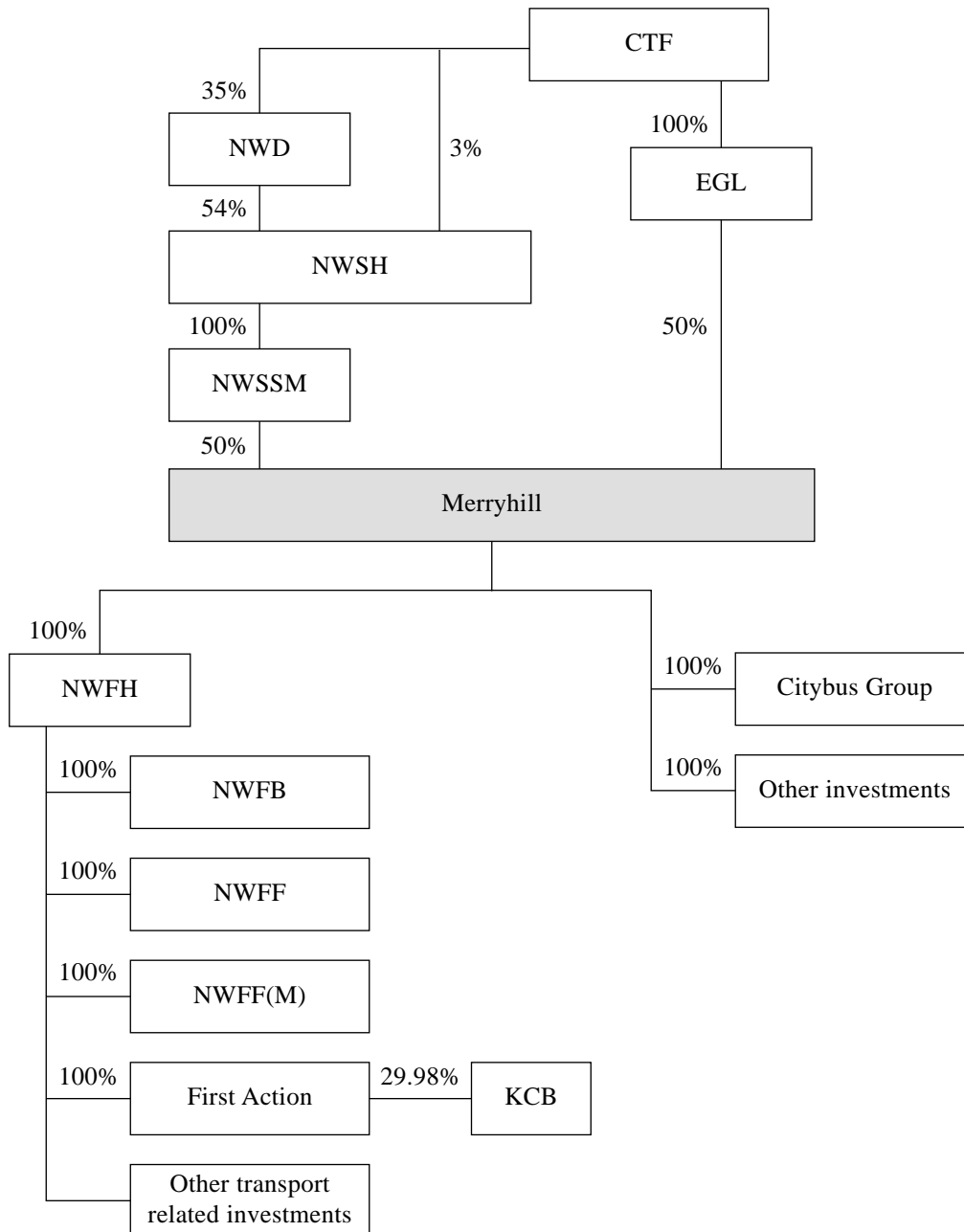


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## LETTER FROM THE BOARD

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### After Completion



### 3. INFORMATION REGARDING THE RELEVANT GROUPS

#### The NWD Group

The NWD Group is principally engaged in property development, property investments, hotel and infrastructure investments, services and telecommunications and technology business, primarily in Hong Kong and PRC. NWD is the ultimate holding company of, among others, the NWSH Group and NWFH Group.

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## LETTER FROM THE BOARD

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### **The NWSH Group**

The NWSH Group's principal businesses include: (i) facilities, contracting, financial and environmental services businesses as well as transport and related businesses (operated through the NWFH Group); (ii) the development, investment, operation and/or management of and in toll roads, expressways, bridges and tunnel, power plants, water treatment and waste management plants; and (iii) the development, investment, operation and management of container handling, logistics and warehousing businesses.

### **The NWFH Group**

NWFH holds the entire issued share capital of (among other companies) NWFB, NWFF, NWFF(M) and First Action. NWFB operates public bus services in Hong Kong, NWFF operates public ferry services in Hong Kong, NWFF(M) operates public ferry services between Hong Kong and Macau and First Action holds approximately 29.98% of the total issued share capital of KCB, which is principally engaged in the provision of non-franchised bus services in Hong Kong as well as franchised bus services on Lantau Island.

### **The Merryhill Group**

Merryhill holds the Citybus Group. Citybus, the principal member of the Citybus Group, operates public and private bus services in Hong Kong.

## **4. REASONS FOR, AND BENEFITS OF, THE PROPOSED SHARE EXCHANGE**

NWD and NWSH envisage that Merryhill will become a comprehensive transport services provider which encompasses the existing transport and related businesses of NWSH and CTF respectively, including local franchised and non-franchised bus services, inner and outer harbour and Hong Kong-Macau ferry services, local sightseeing ferry services, bus services in PRC and other transport-related businesses.

NWD and NWSH believe that the establishment of Merryhill in the transport and related businesses, including the relevant bus operations, will result in improved operational efficiency through realignment of management resources, better deployment of resources and enhancement in the overall quality of services provided to customers. After Completion, both Citybus and NWFB will become member companies of the Merryhill Group, but they will continue to operate under their respective franchises and route networks. NWD and NWSH believe that the synergistic benefits arising from the above will enhance shareholders' value ultimately.

The covenants not to compete and the first rights of refusal given by CTF under the Shareholders Agreement will result in a better alignment of the interests of the NWD Shareholders and the shareholders of NWSH.

As a result of the Proposed Share Exchange, the Net Debt position of the NWD Group will be reduced by approximately HK\$1,500 million and the gearing of the NWD Group will also be reduced accordingly.

## **5. INDEPENDENT SHAREHOLDERS' APPROVAL**

As CTF is a substantial shareholder and hence a connected person of the Company under the Listing Rules, the Proposed Share Exchange constitutes a connected transaction for the Company under the Listing Rules and therefore requires the approval of the Independent NWD Shareholders at the Extraordinary General Meeting. Given the interests held by CTF in the Company and CTF's involvement in the Proposed Share Exchange, CTF and its associates will abstain from voting on the ordinary resolution set out in the notice of the Extraordinary General Meeting.

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## LETTER FROM THE BOARD

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The Independent Board Committee has been formed to consider the Proposed Share Exchange. An independent financial adviser, Commerzbank, has been appointed to advise the Independent Board Committee regarding the Proposed Share Exchange.

### 6. EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at Room 301B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 8 January 2004 at 11:30 a.m. is set out on page 21 of this Circular. At the Extraordinary General Meeting, an ordinary resolution will be proposed to approve the Proposed Share Exchange.

A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to 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 no less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof should you so desire.

### 7. RECOMMENDATION

The text of a letter to the Independent NWD Shareholders from the Independent Board Committee containing its recommendation is set out on page 12 of this Circular.

Having considered the advice from Commerzbank in relation to the Proposed Share Exchange which is set out on pages 13 to 20 of this Circular, the Independent Board Committee is of the opinion that the terms and conditions of the Proposed Share Exchange are fair and reasonable so far as the Independent NWD Shareholders are concerned. The Independent Board Committee therefore recommends the Independent NWD Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting.

### 8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the following sections of this Circular:

- (a) letter from the Independent Board Committee;
- (b) letter from Commerzbank;
- (c) general information on the Company set out in Appendix I to this Circular; and
- (d) the NWSH Circular set out in Appendix II to this Circular, which sets out further details of the Proposed Share Exchange (including, without limitation, the valuation of the NWFH Group and the Merryhill Group set out in Appendix I to the NWSH Circular).

The above documents are deemed to form part of this Circular.

Yours faithfully,  
By Order of the Board of  
**New World Development Company Limited**  
**Dr. Cheng Kar Shun, Henry**  
*Managing Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)*

23 December 2003

*To the Independent NWD Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION**  
**PROPOSED SHARE EXCHANGE INVOLVING NWS HOLDINGS LIMITED,**  
**NEW WORLD FIRST HOLDINGS LIMITED,**  
**CHOW TAI FOOK ENTERPRISES LIMITED**  
**AND MERRYHILL GROUP LIMITED**

**INTRODUCTION**

We refer to the circular dated 23 December 2003 issued by New World Development Company Limited (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter.

We, being the independent non-executive Directors of the Company constituting the Independent Board Committee, write to you to set out our recommendation in respect of the Proposed Share Exchange. The Independent Board Committee has been set up to advise you, as an Independent NWD Shareholder, whether in its view the terms and conditions of the Proposed Share Exchange are fair and reasonable so far as the Independent NWD Shareholders are concerned. Commerzbank has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Proposed Share Exchange.

You are strongly urged to read Commerzbank’s letter to the Independent Board Committee, which is set out on pages 13 to 20 of the Circular. We have considered the terms and conditions of the Proposed Share Exchange and other principal factors contained in the “Letter from the Board” set out on pages 5 to 11 of the Circular. We have also discussed with Commerzbank the basis upon which its advice has been given to the Independent Board Committee.

**RECOMMENDATION**

Taking into account the advice of Commerzbank, the Independent Board Committee considers that the terms and conditions of the Proposed Share Exchange are fair and reasonable so far as the Independent NWD Shareholders are concerned.

The Independent Board Committee therefore recommends the Independent NWD Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting.

Yours faithfully,  
The Independent Board Committee  
**Yeung Ping-Leung, Howard**  
**Cha Mou-Zing, Victor**  
*Independent non-executive Directors of*  
*New World Development Company Limited*

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## LETTER FROM COMMERZBANK

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*The following is the text of a letter prepared for the purpose of inclusion in this Circular, received from Commerzbank, the independent financial adviser to the Independent Board Committee.*

**COMMERZBANK** 

(Public Limited Company Incorporated in the Federal Republic of Germany)

**HONG KONG BRANCH**

G.P.O. BOX 11378  
HONG KONG

21/F, The Hong Kong Club Building  
3A Chater Road, Central

telephone	28429666
telex	66 400 cbk hk hx
fax	28681414
swift	COBAHK 33XXX

23 December 2003

To the Independent Board Committee  
New World Development Company Limited  
30/F, New World Tower  
18 Queen's Road Central  
HONG KONG

Dear Sir or Madam

### PROPOSED SHARE EXCHANGE

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Proposed Share Exchange. Details of the Proposed Share Exchange, amongst other things, are set out in the circular dated 23 December 2003 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 8 December 2003, the board of directors of NWD announced that NWSH, CTF and Merryhill entered into the Share Exchange Agreement in connection with the Proposed Share Exchange which, if completed, will place the respective transport and related businesses of NWSH and CTF under Merryhill.

Reference shall also be made to the joint announcements of NWD and NWSH dated 9 June and 8 December 2003 respectively.

The Proposed Share Exchange constitutes a connected transaction for NWD under the Listing Rules and requires the approval of the independent shareholders of NWD at a general meeting. Given CTF's involvement in the Proposed Share Exchange, CTF and its associates will not vote on the resolutions approving the Proposed Share Exchange.

Our role as the independent financial adviser to the Independent Board Committee is to give our opinion as to whether the terms of the Proposed Share Exchange are fair and reasonable so far as NWD and the independent shareholders of NWD are concerned.

In formulating our recommendation, we have relied on the information and facts supplied to us by NWD. We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate and we have relied on the same. Also, we have also relied on the representations of NWD that having made all due enquiries and careful decisions, and to the best of its knowledge and belief, there is no other fact or representation or the omission of which would make any

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## LETTER FROM COMMERZBANK

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statement contained in the Circular, including this letter, misleading. We have also assumed that all information and statements and representations made or referred to in the Circular, which have been provided to us by NWD, and for which it is wholly responsible, are true, complete and accurate at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the terms of the Proposed Share Exchange and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by NWD, nor have we conducted any independent in-depth investigation into the business and affairs of the NWD Group.

### **PROPOSED SHARE EXCHANGE**

In assessing the Proposed Share Exchange and giving our independent financial advice to the Independent Board Committee, we have taken into account the following principal factors:

#### **Reasons for and benefits of the Proposed Share Exchange**

NWD envisages that Merryhill will become a comprehensive transport services provider which encompasses the existing transport and related businesses of NWSH and CTF respectively, including local franchised and non-franchised bus services, inner and outer harbour and Hong Kong-Macau ferry services, local sightseeing ferry services, bus services in the PRC and other transport and related businesses.

NWD believes that the establishment of Merryhill in the transport and related businesses, including the relevant bus operations, will result in improved operational efficiency through realignment of management resources, better deployment of resources and enhancement in the overall quality of services provided to customers. After Completion, both Citybus and NWFB will become member companies of the Merryhill Group, but they will continue to operate under their respective franchises and route networks. NWD believes that the synergistic benefits will enhance shareholders' value ultimately.

In assessing the reasons and benefits of the Proposed Share Exchange, we have taken into account NWD's view that the covenants not to compete and the first rights of refusal given by CTF under the Shareholders Agreement will result in a better alignment of the interests of the shareholders of NWD.

Also, through discussions with NWD and our analysis of market information and research reports, we are of the view that the Proposed Share Exchange is in the best interests of NWD and its shareholders and is fair and reasonable in so far as NWD and its independent shareholders are concerned. We concur with the view of the board of directors of NWD that the Proposed Share Exchange will enable Merryhill to broaden and deepen the base of its business scope by placing the respective transport and related businesses of NWSH and CTF under Merryhill. EGL and NWSSM are indirect wholly-owned subsidiaries of CTF and NWSH respectively. We have also taken into account that the Shareholders Agreement between CTF, EGL, NWSH and NWSSM will contain provisions relating to the respective rights and obligations of the parties towards the management of the business and the affairs of the Merryhill Group after Completion, including (i) each of EGL and NWSSM will be entitled to appoint the same number of directors of Merryhill and, to the extent practicable, EGL and NWSSM will be equally represented at respective board levels of Merryhill's subsidiaries and associated companies; (ii) no board resolution of Merryhill or its wholly-owned subsidiaries may be passed unless at least one representative from EGL and one representative from NWSSM vote in favour of it; and (iii) certain matters which are fundamental to the business and the affairs of the Merryhill Group will require the unanimous consent of the shareholders. After Completion, each of

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CTF and NWSH will hold 50% of the total issued share capital of Merryhill, which will become a jointly controlled entity of each of CTF and NWSH. On this joint control basis, NWSH will retain significant influence on the business operation of Merryhill. Also, we are of the view that the amalgamation of the management expertise from the Merryhill Group and the NWFH Group could maximise the prospects of forming strategies to capture better commercial opportunities in the transport and related businesses for Merryhill. With such increased scale of business and amalgamation of management expertise, we consider that Merryhill will be able to increase value and improve its market position in the public transportation sector in Hong Kong, Macau and the PRC after Completion through operational synergies and better deployment of resources. This may increase the competitiveness of Merryhill in comparison with the Merryhill Group and the NWFH Group as two separate standalone business units. We are of the view that these may therefore in turn be translated into the ability of Merryhill to improve operational and economic returns for NWD and enhance its shareholders value ultimately.

### Consideration

As at 31 October 2003:

- the business enterprise values of the Merryhill Group and the NWFH Group were approximately HK\$2,451.6 million and HK\$2,091.2 million respectively according to the independent valuations carried out by American Appraisal;
- the amount of the Merryhill Shareholder Loans and the NWFH Shareholder Loans were approximately HK\$518.6 million and HK\$1,342.0 million;
- the Net Debt positions of the Merryhill Group and the NWFH Group were approximately HK\$2,144.8 million and HK\$1,989.5 million respectively; and
- the equity values (i.e. business enterprise value less Net Debt position) of the Merryhill Group and the NWFH Group were approximately HK\$306.8 million and HK\$101.7 million respectively and the difference between the two equity values was approximately HK\$205.1 million (i.e. the Equity Value Difference).

CTF and NWSH have agreed that upon and after Completion, each of CTF and NWSH shall own 50% of the total issued share capital of Merryhill. In this connection, the following steps will be undertaken at Completion (in the order stated) to achieve the 50:50 shareholding structure:

1. Merryhill shall declare and pay a dividend in cash in the amount of the lesser of: (a) HK\$102.6 million (being 50% of the Equity Value Difference as at 31 October 2003); and (b) the full amount of the distributable reserves of Merryhill as at Completion to EGL to reduce the equity value of the Merryhill Group;
2. the shortfall between the amount of the said dividend and the Equity Value Difference (i.e. the Equity Value Shortfall) shall be made up by NWSH in capitalising a portion of the NWFH Shareholder Loans to increase the equity value of the NWFH Group such that the resultant equity value of the NWFH Group shall be equal to the equity value of the Merryhill Group (which has been reduced as a result of the dividend declaration and payment referred to in step (1) above); the actual amount of NWFH Shareholder Loans capitalised in this step will depend on the actual amount of the dividend declared and paid in step (1) above;

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3. NWSH shall procure the transfer of the entire issued share capital of NWFH, including the new NWFH shares allotted and issued to NWSH pursuant to step (2) above, to Merryhill and assign the uncapped portion of the NWFH Shareholder Loans to Merryhill;
4. the consideration for the transfer and assignment mentioned in step (3) above shall be satisfied by:
  - (i) Merryhill issuing and allotting certain new Merryhill shares as consideration for the entire issued share capital of NWFH as well as the capitalised portion of the NWFH Shareholder Loans at face value; and
  - (ii) Merryhill paying, on a dollar-for-dollar basis, an amount in cash as consideration for the uncapped portion of the NWFH Shareholder Loans at face value, andin each case to NWSH or its nominee(s); and
5. Merryhill shall repay a part of the Merryhill Shareholder Loans to CTF and issue and allot certain new Merryhill shares to CTF for the purpose of capitalising the remaining Merryhill Shareholder Loans.

Upon Completion, each of CTF and NWSH will hold 50% of the total issued share capital of Merryhill.

To assess whether the Proposed Share Exchange is fair and reasonable to and in the interests of NWD and its shareholders, we have reviewed and considered the basis adopted in determining the consideration of the Proposed Share Exchange including the Equity Value Difference, the Equity Value Shortfall and the shareholder loan repayment and capitalisation arrangements. We have also reviewed and considered other valuation methodologies to determine whether the independent valuations of the business enterprise values of the Merryhill Group and the NWFH Group are at market value.

(i) *Basis of consideration:*

Based on discussions with the board of directors of NWD, we are of the view that the basis adopted in determining the consideration of the Proposed Share Exchange including the Equity Value Difference, the Equity Value Shortfall and the shareholder loan repayment and capitalisation arrangements have been determined as a result of arm's length negotiations between CTF and NWSH with reference to an independent valuation of each of the Merryhill Group and the NWFH Group prepared by American Appraisal and the Net Debt positions of the Merryhill Group and the NWFH Group respectively.

Based on the independent valuation of American Appraisal, adding up the valuations of the respective major operating entities within the Merryhill Group and the NWSH Group, the business enterprise value of the Merryhill Group and the NWSH Group were determined to be approximately HK\$2,451.6 million and HK\$2,091.2 million respectively. Such valuations were performed using the discounted cash-flow method, capitalisation of stabilised earnings method and direct market capitalisation method. We have discussed with American Appraisal the basis of the methodologies, discount rates and assumptions supporting the independent valuation of American Appraisal, and considered that the methodologies, discount rates and assumptions used are in line with general market practice with reference to relevant industry reports and research reports and are of the view that the basis adopted is fair and reasonable. Also, the Net Debt positions of the Merryhill Group and the NWFH Group as at 31 October 2003 were approximately HK\$2,144.8 million and HK\$1,989.5 million

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respectively. Having taken into account the Net Debt positions of the Merryhill Group and the NWFH Group as at 31 October 2003 as well as the commercial terms and conditions of the Share Exchange Agreement as outlined above amongst CTF, NWSH and Merryhill, we consider that the basis of consideration adopted for the transfer of the entire issued capital of NWFH to Merryhill under the Proposed Share Exchange is fair and reasonable. We also consider that it is fair and reasonable and is on normal commercial terms to repay and/or capitalise the Merryhill Shareholder Loans as well as to assign and/or capitalise the NWFH Shareholder Loans under the Proposed Share Exchange based on their respective face value of approximately HK\$518.6 million and HK\$1,342.0 million as at 31 October 2003. Overall, we are of the view that the basis adopted in determining the consideration of the Proposed Share Exchange is fair and reasonable.

(ii) *Other valuation methodologies:*

Using other valuation methodologies, the business enterprise value of the Merryhill Group of approximately HK\$2,451.6 million represents an implied enterprise value (“EV”)/EBITDA multiple (being the business enterprise value of the Merryhill Group as at 31 October 2003 of approximately HK\$2,451.6 million divided by the EBITDA for the year ended 30 April 2003 of the Merryhill Group) of approximately 5.8 times.

Using other valuation methodologies, the business enterprise value of the NWFH Group of approximately HK\$2,091.2 million represents an implied enterprise value (“EV”)/EBITDA multiple (being the business enterprise value of the NWFH Group as at 31 October 2003 of approximately HK\$2,091.2 million divided by the EBITDA for the year ended 30 June 2003 of the NWFH Group) of approximately 5.8 times.

We are of the view that the EV/EBITDA multiple is a commonly used valuation benchmark for transport and related companies. In particular, we consider that the use of EV/EBITDA multiple as a valuation benchmark is more appropriate in comparison with other valuation multiples for the Proposed Share Exchange since it is less distorted by the differences in the capital structures of companies.

Based on our review of comparable listed companies, we have identified Kowloon Motor Bus Holdings Limited, which is also listed on the Stock Exchange, to be the most comparable to Merryhill. The EV/EBITDA of Kowloon Motor Bus Holdings Limited (calculated with reference to its market capitalisation as of 18 December 2003 and its financial position as indicated in the audited financial statements for the year ended 31 December 2002) is approximately 8.3 times. For references, we have considered some other comparable transportation services companies listed in other jurisdictions. We are of the view that the implied EV/EBITDA multiple for the business enterprise values of the Merryhill Group and the NWFH Group are in line with the relevant multiples of Kowloon Motor Bus Holdings Limited and the other comparable listed transportation services companies, after taking into consideration the scale of operation and the lack of marketability of the shares of the Merryhill Group and the NWFH Group, which are not listed on any of the stock exchanges. We are of the view that the determination of the consideration under the Proposed Share Exchange with reference to independent valuations of the Merryhill Group and the NWFH Group of approximately HK\$2,451.6 million and HK\$2,091.2 million is fair and reasonable, in the interests of NWSH and its shareholders as a whole, and is on normal commercial terms.

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### Other Material Terms

As noted in the Circular, the Shareholders Agreement to be entered into between CTF, EGL, NWSH and NWSSM at Completion in respect of the Proposed Share Exchange will contain various material terms, including but not limited to covenants not to compete, rights of first refusal and engagement undertaking, as follows:

(i) *Covenants not to compete*

Pursuant to the terms of the Shareholders Agreement, CTF will give certain covenants to NWSH such that, among other things and subject to certain exceptions set out in the Shareholders Agreement, CTF shall not and shall procure that its subsidiaries and associates shall not in any relevant capacity directly or indirectly carry on any business which is in competition with any transport and related businesses of the Merryhill Group during the term of the Shareholders Agreement in Hong Kong, Macau and the PRC and directly or indirectly seek to compete with any transport and related businesses of the Merryhill Group in Hong Kong, Macau and the PRC, procure orders from or do business with any person who is or has been a customer of a member of the Merryhill Group at any time during the term of the Shareholders Agreement. Such covenants not to compete shall not apply: (i) at the expiry of one calendar year after the date on which CTF's direct and indirect shareholding in the total issued share capital of Merryhill has fallen below 10% only for so long as CTF's shareholding in Merryhill has remained below 10% at all times thereafter; or (ii) if CTF complies in full with its obligations relating to the first right of refusal granted to Merryhill to pursue any business opportunity; or (iii) insofar as it relates to the ownership of ferry vessels by CTF for leasing purposes provided that CTF complies in full with its obligations relating to the first right of refusal granted to the Merryhill Group in respect of leasing of ferry vessels to the Merryhill Group.

(ii) *Rights of first refusal*

Pursuant to the terms of the Shareholders Agreement, CTF will grant and undertake to procure each of its subsidiaries and associated companies to grant to Merryhill a right of first refusal to pursue any business opportunity which falls within the business scope of Merryhill. If: (i) CTF has notified NWSH and Merryhill of the existence of such an opportunity; and (ii) NWSH is unwilling for Merryhill to pursue that opportunity or Merryhill has decided not to pursue that opportunity, then CTF may pursue that opportunity on its own, subject to the terms on which the opportunity is accepted being no more favourable than those offered to Merryhill. CTF will also grant and undertake to procure each of its subsidiaries and associated companies to grant to members of the Merryhill Group a right of first refusal to lease the ferry vessels owned by CTF or any of its subsidiaries or associated companies on no less favourable terms than those offered to any third party.

(iii) *Engagement undertaking*

Under the Shareholders Agreement, each of CTF and NWSH undertakes to procure Merryhill and its subsidiaries to, in relation to all of the Merryhill Group's requirements in Hong Kong, Macau and the PRC for the provision of the various services which the NWSH Group provides, engage members of the NWSH Group for the provision of such services for a period of 15 years from the date of the Shareholders Agreement. The parties agree that the prices payable to the NWSH Group and the other terms for the provision of the relevant services shall be negotiated on an arm's length basis and on normal commercial terms and otherwise in accordance with the terms of the applicable waiver(s) or exemption(s) (including any specific waivers) from compliance with the disclosure and/or shareholders' approval requirement(s) under the relevant connected transaction rules granted by the Stock Exchange from time to time.

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We consider that these terms of the Shareholders Agreement provide commercial benefits to Merryhill as well as NWSH. In particular, such benefits will increase the competitiveness of Merryhill in the transport and related businesses which in turn enhances the value and returns to be derived by NWD from Merryhill as an investment under the NWSH Group.

We note that Merryhill (possibly together with certain other members of the Merryhill Group) will obtain a refinancing facility which is capable of being drawn down upon Completion. The above mentioned refinancing facility is expected to be without recourse to CTF or NWSH.

### **Financial Impacts**

Based on information available from NWD, we have assessed the financial impacts of the Proposed Share Exchange on NWD based on the audited consolidated financial statements of NWD for the year ended 30 June 2003 taking into account the Completion of the Proposed Share Exchange on an unaudited pro forma basis.

#### *Earnings:*

Overall, we consider that the financial impact of the Proposed Share Exchange is positive. Taking into account: (a) the net profit after tax of the NWFH Group for the financial year ended 30 June 2003 (according to NWFH's audited financial statements for the same financial year); (b) First Action's share of the net profit after tax and minority interests of KCB for the financial year ended 31 March 2003 (according to KCB's audited financial statements for the same financial year); (c) the net profit after tax of the post-Completion Merryhill Group based on the Merryhill Group's unaudited pro forma combined financial statements; and (d) the estimated amount of amortisation of the goodwill arising from NWSH's acquisition of 50% of Merryhill, NWSH's profit attributable to shareholders, on an annualised basis, is estimated to increase, as a result of the Proposed Share Exchange, by approximately HK\$0.09 billion, representing an approximately 7% increase in the profit attributable to NWSH shareholders for the year ended 30 June 2003. On the basis of the above, we consider that the Proposed Share Exchange will have no material impact on the earnings of the NWSH Group. Accordingly, the Proposed Share Exchange will have no material impact on the earnings of NWD Group.

#### *Gearing ratio:*

However, there will be an improvement on the gearing ratio of NWD based on the audited consolidated financial statements of NWD for the year ended 30 June 2003 taking into account the Completion of the Proposed Share Exchange on an unaudited pro forma basis (as a result of the cash payment received by NWSH, thereby resulting in an improvement on NWSH's gearing ratio from approximately 62% to 49%, characterised by a reduction of NWSH's Net Debt position from approximately HK\$6.9 billion to HK\$5.4 billion). Upon Completion, the cash consideration in relation to the assignment of the uncapitalised portion of the NWFH Shareholder Loans could be utilised if appropriate to further reduce the debt level of NWSH or could be used as working capital of NWSH, which the financial impact would be consolidated into NWD.

#### *Net tangible assets:*

The Proposed Share Exchange involves, inter alia, a transfer by NWSH of the entire NWFH Group to Merryhill, assignment and capitalisation of the NWFH Shareholder Loans by NWSH as well as an acquisition by NWSH of 50% of Merryhill, which will upon Completion hold, inter alia, the NWFH Group and the Citybus Group. As a result of these steps, the net tangible assets position of the

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NWSH Group will be decreased by approximately HK\$0.1 billion primarily due to an increase in goodwill upon the said acquisition of 50% of Merryhill. Considering NWSH Group's net tangible assets position based on the audited financial statements as at 30 June 2003 was at approximately HK\$9.0 billion, NWSH's directors consider such an impact on NWSH's net tangible assets position to be immaterial. Accordingly, we consider that the Proposed Share Exchange will have no material impact on the net tangible assets of NWD Group.

Based on the unaudited combined pro forma balance sheet of NWSH as at 30 June 2003 prepared by NWSH, we note that the Proposed Share Exchange will not have any material impact on NWSH's shareholders' equity or net tangible assets position upon Completion. Accordingly, the Proposed Share Exchange will not have any material impact on NWD's shareholders' equity or net tangible assets position upon Completion.

### OVERALL RECOMMENDATION

Having considered the principal factors referred to above, we are of the view that the Proposed Share Exchange is in the interests of NWD and its shareholders as a whole and the terms thereof are fair and reasonable so far as NWD and its shareholders are concerned, and are on normal commercial terms. Accordingly, we recommend the Independent Board Committee to advise the independent shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Proposed Share Exchange.

Yours faithfully,

For and on behalf of

**Commerzbank AG Hong Kong Branch**

**Johnson Fu**

**Helen Ho**

*Regional Head of Corporate Finance    Head of Corporate Finance — M&A Advisory*

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of New World Development Company Limited (the “**Company**”) will be held at Room 301B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 8 January 2004 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

### ORDINARY RESOLUTION

“**THAT** the Proposed Share Exchange (as defined in the circular to shareholders of the Company dated 23 December 2003 of which this notice forming part) and all the transactions contemplated in connection therewith be and are hereby confirmed, ratified and approved and that the Directors of the Company be and are hereby authorised to do such acts and things and execute such other documents which in their opinion may be necessary, desirable or expedient to carry out or give effect to the Proposed Share Exchange and the transactions contemplated in connection therewith and otherwise to procure the completion thereof”.

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

Hong Kong, 23 December 2003

*Registered office:*

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

*Notes:*

1. A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies (who must be individuals) to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be effective, the instrument appointing a 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 30/F., New World Tower, 18 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
3. A form of proxy for use at the meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint registered holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

## 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. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests of the Directors in the shares or underlying shares (within the meaning of Part XV of the SFO) of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which a Director would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### 2.1 Interests in shares

	Personal	Number of shares		Other
		Family	Corporate <sup>(1)</sup>	
<b>The Company</b>				
(Ordinary shares of HK\$1.00 each)				
Dato' Dr. Cheng Yu-Tung	—	—	—	—
Dr. Cheng Kar-Shun, Henry	—	—	—	—
The Honourable Lee Quo-Wei	—	—	3,665,865	253,321 <sup>(2)</sup>
Lord Sandberg, Michael	—	—	—	—
Dr. Ho Tim	1,805,813	—	—	—
Dr. Sin Wai-Kin, David	3,363,363	33,642	—	—
Mr. Cheng Yue-Pui	—	—	—	—
Mr. Liang Chong-Hou, David	—	—	—	—
Mr. Yeung Ping-Leung, Howard	—	—	—	—
Mr. Cha Mou-Sing, Payson	—	—	—	—
Mr. Cheng Kar-Shing, Peter	—	—	—	—
Mr. Leung Chi-Kin, Stewart	23,253	—	—	—
Mr. Chan Kam-Ling	96,669	—	—	—
Mr. Chow Kwai-Cheung	20,818	—	—	—
Mr. Cha Mou-Zing, Victor	—	—	—	—
(alternate director to	—	—	—	—
Mr. Cha Mou-Sing, Payson)	—	—	—	—

	Personal	Number of shares Family Corporate <sup>(1)</sup>	Other
<b>Associated Corporations</b>			
<b>NWTMT</b>			
(Ordinary shares of HK\$1.00 each)			
Dr. Cheng Kar-Shun, Henry	—	1,000,000	—
Dr. Ho Tim	148	—	—
Dr. Sin Wai-Kin, David	5,594	53	—
Mr. Liang Chong-Hou, David	262	—	—
Mr. Chan Kam-Ling	6,800	—	—
<b>NWSH</b>			
(Ordinary shares of HK\$1.00 each)			
Dr. Cheng Kar-Shun, Henry	—	587,000	—
Dr. Sin Wai-Kin, David	—	—	32,224,060
Mr. Liang Chong-Hou, David	153	—	—
Mr. Cheng Kar-Shing, Peter	2,989,700	—	—
Mr. Leung Chi-Kin, Stewart	3,946,238	—	—
Mr. Chan Kam-Ling	3,991	—	10,254,321
Mr. Chow Kwai-Cheung	2,264,652	—	—
<b>NWCL</b>			
(Ordinary shares of HK\$0.10 each)			
Mr. Chan Kam-Ling	100,000	—	—
Mr. Chow Kwai-Cheung	126	—	—
<b>HH Holdings Corporation</b>			
(Ordinary shares of HK\$1.00 each)			
Dr. Sin Wai-Kin, David	42,000	—	—
Mr. Chan Kam-Ling	15,000	—	—
<b>Master Services Limited</b>			
(Ordinary shares of US\$0.01 each)			
Mr. Leung Chi-Kin, Stewart	16,335	—	—
Mr. Chan Kam-Ling	16,335	—	—
Mr. Chow Kwai-Cheung	16,335	—	—
<b>YE Holdings Corporation</b>			
(Ordinary shares of HK\$1.00 each)			
Mr. Leung Chi-Kin, Stewart	37,500	—	—
<b>Sun City Holdings Limited</b>			
(Ordinary shares of HK\$1.00 each)			
Mr. Cheng Kar-Shing, Peter	—	80,000	3,570,000

	Personal	Family	Number of shares Corporate <sup>(1)</sup>	Other
<b>Dragon Fortune Limited</b>				
(Ordinary shares of US\$1.00 each)				
Mr. Cheng Kar-Shing, Peter	—	—	15,689	—
<b>Sun Legend Investment Limited</b>				
(Ordinary shares of HK\$1.00 each)				
Mr. Cheng Kar-Shing, Peter	—	—	500	—

Notes:

- (1) These shares were beneficially owned by a company in which the relevant Director is deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (2) Interests held by a charitable foundation of which The Honourable Lee Quo-Wei and his spouse are members of its board of trustees.

## 2.2 Interests in underlying shares through equity derivatives (within the meaning of Part XV of the SFO)

Under the respective share option schemes of NWTMT, NWCL and NWSH, options may be granted to the respective directors and employees of NWTMT, NWCL and NWSH to subscribe for shares. The following Directors have personal interests in share options to subscribe for their respective shares in NWTMT, NWCL or NWSH:

	Date of grant	Exercisable period	Number of share options outstanding
<b>NWTMT</b>			
a. (Exercise price of HK\$10.20 per share) Dr. Cheng Kar-Shun, Henry	2 December 1998	1 July 1999 to 1 June 2004	600,000
b. (Exercise price of HK\$12.00 per share) Dr. Cheng Kar-Shun, Henry	2 December 1998	1 July 2000 to 1 June 2004	2,400,000 <sup>(1)</sup>
<b>NWCL</b>			
(Exercise price of HK\$1.955 per share)			
Dr. Cheng Kar-Shun, Henry	7 February 2001	8 March 2001 to 7 March 2006	5,000,000 <sup>(2)</sup>
Mr. Cheng Kar-Shing, Peter	9 February 2001	10 March 2001 to 9 March 2006	2,500,000 <sup>(2)</sup>
Mr. Leung Chi-Kin, Stewart	7 February 2001	8 March 2001 to 7 March, 2006	500,000 <sup>(2)</sup>
Mr. Chan Kam-Ling	9 February 2001	10 March 2002 to 9 March 2006	400,000 <sup>(3)</sup>

	Date of grant	Exercisable period	Number of share options outstanding
Mr. Chow Kwai-Cheung	9 February 2001	10 March 2001 to 9 March 2006	500,000 <sup>(2)</sup>
<b>NWSH</b>			
(Exercise price of HK\$3.725 per share)			
Dr. Cheng Kar-Shun, Henry	21 July 2003	21 January 2004 to 20 July 2008	3,000,000 <sup>(4)</sup>
Mr. Cheng Kar-Shing, Peter	21 July 2003	21 January 2004 to 20 July 2008	500,000 <sup>(4)</sup>
Mr. Leung Chi-Kin, Stewart	21 July 2003	21 January 2004 to 20 July 2008	200,000 <sup>(4)</sup>
Mr. Chan Kam-Ling	21 July 2003	21 January 2004 to 20 July 2008	2,000,000 <sup>(4)</sup>

*Notes:*

- (1) Divided into 3 tranches exercisable from 1 July 2000, 2001 and 2002 respectively to 1 June, 2004.
- (2) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of each grant when the offers of the share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous years.
- (3) The share options are exercisable during the remaining exercisable period of four years, provided that the maximum number of share options that can be exercised during a year is 25.0% of the outstanding balance of the share options held on the respective commencement dates of the exercisable period.
- (4) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008.

### 2.3 Interests in qualifying shares

As at the Latest practicable Date, none of the Directors or Chief Executive of the Company had any interest in the shares of the Company or any of its subsidiaries solely held in a non-beneficial capacity and for the purpose of holding the requisite qualifying shares.

Other than the interests in shares and underlying shares set out above, as at the Latest Practicable Date, none of the Directors or Chief Executive of the Company had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director or Chief Executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

#### 3.1 Interests to be disclosed under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to any Director or Chief Executive of the Company, the following persons (other than a Director or Chief Executive of the Company) had an interest 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 by the Company under Section 336 of the SFO:

Name	Number of shares (ordinary shares of HK\$1.00 each)	Percentage of shares held
CTF	870,785,889	35.26%
Marathon Asset Management Ltd	134,470,500	5.45%

#### 3.2 Interests in 10% or more of the nominal value of share capital carrying voting rights of any subsidiary of the Company

As at the Latest Practicable Date, so far as is known to any Director or Chief Executive of the Company and save as otherwise disclosed in this Circular, the persons (other than a Director or Chief Executive of the Company or a member of the NWD Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company were as follows:

Name	Name of subsidiary	Approximate percentage of interest held
AIG Asian Infrastructure Management II Ltd. as general partner of AIG Asian Infrastructure Management II LP as general partner of AIG Asian Infrastructure Fund II LP	NWTMT	10.17%
Infinity Regent Inc.	Milestone Overseas Limited	16.67%
Sparkle Spirit Limited	Milestone Overseas Limited	16.67%
Stanford Ocean Limited	Two-Way Communications Limited	10.00%
Magic Pioneer Limited	Two-Way Communications Limited	10.00%
Li Chau Ming Peter	Apex-Pro Systems Limited	14.90%
Millennium Star Group Limited	Multi-Trends Limited	35.71%
Ren Keyong	NoveMed Group Ltd.	20.00%
Panion Holdings Ltd.	NoveMed Group Ltd.	15.00%
CTF	Advance Planner Limited	40.00%
Ever Global Investment Ltd.	Autowin Limited	30.00%
CTF	Beames Holdings Limited	36.00%
Gaintek Development Limited	Better Rich Development Limited	30.00%
Bolo Ltd.	Bright Moon Company Limited	25.00%
Tenswin Limited	Boxwin Limited	16.58%

Name	Name of subsidiary	Approximate percentage of interest held
CTF	Crimson Company Limited	37.00%
Honor Fidelity Limited	Dominion 2000 Limited	30.00%
Hotspring Ltd.	Easlin Corporation	20.00%
Lai Sun Development Company Limited	Easlin Corporation	20.00%
CTF	Front Post Limited	15.00%
CTF	Grand Hyatt Hong Kong Company Limited	36.00%
Philip Yuen	Henry Bon Enterprises Company Limited	10.00%
Carmen Leung	Henry Bon Enterprises Company Limited	10.00%
Kam Wah Investment Co., Ltd.	Highness Land Investment Company Limited	40.00%
Space Enterprises Limited	Mega Choice Holdings Limited	20.00%
CTF	New World Harbourview Hotel Company Limited	36.00%
Tacko Development (Zhanjiang) Ltd.	New World Tacko (Xian) Limited	30.00%
Golden Sphere Investment Limited	New Hope Limited	15.00%
CTF	New World Hotel Company Limited	36.00%
CTF	NWD (Hotels Investments) Limited	36.00%
Glory Good Investment Limited	Pearls Limited	20.00%
Kawick Enterprises Limited	Pearls Limited	40.00%
Hua Hua Corporation Limited	RHYL Hill Limited	30.00%
Fung Seng Diamond Company Limited	Silver Bloom Company Limited	10.00%
Wah Tai Company Limited	Silver Bloom Company Limited	20.00%
Kly (Nominee) Limited	Super Value Development Limited	20.00%
Kly (Nominee) Limited	Top Flash Investments Limited	20.00%
Fung Seng Diamond Company Limited	Ultra Force Limited	20.00%
Wisdom Profit Investments Limited	Wise Come Development Limited	20.00%
Brenthill Company Limited	Zybrina Limited	35.00%
Dalian Commercial Network Construction and Development Company	Dalian New World Plaza International Co., Ltd.	12.00%
Hopwin Construction Engineering Limited	Hopwin Properties (China) Limited	20.00%
Melbourne Enterprises Limited	Billion Park Investment Limited	14.29%
Shenyang Zhengju Enterprise Ltd.	New World (Shenyang) Property Development Limited	10.00% (Note 1)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 2 Limited	10.00% (Note 1)
Shenyang Zhengju Enterprise Ltd.	New World (Shenyang) Property Development No. 3 Limited	10.00% (Note 1)

Name	Name of subsidiary	Approximate percentage of interest held
Shenyang Zhengju Enterprise Ltd.	New World (Shenyang) Property Development No. 4 Limited	10.00% (Note 1)
Shenyang Zhengju Enterprise Ltd.	New World (Shenyang) Property Development No. 5 Limited	10.00% (Note 1)
Shenyang Zhengju Enterprise Ltd.	New World (Shenyang) Property Development No. 6 Limited	10.00% (Note 1)
Shanghai Hongdu Enterprises (Group) Company Limited	Shanghai Heyu Properties Company Limited	20.00% (Note 1)
Stanley Enterprises Limited	Gold Team Worldwide Limited	20.00%
Stanley Enterprises Limited	Shanghai Mayfair Hotel Co., Ltd.	20.00%
Shun Hing China Investment Limited	Ramada Property Ltd.	10.00%
深圳瑋鵬實業有限公司	Shenzhen Topping Real Estate Development Co., Ltd.	10.00%
Stanley Enterprises Limited	Ramada Property Ltd.	20.00%
Stanley Enterprises Limited	Shanghai Ramada Plaza Ltd.	19.00%
Stanley Enterprises Limited	Fung Seng Estate Development (Shanghai) Co., Ltd.	30.00%
Stanley Enterprises Limited	Shanghai Juyi Real Estate Development Co., Ltd.	30.00%
武漢市國營漢口魚場	Wuhan Xinhan Development Co., Ltd.	30.00% (Note 1)
Architectural Precast Limited	Architectural Precast GRC Limited	35.00%
New Concepts Foundation Limited	Barbican-New Concepts Joint Venture	40.00%
北京市萬勝全物業管理中心	Beijing Kiu Lok Property Management Services Co., Ltd.	40.00%
Bioforte (Hong Kong) Environmental Engineering And Technology Company Limited	BioEnviroLink Technologies Limited	30.00%
Cinagro Pte Limited	Cinabel (Singapore) Pte Limited	20.00%
Miramar Hotel & Investment Company Limited	Espora Company Limited	50.00%
Foshan City Gaoming District Traffic Development Co.	Gaoming Xinming Bridge Co., Ltd.	49.00%
Guangdong Highway-Bridge Construction Development Co. Ltd.	Guangdong Gaoyao Xinjun Highways Limited	27.00%
Gaoyao City Highway Development Co.	Guangdong Gaoyao Xinwei Highways Limited	30.00%
Zhaoqing Highway Development Ltd.	Guangdong Xinzhaogao Highways Company, Limited	10.00%
Gaoyao City Highway Development Co.	Guangdong Xinzhaogao Highways Company, Limited	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%

Name	Name of subsidiary	Approximate percentage of interest held
Guangxi Rongxian Road & Bridge Construction Co., Ltd.	Guangxi Rongxian Xinrong Highways Limited	30.00%
Guangxi Yulin City Heng Tong Ltd.	Guangxi Yulin Xintong Highways Limited	40.00%
Guangxi Yulin City Heng Tong Ltd.	Guangxi Yulin Xinye Highways Limited	40.00%
Guangxi Yulin Yu Shieh Ltd.	Guangxi Yulin Xinyu Highways Limited	40.00%
Guangzhou Yongtong Freeway Company Limited	Guangzhou Northring Freeway Company Limited	10.41%
Asian East Worldwide Limited	Guangzhou Northring Freeway Company Limited	24.30%
Taisei Corporation	Hip Hing-Taisei Joint Venture	40.00%
Hong Kong Ticketing Alliance Limited	Hong Kong Ticketing Holdings Limited	38.32%
JungleSoft Inc.	JungleSoft Net Limited	20.00%
Nanjing Port Authority	Nanjing Huining Wharfs Co., Ltd.	45.00%
Qingxin County Communications Construction Development Co.	Qingyuan Xinqing Highways Limited	21.10%
Changzhi City Changda Highway Development Company	Shanxi Xinda Highways Limited	40.00%
Changzhi City Changda Highway Development Company	Shanxi Xinhuang Highways Limited	40.00%
Shunde Electric Development Corporation Ltd.	Shunde De Sheng Power Plant Company Limited	40.00%
順德市誠業建築集團公司	Shunde Xiexing Construction Engineering Company Limited	15.00%
Sichuan Qianwei Power (Group) Share Co., Ltd.	Sichuan Qianwei Dali Power Company Limited	40.00%
蘇州通港港口有限公司	Suzhou Huisu International Container Freight Wharfs Co., Ltd.	25.00%
Taiyuan Tongtai Industry & Commerce General Company	Taiyuan Xintai Highways Limited	40.00%
Gujiao Highway-Bridge Development & Construction Company	Taiyuan Xinyuan Highways Limited	40.00%
Smart Concept Trading Limited	Tali Group Limited	30.00%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xindi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlong Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinlu Expressway Company Limited	33.38%

Name	Name of subsidiary	Approximate percentage of interest held
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinming Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinqing Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinquan Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsen Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinshi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinsi Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintong Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xintuo Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinxiang Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinyan Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Xinzhan Expressway Company Limited	33.38%
Tianjin Expressway Investment & Construction Development Corporation	Tianjin Yongfa Highway and Bridge Construction Development Company Limited	10.00%
Krisdamahanakorn Publics	Tridant Engineering (Thailand) Company Limited	30.60%
廣州市機電安裝公司	Triguang Engineering (Guang Zhou) Company Limited	49.00%
武漢武建鼎安安裝工程有限公司	Trihan Engineering (Wuhan) Co., Ltd.	49.00%
Island Smart Holdings Limited	True Success Hong Kong Limited	20.00%
Gold Cycle Limited	True Success Hong Kong Limited	10.00%
Forehap Tech Limited	Urban Parking Meter Management Enterprises	21.00%

Name	Name of subsidiary	Approximate percentage of interest held
Time Exchange Holdings Limited	Urban Parking Meter Management Enterprises	28.00%
Well Born Real Estate Management Limited	Urban-WellBorn Property Management Limited	50.00%
Wuhan Airport Road Industrial Development Co. Ltd.	Wuhan Airport Road Development Ltd.	33.33%
Wuhan San Zhen Industry Holding Co., Ltd.	Wuhan Bridge Construction Co., Ltd.	51.14%
Guangxi Wuzhou Heng Tong Development Ltd.	Wuzhou Xinwu Highways Limited	40.00%
Xiamen COSCO International Container Freight Station & Transportation Co., Ltd.	Xiamen Xinyuan Container Terminal Co., Ltd.	30.00%
Guangdong Highway-Bridge Construction Development Co., Ltd.	Zhaoqing Deqing Xinyue Highways Limited	20.00%
Guangdong Province Deqing Highway Development Co.	Zhaoqing Deqing Xinyue Highways Limited	15.00%
Gaoyao City Highway Development Co.	Zhaoqing Gaoyao Xinhua Highways Limited	30.00%
Gaoyao City Highway Development Co.	Zhaoqing Gaoyao Xinshuang Jin Highways Limited	35.00%
Guangdong Highway-Bridge Construction Development Co., Ltd.	Zhaoqing Xinde Bridge Limited	25.00%
Guangdong Highway-Bridge Construction Development Co., Ltd.	Zhaoqing Xinde Highways Company, Limited	32.00%
Guangdong Province Deqing Highway Development Co.	Zhaoqing Xinde Highways Company, Limited	11.00%
Guangdong Highway-Bridge Construction Development Co., Ltd.	Zhaoqing Xinfeng Highways Company, Limited	33.85%
Zhaoqing Highway Development Ltd.	Zhaoqing Xingao Highways Company, Limited	27.36%
Gaoyao City Highway Development Co.	Zhaoqing Xingao Highways Company, Limited	20.64%
Zhaoqing Highway Development Ltd.	Zhaoqing Xinhui Highways Company, Limited	14.00%
Sihui Highway Development Co.	Zhaoqing Xinhui Highways Company, Limited	17.61%
Guangning Highway Development Co.	Zhaoqing Xinjiang Highways Limited	40.00%
Guangdong Highway-Bridge Construction Development Co., Ltd.	Zhaoqing Xinning Highways Company, Limited	12.59%

Name	Name of subsidiary	Approximate percentage of interest held
Zhaoqing Highway Development Ltd.	Zhaoqing Xinning Highways Company, Limited	17.78%
珠海國際經濟技術合作公司	珠海市景福工程有限公司	20.00%
珠海市萬泉河科技發展有限公司	深圳香島園花卉有限公司	20.00%
中國建築第三工程局	湖北洪福建築裝飾安裝工程有限公司	50.00%
廣州城建開發物業有限公司	廣州市富城物業管理有限公司	50.00%
廣州市新運行汽車運輸有限公司	廣州銳萊停車場設備有限公司	10.00%
深圳市高茂達機械電子有限公司	襄樊高茂達停車場管理有限公司	35.00%

*Note:*

- (1) Profit sharing percentage in a co-operative joint venture.

Save as disclosed above, as at the Latest Practicable Date and so far as is known to any Director or Chief Executive of the Company, no other person (other than a Director or Chief Executive of the Company) had an interest or short position in the shares or 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 and no other person (other than a Director or Chief Executive of the Company or a member of the NWD Group) was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company or had any options in respect of any such share capital of any subsidiary of the Company.

#### 4. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors were materially interested in any contract or arrangement subsisting at the date of this Circular which is significant in relation to the business of the NWD Group.
- (b) none of the Directors had entered, or proposed to enter, into a service contract with any member of the NWD Group which is not determinable by the relevant member of the NWD Group within one year without payment of compensation, other than statutory compensation.
- (c) none of the Experts had shareholding in any member of the NWD Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the NWD Group.
- (d) none of the Directors or Experts had any direct or indirect interest in any asset which, since 30 June 2003 (the date to which the latest published audited financial statements of the NWD Group were made up), had been acquired or disposed of by, or leased to, any member of the NWD Group, or was proposed to be acquired or disposed of by, or leased to, any member of the NWD Group.

#### 5. MATERIAL ADVERSE CHANGE

The Board is not aware of any material adverse change in the financial or trading position of the NWD Group since 30 June 2003, the date to which the latest published audited financial statements of the NWD Group were made up.

**6. QUALIFICATION OF EXPERTS**

The following are the qualifications of the Experts, being the professional advisers who have given opinions or advice contained in this Circular:

<b>Names</b>	<b>Qualifications</b>
Commerzbank	a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
American Appraisal	independent professional valuer

**7. CONSENTS OF EXPERTS**

Each of the Experts has given and has not withdrawn their respective written consents to the issue of this Circular with the inclusion of their letters and/or reports and/or references to their respective names, as the case may be, in the form and context in which they respectively appear.

**8. MISCELLANEOUS**

- (a) The English text of this Circular will prevail over the Chinese text.
- (b) The secretary of the Company is Mr. Leung Chi-Kin, Stewart.
- (c) The registered office of the Company is at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong. The registered office of the Company's share registrar, Tengis Limited, is at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Clifford Chance at 29th Floor, Jardine House, One Connaught Place, Hong Kong during normal business hours on any day (except public holidays) up to and including the day before the Extraordinary General Meeting:

- (a) the memorandum and articles of association of the Company;
- (b) the Share Exchange Agreement (with the agreed form of the Shareholders Agreement attached thereto);
- (c) the letter from the Independent Board Committee dated 23 December 2003, the text of which is set out on page 12 of this Circular;
- (d) the letter from Commerzbank to the Independent Board Committee dated 23 December 2003, the text of which is set out on pages 13 to 20 of this Circular;
- (e) the letter from Commerzbank to the independent board committee of NWSH dated 23 December 2003, the text of which is set out in the NWSH Circular; and
- (f) the written consents of the Experts referred to in paragraph 7 of this Appendix.

**References in this Appendix II to page numbers  
are to pages of the attached  
NWSH Circular and not to pages  
of this circular**



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

**FORM OF PROXY FOR THE EXTRAORDINARY GENERAL MEETING  
TO BE HELD ON 8 JANUARY 2004**

I/We <sup>(Note 1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of <sup>(Note 2)</sup> \_\_\_\_\_  
shares of HK\$1.00 each in the capital of New World Development Company Limited (the “Company”),  
hereby appoint the Chairman of the Meeting or <sup>(Note 3)</sup> \_\_\_\_\_ of  
\_\_\_\_\_ as  
my/our proxy to attend and act for me/us at the Extraordinary General Meeting of the Company (the  
“Meeting”) to be held at Room 301B (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo  
Drive, Wanchai, Hong Kong on Thursday, 8 January 2004 at 11:30 a.m. (or at any adjournment thereof) for  
the purpose of considering and, if thought fit, passing the ordinary resolution as set out in the notice  
convening the Meeting and at the Meeting (or at any adjournment thereof) to vote for me/us and in my/our  
name(s) in respect of the said resolution as hereunder indicated or, if no such indication is given, as my/our  
proxy thinks fit.

ORDINARY RESOLUTION	FOR <sup>(Note 4)</sup>	AGAINST <sup>(Note 4)</sup>
To approve the Proposed Share Exchange and all transactions contemplated therein as set out in the Ordinary Resolution in the notice convening the Meeting		

Dated \_\_\_\_\_

Signature(s) <sup>(note 5)</sup>: \_\_\_\_\_

*Notes:*

1. Please insert your full name(s) and address(es) in **BLOCK CAPITALS**. In case of joint registered holders, the names of all joint registered holders should be stated.
2. Please insert the number of shares of HK\$1.00 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, delete the words “the Chairman of the Meeting or” and insert the name and address of the proxy desired in the space provided. The proxy need not be a member of the Company but must attend the Meeting in person to represent you. **ANY ALTERATION MADE TO THIS PROXY FORM MUST BE DULY INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, PLEASE TICK IN THE BOX BELOW THE BOX MARKED “FOR”. IF YOU WISH TO VOTE AGAINST THE RESOLUTION, PLEASE TICK IN THE BOX BELOW THE BOX MARKED “AGAINST”.** If you do not indicate how you wish your proxy to vote, your proxy will be entitled to cast your vote at his discretion or abstain. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than that referred to in the notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be executed either under its common seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
6. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders is present at the Meeting personally or by proxy, that one of the registered holders so present whose name stands first on the Company’s register of members in respect of such share will alone be entitled to vote in respect thereof.
7. To be valid, this 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, 30th Floor, New World Tower, 18 Queen’s Road Central, Hong Kong not less than 48 hours before the time appointed for the Meeting or any adjournment thereof.
8. Completion and return of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish. In the event that you attend the Meeting after having lodged this form of proxy as indicated above, this form of proxy will be deemed to have been revoked.