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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: 917)

**CONTINUING CONNECTED TRANSACTIONS —
MASTER SERVICE AGREEMENT WITH
NEW WORLD DEVELOPMENT COMPANY LIMITED
AND
RE-ELECTION OF RETIRING DIRECTORS**

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



CIMB Securities (HK) Limited

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from CIMB, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 13 to 25 of this circular.

A notice convening the EGM to be held at Meeting Rooms S226–227 (Old Wing), Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 3 June 2010, at 10:15 a.m. is set out on pages 44 to 45 of this circular. If you intend to appoint a proxy to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

18 May 2010

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DEFINITIONS

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
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CIMB”	CIMB Securities (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Service Agreement
“Company”	New World China Land Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Contracting Services”	the construction, engineering and related services to be provided by the relevant members of the NWD Group to members of the Group as described in the section headed “The Master Service Agreement” in this circular
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Meeting Rooms S226-227 (Old Wing), Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 3 June 2010 at 10:15 a.m. for the purposes of, amongst others, considering and, if thought fit, approving the Master Service Agreement and the re-election of the retiring Directors
“First Master Leasing Agreement”	the master leasing agreement dated 22 May 2009 entered into between the Company and NWDS
“First Master Service Agreement”	the master service agreement dated 27 May 2008 entered into between the Company and NWD
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the 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 Master Service Agreement. Mr. Lee Luen-wai, John is the independent non-executive Director of both the Company and NWD and hence, he is not a member of the Independent Board Committee
“Independent Shareholders”	Shareholders other than NWD and its associates
“Latest Practicable Date”	13 May 2010, being the latest practicable date prior to the bulk-printing of this circular for ascertaining certain information contained herein
“Leasing Services”	the leasing and property management services to be provided by members of NWD Group to the Group in respect of the leasing and property management arrangements of the Office Premises as described in the section headed “The Master Service Agreement” in this circular
“Leasing and Property Management Services”	the leasing and property management services to be provided by members of the Group to members of NWD Group in respect of the leasing and property management arrangements of the Premises as described in the section headed “The Master Service Agreement” in this circular
“Listing Rules”	The Rules Governing and Listing of Securities on the Stock Exchange
“Master Service Agreement”	the master service agreement in relation to the Services entered into between the Company and NWD on 30 April 2010
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 17)
“NWD Group”	NWD and its subsidiaries from time to time
“NWDS”	New World Department Store China Limited, a 72.29% owned subsidiary of NWD and a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 825)
“NWDS Group”	NWDS and its subsidiaries from time to time
“Office Premises”	the office premises owned by members of NWD Group from time to time
“Operational Agreement”	the individual agreement in respect of the provision of any of the Services which may from time to time be entered into between a member of the Group and a member of the NWD Group pursuant to the Master Service Agreement
“PRC”	The People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Premises”	the premises owned by members of the Group from time to time
“Property Agency Services”	the property agency and related services in connection with the promotion, sale and leasing of properties to be provided by the relevant members of the NWD Group to members of the Group as described in the section headed “The Master Service Agreement” in this circular
“Services”	the Contracting Services, the Property Agency Services, the Hotel Management Services, the Leasing Services, the Leasing and Property Management Services, and such other types of services as the Company and NWD may agree upon from time to time in writing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Shares”	the ordinary share(s) in the issued share capital of the Company with a par value of HK\$0.10 each
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m”	square meter(s)
“%”	per cent.

LETTER FROM THE BOARD



New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 917)

Executive Directors:

Dr. Cheng Kar-shun, Henry *GBS (Chairman and Managing Director)*

Mr. Cheng Kar-shing, Peter

Mr. Cheng Chi-kong, Adrian

Miss Cheng Chi-man, Sonia

Mr. Cheng Chi-him, Conrad

Mr. Chow Yu-chun, Alexander

Mr. Fong Shing-kwong, Michael

Ms. Ngan Man-ying, Lynda

Non-executive Directors:

Mr. Doo Wai-hoi, William *JP (Vice Chairman)*

Mr. Leung Chi-kin, Stewart

Mr. Chow Kwai-cheung

Independent non-executive Directors:

Mr. Cheng Wai-chee, Christopher *GBS OBE JP*

Mr. Tien Pei-chun, James *GBS JP*

Mr. Lee Luen-wai, John *JP*

Registered office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Principal place of business
in Hong Kong:*

9th Floor, New World Tower 1

18 Queen's Road Central

Hong Kong

18 May 2010

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

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
MASTER SERVICE AGREEMENT WITH
NEW WORLD DEVELOPMENT COMPANY LIMITED
AND
RE-ELECTION OF RETIRING DIRECTORS**

BACKGROUND

In the ordinary course of their businesses, members of the Group regularly enter into continuing connected transactions with members of the NWD Group. In order to streamline and renew such continuing connected transactions, the Company and NWD entered into the Master Service Agreement on 30 April 2010 whereby the Company agrees to (i) engage relevant members of the NWD Group to provide the Contracting Services, Property Agency Services and Leasing Services to members of the Group; and (ii) provide Leasing and Property Management Services and Hotel Management Services to members of NWD Group during the term of the Master Service Agreement.

LETTER FROM THE BOARD

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, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad who were appointed as Directors by the Board on 8 January 2010 will retire at the EGM, and being eligible, will offer themselves for re-election.

PURPOSE OF THIS CIRCULAR

The purpose of this circular is to provide you with details of the Master Service Agreement, the opinion of the Independent Board Committee, the advice of CIMB in respect of the Master Service Agreement and the information in relation to the re-election of the retiring Directors.

(A) THE MASTER SERVICE AGREEMENT

Date:	30 April 2010
Parties:	the Company and NWD
Term:	an initial term of twenty-six months commencing from 30 April 2010 to 30 June 2012 (both days inclusive). Subject to re-compliance with the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time, the Master Service Agreement may be renewed for a further term of three years

Provision of Services

Under the Master Service Agreement, the Company agrees to (i) engage relevant members of the NWD Group to provide the Contracting Services, Property Agency Services and Leasing Services to members of the Group; and (ii) provide Leasing and Property Management Services and Hotel Management Services to members of NWD Group during the term of the Master Service Agreement, details of which are as follows:

1) services to be provided by members of NWD Group to the Group

Categories of Services	Description of Services
Contracting Services	the provision of construction, engineering and related services by the relevant members of the NWD Group to members of the Group, including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation maintenance and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction and project management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems, system design and consultancy, estate management and consultancy services, cleaning services and computer aided drafting services

LETTER FROM THE BOARD

Property Agency Services the provision of property agency and related services in connection with the promotion, sale and leasing of properties by the relevant members of the NWD Group to members of the Group, including but not limited to, (a) design and compilation of promotion and marketing plans; (b) supervision of marketing activities and overseeing the operation of sales offices; (c) formulation of pricing strategy and assistance in the execution and completion of sale and leasing agreements with the buyers and tenants; and (d) monitoring the leasing of the commercial properties

Leasing Services the provision of leasing and property management services by members of the NWD Group to members of the Group in respect of the leasing and property management of the Office Premises

II) services to be provided by members of the Group to NWD Group

Categories of Services	Description of Services
Hotel Management Services	means the provision of management services by the relevant members of the Group to members of NWD Group in respect of hotels owned by members of the NWD Group from time to time including but not limited to the provision of pre-opening technical consultancy and ongoing management, sales and marketing services such as (a) formulation of business strategy, operational plans, pricing policy and setting guidelines on the operating standard of the relevant hotel; (b) assistance in the preparation of budgets and overseeing the financial accounting and treasury management function; (c) overseeing the decoration, maintenance of facilities and assistance in the procurement of furniture, equipments, groceries and other supplies; (d) supervision of hotel personnel, advising on recruitment and remuneration policies and provision of staff training; and (e) monitoring the advertising, marketing and promotional activities of the relevant hotel and attending to the leasing matters
Leasing and Property Management Services	the provision of leasing and property management services by members of the Group to members of the NWD Group in respect of the leasing and property management of the Premises

Major terms

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

- (a) as for the Services undertaken by any member of the NWD Group and the Group but not yet completed as at the commencement date of the Master Service Agreement, each of

LETTER FROM THE BOARD

NWD and the Company agrees to procure relevant members of the NWD Group and the Group to continue to provide the relevant Services in accordance with the terms of the relevant agreements, notwithstanding the terms of the Master Service Agreement;

- (b) save as the Services referred to in (a) above, each of NWD and the Company agrees to provide the Services through itself and/or any of its subsidiaries in accordance with the terms of the Master Service Agreement, subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular service which shall be recorded in writing in the form of an operational agreement;
- (c) the terms of the Operational Agreements shall be in compliance with the relevant laws and regulations in force from time to time and shall be negotiated on arm's length basis and on normal commercial terms or at prices and terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties of the Group. The settlement terms for the provision of the Services will be set out in their respective Operational Agreements; and
- (d) the appointment of the relevant members of the NWD Group and the Group to provide the Services under the Master Service Agreement is on a non-exclusive basis and shall be subject to the relevant laws, rules and regulations.

Condition

The Master Service Agreement and the continuing connected transactions contemplated thereunder are subject to the approval by the Independent Shareholders at the EGM.

Upon the Master Service Agreement becoming effective, the First Master Service Agreement shall be terminated and NWD shall procure NWDS to terminate the First Master Leasing Agreement with the Company.

Historical transaction values

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

Services rendered by the NWD Group to the Group	Aggregate transaction values			
	for the financial year ended 30 June 2007 HK\$ (million)	for the financial year ended 30 June 2008 HK\$ (million)	for the financial year ended 30 June 2009 HK\$ (million)	for the six months ended 31 December 2009 HK\$ (million)
Contracting Services (<i>Note 1</i>)	135.8	524.7	1,535.2	96.5
Property Agency Services (<i>Note 1</i>)	5.1	6.2	2.6	6.4
Leasing Services (<i>Note 2</i>)	4.0	7.5	10.1	7.3
Total	144.9	538.4	1,547.9	110.2

LETTER FROM THE BOARD

Services rendered by the Group to NWD Group	Aggregate transaction values			
	for the financial year ended 30 June 2007 HK\$ (million)	for the financial year ended 30 June 2008 HK\$ (million)	for the financial year ended 30 June 2009 HK\$ (million)	for the six months ended 31 December 2009 HK\$ (million)
Hotel Management Services (<i>Note 3</i>)	—	0.3	2.0	2.0
Leasing and Property Management Services (<i>Note 4</i>)	<u>57.5</u>	<u>88.3</u>	<u>72.0</u>	<u>40.7</u>
Total	<u><u>57.5</u></u>	<u><u>88.6</u></u>	<u><u>74.0</u></u>	<u><u>42.7</u></u>

Notes:

- (1) The details about the engagement of NWD Group to provide the Contracting Services and the Property Agency Services to the Group pursuant to the terms of the First Master Service Agreement were disclosed in the announcement and circular of the Company dated 27 May 2008 and 10 June 2008, respectively and had been approved by the then Independent Shareholders on 27 June 2008.
- (2) The Group has been leasing certain Office Premises from the NWD Group for office use, details of which were set out in the announcements of the Company dated 16 October 2007, 20 January 2009, 29 June 2009 and 2 February 2010, respectively.
- (3) The Group has been providing Hotel Management Services in respect of certain hotels invested by the NWD Group, details of which were set out in the announcements of the Company dated 10 January 2008 and 20 November 2009, respectively.
- (4) The Group has been leasing certain premises to members of NWDS Group under the First Master Leasing Agreement, details of which were disclosed in the announcement and circular of the Company dated 22 May 2009 and 12 June 2009, respectively and had been approved by the then Independent Shareholders on 29 June 2009.

Annual caps

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

I) services to be provided by members of NWD Group to the Group

Services	Annual caps for each of the financial years ending 30 June		
	2010 HK\$ (million)	2011 HK\$ (million)	2012 HK\$ (million)
Contracting Services	1,343.8	1,948.6	1,965.9
Property Agency Services	46.3	25.9	45.7
Leasing Services	<u>15.4</u>	<u>16.1</u>	<u>16.6</u>
Total	<u><u>1,405.5</u></u>	<u><u>1,990.6</u></u>	<u><u>2,028.2</u></u>

LETTER FROM THE BOARD

II) services to be provided by members of the Group to NWD Group

Services	Annual caps for each of the financial years ending 30 June		
	2010 <i>HK\$ (million)</i>	2011 <i>HK\$ (million)</i>	2012 <i>HK\$ (million)</i>
Hotel Management Services	14.7	31.4	33.4
Leasing and Property Management Services	472.8	408.0	433.0
Total	487.5	439.4	466.4

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

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

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

Reasons for and benefits of entering into the Master Service Agreement

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

In anticipation of the increase in the scope and transaction amounts of the Services to be provided to or by the NWD Group, the Directors propose to enter into the Master Service Agreement which would provide a more comprehensive framework for different categories of Services to be provided to or by the NWD Group. The Master Service Agreement will replace the First Master Service Agreement and the First Master Leasing Agreement upon the Master Service Agreement becoming effective and include other ongoing connected transactions between the NWD Group and the Group. The aggregation of all the existing and foreseeable ongoing continuing connected transactions with the NWD Group under the Master Service Agreement will provide a single basis on which the Company will seek prior Independent Shareholders' approval and thereby aiming to reduce the administrative burden on the Company to comply with the reporting and Independent Shareholders' approval requirement under the Listing Rules in relation to the execution or renewal of agreements in respect of the Services.

LETTER FROM THE BOARD

The transactions contemplated under the Master Service Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and the NWD Group. The Services contemplated under the Master Service Agreement will be provided on a non-exclusive basis and terms of the Operational Agreement will be negotiated on arm's length basis and comparable with terms available from or to independent third parties.

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

Continuing Connected Transactions

As at the Latest Practicable Date, NWD held an approximately 70% attributable interest in the issued share capital of the Company. NWD is a controlling shareholder of the Company and hence a connected person of the Company. The transactions contemplated under the Master Service Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that one or more of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the maximum aggregate annual value in respect of the Contracting Services, Property Agency Services and Leasing Services contemplated under the Master Service Agreement exceeds 2.5% and the maximum aggregate annual value in respect of the Leasing and Property Management Services and Hotel Management Services exceeds 2.5%, the Master Service Agreement is subject to reporting and announcement requirements and Independent Shareholders' approval under the Listing Rules.

(B) RE-ELECTION OF THE RETIRING DIRECTORS

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, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad who were appointed as Directors by the Board on 8 January 2010 will retire at the EGM, and being eligible, will offer themselves for re-election.

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

EGM

The Company will convene the EGM at 10:15 a.m. on Thursday, 3 June 2010 at Meeting Rooms S226–227 (Old Wing), Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong to consider and approve the Master Service Agreement and the proposed re-election of the retiring Directors by way of poll. A notice of the EGM is set out in Appendix III to this circular.

Under the requirements of the Listing Rules, any connected person or Shareholder and its associate with a material interest in the transaction will not vote in the EGM in approving the relevant transaction. In this regard NWD and its associates will abstain from voting on the resolution to approve the Master Service Agreement at the EGM.

LETTER FROM THE BOARD

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

OPINION

The Directors (including the independent non-executive Directors) consider that the terms of the Master Service Agreement are fair and reasonable, and that entering into the Master Service Agreement and the re-election of the retiring Directors are in the best interests of the Company and its Shareholders as a whole.

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

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



New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 917)

18 May 2010

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS —
MASTER SERVICE AGREEMENT WITH
NEW WORLD DEVELOPMENT COMPANY LIMITED**

We refer to the letter from the Board set out in the circular issued by the Company to the Shareholders and dated 18 May 2010 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

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

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

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

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution approving the Master Service Agreement and the transactions contemplated thereunder to be proposed at the EGM.

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

LETTER FROM CIMB

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



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

18 May 2010

*To the Independent Board Committee and the Independent Shareholders of
New World China Land Limited*

Dear Sirs/Madams,

CONTINUING CONNECTED TRANSACTIONS — MASTER SERVICE AGREEMENT WITH NEW WORLD DEVELOPMENT COMPANY LIMITED

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the Master Service Agreement and the transactions contemplated thereunder; and (ii) the Proposed Annual Caps (as defined and analyzed in the section headed "Proposed maximum annual transaction values" below), details of which are set out in the letter from the Board (the "Letter from the Board") as contained in the circular of the Company to the Shareholders dated 18 May 2010 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

It was announced by the Company on 30 April 2010 that on the even date, the Company and NWD entered into the Master Service Agreement with an initial term of twenty-six months commencing from 30 April 2010 to 30 June 2012 (both days inclusive), pursuant to which the Company agrees to (i) engage relevant members of the NWD Group to provide the Contracting Services, the Property Agency Services and the Leasing Services to members of the Group; and (ii) provide the Leasing and Property Management Services and the Hotel Management Services to members of the NWD Group, subject to the terms and conditions of the Master Service Agreement (collectively, referred to as the "Continuing Connected Transactions").

Given that NWD held an approximately 70% attributable interest in the issued share capital of the Company as at the Latest Practicable Date, NWD is a controlling shareholder of the Company and hence a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Service Agreement constitute continuing connected transactions of the Company under the Listing Rules. Given that one or more of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the maximum aggregate annual value in respect of the Contracting Services, the Property Agency Services and the Leasing Services exceeds 2.5% and the maximum aggregate annual value in respect of the Leasing and Property Management Services and the Hotel Management Services exceeds 2.5%, the Master Service Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and the Independent Shareholders' approval at the EGM under the Listing Rules.

LETTER FROM CIMB

NWD and its associates will abstain from voting in relation to the resolution to approve the Master Service Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

The Independent Board Committee comprising two independent non-executive Directors, namely Mr. Cheng Wai-chee, Christopher and Mr. Tien Pei-chun, James, has been formed to advise the Independent Shareholders in relation to the Master Service Agreement and the transactions contemplated thereunder and the Proposed Annual Caps. Mr. Lee Luen-wai, John is an independent non-executive director of both the Company and NWD and hence, he is not a member of the Independent Board Committee.

Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation thereto, is to (i) provide the Independent Board Committee and the Independent Shareholders an independent opinion and recommendation as to whether (a) the entering into of the Master Service Agreement is in the interests of the Group and the Shareholders as a whole and the Continuing Connected Transactions fall within the ordinary and usual course of business of the Group; (b) the terms of the Master Service Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned; and (c) the Proposed Annual Caps are fair and reasonable so far as the Company and the Shareholders are concerned; and (ii) advise the Independent Shareholders on how to vote at the EGM.

BASIS OF OUR OPINION

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view to justify reliance on the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, NWD, or any of their respective subsidiaries or associates. We have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the management of the Company. The Directors have declared in a responsibility statement set out in the Appendix I to the Circular that they jointly and severally accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the Directors' representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in relation to the Master Service Agreement and the transactions contemplated thereunder and the Proposed Annual Caps, we have considered the following principal factors and reasons:

(I) Background, reasons for and benefits of entering into the Master Service Agreement

As stated above, the Master Service Agreement will regulate the Services to be conducted between the Group and the NWD Group for an initial term of twenty-six months commencing from 30 April 2010 to 30 June 2012 and the Services shall cover (i) the Contracting Services, the Property Agency Services and the Leasing Services to be provided by the NWD Group to the Group; and (ii) the Leasing and Property Management Services and the Hotel Management Services to be provided by the Group to the NWD Group. Details of the Services are set out in the Letter from the Board.

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Given that the Group is principally engaged in property development, property investment and rental and hotel operation in the PRC, we consider that the entering into the Master Service Agreement to regulate the Services falls within the ordinary and usual course of business of the Group.

The Company has entered into the First Master Service Agreement with NWD for provision of the relevant contracting services and property agency services for a term of three years commencing from 1 July 2008 to 30 June 2011, details of which are set out in the announcement and the circular of the Company dated 27 May 2008 and 10 June 2008, respectively. The First Master Service Agreement had been approved by the then independent Shareholders of the Company on 27 June 2008. The Company has also entered into the First Master Leasing Agreement with NWDS for leasing of the relevant Premises to the NWDS Group for a term of three years commencing from 1 July 2009 to 30 June 2012, details of which are set out in the announcement and the circular of the Company dated 22 May 2009 and 12 June 2009, respectively. The First Master Leasing Agreement had been approved by the then independent Shareholders of the Company on 29 June 2009. The Group has also conducted certain continuing connected transactions with the NWD Group in the past few years, including, among others, provision of hotel management services by the Group to the NWD Group as detailed in the announcements of the Company dated 10 January 2008 and 20 November 2009, and leasing of certain Office Premises by the Group from the NWD Group as detailed in the announcements of the Company dated 16 October 2007, 20 January 2009, 29 June 2009 and 2 February 2010, respectively.

We have discussed with the management in relation thereto and understand that the Directors propose to enter into the Master Service Agreement in anticipation of the increase in the scope and the transaction amounts of the Services to be provided to or by the NWD Group. The Directors consider the Master Service Agreement, which will replace the First Master Service Agreement and the First Master Leasing Agreement upon becoming effective and shall include other ongoing connected transactions between the NWD Group and the Group, would provide a more comprehensive framework for different categories of the Services to be provided to or by the NWD Group.

Given that the transactions contemplated under the Master Service Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, we concur with the view of the Directors that the aggregation of all the existing and foreseeable ongoing connected transactions conducted and to be conducted between the Group and the NWD Group under the Master Service Agreement will provide a single basis on which the Company will seek prior approval from the Independent Shareholders at the EGM with an aim to reduce the administrative burden on the Company to comply with the reporting and the Independent Shareholders' approval requirements under the Listing Rules in connection with the execution or renewal of relevant agreements in respect of the Services.

Having considered the above, we consider that the transactions as contemplated under the Master Service Agreement, namely the Contracting Services, the Property Agency Services and the Leasing Services to be provided by the NWD Group to the Group and the Hotel Management Services and the Leasing and Property Management Services to be provided by the Group to the NWD Group, are for the business purpose of the Group and fall within the ordinary and usual course of business of the Group. Given the above, we are of the view that the entering into of the Master Service Agreement is in the interests of the Group and the Shareholders as a whole.

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(II) Major terms of the Master Service Agreement

The Master Service Agreement stipulates that:

- (a) as for the Services undertaken by any member of the NWD Group and the Group but not yet completed as at the commencement date of the Master Service Agreement, each of NWD and the Company agrees to procure relevant members of the NWD Group and the Group to continue to provide the relevant Services in accordance with the terms of the relevant existing agreements, notwithstanding the terms of the Master Service Agreement;
- (b) save as the Services referred to in (a) above, each of NWD and the Company agrees to provide the Services through itself and/or any of its subsidiaries in accordance with the terms of the Master Service Agreement, subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular service which shall be recorded in writing in the form of an Operational Agreement;
- (c) the terms of the Operational Agreements shall be in compliance with the relevant laws and regulations in force from time to time and shall be negotiated on arm's length basis and on normal commercial terms or at prices and terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties of the Group; and
- (d) the appointment of the relevant members of the NWD Group and the Group to provide the Services under the Master Service Agreement is on a non-exclusive basis and shall be subject to the relevant laws, rules and regulations.

Our analysis in respect of the pricing principles of the Services is set out below:

(1) Services to be provided by members of the NWD Group to the Group

(a) Contracting Services

In assessing the pricing principle of the Contracting Services, we have discussed with the management of the Company and understand that the relevant members of the NWD Group normally act as the main contractors and/or project managers to the Group's property development projects.

In the situations where the relevant members of the NWD Group act as the project managers for the Group, we are advised by the Company that it will take into account the qualification, historical performance, track record, reputation and financial strength of the project manager candidates in the selection process. The Company also advised that, as at the Latest Practicable Date, the Group has only engaged members of the NWD Group as project managers of the Group and the NWD Group usually charges the Group a percentage of the estimated total construction costs of the relevant projects as a service fee, which is determined on arm's length negotiations between relevant parties and with reference to the market practice. Based on the information regarding the service fees charged by members of the NWD Group to independent third parties of NWD provided by the Company, we note that the project management fees charged by the NWD Group to the Group are determined on normal commercial terms.

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In the situations where the relevant members of the NWD Group act as the main contractors for the Group, the Company advised that it is the Group's policy that the construction and engineering contracts under the Contracting Services shall be awarded to potential contractors by way of tenders, pursuant to which, members of the Group are required to invite at least three qualified tenderers to submit tender proposals for relevant construction and engineering projects and the management of the Company usually considers factors including the total service charge of the construction and engineering projects as well as the qualification, historical performance, track record, reputation and financial strength of the tenderers in the selection process. The management also advised that the Group has stringent tendering procedures and written internal guidelines (including lists of pre-authorized tenders) which are subject to periodic review and update by the management.

We have reviewed, on a sample basis, the above mentioned project tender documents and noted that the terms offered by the NWD Group are no less favourable to the Company than terms available from independent third parties of the Group.

We have also discussed with management in relation to the respective pricing principles of other services under the Contracting Services, including estate management services and consultancy services, and understand that, similar to the above mentioned construction and engineering services, the management usually takes into account factors including, among others, the service charge and the qualification, expertise knowledge, industry experience and reputation when determining the service provider for relevant project and in any event, for the services provided by members of the NWD Group to the Group, the terms offered were on normal commercial terms.

(b) Property Agency Services

Based on our discussion with the management of the Company in respect of the pricing principle of the Property Agency Services, we understand that the property agency fees to be charged by NWD Group to the Group shall be on normal commercial terms, or at terms (including the prices) no less favorable to the Company than terms available from independent third parties of the Group.

The management of the Company advised that the management usually considers factors including, among others, the terms (particularly commission rates) offered by property agents and their respective reputation and geographical coverage when choosing property agents for its marketing and sales function in relation to certain properties of the Group.

We have reviewed the property agency agreements entered into by the Group with members of the NWD Group and independent third parties on a sample basis and note that the major terms offered by members of the NWD Group were on normal commercial terms and were comparable with those available from independent property agents of the Group.

(c) Leasing Services

In terms of the pricing principle of the Leasing Services, we have discussed with the management of the Company and understand that the rentals to be charged by the NWD Group to the Group in respect of relevant premises owned by the NWD Group shall be on

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normal commercial terms or at terms no less favorable to the Company than terms available from independent third parties of the Group.

We have compared rentals stipulated in the existing leasing agreements entered into between the Group and members of the NWD Group with that of the comparable asking rent in the locality, the information of which is provided by the independent valuer, and note that the rentals stipulated in the existing leasing agreements are comparable with that of the comparable asking rent. We have also discussed with the valuer in relation thereto and understand that the rents are usually determined based on factors including, among others, location, status and/or usage of leasing properties, and thus consider that the terms offered by the NWD Group to the Group for the Leasing Services were on normal commercial terms.

(2) *Services to be provided by members of the Group to the NWD Group*

(a) *Hotel Management Services*

Based on our discussion with the management of the Company in respect of the pricing principle of the Hotel Management Services, we understand that the service fees to be charged by the Group to the NWD Group in respect of hotels owned by members of the NWD Group shall be on normal commercial terms, or at terms no less favorable to the Company than terms available to independent third parties of the Group.

The management of the Company advised that the service fee structure in connection with hotel management service varies based on arm's length negotiations between relevant parties and usually includes basic management fee, incentive management fee and marketing fee. The management also advised that as at the Latest Practicable Date, the Group has not provided hotel management services to independent third parties other than the NWD Group and other connected persons of the Group. We have compared the service fee basis stipulated in the existing hotel management contracts entered into between the Group and members of the NWD Group with those entered into between the NWD Group and independent third parties of the NWD Group, and note that the basic management fee, the marketing fee and the incentive management fee charged by the Group to the NWD Group were on normal commercial terms and were comparable with those charged by independent third parties to the NWD Group.

(b) *Leasing and Property Management Services*

We have discussed with the management of the Company in relation to the pricing principle of the Leasing and Property Management Services, and understand that the rentals and management fees (where applicable) for each premise leased by members of the NWD Group from the Group shall be determined on normal commercial terms, or at terms no less favorable to the Company than terms available to independent third parties of the Group.

We have compared rentals stipulated in the existing leasing and property management agreements entered into between the Group and members of the NWD Group with those of comparable property leasing transactions in the locality, the information of which is provided by an independent valuer, and note that the rentals stipulated in the aforesaid leasing and property management agreements are comparable with those of the comparable leasing transactions. We also note that, besides in the form of fixed rental, rentals stipulated in certain leasing and property management agreements are determined with reference to sales

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revenue of relevant tenants of the leased properties. We have discussed with the management of the Company in relation thereto and understand that it is a common practice in the property lease market to determine rentals of properties for retail purpose with reference to sales revenue generated by tenants and such pricing mechanism is believed to improve lessors' rental yield by allowing them to capture upside growth, if any, of businesses of the tenants.

Our view

Having considered the above, we are of the view that the major terms of the Master Service Agreement, particularly the pricing principles of the Services, are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

(III) Proposed maximum annual transaction values (the "Proposed Annual Caps")

Set out below are the details of (i) the historical transaction amounts in relation to the Continuing Connected Transactions for each of the three financial years ended 30 June 2009 and the six months ended 31 December 2009; and (ii) the Proposed Annual Caps for each of the three financial years ending 30 June 2012:

	Historical transaction amounts				Proposed Annual Caps		
	For the financial year ended 30 June			For the six months ended	For the financial year ending 30 June		
	2007	2008	2009	31 December 2009	2010	2011	2012
	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)
Services provided by the NWD Group to the Group							
(a) Contracting Services ^{Note 1}	135.8	524.7	1,535.2	96.5	1,343.8	1,948.6	1,965.9
(b) Property Agency Services ^{Note 1}	5.1	6.2	2.6	6.4	46.3	25.9	45.7
(c) Leasing Services ^{Note 2}	4.0	7.5	10.1	7.3	15.4	16.1	16.6
Total	144.9	538.4	1,547.9	110.2	1,405.5	1,990.6	2,028.2
Services provided by the Group to the NWD Group							
(a) Hotel Management Services ^{Note 3}	0	0.3	2.0	2.0	14.7	31.4	33.4
(b) Leasing and Property Management Services ^{Note 4}	57.5	88.3	72.0	40.7	472.8	408.0	433.0
Total	57.5	88.6	74.0	42.7	487.5	439.4	466.4

Notes:

- (1) The details about the engagement of the NWD Group to provide the Contracting Services and the Property Agency Services to the Group pursuant to the terms of the First Master Service Agreement were disclosed in the announcement and the circular of the Company dated 27 May 2008 and 10 June 2008, respectively, and had been approved by the then independent Shareholders of the Company on 27 June 2008.

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- (2) The Group has been leasing certain Office Premises from the NWD Group for office use, details of which were set out in the announcements of the Company dated 16 October 2007, 20 January 2009, 29 June 2009 and 2 February 2010, respectively.
- (3) The Group has been providing Hotel Management Services in respect of certain hotels invested by the NWD Group, details of which were set out in the announcements of the Company dated 10 January 2008 and 20 November 2009, respectively.
- (4) The Group has been leasing certain premises to members of the NWDS Group under the First Master Leasing Agreement, details of which were disclosed in the announcement and the circular of the Company dated 22 May 2009 and 12 June 2009, respectively, and had been approved by the then independent Shareholders of the Company on 29 June 2009.

As stated in the Letter from the Board, the Directors have determined the Proposed Annual Caps for each of the three financial years ending 30 June 2012 after taking into account the following factors:

- (i) the prevailing market conditions;
- (ii) the historical annual amounts in respect of that category of the Services; and
- (iii) the projected quantity of the Services that relevant members of the NWD Group and the Group would be engaged to undertake or invited for tendering in the next three financial years.

Our analysis in connection with the Proposed Annual Caps is set out below:

(1) *Services to be provided by members of the NWD Group to the Group*

- (a) Proposed annual caps in relation to the Contracting Services (the “Proposed Contracting Services Caps”)

The Proposed Contracting Services Caps for each of the three financial years ending 30 June 2012 are comparable with the historical transaction amounts for the financial year ended 30 June 2009.

In assessing the fairness and reasonableness of the Proposed Contracting Services Caps, we have discussed with the management in this regard and are advised that as at the Latest Practicable Date, the total gross floor area (“GFA”) under/held for development by the Group amounted to approximately 26.6 million square meters (“sq.m.”), among which, an aggregate GFA of approximately 3.3 million sq.m. is expected to be completed over the term of the Master Service Agreement. Given the respective development progress of the Group’s over 21 property projects in the PRC, the Directors expect the Group’s demand for the Contracting Services to be provided by the NWD Group would increase significantly over the term of the Master Service Agreement. The management also advised that the increment in the proposed annual caps for the financial year ending 30 June 2010 as compared with the historical transaction amount for the six months ended 31 December 2009 on a pro rata basis is mainly attributable to the factor that certain major property projects of the Group with higher proportion of construction costs are scheduled to be completed during the second half of the financial year ending 30 June 2010.

We have also reviewed the calculation in relation thereto provided by the Company and the relevant contracting services agreements, the contractual value and the estimated

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transaction amounts of which constitute a significant part of the Proposed Contracting Services Caps, and discussed with the management of the Company in relation thereto.

Based on our discussion and review, we understand that the Proposed Contracting Services Caps are determined by the Company after taking into account the following principal factors including (i) in terms of the existing contracting services agreements entered into by the Group with the NWD Group, the total contract value of the relevant agreements and the Company's estimation on the project progress over the term of the Master Service Agreement; (ii) the estimated total contract value and the estimated project progress of the potential contracting services agreements which the management expects to be entered into by the Group during the term of the Master Service Agreement; and (iii) a buffer of 15% to cater for the possible fluctuation in the Group's demand for relevant contracting services as well as the service cost increase due to inflation.

Given the above, we are of the view that the basis adopted by the management of the Company in determining the Proposed Contracting Services Caps is fair and reasonable so far as the Company and the Shareholders are concerned.

(b) Proposed annual caps in relation to the Property Agency Services (the "Proposed Property Agency Services Caps")

The Proposed Property Agency Services Caps for each of the three financial years ending 30 June 2012 represent a significant increase as compared to the historical transaction amounts for each of the three financial years ended 30 June 2009 and the six months ended 31 December 2009 on a pro rata basis.

In assessing the fairness and reasonableness of the Proposed Property Agency Services Caps, we have discussed with the management and understand that the increment is mainly attributable to the Group's expected increase in demand for the Property Agency Services over the term of the Master Service Agreement given the development schedules and sales plans of the Group's property projects in the PRC as discussed above.

We have also reviewed the calculation in relation thereto provided by the Company and the relevant property agency services agreements entered into by the Group with the NWD Group, the estimated transaction amounts of which constitute a significant part of the Proposed Property Agency Services Caps, and discussed with the management of the Company in relation thereto.

Based on our discussion and review, we understand that the Proposed Property Agency Services Caps are determined by the Company after taking into account the following principal factors including (i) in terms of the property sales agency services, the agency fees of which are usually determined based on an agreed commission rate and with reference to the property sales revenue, the commission rates as stipulated in the relevant existing agreements entered into by the Group with the NWD Group and the Company's estimation on the property sales revenues for the coming three financial years; (ii) in terms of the property leasing agency services, the rentals on tenants in connection with relevant properties invested by the Group; (iii) in terms of the management services of shopping malls, (a) the fixed monthly fees as stipulated in the relevant existing agreements; or (b) the service rates stipulated in the relevant existing agreements and the Company's estimation on revenues and gross profits of relevant shopping malls in the coming three financial years; (iv)

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in terms of potential property agency services agreements which the management expects will be entered into between the Group and the NWD Group during the term of the Master Service Agreement, the Company's estimation on the property agency services fees to be payable by the Group to the NWD Group in consideration of the Group's prospective agency service demand in connection with certain properties of the Group, the pre-sales of which are expected by the Group to commence over the term of the Master Service Agreement; and (v) a buffer of 15% to cater for the possible fluctuation in the Group's demand for relevant property agency services and the possible selling prices increase due to inflation and favourable market condition.

Given the above, we are of the view that the basis adopted by the management of the Company in determining the Proposed Property Agency Services Caps is fair and reasonable so far as the Company and the Shareholders are concerned.

- (c) Proposed annual caps in relation to the Leasing Services (the "Proposed Leasing Services Caps")

In assessing the fairness and reasonableness of the Proposed Leasing Services Caps, we have discussed with the management and are advised by the management that the increase is mainly attributable to the increasing Leasing Services arising from the new leasing agreements entered into by the Group with the NWD Group in the second half of 2009.

We have also reviewed the calculation in relation thereto provided by the Company and the relevant property leasing agreements, and discussed with the management of the Company in relation thereto.

Based on our discussion and review, we understand that the Proposed Leasing Services Caps are determined by the Company based on the following principal factors including (i) the rentals, air conditioning charges and property management fees payable (where applicable) as stipulated in the relevant existing leasing agreements between the Group and the NWD Group; and (ii) the Company's estimation on the rentals, air conditioning charges and property management fees (where applicable) payable by the Group to the NWD Group upon renewal of relevant property leasing agreements over the term of the Master Service Agreement.

Given the above, we are of the view that the basis adopted by the management of the Company in determining the Proposed Leasing Services Caps is fair and reasonable so far as the Company and the Shareholders are concerned.

- (2) *Services to be provided by members of the Group to the NWD Group*

- (a) Proposed annual caps in relation to the Hotel Management Services (the "Proposed Hotel Management Services Caps")

The Proposed Hotel Management Services Caps for each of the three financial years ending 30 June 2012 represent a significant increase as compared with the historical transaction amounts for each of the three financial years ended 30 June 2009 and the six months ended 31 December 2009 on a pro rata basis.

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In assessing the fairness and reasonableness of the Proposed Hotel Management Services Caps, we have discussed with the management of the Company and are advised that such increase is mainly attributable to the expected increase in demand for the Hotel Management Services from the NWD Group arising from the additional hotel management services agreement entered into by the Group with the NWD Group in late 2009 and those expected to be entered into by the Group with the NWD Group over the term of the Master Service Agreement.

We have also reviewed the calculation in relation thereto provided by the Company and the relevant hotel management agreements on a sample basis, and discussed with the management of the Company in relation thereto. We understand that the Proposed Hotel Management Services Caps are determined by the Company based on the following principal factors including (i) in terms of the existing hotel management services agreements between the Group and the NWD Group, the service fee structure (which is usually linked with total revenue of relevant hotels under the agreements) as stipulated in the relevant agreement and the Company's estimation on the total revenue of the relevant hotel which, as advised by the Company, is estimated by reference to the operation budget of the hotel in the coming three years; (ii) in terms of the potential hotel management services agreements which the management expects to be entered into with the NWD Group during the term of the Master Service Agreement, the Company's estimated service fee structure and total revenue of the relevant hotels, with an aggregate of over 1,000 rooms, owned by the NWD Group; and (iii) the normal trade terms and practice of the hospitality industry in respect of the fee level to be charged for the provision of hotel management related services.

Given the above, we are of the view that the basis adopted by the management of the Company in determining the Proposed Hotel Management Services Caps is fair and reasonable so far as the Company and the Shareholders are concerned.

- (b) Proposed annual caps in relation to the Leasing and Property Management Services (the "Proposed Leasing and Property Management Services Caps")

The Proposed Leasing and Property Management Services Caps for each of the three financial years ending 30 June 2012 represent a significant increase as compared to the historical transaction amounts for each of the three financial years ended 30 June 2009 and the six months ended 31 December 2009 on a pro rata basis.

In assessing the fairness and reasonableness of the Proposed Leasing and Property Management Services Caps, we have discussed with the management of the Company and are advised that such increase is mainly attributable to the expected increase in demand for the Leasing and Property Management Services from the NWD Group as a result from the potential leasing and property management agreements to be entered into by the Group with the NWD Group over the term of the Master Service Agreement given the increase in floor area to be leased by the Group to the NWD Group.

We have also reviewed the calculation of the Proposed Leasing and Property Management Services Caps provided by the Company and the relevant leasing and property management agreements, the estimated transaction amounts of which constitute a significant part of the Proposed Leasing and Property Management Services Caps, and discussed with the management of the Company in relation thereto. We understand that the Proposed Leasing and Property Management Services Caps are determined by the Company based

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on the following principal factors including (i) the rental and management fees (where applicable) under the situations where fixed rentals and management fees (where applicable) are stipulated in the relevant existing leasing and property management agreements; (ii) the estimates of sales revenue to be generated by those tenants for each of the three years ending 30 June 2012 under the situations where rentals stipulated in the relevant existing leasing and property management agreements are determined based on a percentage of sales revenue of tenants for each of the coming three financial years; (iii) the Group's prospective leasing of premises, the additional premises with a GFA of approximately 133,247 sq.m of which are expected to be leased to the NWD Group over the term of the Master Service Agreement; and (iv) a buffer of 15% in consideration of the possibility of fluctuation in the above mentioned sales revenue of tenants.

Having considered the above, we are of the view that the basis adopted by the management of the Company in determining the Proposed Leasing and Property Management Services Caps is fair and reasonable so far as the Company and the Shareholders are concerned.

However, the Shareholders should note that the Proposed Annual Caps relate to future events and do not represent a forecast of the transaction amounts payable or receivable by the Group as a result of the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual transaction amounts of the Continuing Connected Transactions correspond with the Proposed Annual Caps as discussed above.

(IV) Requirements of the Listing Rules in relation to the Continuing Connected Transactions

As required by the Listing Rules, for each financial year of the Company over the term of the Master Service Agreement, the Continuing Connected Transactions will be subject to the annual review by the independent non-executive Directors and the Company's auditors as required by Rules 14A.37 and 14A.38 of the Listing Rules, respectively.

In particular, the independent non-executive Directors must confirm that the Continuing Connected Transactions have been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, the Company's auditors must provide a letter to the Board confirming that the Continuing Connected Transactions:

- have received the approval of the Board;
- are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company; and

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- have been entered into in accordance with the relevant agreements governing the transactions.

Given the above, we are of the opinion that there exist sufficient procedures and arrangements in place to ensure that the Continuing Connected Transactions will be conducted on terms pursuant to the Master Service Agreement.

RECOMMENDATION

Having considered the principal factors above, we are of the opinion that (i) the entering into of the Master Service Agreement is in the interests of the Group and the Shareholders as a whole and the Continuing Connected Transactions fall within the ordinary and usual course of business of the Group; (ii) the terms of the Master Service Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned; and (iii) the Proposed Annual Caps are fair and reasonable so far as the Company and the Shareholders are concerned.

Therefore, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Master Service Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully,

For and on behalf of

CIMB Securities (HK) Limited

Heidi Cheng

Director

Anthony Ng

Senior Vice President

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors and chief executives of the Company

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

(I) Interests and short positions in the Shares, underlying Shares and debentures of the Company

(a) Long position in issued Shares

Name of Director	Number of Shares			Total	Percentage to the issued share capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
Dr. Cheng Kar-shun, Henry	18,750,000	2,925,000	78,406,800 ⁽¹⁾	100,081,800	1.74
Mr. Doo Wai-hoi, William	13,125,000	—	52,258,400 ⁽²⁾	65,383,400	1.14
Miss Cheng Chi-man, Sonia	168,400	—	—	168,400	0.00
Mr. Leung Chi-kin, Stewart	790,000	—	—	790,000	0.01
Mr. Chow Kwai-cheung	126	—	—	126	0.00
Mr. Chow Yu-chun, Alexander	9,825,000	—	—	9,825,000	0.17
Mr. Fong Shing-kwong, Michael	2,105,250	—	—	2,105,250	0.04
Ms. Ngan Man-ying, Lynda	100,000	—	—	100,000	0.00
Mr. Cheng Wai-chee, Christopher	83,600	—	—	83,600	0.00
Mr. Tien Pei-chun, James	83,600	—	—	83,600	0.00
Mr. Lee Luen-wai, John	83,600	—	—	83,600	0.00

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.

(b) Long position in underlying Shares

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

Name of Director	Date of grant	Exercisable period (note)	Number of share options	Exercise price per Share HK\$
Dr. Cheng Kar-shun, Henry	7 January 2008	(1)	2,238,806	6.228
	29 December 2008	(2)	1,791,045	1.340
Mr. Doo Wai-hoi, William	7 January 2008	(1)	895,522	6.228
	29 December 2008	(2)	727,612	1.340
Mr. Cheng Kar-shing, Peter	7 January 2008	(1)	895,522	6.228
	29 December 2008	(2)	727,612	1.340
Mr. Cheng Chi-kong, Adrian	25 July 2006	(3)	371,194	2.559
	7 January 2008	(1)	1,679,104	6.228
	29 December 2008	(2)	1,343,284	1.340
Miss Cheng Chi-man, Sonia	29 December 2008	(4)	755,821	1.340
Mr. Leung Chi-kin, Stewart	7 January 2008	(1)	223,882	6.228
	29 December 2008	(2)	127,910	1.340
Mr. Chow Kwai-cheung	7 January 2008	(1)	223,882	6.228
	29 December 2008	(2)	167,910	1.340
Mr. Chow Yu-chun, Alexander	7 January 2008	(1)	559,701	6.228
	29 December 2008	(2)	559,701	1.340
Mr. Fong Shing-kwong, Michael	7 January 2008	(1)	559,701	6.228
	29 December 2008	(5)	125,933	1.340
Ms. Ngan Man-ying, Lynda	7 January 2008	(1)	1,119,403	6.228
	29 December 2008	(2)	1,007,463	1.340
Mr. Cheng Wai-chee, Christopher	7 January 2008	(1)	335,821	6.228
	29 December 2008	(2)	252,221	1.340
Mr. Tien Pei-chun, James	7 January 2008	(1)	335,821	6.228
	29 December 2008	(2)	252,221	1.340
Mr. Lee Luen-wai, John	7 January 2008	(1)	335,821	6.228
	29 December 2008	(2)	252,221	1.340

Notes:

- (1) Divided into 3 tranches, exercisable from 8 February 2008, 8 February 2009 and 8 February 2010, respectively to 7 February 2011.
- (2) Divided into 4 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (3) Divided into 5 tranches, exercisable from 26 August 2006, 26 August 2007, 26 August 2008, 26 August 2009 and 26 August 2010, respectively to 25 August 2011.
- (4) Divided into 5 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011, 30 January 2012 and 30 January 2013, respectively to 29 January 2014.
- (5) Divided into 3 tranches, exercisable from 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.

(II) *Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company*

(a) Long position in the shares of the associated corporations of the Company

	Number of shares			Total	Percentage to the relevant issued share capital at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.01
Mr. Doo Wai-hoi, William	—	—	1,000,000 ⁽¹⁾	1,000,000	0.03
Mr. Leung Chi-kin, Stewart	134,538	—	—	134,538	0.00
Mr. Chow Kwai-cheung	55,653	—	—	55,653	0.00
Mr. Fong Shing-kwong, Michael	208,788	—	—	208,788	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 ⁽²⁾	17,179,199	0.81
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 ⁽¹⁾	11,136,566	0.53
Mr. Cheng Kar-shing, Peter	207,337	—	3,060,755 ⁽³⁾	3,268,092	0.15
Mr. Leung Chi-kin, Stewart	2,202,351	—	—	2,202,351	0.10
Mr. Chow Kwai-cheung	8,465	—	—	8,465	0.00
Mr. Fong Shing-kwong, Michael	1,620,707	—	—	1,620,707	0.08
Mr. Cheng Wai-chee, Christopher	784,734	—	—	784,734	0.04

	Number of shares			Total	Percentage to the relevant issued share capital at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
New World Department					
Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 ⁽⁴⁾	1,107,000	0.07
Miss Cheng Chi-man, Sonia	92,000	—	—	92,000	0.01
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 ⁽⁵⁾	15,869	27.41
Mega Choice Holdings Limited					
<i>(in liquidation)</i>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	420,585,070 ⁽²⁾	420,585,070	34.61
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 ⁽⁶⁾	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 ⁽⁷⁾	500	50.00
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (2) These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
- (3) These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
- (4) These shares are beneficially owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
- (5) 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.

(6) These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.

(7) Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

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

(i) NWD

Under the share option scheme of the holding company, NWD, the following directors have personal interests in share options to subscribe for shares in NWD and are accordingly regarded as interested in the underlying shares of NWD. Details of the share options of NWD held by them as at the Latest Practicable Date are as follows:—

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	19 March 2007	(note 1)	36,710,652	17.654
Mr. Cheng Kar-shing, Peter	19 March 2007	(note 1) (note 2)	201,153 1,206,925	17.654 17.654
Mr. Cheng Chi-kong, Adrian	19 March 2007	(note 2)	502,885	17.654
Mr. Leung Chi-kin, Stewart	19 March 2007	(note 1)	35,704,880	17.654
Mr. Chow Kwai-cheung	19 March 2007	(note 2)	1,206,925	17.654
Mr. Chow Yu-chun, Alexander	19 March 2007	(note 2)	1,508,656	17.654
Mr. Fong Shing-kwong, Michael	19 March 2007	(note 3)	603,462	17.654
Mr. Lee Luen-wai, John	19 March 2007	(note 1)	301,731	17.654

Notes:

- (1) Exercisable from 19 March 2007 to 18 March 2012.
- (2) Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011, respectively to 18 March 2012.
- (3) Divided into 3 tranches exercisable from 19 March 2009, 19 March 2010 and 19 March 2011, respectively to 18 March 2012.

(ii) NWS Holdings Limited

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

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	21 August 2007	(note 1)	1,203,152	16.157
		(note 2)	1,804,727	16.157
Mr. Doo Wai-hoi, William	21 August 2007	(note 1)	802,100	16.157
		(note 2)	1,203,152	16.157
Mr. Cheng Wai-chee, Christopher	21 August 2007	(note 1)	240,630	16.157
		(note 2)	360,945	16.157

Notes:

- (1) Exercisable from 21 August 2008 to 20 August 2012.
- (2) Divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011, respectively to 20 August 2012.

(iii) New World Department Store China Limited

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

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	27 November 2007	(note)	1,000,000	8.660
Mr. Cheng Chi-kong, Adrian	27 November 2007	(note)	500,000	8.660
Ms. Ngan Man-ying, Lynda	27 November 2007	(note)	500,000	8.660

Note: Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012, respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.

(c) Long position in debentures

(i) New World China Land Finance Limited

The following directors of the Company have interest in the debentures issued by New World China Land Finance Limited (“NWCLF”), a wholly-owned subsidiary of the Company. Details of the debentures of NWCLF held by them as at the Latest Practicable Date are as follows:

Name of Director	Amount of debentures in RMB issued by NWCLF				Percentage to the total debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
Mr. Doo Wai-hoi, William	10,000,000 ⁽¹⁾	36,000,000 ⁽²⁾	87,700,000 ⁽³⁾	133,700,000 ⁽⁵⁾	5.24
Mr. Cheng Chi-kong, Adrian	—	—	2,000,000 ⁽⁴⁾	2,000,000 ⁽⁵⁾	0.08

Notes:

- (1) These debentures are convertible into 1,484,553 Shares, representing approximately 0.03% of the Company’s issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (2) These debentures are beneficially held by a company owned by the spouse of Mr. Doo Wai-hoi, William and are convertible into 5,344,392 Shares, representing approximately 0.09% of the Company’s issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (3) These debentures are beneficially held by companies wholly-owned by Mr. Doo Wai-hoi, William and are convertible into 13,019,533 Shares, representing approximately 0.23% of the Company’s issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (4) These debentures are beneficially held by a company wholly-owned by Mr. Cheng Chi-kong, Adrian and are convertible into 296,910 Shares, representing approximately 0.01% of the Company’s issued share capital as at the Latest Practicable Date, for the period from 26 June 2007 to 26 May 2012.
- (5) Put notices in respect of these debentures have been tendered by the relevant holders and these debentures will be redeemed by NWCLF in accordance with the terms of the debentures.

(ii) Fita International Limited

The following director of the Company has interest in the debentures issued by Fita International Limited (“Fita”) a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by him as at the Latest Practicable Date are as follows:

Name of Director	Amount of debentures in USD issued by Fita			Percentage to the total debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Total	
Mr. Lee Luen-wai, John	1,000,000	1,000,000	2,000,000	0.27

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

(III) Directors’ interests in competing business

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

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar-shun, Henry	Centennial Success Limited (“CSL”) group of companies	Property investment and development, hotel operation and transport	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar-shun, Henry	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
Mr. Doo Wai-hoi, William	Fung Seng Estate Development (Shanghai) Co., Ltd.	Property development in Shanghai	Shareholder and Director
	Shanghai Juyi Real Estate Development Co., Ltd.	Property development in Shanghai	Shareholder and Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Shareholder
Mr. Cheng Kar-shing, Peter	CSL group of companies	Property investment and development, hotel operation and transport	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
Mr. Cheng Chi-kong, Adrian	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	CSL group of companies	Property investment and development, hotel operation and transport	Director
	Cheung Hung Development (Holdings) Limited (“Cheung Hung”) group of companies	Property investment and development	Director

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Mr. Cheng Chi-him, Conrad	Cheung Hung group of companies	Property investment and development	Director
Mr. Chow Kwai-cheung	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
Mr. Chow Yu-chun, Alexander	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Cheung Hung group of companies	Property investment and development	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
Mr. Fong Shing-kwong, Michael	Cheung Hung group of companies	Property investment and development	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	Director

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Ms. Ngan Man-ying, Lynda	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Cheung Hung group of companies	Property investment and development	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director

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

The Company does not rely on any of the Competing Businesses in the carrying on of the Company's business. The Directors are of the view that the Company is capable of carrying on its business independently of, and at arm's length from the Competing Businesses.

(IV) Other Directors' interests

As at the Latest Practicable Date, none of the Directors 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 2009, 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:

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

Substantial Shareholders of the Group

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

Long position in issued Shares

Name	Number of Shares			Percentage to the issued share capital as at the Latest Practicable Date
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited (“CYTF”) ⁽¹⁾	—	4,067,863,083	4,067,863,083	70.66
Centennial Success Limited (“CSL”) ⁽¹⁾	—	4,067,863,083	4,067,863,083	70.66
Chow Tai Fook Enterprises Limited (“CTF”) ⁽²⁾	—	4,067,863,083	4,067,863,083	70.66
NWD	3,813,278,042 ⁽³⁾	254,585,041 ⁽⁴⁾	4,067,863,083	70.66

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) These include the beneficial interest in 3,806,449,096 Shares and the interest derived from the holding of debentures issued by New World China Land Finance Limited which were convertible into 6,828,946 Shares.
- (4) The number of Shares held under the corporate interests of NWD includes 170,027,818 Shares held by Easywin Enterprises Corporation Limited, its 100% owned subsidiary, 22,508,064 Shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 62,049,159 Shares held by High Earnings Holdings Limited, its 57% owned subsidiary.
- (b) As at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company and save as otherwise disclosed in this circular, the persons (other than a Director or chief executive of the Company or his controlled corporations or a member of the Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name of substantial shareholder	Name of subsidiary	Number of shares/amount of equity interest held
Dalian Commercial Network Construction and Development Company	Dalian New World Plaza International Co., Ltd.	RMB6,960,000 (12% of the equity interest)
Hing Pang Petroleum Chemicals (H.K.) Limited	Chengdu Xinyi Real Estate Development Co., Ltd.	US\$19,900,000 (20% of the equity interest)
Huamei Wealth (Beijing) International Property Investment Co., Ltd.	Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB50,000,000 (25% of the equity interest)
Melbourne Enterprises Ltd.	Billion Park Investment Limited	142,900 shares (14.29% of the equity interest)
貴陽市南明區金水食府	Guiyang Jinyang Heng Tai Catering Investment Co., Ltd.	RMB1,000,000 (16.67% 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)

Name of substantial shareholder	Name of subsidiary	Number of shares/amount of equity interest held
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)
Hainan Zhonghong Investments Company Limited	New World Zhonghong Property Co. Ltd.	RMB105,000,000 (30% of the equity interest)
成都深港石化有限公司	Chengdu Xinyi Real Estate Development Co., Ltd.	US\$19,900,000 (20% of the equity interest)
武漢市國營漢口漁場	Wuhan Xin Han Development Co., Ltd.	30% (note)
北京勵升豪廷房地產顧問有限公司	北京新世界商建房地產開發有限公司	RMB4,500,000 (15% of the equity interest)
北京商建房地產開發有限公司	北京新世界商建房地產開發有限公司	RMB3,000,000 (10% of the equity interest)
北京崇遠投資經營公司	北京新世界物業管理有限公司	US\$83,300 (11.9% of the equity interest)
廣盛華僑(大亞灣)房產開發有限公司	惠州市廣新房地產開發有限公司	RMB300,000 (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.

3. DIRECTORS' SERVICE CONTRACTS

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

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of the Group since 30 June 2009 (being the date to which the latest published audited financial statements of the Group were made up).

5. EXPERT AND CONSENT

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

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

CIMB has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to its names, in the form and context in which it appears.

As at the Latest Practicable Date, CIMB was not beneficially interested in the share capital of any member of the Group, nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it has any interest, either direct or indirect, in any assets which had since 30 June 2009 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

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

7. MISCELLANEOUS

- (a) The English text of this circular and the enclosed proxy form shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The head office and principal place of business of the Company is situated at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The secretary of the Company is Ms. Ngan Man-ying, Lynda, FCCA CPA.

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) the letter from the Independent Board Committee, the text of which is set out on page 12 of this circular;
- (ii) the letter from CIMB, the text of which is set out on pages 13 to 25 of this circular;
- (iii) the written consent referred to in paragraph 5 headed "Expert and Consent" of this appendix; and
- (iv) the Master Service Agreement.

This circular in both the English and Chinese versions is now available on the Company's website at www.nwcl.com.hk. If Shareholders who have chosen to receive corporate communications through the Company's website are unable to gain access to the circular, the Company will promptly send the printed form to you free of charge upon receipt of your request.

Shareholders may at any time choose to receive all future corporate communications either in printed form or through the Company's website by writing to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong or by email at is-ecom@hk.tricorglobal.com specifying your name, contact telephone number, address and request.

MISS CHENG CHI-MAN, SONIA

Aged 29, was appointed an Executive Director on 8 January 2010. Ms. Cheng has been appointed as the Executive Vice Chairman of New World Hotel Management Limited, a wholly-owned subsidiary of the Company, and is responsible for overseeing the Company's hotel operations since February 2009. She is currently the director of certain subsidiaries of the Company. Before joining the Group, she had worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Miss Cheng holds a Bachelor of Arts Degree in Applied Mathematics with concentration in Economics from Harvard University in U.S.A.. Miss Cheng did not hold any directorship in the last three years in public companies the shares of which are listed on any securities market in Hong Kong or overseas.

Pursuant to the service contract entered into between Miss Cheng and the Company, the appointment of Miss Cheng shall be for an initial term of three years, subject to re-election by the 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. Miss Cheng will receive a director's fee of HK\$150,000 per annum which shall be reviewed and determined by the Board with the authorisation granted by the Shareholders at the annual general meeting of the Company annually. Pursuant to the service contract, Miss Cheng is entitled to receive emoluments which comprise an annual salary package of HK\$960,000 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.

Miss Cheng is the granddaughter of Dato' Dr. Cheng Yu-tung (Chairman of NWD), the daughter of Dr. Cheng Kar-shun, Henry (Managing Director of NWD and Chairman and Executive Director of the Company), the niece of both Mr. Cheng Kar-shing, Peter (Non-Executive Director of NWD and Executive Director of the Company) and Mr. Doo Wai-hoi, William (Vice-Chairman and Non-Executive Director of the Company). She is also the sister of Mr. Cheng Chi-kong, Adrian (Executive Director of NWD and the Company) and the cousin of Mr. Cheng Chi-him, Conrad (Executive Director of the Company). Save as disclosed above, Miss Cheng is not connected with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Miss Cheng has beneficial interest in 168,400 Shares and is interested in 755,821 underlying Shares of the Company attached to the share options granted by the Company within the meaning of Part XV of the SFO. Save as aforesaid, as at the Latest Practicable Date, Miss Cheng does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save for the information set out above, Miss Cheng 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.

MR. CHENG CHI-HIM, CONRAD

Aged 31, was appointed an Executive Director on 8 January 2010. Mr. Cheng graduated from University of Toronto in Canada with a Bachelor of Arts degree in Statistics and has been specialising in project management of property projects in China since 2005. He is currently an executive director of International Entertainment Corporation, a listed public company in Hong Kong. He was also an executive director of New Times Energy Corporation Limited (formerly known as New Times Group Holdings Limited), a listed public company in Hong Kong, from 5 February 2008 to 19 October 2009. Save as disclosed, Mr. Cheng did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Pursuant to the service contract entered into between Mr. Cheng and the Company, the appointment of Mr. Cheng shall be for an initial term of three years, subject to re-election by the 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. Mr. Cheng will receive a director's fee of HK\$150,000 per annum which shall be reviewed and determined by the Board with the authorisation granted by the Shareholders at the annual general meeting of the Company annually. Pursuant to the service contract, Mr. Cheng is entitled to receive emoluments which comprise an annual salary package of HK\$960,000 and is entitled to a discretionary bonus. This has been determined with reference to his duties and responsibility with the Company and the Company's remuneration policy.

Mr. Cheng is the grandson of Dato' Dr. Cheng Yu-tung (Chairman of NWD), the son of Mr. Cheng Kar-shing, Peter (Non-Executive Director of NWD and Executive Director of the Company), the nephew of both Dr. Cheng Kar-shun, Henry (Managing Director of NWD and Chairman and Executive Director of the Company) and Mr. Doo Wai-hoi, William (Vice-Chairman and Non-Executive Director of the Company). He is also the cousin of Mr. Cheng Chi-kong, Adrian (Executive Director of NWD and the Company) and Miss Cheng Chi-man, Sonia (Executive Director of the Company). Save as disclosed above, Mr. Cheng is not connected with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Cheng does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save for the information set out above, Mr. Cheng 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: 917)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of the shareholders of New World China Land Limited (the “Company”) will be held at Meeting Rooms S226–227 (Old Wing), Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 3 June 2010, at 10:15 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT,**
 - (a) the master service agreement dated 30 April 2010 entered into between the Company and New World Development Company Limited (the “Master Service Agreement”), a copy of the circular dated 18 May 2010 marked “A” and a copy of the Master Service Agreement marked “B” have been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification, and the terms of and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
 - (b) the annual caps in relation to the Services (as defined in the Circular) be and are hereby approved, ratified and confirmed; and
 - (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts or things incidental to, ancillary to or in connection with the Master Service Agreement.”
2. **“THAT** Miss Cheng Chi-man, Sonia be re-elected as director of the Company.”
3. **“THAT** Mr. Cheng Chi-him, Conrad be re-elected as director of the Company.”

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

Hong Kong, 18 May 2010

Notes:

1. A member entitled to attend and vote at the Meeting (or at any adjournment thereof) is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the proxy will not preclude any member from attending and voting in person should you so wish.
3. In case of joint registered holders of any shares of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares of the Company as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of such holders so present whose name stands first in the register of members of the Company in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
4. In accordance with article 99 of the articles of association of the Company, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad will retire as directors of the Company at the Meeting and being eligible, will offer themselves for re-election. Details of their profiles are set out in the circular of the Company dated 18 May 2010.
5. A form of proxy for use at the Meeting is enclosed.
6. The ordinary resolution as set out above will be determined by way of a poll.
7. At the date of this notice, the board of directors of the Company comprises (a) eight executive directors, namely Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (b) three non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart and Mr. Chow Kwai-cheung; and (c) three independent non-executive directors, namely Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.