

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

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

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

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

**(Stock Code: 0917)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
PARTICIPATION AGREEMENT WITH SOLAR LEADER LIMITED AND  
NEW WORLD DEVELOPMENT COMPANY LIMITED**

**RE-ELECTION OF RETIRING DIRECTOR**

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

**COMMERZBANK**

**Commerzbank AG Hong Kong Branch**

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A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from Commerzbank, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 20 of this circular.

A notice convening the EGM to be held at 10:30 a.m. on Monday, 16 October 2006, at Concord Room I, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Hong Kong is set out on pages 38 to 39 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 26/F., Tresbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Beijing Huamei”	Beijing Dongfang Huamei Real Estate Development Co., Ltd. (北京東方華美房地產開發有限公司), an equity joint venture enterprise established under the laws of the PRC which is held as to 75% by Huamei Wealth (Beijing) Technology Co., Ltd. (華美財富(北京)科技有限公司), a company wholly-owned by NWDC
“Beijing Property”	the property situated in Yuzhuang Village, Gaoliying Town, Shuyi District, Beijing, the PRC, with a total area of approximately 1,590 mu (equivalent to approximately 1,060,000 sq. m.)
“Board”	the board of Directors
“Changsha Property”	the property situated to the north of Laodong East Road, to the west of Huoxing Main Road, to the east of Dong Er Huan Road, and to the south of Guiyuan Road, Changsha City, Hunan Province, the PRC, with a total area of approximately 671 mu (equivalent to approximately 447,333 sq. m.)
“Chengdu Property”	the property situated in Guangfu Village, Huayang Town, Shuangliu County, Chengdu City, the PRC, with a total area of approximately 950,004.75 sq. m.
“Chengdu Xinyi”	Chengdu Xinyi Real Estate Development Co., Ltd. (成都心怡房地產開發有限公司), an equity joint venture enterprise established under the laws of the PRC which was held as to 60% by NWCI
“Commerzbank”	Commerzbank AG, acting through its Hong Kong branch, a licensed bank under the Banking Ordinance and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Participation Agreement

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## DEFINITIONS

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“Company”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the Shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, <i>inter alia</i> , considering and, if thought fit, approving the Participation Agreement
“Group”	the Company and its subsidiaries
“Guiyang New World”	Guiyang New World Real Estate Co., Ltd. (貴陽新世界房地產有限公司), a limited liability company established under the laws of the PRC which is wholly-owned by Triumph Hero International Ltd., a company wholly-owned by NWDC
“Guiyang Property”	the property situated to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road, and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC, with a total area of approximately 1,670,089.26 sq. m.
“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Success”	Hunan Success New Century Investment Company Limited (湖南成功新世紀投資有限公司), an equity joint venture enterprise established under the laws of the PRC which is held as to 90% by NWCI
“Independent Board Committee”	an independent board committee of the Company comprising Messrs. Cheng Wai-chee, Christopher and Tien Pei-chun, James, which is formed to advise the Independent Shareholders in relation to the Participation Agreement. Mr. Lee Luen-wai, John is the independent non-executive director of both the Company and NWD and hence he is not a member of the independent board committee
“Independent Shareholder(s)”	Shareholders other than NWD, Solar Leader and their respective associates

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## DEFINITIONS

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“Independent Third Party”	a company which is independent of and not connected with any director, chief executive or substantial shareholder (within the meaning under the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates
“Latest Practicable Date”	26 September 2006, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“NWCI”	New World China Land Investments Company Limited (新世界(中國)地產投資有限公司), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and which is the controlling shareholder (as defined in the Listing Rules) of the Company
“NWDC”	New World Development (China) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Participation Agreement”	the participation agreement dated 11 September 2006 entered into between the Company, Solar Leader and NWD in respect of Solar Leader’s participation in the Projects
“PRC”	the People’s Republic of China
“Project Companies”	Guiyang New World, Beijing Huamei, Chengdu Xinyi and Hunan Success
“Projects”	the projects to be developed on the Properties
“Properties”	Guiyang Property, Beijing Property, Chengdu Property and Changsha Property
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Solar Leader”	Solar Leader Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of NWD
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in sections 2 and 2B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Total Interest”	the Company’s indirect interest in the Projects in its capacity as the sole shareholder of NWDC and NWCI
“%”	per cent.

*For the purpose of this circular, HK\$1.00 is equivalent to RMB1.04.*

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## LETTER FROM THE BOARD

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

*Executive Directors:*

Dr. Cheng Kar-shun, Henry *GBS*  
(*Chairman and Managing Director*)  
Mr. Doo Wai-hoi, William *JP* (*Vice Chairman*)  
Mr. Cheng Kar-shing, Peter  
Mr. Leung Chi-kin, Stewart  
Mr. Chow Kwai-cheung  
Mr. Chow Yu-chun, Alexander  
Mr. Fong Shing-kwong, Michael  
Ms. Ngan Man-ying, Lynda

*Non-executive Director:*

Mr. Fu Sze-shing

*Independent non-executive Directors:*

Mr. Cheng Wai-chee, Christopher  
Mr. Tien Pei-chun, James  
Mr. Lee Luen-wai, John *JP*

*Registered office:*

P.O. Box 309  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

*Principal place of business  
in Hong Kong:*

9/F., New World Tower 1  
18 Queen's Road Central  
Hong Kong

29 September 2006

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION PARTICIPATION AGREEMENT WITH SOLAR LEADER LIMITED AND NEW WORLD DEVELOPMENT COMPANY LIMITED**

### **RE-ELECTION OF RETIRING DIRECTOR**

#### **INTRODUCTION**

On 11 September 2006, the Board announced that on the same date, the Company entered into the Participation Agreement with Solar Leader and NWD pursuant to which Solar Leader agreed to participate in the Projects and NWD agreed to guarantee Solar Leader's obligations under the Participation Agreement.

According to the Listing Rules, as the consideration ratio (as defined in Rule 14.07 of the Listing Rules) is more than 5% but less than 25%, the Participation Agreement constitutes a discloseable transaction for the Company which is subject to notification and publication requirements as set out in Rules 14.34 to 14.39 of the Listing Rules.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, NWD held an attributable interest of approximately 70% in the issued share capital of the Company and Solar Leader was a wholly-owned subsidiary of NWD, the Participation Agreement therefore also constitutes a connected transaction for the Company. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 2.5%, the Participation Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

Relevant details will also be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

The purposes of this circular are to provide you with details of the Participation Agreement, to set out the advice of the Independent Board Committee in relation to the Participation Agreement, and to set out the letter of advice from Commerzbank to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Participation Agreement.

### **PARTICIPATION AGREEMENT**

**Date:** 11 September 2006

**Parties:** (1) the Company;  
(2) Solar Leader; and  
(3) NWD.

Pursuant to the Participation Agreement, the Company agreed to grant Solar Leader a participating interest in the Projects, determined as 50% of the Total Interest, in consideration for Solar Leader to pay to the Company 50% of the costs payable by the Group in connection with the Projects, which sum shall be payable to the Company in cash within 14 days after Solar Leader receives a written request from the Company in respect of the same. Solar Leader is entitled to 50% of the returns received by the Company in respect of the Total Interest. The legal and/or beneficial ownership of the Properties will not be affected by virtue of the entering into of the Participation Agreement by the Company.

Solar Leader further agreed to reimburse the Company 50% of all amounts which the Group incurs or suffers by reason of having entered into, or the enforcement of, any securities or guarantees for the purpose of financing the Projects.

NWD agreed to guarantee the due performance of all the obligations of Solar Leader under the Participation Agreement and indemnify the Company against any loss or damage it suffers or incurs as a result of the failure of Solar Leader to observe its obligations under the Participation Agreement.



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## LETTER FROM THE BOARD

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### **Condition Precedent**

The Participation Agreement is conditional upon approval being granted by the Independent Shareholders in accordance with the Listing Rules. In the event that such condition is not satisfied on or before 31 December 2006 (or such other date as the parties may agree in writing), the Participation Agreement shall be deemed to be terminated.

### **INFORMATION ON THE PROJECTS**

#### **Project to be developed on the Guiyang Property**

Guiyang New World, a wholly-owned subsidiary of NWDC and the Company, is the holder of land use rights in respect of the Guiyang Property, which is situated to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road, and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC, with a total area of approximately 1,670,089.26 sq. m. The Guiyang Property can be used for the development of residential, office, commercial and public amenities. The costs payable by the Group in respect of the project to be developed on the Guiyang Property are estimated to be a total of approximately HK\$1,748,000,000.

The unaudited total asset value of Guiyang New World as at 30 June 2006 was RMB682,334,840 and it has not generated any profit or incurred any loss since its incorporation on 30 May 2006 for the financial year ended 30 June 2006.

#### **Project to be developed on the Beijing Property**

Beijing Huamei is the holder of the level 1 development rights (i.e. the rights to organise the acquisition, compensation for and settlement of the inhabitants, demolition of existing structures, levelling, construction of basic infrastructure in respect of a piece of land so as to meet the standards imposed by the relevant PRC authorities for the purpose of auction in public trading of the land use rights of such piece of land) in respect of the Beijing Property. Beijing Huamei is an equity joint venture enterprise which was held as to 75% by Huamei Wealth (Beijing) Technology Co., Ltd., a wholly-owned subsidiary of NWDC and the Company, and as to 25% by Huamei Wealth (Beijing) International Property Investment Co., Ltd., an Independent Third Party save and except for its interests in Beijing Huamei. The Beijing Property is situated in Yuzhuang Village, Gaoliying Town, Shuyi District, Beijing, the PRC, with a total area of approximately 1,590 mu (equivalent to approximately 1,060,000 sq. m.). The Beijing Property will be developed into low density residential premises for sale and investment purposes. The costs payable by the Group in respect of the project to be developed on the Beijing Property are estimated to be a total of approximately HK\$911,000,000.

The audited total asset value of Beijing Huamei as at 31 December 2005 was RMB49,499,545. The audited net loss (both before and after taxation and extraordinary items) of Beijing Huamei for the two financial years ended 31 December 2004 and 31 December 2005 were RMB2,765 and RMB467,690, respectively.

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## LETTER FROM THE BOARD

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### **Project to be developed on the Chengdu Property**

Chengdu Xinyi is the holder of the land use rights in respect of the Chengdu Property, which is situated in Guangfu Village, Huayang Town, Shuangliu County, Chengdu City, the PRC, with a total area of approximately 950,004.75 sq. m. Chengdu Xinyi is an equity joint venture enterprise which was held as to 60% by NWCI, a wholly-owned subsidiary of the Company, as to 20% by Hing Pang Petroleum Chemicals (H.K.) Limited and as to 20% by Sichuan Zhongshihua Enterprise Co., Ltd., each an Independent Third Party save and except for their respective interests in Chengdu Xinyi. The Chengdu Property will be used for the development of residential premises. The costs payable by the Group in respect of the project to be developed on the Chengdu Property are estimated to be a total of approximately HK\$1,616,000,000.

The audited total asset value of Chengdu Xinyi as at 31 December 2005 was RMB36,702,015 and it has not generated any profit or incurred any loss for the two financial years ended 31 December 2004 and 31 December 2005.

### **Project to be developed on the Changsha Property**

Hunan Success is the holder of the land use rights in respect of the Changsha Property, which is situated to the north of Laodong East Road, to the west of Huoxing Main Road, to the east of Dong Er Huan Road, and to the south of Guiyou Road, Changsha City, Hunan Province, the PRC, with a total area of approximately 671 mu (equivalent to approximately 447,333 sq. m.). Hunan Success is an equity joint venture enterprise which was held as to 90% by NWCI, a wholly-owned subsidiary of the Company, and as to 10% by Hainan Zhonghong Investments Company Limited, a connected person of the Company under the Listing Rules. The Changsha Property can be used for residential and commercial purposes. The costs payable by the Group in respect of the project to be developed on the Changsha Property are estimated to be a total of approximately HK\$1,635,000,000.

The audited total asset value of Hunan Success as at 31 December 2005 was RMB123,562,421. The audited net loss (both before and after taxation and extraordinary items) of Hunan Success for the two financial years ended 31 December 2004 and 31 December 2005 were RMB5,311,813 and RMB4,799,143, respectively.

### **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE PARTICIPATION AGREEMENT**

The total land costs, construction costs and other project costs payable for development of the Projects are estimated to be approximately HK\$5,910 million. With the participation of Solar Leader, any contribution to the Project Companies by or on behalf of the Group to finance the development of the Projects will be shared equally between Solar Leader and the Group. In this regard, the financial commitment of the Group will be reduced, thereby enabling the Group to reserve its assets and financial resources for other potential applications but at the same time retaining a control in the management and operation of the Projects. The Directors consider that it is in the best interests of the Company to enter into the Participation Agreement with Solar Leader and NWD.

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## LETTER FROM THE BOARD

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The terms of the Participation Agreement were negotiated on an arm's length basis between the Company, Solar Leader and NWD and were determined on normal commercial terms. The Directors (including the independent non-executive Directors) believe that the terms of the Participation Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### INFORMATION RELATING TO THE COMPANY

The principal business of the Company includes property development and property related investments in the PRC.

### INFORMATION RELATING TO SOLAR LEADER

The principal business of Solar Leader includes investment holding and properties development.

### INFORMATION RELATING TO NWD

The principal business of NWD includes investments in the area of property, infrastructure, services and telecommunications and technology.

### DISCLOSEABLE AND CONNECTED TRANSACTION

According to the Listing Rules, as the consideration ratio (as defined in Rule 14.07 of the Listing Rules) is more than 5% but less than 25%, the Participation Agreement constitutes a discloseable transaction for the Company which is subject to notification and publication requirements as set out in Rules 14.34 to 14.39 of the Listing Rules.

As at the Latest Practicable Date, NWD held an attributable interest of approximately 70% in the issued share capital of the Company and Solar Leader was a wholly-owned subsidiary of NWD, the Participation Agreement therefore also constitutes a connected transaction for the Company. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 2.5%, the Participation Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules. Relevant details will also be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

NWD, which is entitled to exercise control over the voting right in respect of its Shares, and its associates will abstain from voting on the resolution to approve the Participation Agreement at the EGM and such resolution will be taken on poll pursuant to the Listing Rules.

### FINANCIAL EFFECT OF THE PARTICIPATION AGREEMENT ON THE COMPANY

No gain or loss by the Company will arise and there will be no material impact on the assets and liabilities of the Company as a result of the entering into of the Participation Agreement.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF THE RETIRING DIRECTOR

In accordance with Article 99 of the Articles of Association, the Directors have the power at any time and from time to time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Ms. Ngan Man-ying, Lynda, who was appointed as a Director by the Board on 17 January 2006, will retire at the EGM and, being eligible, will offer herself for re-election.

Information required to be disclosed under the Listing Rules in relation to the retiring Director is set out in Appendix II to this circular.

### EGM

The Company will convene the EGM at 10:30 a.m. on Monday, 16 October 2006 at Concord Room I, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Hong Kong, to consider the Participation Agreement and the proposed re-election of the retiring Director. 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 Participation Agreement taken at the EGM must be taken on poll. NWD and its associates will abstain from voting in respect of the ordinary resolution proposed to approve the Participation Agreement at the EGM.

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

### PROCEDURE TO DEMAND A POLL

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

- (a) the Chairman of the meeting; or
- (b) any of the Directors who individually or collectively (with the chairman of the meeting) hold proxies in respect of Shares representing five per cent. or more of the total voting rights at the meeting, where on a show of hands such meeting votes in the opposite manner to that instructed by the grantors of those proxies; or

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## LETTER FROM THE BOARD

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

### OPINION

The Directors (including the independent non-executive Directors) consider that the terms of the Participation Agreement are fair and reasonable, and that entering into the Participation Agreement by the Company and the re-election of the retiring Director 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 all the ordinary resolutions as set out in the notice of the EGM.

Your attention is also drawn to the general information as set out in Appendix I to this circular, together with the other appendices to this circular.

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



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

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

**(Stock Code: 0917)**

29 September 2006

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION**

We refer to the letter from the Board set out in the circular issued by the Company to the Shareholders and dated 29 September 2006 (the "Circular") of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the terms of the Participation Agreement and to advise the Independent Shareholders in connection with the Participation Agreement as to whether, in our opinion, its terms are fair and reasonable so far as the Independent Shareholders are concerned and whether the Participation Agreement is in the interests of the Company and the Shareholders as a whole. Commerzbank has been appointed as the independent financial adviser to advise us in this respect.

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

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

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

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# LETTER FROM COMMERZBANK

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

德 國 商 業 銀 行

**COMMERZBANK** 

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

HONG KONG BRANCH

G.P.O. BOX 11378  
HONG KONG

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29 September 2006

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

## **DISCLOSEABLE AND CONNECTED TRANSACTION: PARTICIPATION AGREEMENT WITH SOLAR LEADER LIMITED AND NEW WORLD DEVELOPMENT COMPANY LIMITED**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction contemplated under the Participation Agreement (the “**Connected Transaction**”), the definition of which, amongst other things, is set out in the circular dated 29 September 2006 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context requires otherwise.

Our role as the independent financial adviser to the Independent Board Committee is to give our advice and recommendation to the Independent Shareholders on the Connected Transaction as to whether they are fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Independent Shareholders as a whole.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have assumed that all information, opinion and representations given by the Company contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations of the Company 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, the omission of which would make any 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 the Company, and for which they are wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

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## LETTER FROM COMMERZBANK

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As at the Latest Practicable Date, NWD held an attributable interest of approximately 70% in the issued share capital of the Company and Solar Leader was a wholly-owned subsidiary of NWD, the Participation Agreement therefore constitutes a connected transaction for the Company. As each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 2.5%, the Participation Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

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

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the overall fairness and reasonableness of the Connected Transaction and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

#### 1. Background of the Participation Agreement

##### 1.1 Background of the Company

The principal business of the Company is property development and property related investment in the PRC including, but not limited to, property sales, rental and hotel operations in the PRC. The Company is a national real estate developer in the PRC and we note from the Company's interim report that as at 31 December 2005, the Group had land bank of approximately 15 million sq. m., amongst which, approximately 80% is located in Guangzhou, Beijing, Shenyang and Wuhan.

The principal business of Solar Leader includes investment holding and properties development. Solar Leader is a direct wholly-owned subsidiary of NWD. The principal business of NWD includes investments in the areas of property, infrastructure, services and telecommunications and technology.

##### 1.2 Background of Projects

The Company indirectly holds the Project Companies through various wholly-owned subsidiaries. As set out in the Circular, the Project Companies under the Participation Agreement include Beijing Huamei, Chengdu Xinyi, Guiyang New World and Hunan Success.

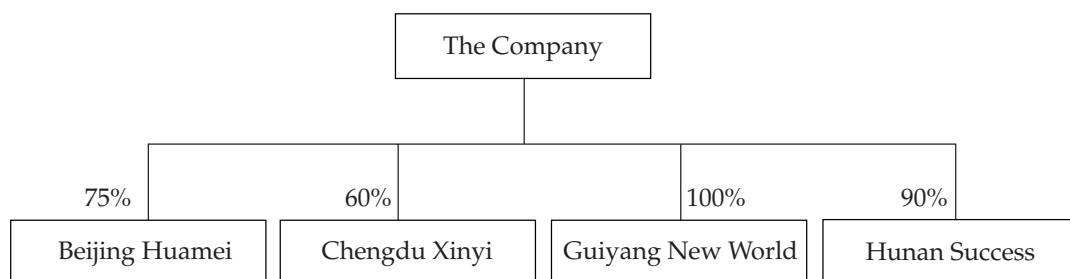


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## LETTER FROM COMMERZBANK

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The chart below sets out the effective current ownership of the Company (through various wholly-owned subsidiaries) in each of the Project Companies:



### 1.2.1 Beijing Huamei

Beijing Huamei is the holder of the level 1 development rights (i.e. the rights to organise the acquisition, compensation for and settlement of the inhabitants, demolition of existing structures, levelling, construction of basic infrastructure in respect of a piece of land so as to meet the standards imposed by the relevant PRC authorities for the purpose of auction in public trading of the land use rights of such piece of land) in respect of the Beijing Property.

The Beijing Property is situated in Yuzhuang Village, Gaoliying Town, Shuyi District, Beijing, the PRC, with a total area of approximately 1,590 mu (equivalent to approximately 1,060,000 sq. m.). The Beijing Property will be developed into low density residential premises for sale and investment purposes. The total costs payable by the Group in respect of the project to be developed on the Beijing Property are estimated to be approximately HK\$911,000,000.

We note that both audited total asset value and the net asset value of Beijing Huamei under the generally accepted accounting principles in the PRC (the “**PRC GAAP**”) as at 31 December 2005 were RMB49,499,545. The audited net loss (both before and after taxation and extraordinary items) of Beijing Huamei for each of the two financial years ended 31 December 2005 was RMB2,765 and RMB467,690, respectively.

### 1.2.2 Chengdu Xinyi

Chengdu Xinyi is the holder of the land use rights in respect of the Chengdu Property, which is situated in Guangfu Village, Huayang Town, Shuangliu County, Chengdu City, the PRC with a total area of approximately 950,004.75 sq. m. The Chengdu Property will be used for the development of residential premises. The total costs payable by the Group in respect of the project to be developed on the Chengdu Property are estimated to be approximately HK\$1,616,000,000.

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## LETTER FROM COMMERZBANK

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We note that the audited total asset value and net asset value of Chengdu Xinyi under the PRC GAAP as at 31 December 2005 were RMB36,702,015 and RMB29,282,000 respectively. Chengdu Xinyi has not generated any profit or incurred any loss for each of the two financial years ended 31 December 2005.

### 1.2.3 Guiyang New World

Guiyang New World is the holder of land use rights in respect of the Guiyang Property, which is situated to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road, and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC, with a total area of approximately 1,670,089.26 sq. m. The Guiyang Property can be used for the development of residential, office, commercial and public amenities. The costs payable by the Group in respect of the project to be developed on the Guiyang Property are estimated to be a total of approximately HK\$1,748,000,000.

We note that the unaudited total asset value and the net asset value under the PRC GAAP of Guiyang New World as at 30 June 2006 were RMB682,334,840 and RMB263,894,400. Guiyang New World has not generated any profit or incurred any loss since its incorporation on 30 May 2006 for the financial year ended 30 June 2006.

### 1.2.4 Hunan Success

Hunan Success is the holder of the land use rights in respect of the Changsha Property, which is situated to the north of Laodong East Road, to the west of Huoxing Main Road, to the east of Dong Er Huan Road, and to the south of Guiyou Road, Changsha City, Hunan Province, the PRC, with a total area of approximately 671 mu (equivalent to approximately 447,333 sq. m.). The Changsha Property is intended for residential and commercial purposes. The total costs payable by the Group in respect of the project to be developed on the Changsha Property are estimated to be approximately HK\$1,635,000,000.

The audited total asset value and the net asset value of Hunan Success under the PRC GAAP as at 31 December 2005 were RMB123,562,421 and RMB28,695,730. The audited net loss (both before and after taxation and extraordinary items) of Hunan Success for each of the two financial years ended 31 December 2005 was RMB5,311,813 and RMB4,799,143, respectively.

### 2. Reasons for and benefits of the Participation Agreement

In considering the overall fairness and reasonableness of the Connected Transaction, we have discussed with the Directors and understand that the purpose of the Participation Agreement is to strengthen the financial position of the Group. As set out in the Circular, we note that the total land costs, construction costs and other project costs payable for development of the Projects are estimated to be approximately HK\$5,910 million. With the participation of Solar Leader, any contribution to the Project Companies by or on behalf of the Group to finance the development of the Projects will be shared equally between Solar Leader and the Group. In this regard, the financial commitment of the Group will be reduced, thereby enabling the Group to reserve its assets and financial resources for other potential applications but at the same time retaining a control in the management and operation of the Projects.

As set out in the Circular, the terms of the Participation Agreement were negotiated on an arm's length basis between the Company, Solar Leader and NWD, and were determined on normal commercial terms. The Directors believe that the terms of the Participation Agreement are fair and reasonable and consider that it is in the interest of the Company and the Independent Shareholders as a whole to enter into the Participation Agreement with Solar Leader and NWD.

In arriving at our opinion regarding the Participation Agreement, we have discussed with the Directors the following:

#### 2.1 *Co-investment opportunity*

The Projects represent the first co-investment arrangement between the Company and NWD in the PRC. We understand from the Directors that the estimated aggregate area for development under the Projects is approximately 4.1 million sq. m.. We have reviewed the latest annual report of the Group, and note that as at 30 June 2005, the total gross floor area (the "GFA") of the property development and investment projects completed or to be completed during the financial years of 2005 and 2006 were 768,001 sq. m. and 1,050,361 sq. m. respectively. We understand that each of the Projects in the Participation Agreement is of a much larger scale, i.e. the Changsha Property, which is the smallest project amongst the four, has a GFA of approximately 1,000,000 sq. m., and the Guiyang New World, which is the largest project amongst the four, has a GFA of approximately 3,200,000 sq. m. for development.

As set out in the interim report of the Group, as at 31 December 2005, approximately 80% of its land bank is located in Guangzhou, Beijing, Shenyang and Wuhan. Apart from the Beijing Property, the Projects under development are located in other geographical locations which are relatively new to the Group. The entering into of the Participation Agreement will enable the Company to enter into new markets jointly with a business partner, and notwithstanding the participation of NWD, all operations and management of the Projects will still be under the control of the Group.

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## LETTER FROM COMMERZBANK

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### 2.2 *Financial commitment*

As set out above, the total investment amount of the Projects are estimated to be approximately HK\$5,910 million, which payment and/or financial obligation will be made or incurred in accordance with the development progress of the Projects. We have reviewed the annual report and the interim report of the Group and note that, as at 30 June 2005 and 31 December 2005, the cash and bank balances were approximately HK\$6,351.9 million and HK\$4,257 million, respectively. According to the interim report, as at 31 December 2005, the Group had net gearing of 4%. If the estimated aggregate investment amount of HK\$5,910 million were to be contributed solely by the Company, the Company's net gearing would increase substantially and would exceed its cash and bank balances.

We have discussed with the Directors and understand that real estate development is capital intensive and long-term in nature, and depending whether the real estate is for sale or for rental purpose, investment tenure usually ranges from three years to over 10 years. We concur with the views of the Directors that the participation of Solar Leader will enable the Group to reduce the financial commitment, thereby enabling the Group to reserve its assets and financial resources for other potential applications.

### 2.3 *Austerity measures*

We note that the PRC government has introduced various austerity measures since 2004 in order to further curb the fast increase in the real estate market. For example, (i) the 35% minimum new capital requirement for real estate developers before being eligible to apply for bank loans, (ii) the increase of down payment from 20% to 30% of the purchase price of the underlying residential property; (iii) the transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden; and (iv) the imposition of business tax from re-sale of properties if the holding period is shorter than five years. We have discussed with the Directors the impact of the austerity measures, and understand from the Directors that such measures substantially raise the entry barrier for new comers, and endanger the survival of small players in the property market. With a strong capital base and a modernised national brand, the Directors are of the view that the Group will continue to be a key player in the PRC real estate market, and expect that blue-chip developers, such as the Company, will be the ultimate beneficiaries in the market consolidation process as a result of the austerity measures.

It is uncertain whether the PRC government will introduce more austerity measures in the property market, and the likely impact to the market as a whole. However, the Directors are of the view that it would be commercially prudent to diversify its development risks by co-investing with other parties, taken into consideration the investment amount and development size of the Projects.

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## LETTER FROM COMMERZBANK

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Given (i) the Projects under development are located in relatively new geographical locations to the Group in the PRC; (ii) the inherent uncertainty on the austerity measures and the likely impact on the PRC real estate market; and (iii) the investment amount and the development size of the Projects; it would be commercially and financially prudent for the Company in reducing the financial commitment and reserving more assets and financial resources for other potential applications as and when appropriate.

### 3. Principal terms of the Participation Agreement

We have reviewed the Participation Agreement, and noted, *inter alia*, the following major terms:

- (i) The Company agreed to grant to Solar Leader a 50% participating interest and return in the Projects in consideration for Solar Leader to pay to the Company 50% of the costs payable by the Group in connection with the Projects;
- (ii) Solar Leader agreed to reimburse the Company 50% of all amounts which the Group incurs or suffers by reason of having entered into, or the enforcement of, any securities or guarantees for the purpose of financing the Projects;
- (iii) NWD agreed to guarantee the due performance of all the obligations of Solar Leader and to indemnify the Company against any loss or damages under the Participation Agreement as a result of the failure of Solar Leader to observe its obligations under the Participation Agreement; and
- (iv) Solar Leader shall pay to the Company within 14 days after it shall receive from the Company a written request for the payments.

### 4. Financial effects of the Participation Agreement

As mentioned in the Circular, no gain or loss by the Company will arise and there will be no material impact on the assets and liabilities of the Company as a result of the entering into of the Participation Agreement. We note that Guiyang New World and Chengdu Xinyi have not generated any profit or loss since their incorporation, and Beijing Huamei and Hunan Success have incurred a loss of RMB467,690 and RMB4,799,143 respectively for the financial year ended 31 December 2005. As the Project Companies have not generated any profits or incurred a minimal loss, the entering into of the Participation Agreement will have no material effect on the total profit and loss of the Group upon completion of the Participation Agreement.

We have reviewed the annual report and the interim report of the Group and note that, as at 30 June 2005 and 31 December 2005, the cash and bank balances were approximately HK\$6,351.9 million and HK\$4,257 million, respectively. The total development costs payable for the development of the Projects are estimated

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to be approximately HK\$5,910 million. Given the development of the Projects is long-term in nature; and depending on the then market condition, it is uncertain at the moment as to the sources of financing of the development of the Projects – whether by way of internal resources of the Group or from bank borrowings. However, if the financial commitment of the Projects of approximately HK\$5,910 million is taken into account fully, the Company’s net gearing would increase substantially and would exceed the cash and bank balances as reported in the interim report. With the participation of Solar Leader, any contribution to the Project Companies will be shared equally between Solar Leader and the Group, i.e. the Group will be responsible for approximately HK\$2,955 million. Assuming that the Company will finance the aggregate investment amount by internal cash or reserves, we note that the cash and bank balances are in excess of the Group’s proportionate share of the estimated investment amount of HK\$2,955 million.

Given that the Company would be jointly participated and shared equally with NWD on the Projects, thereby reducing the financial commitment of the Group and enabling the Group to reserve its assets and financial resources to capture any business opportunities, we are of the view that the Participation Agreement is fair and reasonable as far as the Company and the Independent Shareholders are concerned.

### OVERALL RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the view that the Connected Transaction is fair and reasonable, on normal commercial terms, and is in the interests of the Company and its Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Participation Agreement.

Yours faithfully,

For and on behalf of

**Commerzbank AG Hong Kong Branch**

**Harald W. A. Vogt**

*General Manager*

**Cynthia Wong**

*Corporate Finance – M&A Advisory*

## RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

## DISCLOSURE OF INTERESTS

## Directors and chief executives of the Company

As at Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

(I) *Interests and short positions in the Shares, underlying Shares and debentures of the Company*(a) *Long position in issued Shares*

	Number of Shares			Percentage to the issued share capital as at the Latest Practicable Date
	Personal interests	Corporate interests	Total	
Dr. Cheng Kar-shun, Henry	12,500,000	52,271,200 <i>(note 1)</i>	64,771,200	1.69
Mr. Doo Wai-hoi, William	8,750,000	65,050,000 <i>(note 2)</i>	73,800,000	1.93
Mr. Leung Chi-kin, Stewart	500,000	–	500,000	0.01
Mr. Chow Yu-chun, Alexander	6,250,000	–	6,250,000	0.16
Mr. Chow Kwai-cheung	650,126	–	650,126	0.02
Mr. Fong Shing-kwong, Michael	1,600,000	–	1,600,000	0.04

*Notes:*

1. These shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by a company wholly-owned by Mr. Doo Wai-hoi, William.

*(b) Long position in underlying Shares*

Under the share option scheme of the Company adopted on 26 November 2002, share options were granted to the undermentioned Director which entitled her to subscribe for Shares and accordingly she is regarded as interested in the underlying Shares. Details of the share options held by her as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share
Ms. Ngan Man-ying, Lynda	14 July 2005	15 August 2006 to 14 August 2007	100,000	HK\$2.300

*(II) Interest and short positions in the shares, underlying shares and debentures of the associated corporations of the Company**(a) Long position in the shares of the associated corporations of the Company*

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>New World Development Company Limited</b> (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	-	300,000	-	300,000	0.01
Mr. Leung Chi-kin, Stewart	32,553	-	-	32,553	0.001
Mr. Chow Kwai-cheung	44,527	-	-	44,527	0.001



	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>NWS Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	3,179,199	587,000	8,000,000 <i>(note 1)</i>	11,766,199	0.60
Mr. Doo Wai-hoi, William	2,006,566	–	3,130,000 <i>(note 2)</i>	5,136,566	0.26
Mr. Cheng Kar-shing, Peter	180,308	–	2,659,700 <i>(note 3)</i>	2,840,008	0.15
Mr. Leung Chi-kin, Stewart	3,321,630	–	–	3,321,630	0.17
Mr. Chow Kwai-cheung	207,000	–	–	207,000	0.01
Mr. Chow Yu-chun, Alexander	1,891,701	–	–	1,891,701	0.10
Mr. Fong Shing-kwong, Michael	2,306,051	–	–	2,306,051	0.12
Mr. Cheng Wai-chee, Christopher	703,288	–	–	703,288	0.04
<b>Dragon Fortune Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	–	–	15,869 <i>(note 4)</i>	15,869	27.41
<b>Faith Yard Property Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	–	–	1 <i>(note 2)</i>	1	50.00
<b>Fortune Star Worldwide Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	–	–	60 <i>(note 2)</i>	60	60.00
<b>Fung Seng Estate Development (Shanghai) Co., Ltd.</b>					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	–	–	3,000,000 <i>(note 5)</i>	3,000,000	30.00

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>Grand Make International Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	-	-	15 <i>(note 2)</i>	15	15.00
<b>Guangzhou Ronghe Real Estate Co., Ltd.</b>					
(Registered capital in RMB)					
Mr. Fu Sze-shing	-	-	4,666,500 <i>(note 6)</i>	4,666,500	5.00
<b>Master Services Limited</b>					
(Ordinary shares of US\$0.01 each)					
Mr. Leung Chi-kin, Stewart	16,335	-	-	16,335	1.63
Mr. Chow Kwai-cheung	16,335	-	-	16,335	1.63
Mr. Chow Yu-chun, Alexander	16,335	-	-	16,335	1.63
<b>Ramada Property Ltd.</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	-	-	200 <i>(note 2)</i>	200	20.00
<b>Shanghai Juyi Real Estate Development Co., Ltd.</b>					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William	-	-	229,500,000 <i>(note 5)</i>	229,500,000	30.00
<b>Shanghai Trio Property Development Co. Ltd.</b>					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	-	-	28,350,000 <i>(note 7)</i>	28,350,000	52.50

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
<b>Sun City Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	-	80,000	3,570,000 <i>(note 8)</i>	3,650,000	45.63
<b>Sun Legend Investments Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	-	-	500 <i>(note 9)</i>	500	50.00
<b>YE Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	-	-	37,500	1.50
<b>Zhaoqing New World Property Development Limited</b>					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	-	-	8,250,000 <i>(note 10)</i>	8,250,000	60.00
<b>Zhaoqing New World Property Management Limited</b>					
(Registered capital in HK\$)					
Mr. Doo Wai-hoi, William	-	-	300,000 <i>(note 10)</i>	300,000	60.00

*Notes:*

1. These shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.

4. 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited (“Sun City”), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
5. These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William.
6. The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.
7. These include 50% direct interests and 2.5% participating interests in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
8. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 48.18%.
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.
10. Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.

(b) *Long position in the underlying shares in the associated corporations of the Company*

(i) New World Mobile Holdings Limited

Under the share option scheme of a fellow subsidiary, New World Mobile Holdings Limited (“NWMH”), the following Directors have personal interests in share options to subscribe for shares in NWMH and are accordingly regarded as interested in the underlying shares of NWMH. Details of the share options of NWMH held by them as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share
Dr. Cheng Kar-shun, Henry	28 January 2005	(note)	780,000	HK\$1.26
Mr. Doo Wai-hoi, William	28 January 2005	(note)	300,000	HK\$1.26
Mr. Chow Yu-chun, Alexander	28 January 2005	(note)	482,000	HK\$1.26

*Note:* Exercisable from 28 January 2005 to 31 December 2010.

## (ii) NWS Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited (“NWS”), the following Directors have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS held by them as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share
Mr. Leung Chi-kin, Stewart	21 July 2003	<i>(note)</i>	68,820	HK\$3.711
Mr. Chow Yu-chun, Alexander	21 July 2003	<i>(note)</i>	134,944	HK\$3.711

*Notes:* Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 to 20 July 2008, respectively.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

*(III) Directors' interests in competing business*

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

Name of Director	Name of entity which business are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar-shun, Henry	Beijing Jiang Guang Development Limited	Hotel operation in Beijing	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
	Mr. Doo Wai-hoi, William	New Bei Fang Hotel Ltd.	Property investment
Tianjin Tianzheng Property & Merchants Co. Ltd.		Land improvement in Tianjin	Director
Mr. Cheng Kar-shing, Peter	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director

Name of Director	Name of entity which business are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Mr. Chow Kwai-cheung	北京市天竺花園別墅發展有限公司	Property development in Beijing	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director
	增城永裕房地產有限公司	Property development in Guangzhou	Director
Mr. Chow Yu-chun, Alexander	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	New Bei Fang Hotel Ltd.	Property investment	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director

Name of Director	Name of entity which business are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Mr. Fong Shing-kwong, Michael	Beijing Jiang Guang Centre Co., Ltd.	Hotel operation in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	Director
Ms. Ngan Man-ying, Lynda	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with business of the Group.

**(IV) Other Directors' interests**

None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group respectively, since 30 June 2005, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular which is significant to the business of the Group.



As at the Latest Practicable Date, the following Directors are also directors of the following companies, each of which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Name of substantial shareholder</b>
Dr. Cheng Kar-shun, Henry	Cheng Yu Tung Family (Holdings) Limited Centennial Success Limited Chow Tai Fook Enterprises Limited NWD Easywin Enterprises Corporation Limited
Mr. Cheng Kar-shing, Peter	Cheng Yu Tung Family (Holdings) Limited Centennial Success Limited Chow Tai Fook Enterprises Limited NWD
Mr. Leung Chi-kin, Stewart	NWD
Mr. Chow Kwai-cheung	NWD
Mr. Chow Yu-chun, Alexander	Easywin Enterprises Corporation Limited
Mr. Lee Luen-wai, John	NWD

**Substantial shareholders of the Group**

- (a) As at Latest Practicable Date, so far as the Directors are aware, each of the following persons, not being a Director or chief executive of the Company, had an interest in the Shares which falls to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

*Long positions in issued Shares*

Name	Number of Shares		Number of Shares comprised in derivatives (note 4)		Total	Percentage to the issued share capital of the Company
	Beneficial interests	Corporate interests	Beneficial interests	Corporate interests		
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	-	2,714,858,780	-	262,000,000	2,976,858,780	77.77
Centennial Success Limited ("CSL") (note 1)	-	2,714,858,780	-	262,000,000	2,976,858,780	77.77
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	-	2,714,858,780	-	262,000,000	2,976,858,780	77.77
NWD (note 3)	2,537,632,731	177,226,049	-	262,000,000	2,976,858,780	77.77
Easywin Enterprises Corporation Limited ("Easywin")	113,351,879	-	262,000,000	-	375,351,879	9.81

*Notes:*

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the Shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note (2) below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the Shares in which NWD is interested or deemed to be interested.
3. The number of Shares held under the corporate interests of NWD includes 22,508,064 Shares held by Great Worth Holdings Limited, its 59% owned subsidiary and 41,366,106 Shares held by High Earnings Holdings Limited, its 54% owned subsidiary. As NWD holds 100% interest in Easywin, it is also deemed to have an interest in the Shares held by Easywin.
4. Pursuant to certain option agreements all dated 30 May 2005, Easywin granted put options in respect of 262,000,000 Shares to independent third parties which are exercisable at an initial exercise price of HK\$2.90 per Share (subject to adjustment) on 25 May 2007 (subject to certain accelerating events as provided therein).

- (b) As at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company and save as otherwise disclosed in this circular, the persons (other than a Director or chief executive of the Company or his controlled corporations or a member of the Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company were as follows:

Name of substantial shareholder	Name of subsidiary	Number of shares/amount of equity interest held
Dalian Commercial Network Construction and Development Company	Dalian New World Plaza International Co., Ltd.	RMB6,960,000 (12% of the equity interest)
Hainan Zhonghong Investments Company Limited	Changsha Xiangxianghai Housing Development Co., Ltd.	RMB25,000,000 (20% of the equity interest)
Hing Pang Petroleum Chemicals (H.K.) Limited	Chengdu Xinyi Real Estate Development Co., Ltd.	RMB6,000,000 (20% of the equity interest)
Huamei Wealth (Beijing) International Property Investment Co., Ltd.	Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB12,500,000 (25% of the equity interest)
Melbourne Enterprises Ltd.	Billion Park Investment Limited	142,900 shares (14.29% of the equity interest)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 2 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 3 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 4 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 5 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 6 Limited	10% (note)

Name of substantial shareholder	Name of subsidiary	Number of shares/amount of equity interest held
Sichuan Zhongshihua Enterprise Co., Ltd.	Chengdu Xinyi Real Estate Development Co., Ltd.	RMB6,000,000 (20% of the equity interest)
深圳瑋鵬實業有限公司	Shenzhen Topping Real Estate Development Co., Ltd.	HK\$18,200,000 (10% of the equity interest)
武漢市國營漢口漁場	Wuhan Xinhan Development Co., Ltd.	30% (note)
佛山市祥福房地產開發有限公司	Foshan Country Club Real Estate Development Limited	10% (note)
濟南陽光置業有限公司	Jinan New World Sunshine Development Co., Ltd.	USD8,094,600 (27% of the equity interest)
上海豐收投資有限公司	濟南匯泉新世界置業有限公司	RMB6,000,000 (30% of the equity interest)

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

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

## 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 (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

## NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of the Group since 30 June 2005 (being the date to which the latest published audited financial statements of the Group were made up).

**EXPERT**

- (a) The following sets out the qualifications of the expert who has been named in this circular or has given its opinion or advice as contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Commerzbank	(acting through its Hong Kong branch) a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 of the SFO

- (b) Commerzbank does not have any shareholding, direct or indirect, in any member of the 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 Group.
- (c) Commerzbank does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2005, the date to which the latest published audited financial statements of the Company were made up.
- (d) Commerzbank has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (e) The letter and recommendation given by Commerzbank are given as of the date of this circular for incorporation herein.

**LITIGATION**

No member of the Group is at present engaged in any litigation or arbitration of material importance to the Group and no litigation or claim of material importance to the Group is known to the Directors or the Company to be pending or threatened by or against any member of the Group.

**MISCELLANEOUS**

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

- (c) The head office and principal place of business of the Company is situated at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong.
- (d) The Hong Kong share registrar and transfer office of the Company is Standard Registrars Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The secretary of the Company is Ms. Ngan Man-ying, Lynda, *FCCA CPA*.
- (f) The qualified accountant of the Company is Ms. Ngan Man-ying, Lynda, *FCCA CPA*.

**DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Participation Agreement is available for inspection at the principal place of business in Hong Kong of the Company at 9/F, New World Tower 1, 18 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 16 October 2006.

**Ms. Ngan Man-ying, Lynda**

Aged 40, was appointed an executive Director in January 2006. She also acts as a director of various subsidiaries of the Group. Ms. Ngan is the financial controller and a committee member of the Group's operation committee responsible for overseeing the Group's financial accounting, treasury management and corporate governance monitoring. She joined the Group in 1999 with over 19 years of experience in auditing, accounting, business advisory and tax consultancy. Prior to joining the Group, Ms. Ngan worked for an international accounting firm in Hong Kong and a tax consulting company in Australia. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Chartered Association of Certified Accountants (United Kingdom) and holds a Bachelor Degree in Business from University of Southern Queensland. Ms. Ngan is the company secretary of the Company.

Pursuant to the service contract entered into between Ms. Ngan and the Company, the appointment of Ms. Ngan shall be for an initial term of 3 years, subject to re-election by Shareholders at the next general meeting and the rotational retirement provision at least once every three years at the annual general meetings of the Company in accordance with the Articles of Association. Ms. Ngan was paid HK\$50,000 as director's fee for the year ended 30 June 2006 as determined by the Board under the authority granted by the Shareholders at the 2005 annual general meeting. Pursuant to the service contract, she can receive emoluments which comprise an annual salary package of HK\$2.28 million and is entitled to a discretionary bonus. This has been determined with reference to her duties and responsibility with the Company and the Company's remuneration policy.

Apart from acting as an executive Director, Ms. Ngan is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and has not held any directorship in other listed companies during the past three years. Except for her interest in 100,000 underlying Shares attached to the share options granted by the Company, as at the Latest Practicable Date, Ms. Ngan does not have other interests in the shares of the Company within the meaning of Part XV of the SFO. She is not aware of any matters that are required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders.



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

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

**(Stock Code: 0917)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the "Meeting") of New World China Land Limited (the "Company") will be held at 10:30 a.m. on Monday, 16 October 2006 at Concord Room I, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Hong Kong for the following purposes:

**ORDINARY RESOLUTIONS**

To consider and, if thought fit, with or without amendments, pass the following resolutions which will be proposed as ordinary resolutions:

1. **THAT,**
  - (a) the participation agreement dated 11 September 2006 entered into between the Company, Solar Leader Limited and New World Development Company Limited (the "Participation Agreement"), a copy of the circular dated 29 September 2006 marked "A" and a copy of the Participation Agreement marked "B" have been produced to the Meeting and signed by the Chairman of the Meeting for the purpose of identification, and the terms of and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
  - (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts or things incidental to, ancillary to or in connection with the Participation Agreement.
2. **THAT** Ms. Ngan Man-ying, Lynda be re-elected as director of the Company.

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

Hong Kong, 29 September 2006



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## APPENDIX III NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. A member entitled to attend and vote at the Meeting (or at any adjournment thereof) is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 26/F., Tresbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the proxy will not preclude any member from attending and voting in person should you so wish.
3. In case of joint registered holders of any shares of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares of the Company as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of such holders so present whose name stands first in the register of members of the Company in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
4. In accordance with article 99 of the articles of association of the Company, Ms. Ngan Man-ying, Lynda will retire as director of the Company at the Meeting and, being eligible, will offer herself for re-election.
5. A form of proxy for use at the Meeting is enclosed.
6. As at the date of this notice, the board of directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda as executive directors; (2) Mr. Fu Sze-shing as non-executive director and (3) Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John as independent non-executive directors.