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

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New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

**CONTINUING CONNECTED TRANSACTION
MASTER LEASING AGREEMENT WITH
NEW WORLD DEPARTMENT STORES (HOLDINGS) LIMITED**

RE-ELECTION OF RETIRING DIRECTOR

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

COMMERZBANK 

Commerzbank AG Hong Kong Branch

A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from Commerzbank, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 10 to 15 of this circular.

A notice convening the EGM to be held at Meeting Room 407, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 11 April 2007, at 10:30 a.m. is set out on pages 33 to 34 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 26/F., 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. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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DEFINITIONS

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
“Board”	the board of Directors
“Commerzbank”	Commerzbank AG, acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Master Leasing Agreement
“Company”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, <i>inter alia</i> , considering and, if thought fit, approving the Master Leasing Agreement
“Group”	the Company and/or its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board, comprising Messers. Cheng Wai-chee, Christopher and Tien Pei-chun, James, which is formed to advise the Independent Shareholders in relation to the Master Leasing 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 committee of the Board
“Independent Shareholders”	shareholders of the Company other than NWD, its associates (as defined in the Listing Rules) and parties acting in concert with them
“Latest Practicable Date”	16 March 2007, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular

DEFINITIONS

“Leasing Agreements”	the Shenyang Tenancy Agreement and the Tianjin Tenancy Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Master Leasing Agreement”	the agreement entered into by the Company and NWDS dated 1 March 2007 in relation to the leasing of certain Premises
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange
“NWDS”	New World Department Stores (Holdings) Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of NWD
“NWDS Group”	NWDS and/or its subsidiaries from time to time
“PRC”	the People’s Republic of China
“Premises”	the premises owned by the Group from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	shareholder(s) of the Company
“Shenyang Tenancy Agreement”	the tenancy agreement dated 17 May 2006 entered into between Shenyang Trendy Property Company Limited, a wholly-owned subsidiary of the Company, and Shenyang New World Department Store Ltd., a member of the NWDS Group, with an initial term of three years commencing from 1 May 2006 and is renewable for successive terms of three years upon its expiry at the discretion of the tenant. Details of the agreement were announced by the Company on 17 May 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as defined in section two of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

DEFINITIONS

“Tianjin Tenancy Agreement”	the tenancy agreement dated 15 March 2004 entered into between New World Anderson (Tianjin) Development Co. Ltd., a wholly-owned subsidiary of the Company, and Tianjin Trendy New World Plaza Co., Ltd., a member of the NWDS Group, with a term of twenty years commencing from 15 March 2004. Details of the agreement were announced by the Company on 15 March 2004 and 3 November 2006
“%”	per cent.



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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

Executive Directors:

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

Non-executive Director:

Mr. Fu Sze-shing

Independent non-executive Directors:

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

Registered office:

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

*Principal place of business in
Hong Kong:*

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

21 March 2007

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
MASTER LEASING AGREEMENT WITH
NEW WORLD DEPARTMENT STORES (HOLDINGS) LIMITED**

RE-ELECTION OF RETIRING DIRECTOR

BACKGROUND

The Group has been leasing certain Premises to members of NWDS Group under the Leasing Agreements which have not expired as at the date of this circular. It was the intention of both the Company and NWDS to continue with the leasing of the Premises (namely, Tianjin New World Plaza (formerly known as Tianjin New World Shopping Centre) and New World Hotel, Shenyang) pursuant to the terms of the respective Leasing Agreements, details of which were announced by the Company on 15 March 2004 and 17 May 2006, and to enter into new leasing agreements for the possible leasing of new Premises. Accordingly, the Company and NWDS entered into the Master Leasing Agreement on

LETTER FROM THE BOARD

1 March 2007 under which the respective rights and obligations of both the Group and NWDS in connection with (i) the Leasing Agreements; and (ii) possible leasing of new Premises during the term of the Master Leasing Agreement, are set out.

The purpose of this circular is to provide you with details of the Master Leasing Agreement and the re-election of the retiring director, the opinion of the Independent Board Committee and the advice of Commerzbank in respect of the Master Leasing Agreement, and to give notice of the EGM thereof.

MASTER LEASING AGREEMENT

Major terms

Pursuant to the terms of the Master Leasing Agreement, the Company agrees to lease to NWDS Group the Premises and NWDS Group agrees to lease the Premises from the Group in accordance with the following terms:

- (a) in respect of the Leasing Agreements which have not expired as at the date of the Master Leasing Agreement, all terms agreed among the parties thereto in respect of the Leasing Agreements shall remain in full force notwithstanding the terms of the Master Leasing Agreement;
- (b) save for the Leasing Agreements, the Company agrees to lease the Premises through itself and/or any member of the Group to NWDS Group in accordance with the terms of the Master Leasing Agreement at the request of NWDS Group subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular Premises which shall be recorded in writing in the form of a leasing agreement, on normal commercial terms or on terms no more favourable than terms available to independent third parties; and
- (c) the leasing of Premises by the Group to NWDS Group is on a non-exclusive basis.

Rental

The rental and management fees for each of the Premises to be leased by any member of NWDS Group from the Group during the term of the Master Leasing Agreement shall be determined by the parties thereto in writing at the price which such Premises are leased to independent third parties in the ordinary course of business.

Term

The Master Leasing Agreement has an initial term of three years commencing from the date of approval at the EGM and is renewable for successive terms of three years upon its expiry unless terminated by either party in writing.

LETTER FROM THE BOARD

Maximum annual rental value

The Company and NWDS expect that the maximum annual rental and management fees (the “annual cap”) in respect of the leases for each of the financial years ending 2009, including those arising from the Leasing Agreements, will not exceed HK\$103,000,000. This annual cap has been determined with reference to:

- (a) the prevailing and forecasted retail market conditions in the PRC;
- (b) the total rental and management fees paid and payable by NWDS Group to the Group under the Leasing Agreements and the total annual caps of HK\$64,300,000 for the Leasing Agreements previously approved by the Stock Exchange; and
- (c) the estimated rental and management fees payable by NWDS Group with respect to the possible leasing of new Premises from the Group for the new department stores expected to be opened by NWDS Group, assuming the rental is determined on a similar basis as those of the Leasing Agreements.

Historical figures

The yearly rental under the Leasing Agreements is determined as the higher of (i) a fixed rental; and (ii) a percentage of the gross sales revenue of the tenant. The total rental and management fees paid by NWDS Group to the Group under the Leasing Agreements amounted to HK\$22,289,000 for the financial year ended 30 June 2004, representing the three months rental and management fees paid under the Tianjin Tenancy Agreement which was entered into in March 2004. The total rental and management fees paid by NWDS Group to the Group under the Leasing Agreements amounted to HK\$43,126,000 and HK\$46,759,000 for the past two financial years ended 30 June 2005 and 30 June 2006, respectively, representing the rental and management fees paid under both the Tianjin Tenancy Agreement and the Shenyang Tenancy Agreement which was entered into in May 2006.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER LEASING AGREEMENT

The Company is principally engaged in the property development, property investment and property related business in the PRC. NWDS is principally engaged in the business of owning and managing department stores in the PRC. Given that the Company has been leasing its Premises to NWDS Group on a regular and continuing basis, the Board believes that it is impracticable to seek the Shareholders’ approval each time the relevant leasing agreement is entered into. The Board therefore resolved to enter into the Master Leasing Agreement to regulate the future possible business relationship with NWDS Group.

CONTINUING CONNECTED TRANSACTION

NWD is the controlling shareholder of the Company and is holding approximately 70% attributable interest in the issued share capital of the Company. By virtue of the fact that NWDS is a wholly-owned subsidiary of NWD, the transactions contemplated under the Master Leasing Agreement constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. Given that each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the

LETTER FROM THE BOARD

maximum annual rental and management fees expected to be payable by NWDS Group to the Group for leasing the Premises exceeds 2.5%, the Master Leasing Agreement is subject to reporting and announcement requirements and Independent Shareholders' approval under the Listing Rules.

As required by Rule 14A.35 of the Listing Rules, where the term of any subsequent leasing agreements to be entered into between the Company and NWDS is longer than 3 years, an independent financial adviser will be appointed to advise and confirm that it is normal business practice for the leasing agreements to be of such duration, details of which will be disclosed in the next annual report of the Company after the date of such leasing agreements.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee of the Company has been appointed to advise the Independent Shareholders on the terms of the Master Leasing Agreement. Commerzbank has been appointed as the independent financial adviser to advise the Independent Board Committee of the Company and the Independent Shareholders on the terms of the Master Leasing Agreement.

RE-ELECTION OF THE RETIRING DIRECTOR

In accordance with Article 99 of the Articles of Association, the Directors have the power at any time and from time to time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Cheng Chi-kong, Adrian, who was appointed as a Director by the Board on 16 March 2007, will retire at the EGM and, being eligible, will offer himself for re-election.

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

EGM

The Company will convene the EGM at Meeting Room 407, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 11 April 2007 at 10:30 a.m., to consider the Master Leasing Agreement and the proposed re-election of the retiring Director. A notice of the EGM is set out in Appendix III to this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, the votes of Independent Shareholders in respect of the Master Leasing Agreement taken at the EGM must be taken on poll. NWD and its associates (as defined in the Listing Rules) and parties acting in concert with them will abstain from voting in respect of the ordinary resolution proposed to approve the Master Leasing Agreement at the EGM.

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

LETTER FROM THE BOARD

PROCEDURE TO DEMAND A POLL

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

- (a) the chairman of the meeting; or
- (b) any of the Directors who individually or collectively (with the chairman of the meeting) hold proxies in respect of Shares representing five per cent. or more of the total voting rights at the meeting, where on a show of hands such meeting votes in the opposite manner to that instructed by the grantors of those proxies; or
- (c) at least five Shareholders present in person or by proxy and entitled to vote; or
- (d) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (e) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

OPINION

The Directors (including the independent non-executive Directors) consider that the terms of the Master Leasing Agreement are fair and reasonable, and that entering into the Master Leasing Agreement by the Company and the re-election of the retiring Director are in the best interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) therefore recommend the Shareholders to vote in favour of all the ordinary resolutions as set out in the notice of the EGM.

Your attention is drawn to the letter from the Independent Board Committee and the letter from Commerzbank set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of Commerzbank to the Independent Board Committee and the Independent Shareholders, respectively. Your attention is also drawn to the general information as set out in Appendix I, together with the other appendices to this circular.

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



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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

21 March 2007

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION
MASTER LEASING AGREEMENT WITH
NEW WORLD DEPARTMENT STORES (HOLDINGS) LIMITED

We refer to the letter from the Board set out in the circular issued by the Company to the Shareholders and dated 21 March 2007 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

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

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

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

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

LETTER FROM COMMERZBANK

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

德 國 商 業 銀 行

COMMERZBANK 

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

HONG KONG BRANCH

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21 March 2007

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Master Leasing Agreement entered into between the Company and NWDS, details of which are set out in the circular to the Shareholders dated 21 March 2007 (the “**Circular**”). Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 1 March 2007, the Board announced that the Company and NWDS have entered into the Master Leasing Agreement of even day in relation to the leasing of certain Premises from the Group. The Master Leasing Agreement has an initial term of three years commencing from the date of obtaining Independent Shareholders’ approval at the EGM and is renewable for successive terms of three years upon its expiry unless terminated by either party in writing. NWD, holding approximately 70% attributable interest in the issued share capital of the Company, is the controlling Shareholder and a connected person of the Company as defined under the Listing Rules. NWDS is a wholly-owned subsidiary of NWD. Accordingly, the transactions contemplated under the Master Leasing Agreement constitute continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules and the entering into of the Master Leasing Agreement is subject to the reporting, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

BASIS AND ASSUMPTION

In formulating our advice, we have relied on the information and facts supplied to us by the Company. We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate and we have relied on the same. Also, we have relied on the representations of the Company that having made all due enquiries and careful decisions, and to the best of their knowledge and belief, there are no other acts or representations, the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also

assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which they are wholly responsible, are true, complete and accurate in all material respects at the time they were made at the Latest Practicable Date.

We consider that we have (i) taken reasonable steps as required under Rule 13.80 of the Listing Rules in obtaining all necessary information from the Company; and (ii) reviewed sufficient information to enable us to reach an informed view regarding the terms of the Master Leasing Agreement and to provide us with a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the terms of the Master Leasing Agreement, and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Company and NWDS

The Company is principally engaged in property development, property investment and property related business in the PRC. According to the Company's latest annual report, for the year ended 30 June 2006, the property portfolio of the Group amounted to approximately 17,535,012 square meters ("**sq.m.**"). The revenues of the Group for the year ended 30 June 2006 was HK\$1,691.32 million, among which, approximately HK\$256.56 million was generated from the Company's rental operations, including the leasing of commercial properties.

NWDS is principally engaged in the business of owning and managing department stores in the PRC. According to NWD's latest annual report, for the year ended 30 June 2006, revenue of NWDS amounted to approximately HK\$4.9 billion, an increase of approximately 28% from the corresponding period of 2005. Further, we note that as at the end of September 2006, NWDS has 24 department stores spanning across 13 cities in the PRC and Hong Kong, with a total gross floor area ("**GFA**") of approximately 710,000 sq.m. and that it has planned to open another four additional department stores in 2007 in the PRC, which would occupy additional GFA of approximately 131,500 sq.m..

2. The Master Leasing Agreement

2.1 Background

The Group has been leasing certain Premises to members of the NWDS Group under the Leasing Agreements which have not expired as at the Latest Practicable Date. Given that both the Company and NWDS intend to continue with leasing of the Premises (namely New World Hotel, Shenyang and Tianjin New World Plaza under the Shenyang Tenancy Agreement and the Tianjin Tenancy Agreement respectively) as well as to enter into possible leasing of new Premises in the future on a regular and continuing basis, which is in the ordinary course of business of the Company, the Directors are of the view that it is

impracticable to seek the Independent Shareholders' approval each time when such leases are entered into by the Company and NWDS. The Company, therefore, entered into the Master Leasing Agreement for the purpose of guiding the future possible business relationship with the NWDS Group.

2.2 Major terms of the Master Leasing Agreement

The Company agrees to lease to the NWDS Group the Premises and the NWDS Group agrees to lease the Premises from the Group in accordance with the following terms:

- all terms agreed among the parties in respect of the Leasing Agreements, which have not expired as at the date of the Master Leasing Agreement, shall remain in full force notwithstanding the terms of the Master Leasing Agreement;
- save for the Leasing Agreements, the Company agrees to lease the Premises through itself and/or any member of the Group to the NWDS Group in accordance with the terms of the Master Leasing Agreement at the request of the NWDS Group subject to the subsequent agreement on the terms and conditions by the parties thereto in relation to each particular Premises which shall be recorded in writing in the form of a leasing agreement, and in any event, such terms and conditions offered by any member of the Group shall be on normal commercial terms or on terms no more favourable than terms available to independent third parties; and
- the leasing of the Premises by the Group to the NWDS Group is on a non-exclusive basis.

(i) Rental

We note that the rental and management fees for each of the Premises to be leased by any members of the NWDS Group from the Group during the term of the Master Leasing Agreement shall be determined by the parties thereto in writing at the price which such Premises are leased to independent third parties in the ordinary course of business. As set out in the letter from the Board, the maximum annual rental value and the management fee per annum shall not exceed HK\$103,000,000 for each of the financial years ending 30 June 2009.

(ii) Term

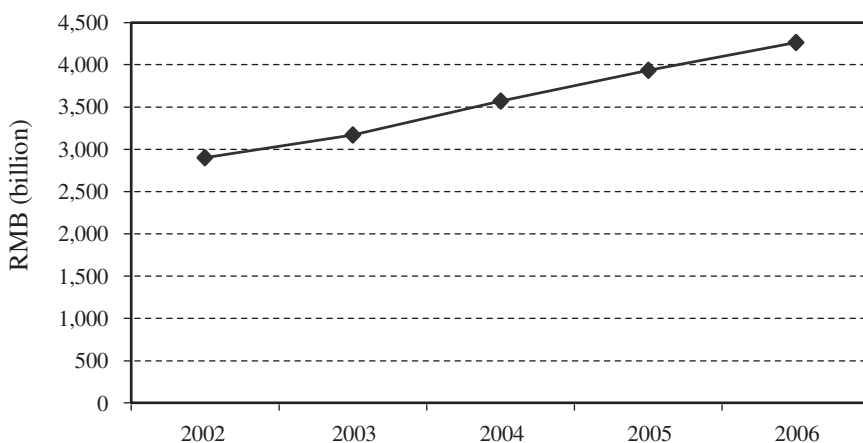
The Master Leasing Agreement has an initial term of three years commencing from the date of obtaining Independent Shareholders' approval at the EGM and is renewable for successive terms of three years upon its expiry unless terminated by either party in writing.

2.3 The overall retail market in the PRC

According to the statistical data from the National Bureau of Statistics of China, we note that gross domestic product in the PRC has grown from approximately RMB12,033 billion in 2002 to RMB20,941 billion in 2006, representing a compound annual growth rate (“CAGR”) of approximately 14.9%. During the same period, the gross domestic product per capita has grown from approximately RMB9,398 in 2002 to RMB15,931 in 2006, representing a CAGR of approximately 14.1%.

Driven by the strong growth in the economy, the disposable income per capita for urban households increased from approximately RMB7,703 in 2002 to RMB11,759 in 2006 according to the National Bureau of Statistics of China, representing a CAGR of approximately 11.2%. Such increase in the disposable income has resulted in increasing purchasing power, which is reflected in the growth of the store-based retailing value.

**Store-based retailing value in the PRC
(excluding sales tax)**



Source: Euromonitor, March 2007

As illustrated in the above chart, the store-based retailing value in the PRC has grown from approximately RMB2,901 billion in 2002 to RMB4,262 billion in 2006, representing a CAGR of approximately 10.1%. Given the (i) increasing trend in the PRC economy; (ii) the significant size of the PRC population, which represents a large consumer market for the retail industry; and (iii) the continued growth in purchasing power of the consumers over the past few years, it is expected that growth in the retail sector in the PRC will remain strong in the near future.

2.4 Basis of the maximum annual rental value

As set out in the letter from the Board, the rental and management fees for each of the Premises to be leased by any members of the NWDS Group from the Group during the term of the Master Leasing Agreement shall be determined by the parties thereto in writing at the

LETTER FROM COMMERZBANK

price level which such Premises are leased to independent third parties in the ordinary course of business. We note that the total annual caps previously approved by the Stock Exchange under the Leasing Agreements were HK\$64,300,000.

The maximum annual rental and management fees in respect of the leases under the Master Leasing Agreement, including those as contemplated under the Leasing Agreements, for each of the financial years ending 30 June 2009 will not exceed HK\$103,000,000. The Directors have confirmed that the maximum annual rental and management fees are arrived at with reference to (i) the prevailing and forecasted retail market conditions in the PRC; (ii) the total rental and management fees paid and payable by the NWDS Group to the Group under the Leasing Agreements and the total annual caps of HK\$64,300,000 for the Leasing Agreements previously approved by the Stock Exchange; and (iii) the estimated rental and management fees payable by the NWDS Group with respect to the possible leasing of new Premises from the Group for the new department stores expected to be opened by the NWDS Group, assuming the rental is determined on a similar basis as those of the Leasing Agreements.

We have reviewed the yearly rentals under the Leasing Agreements and understand that each of them is determined as the higher of (i) a fixed rental; and (ii) a percentage of the gross sales revenue of the tenants. We have discussed with the management and understand that it is a common market practice to determine rental income on a retail property on the basis of a fixed sum of rental and/or variable portion, which portion varies from business to business of the tenant. The benefit of having such rental arrangement is to capture the upside growth of the tenant's business and hence increase the potential rental yield. The Company, as the landlord pursuant to the Master Leasing Agreement, will enjoy the benefit of receiving the highest rental value under either of the mechanism, as the yearly rental is determined by adopting the higher value.

Further, we note that the total rental and management fees paid by the NWDS Group to the Group under the Leasing Agreements amounted to HK\$43,126,000 and HK\$46,759,000 for the financial years ended 30 June 2005 and 2006, respectively for an underlying lettable area of 45,776 sq.m. As discussed with the management of the Company, the Group plans to enter into leases with the NWDS Group for an additional lettable area of approximately 83,206 sq.m., resulting in an estimated aggregate lettable area of 128,982 sq.m., representing approximately 2.8 times of lettable area under the current Leasing Agreements. We understand that the maximum annual rental and management fees are arrived at after taking into consideration (i) the new aggregate lettable area; and (ii) the estimated rental value of the department stores to be opened. We are of the view that the basis adopted by the Company in arriving at the maximum annual rental and management fees under the Master Leasing Agreement is fair and reasonable.

OUR RECOMMENDATION

Given (i) the Director's consideration that it is impracticable to seek the Independent Shareholders' approval each time when such leases is entered into by the Company and NWDS; (ii) the opportunity for the Company to enjoy the potential growth opportunities in view of the prosperity of the retail industry in the PRC; and (iii) the opportunity of securing a reputable tenant to enhance the

LETTER FROM COMMERZBANK

revenue base of the Company; we are of the view that the terms of the Master Leasing Agreement are on normal commercial terms, fair and reasonable and that it is in the interests of the Company and the Independent Shareholders as a whole to enter into the Master Leasing Agreement.

Accordingly, we would advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Master Leasing Agreement at the EGM.

Yours faithfully,

For and on behalf of

Commerzbank AG Hong Kong Branch

Kenneth Chan

Head of Corporate Finance – Asia Pacific

Cynthia Wong

Corporate Finance – Asia Pacific

RESPONSIBILITY STATEMENT

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

DISCLOSURE OF INTERESTS**Directors and chief executives of the Company**

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

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

Name of Director	Number of Shares			Percentage to the issued share capital as at the Latest Practicable Date
	Personal interests	Corporate interests	Total	
Dr. Cheng Kar-shun, Henry	12,500,000	52,271,200 <i>(note 1)</i>	64,771,200	1.69
Mr. Doo Wai-hoi, William	8,750,000	65,050,000 <i>(note 2)</i>	73,800,000	1.93
Mr. Leung Chi-kin, Stewart	500,000	—	500,000	0.01
Mr. Chow Yu-chun, Alexander	6,550,000	—	6,550,000	0.17
Mr. Chow Kwai-cheung	650,126	—	650,126	0.02
Mr. Fong Shing-kwong, Michael	1,600,000	—	1,600,000	0.04

Notes:

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

(b) *Long position in underlying Shares*

Under the share option scheme of the Company adopted on 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	Number of share options	Exercise price per Share
Ms. Ngan Man-ying, Lynda	14 July 2005	15 August 2006 to 14 August 2007	100,000	HK\$2.300
Mr. Cheng Chi-kong, Adrian	25 July 2006	26 August 2006 to 25 August 2011 (<i>note</i>)	552,400	HK\$2.865

Note: The share options are exercisable within five years commencing from one month after the date of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total share options granted together with any unexercised share options carried forward from the previous anniversary year(s).

(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/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as 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. Leung Chi-kin, Stewart	32,974	—	—	32,974	0.001
Mr. Chow Kwai-cheung	44,527	—	—	44,527	0.001

	Number of shares/ amount of registered capital				Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	587,000	8,000,000 <i>(note 1)</i>	17,766,199	0.89
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 <i>(note 2)</i>	11,136,566	0.56
Mr. Cheng Kar-shing, Peter	182,206	—	2,689,699 <i>(note 3)</i>	2,871,905	0.14
Mr. Leung Chi-kin, Stewart	3,358,851	—	—	3,358,851	0.17
Mr. Chow Kwai-cheung	207,000	—	—	207,000	0.01
Mr. Chow Yu-chun, Alexander	1,891,701	—	—	1,891,701	0.10
Mr. Fong Shing-kwong, Michael	2,321,051	—	—	2,321,051	0.12
Mr. Cheng Wai-chee, Christopher	703,288	—	—	703,288	0.04
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 <i>(note 4)</i>	15,869	27.41
Faith Yard Property Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 <i>(note 2)</i>	1	50.00
Fortune Star Worldwide Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	60 <i>(note 2)</i>	60	60.00

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
Fung Seng Estate					
Development (Shanghai)					
Co., Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	3,000,000 <i>(note 5)</i>	3,000,000	30.00
Grand Make International					
Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	20 <i>(note 2)</i>	20	20.00
Guangzhou Ronghe Real					
Estate Co., Ltd.					
(Registered capital in RMB)					
Mr. Fu Sze-shing	—	—	4,666,500 <i>(note 6)</i>	4,666,500	5.00
Master Services Limited					
(Ordinary shares of US\$0.01 each)					
Mr. Leung Chi-kin, Stewart	16,335	—	—	16,335	1.63
Mr. Chow Kwai-cheung	16,335	—	—	16,335	1.63
Mr. Chow Yu-chun, Alexander	16,335	—	—	16,335	1.63
Mega Choice Holdings					
Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	3,710 <i>(note 1)</i>	3,710	34.61

	Number of shares/ amount of registered capital				Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
Ramada Property Ltd.					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	250 <i>(note 2)</i>	250	25.00
Shanghai Juyi Real Estate Development Co., Ltd.					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William	—	—	229,500,000 <i>(note 5)</i>	229,500,000	30.00
Shanghai Trio Property Development Co. Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	28,350,000 <i>(note 7)</i>	28,350,000	52.50
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 <i>(note 8)</i>	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 <i>(note 9)</i>	500	50.00
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50

	Number of shares/ amount of registered capital				Percentage to the relevant issued/ registered capital as at the Latest Practicable Date
	Personal	Family	Corporate	Total	
	interests	interests	interests		
Zhaoqing New World Property Development Limited					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	8,250,000 <i>(note 10)</i>	8,250,000	60.00
Zhaoqing New World Property Management Limited					
(Registered capital in HK\$)					
Mr. Doo Wai-hoi, William	—	—	300,000 <i>(note 10)</i>	300,000	60.00

Notes:

- These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
- These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
- 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.
- These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William.
- The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.
- These include 50% direct interest and 2.5% participating interest in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
- These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
- Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interests in Sun City.
- Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.

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

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

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

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

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which 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 had interests in the following 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	Beijing Jiang Guang Development Limited	Hotel operation in Beijing	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
Mr. Doo Wai-hoi, William	New Bei Fang Hotel Ltd.	Property Investment	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
Mr. Cheng Kar-shing, Peter	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director

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

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. Chow Yu-chun, Alexander	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Fong Shing-kwong, Michael	Beijing Jiang Guang Centre Co., Ltd.	Hotel operation in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	Director
Ms. Ngan Man-ying, Lynda	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director

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

(IV) Other Directors' interests

None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group respectively, since 30 June 2006, 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 were also directors of the following companies, each of which had 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 Easywin Enterprises Corporation Limited
Mr. Cheng Kar-shing, Peter	Cheng Yu Tung Family (Holdings) Limited Centennial Success Limited Chow Tai Fook Enterprises Limited NWD
Mr. Leung Chi-kin, Stewart	NWD
Mr. Chow Kwai-cheung	NWD
Mr. Chow Yu-chun, Alexander	Easywin Enterprises Corporation Limited
Mr. Lee Luen-wai, John	NWD

Substantial Shareholders of the Group

- (a) As at 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 positions in issued Shares

Name	Number of Shares		Number of Shares comprised in derivatives (note 4)		Total	Percentage to the issued share capital of the Company
	Number of Shares		Beneficial interests	Corporate interests		
	Beneficial interests	Corporate interests				
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	—	2,714,858,780	—	262,000,000	2,976,858,780	77.75
Centennial Success Limited ("CSL") (note 1)	—	2,714,858,780	—	262,000,000	2,976,858,780	77.75
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	—	2,714,858,780	—	262,000,000	2,976,858,780	77.75
NWD (note 3)	2,537,632,731	177,226,049	—	262,000,000	2,976,858,780	77.75
Easywin Enterprises Corporation Limited ("Easywin")	113,351,879	—	262,000,000	—	375,351,879	9.80

Notes :

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the Shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the Shares in which NWD is interested or deemed to be interested.
3. The number of Shares held under the corporate interests of NWD includes 22,508,064 Shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 41,366,106 Shares held by High Earnings Holdings Limited, its 56% owned subsidiary. As NWD holds 100% interest in Easywin, it is also deemed to have an interest in the Shares held by Easywin in the Company.
4. Pursuant to certain option agreements all dated 30th May 2005, Easywin granted put options in respect of 262,000,000 Shares to independent third parties which are exercisable at an initial exercise price of HK\$2.90 per Share (subject to adjustment) on 25th May 2007 (subject to certain accelerating events as provided therein).

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

Name of substantial shareholder	Name of subsidiary	Number of shares/amount of equity interest held
Dalian Commercial Network Construction and Development Company	Dalian New World Plaza International Co., Ltd.	RMB6,960,000 (12% of the equity interest)
Hainan Zhonghong Investments Company Limited	Changsha Xiangxianghai Housing Development Co., Ltd.	US\$25,000,000 (20% 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)
Hainan Zhonghong Investments Company Limited	Hunan Success New Century Investment Company Limited	RMB5,000,000 (10% of the equity interest)
Huamei Wealth (Beijing) International Property Investment Co., Ltd.	Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB12,500,000 (25% of the equity interest)
Melbourne Enterprises Ltd.	Billion Park Investment Limited	142,900 shares (14.29% of the equity interest)
Nice Touch Investments Limited	New World Hotel Management (BVI) Limited	295 shares (29.5% of the equity interest)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development Limited	10% (<i>note</i>)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 2 Limited	10% (<i>note</i>)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 3 Limited	10% (<i>note</i>)

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. 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)
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)
佛山市祥福房地產開發有限公司	Foshan Country Club Real Estate Development Limited	10% (note)
濟南陽光置業有限公司	Jinan New World Sunshine Development Co., Ltd.	US\$8,094,600 (27% of the equity interest)
深圳瑋鵬實業有限公司	Shenzhen Topping Real Estate Development Co. Ltd.	HK\$18,200,000 (10% of the equity interest)
武漢市國營漢口漁場	Wuhan Xin Han Development Co., Ltd.	30% (note)
上海豐收投資有限公司	濟南匯泉新世界置業有限公司	RMB6,000,000 (30% of the equity interest)
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)

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

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than a Director or chief executive of the Company or his controlled corporations or a member of the Group), who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed

to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SERVICE CONTRACTS

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

NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of the Group since 30 June 2006 (being the date to which the latest published audited financial statements of the Group were made up).

EXPERT

- (a) The following sets out the qualifications of the expert who has been named in this circular

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

- (b) Commerzbank does not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Commerzbank does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2006, the date to which the latest published audited financial statements of the Company were made up.
- (d) Commerzbank has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (e) The letter and recommendation given by Commerzbank are given as of the date of this circular for incorporation herein.

LITIGATION

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

MISCELLANEOUS

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (c) The head office and principal place of business of the Company is situated at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong.
- (d) The Hong Kong share registrar and transfer office of the Company is Standard Registrars Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The secretary of the Company is Ms. Ngan Man-ying, Lynda, *FCCA CPA*.
- (f) The qualified accountant of the Company is Ms. Ngan Man-ying, Lynda, *FCCA CPA*.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Master Leasing Agreement is available for inspection at the principal place of business in Hong Kong of the Company at 9/F, New World Tower 1, 18 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 11 April 2007.

Cheng Chi-kong, Adrian

Aged 27, was appointed an executive Director on 16 March 2007. He is also a director of NWD and certain of its subsidiaries. Mr. Cheng has worked in a major international bank prior to joining the NWD group in September 2006 and has substantial experience in financial management. Mr. Cheng holds a Bachelor Degree from Harvard University.

Pursuant to the service contract entered into between Mr. Cheng and the Company, the appointment of Mr. Cheng will be for an initial term of 3 years, subject to re-election by Shareholders at the next general meeting and the rotational retirement provision at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association. Mr. Cheng will receive director's fee as determined by the Board under the authority granted by the Shareholders at annual general meetings. Pursuant to the service contract, he can receive emoluments comprising an annual salary package of HK\$720,000 and a discretionary bonus. Such emoluments have been determined with reference to his duties and responsibility with the Company and the Company's remuneration policy.

Mr. Cheng is the son of Dr. Cheng Kar-shun, Henry, and the nephew of both Mr. Doo Wai-hoi, William and Mr. Cheng Kar-shing, Peter. Save as disclosed, he is not connected with any directors, senior management or substantial or controlling shareholders of the Company.

Except for his interest in 552,400 underlying Shares attached to the share options granted by 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. He is not aware of any matters that are required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.



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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of New World China Land Limited (the “Company”) will be held at Meeting Room 407, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 11 April 2007 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **THAT,**
 - (a) the master leasing agreement dated 1 March 2007 entered into between the Company and New World Department Stores (Holdings) Limited (the “Master Leasing Agreement”), a copy of the circular dated 21 March 2007 marked “A” and a copy of the Master Leasing 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 cap (as defined in the circular) in respect of the leases under the Master Leasing Agreement 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 Leasing Agreement.
2. **THAT** Mr. Cheng Chi-kong, Adrian be and is hereby re-elected as director of the Company.

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

Hong Kong, 21 March 2007

Notes:

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

2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 26/F., 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 associations of the Company, Mr. Cheng Chi-kong, Adrian will retire as director of the Company at the Meeting and, being eligible, will offer himself for re-election.
5. A form of proxy for use at the Meeting is enclosed.
6. As at the date of this notice, the board of directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael, Ms. Ngan Man-ying, Lynda and Mr. Cheng Chi-kong, Adrian as executive directors; (2) Mr. Fu Sze-shing as non-executive director; and (3) Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John as independent non-executive directors.