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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold 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 to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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

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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)**

**NOTICE OF ANNUAL GENERAL MEETING  
RE-ELECTION OF THE RETIRING DIRECTORS  
GENERAL MANDATE TO ISSUE SHARES AND  
TO REPURCHASE SHARES  
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION  
AND PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION**

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A notice convening the 2006 annual general meeting of New World China Land Limited to be held at Meeting Rooms 606 & 607, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 21st November 2006 at 10:00 a.m. is set out on pages 7 to 11 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.

27th October 2006

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## DEFINITIONS

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

“AGM”	The annual general meeting of the Company convened to be held on Tuesday, 21st November 2006 at 10:00 a.m.
“Articles”	the articles of association of the Company
“Associates”	has the meaning subscribed thereto in the Listing Rules
“Company”	New World China Land Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange
“Directors”	the directors of the Company
“General Mandate”	A general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares in the manner as set out in resolution no. 5(1) in the notice of the AGM
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	20th October 2006, being the latest practicable date before the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWD”	New World Development Company Limited, the Company’s holding company, the shares of which are listed on the Stock Exchange
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out in resolution no. 5(2) in the notice of the AGM
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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  
*(Chairman and Managing Director)*  
Mr. Doo Wai-hoi, William *(Vice-Chairman)*  
Mr. Cheng Kar-shing, Peter  
Mr. Leung Chi-kin, Stewart  
Mr. Chow Kwai-cheung  
Mr. Chow Yu-chun, Alexander  
Mr. Fong Shing-kwong, Michael  
Ms. Ngan Man-ying, Lynda

*Non-executive Director:*

Mr. Fu Sze-shing

*Independent non-executive Directors:*

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

*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

27th October 2006

*To the Shareholders*

*and for information only, the option holders*

Dear Sir/Madam,

**NOTICE OF ANNUAL GENERAL MEETING  
RE-ELECTION OF THE RETIRING DIRECTORS  
GENERAL MANDATE TO ISSUE SHARES AND  
TO REPURCHASE SHARES  
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION  
AND PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION**

**INTRODUCTION**

The propose of this circular is to provide you with information regarding the resolutions to be proposed at the forthcoming AGM in relation to (i) the re-election of the retiring directors; (ii) granting of the General Mandate, the Repurchase Mandate, extension of the General Mandate and (iii) amendment to the Articles and adoption of a new set of Articles. A notice of the AGM is set out in Appendix I to this circular.

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## LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

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### RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 116 of the Articles, one third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to, but not exceeding one-third, shall retire from office at each annual general meeting subject to the provision that every Director shall be subject to retirement by rotation at least once every three years. In this connection, Messrs. Cheng Kar-shing, Peter, Fong Shing-kwong, Michael and Cheng Wai-chee, Christopher will retire at the AGM and being eligible, will offer themselves for re-election at the AGM. Information required to be disclosed under the Listing Rules in relation to the retiring directors is set out in Appendix II to this circular.

### GENERAL MANDATE AND REPURCHASE MANDATE

At the last annual general meeting of the Company held on 29th November 2005, the Directors were granted general mandates to issue Shares and to repurchase Shares. Each of such mandates will expire at the conclusion of the forthcoming AGM and the Directors would like to seek your approval to renew each of the mandates.

An ordinary resolution set out as resolution no. 5(1) in the notice of the AGM will be proposed at the AGM to grant General Mandate to the Directors to allot and issue new Shares up to an amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution. Such General Mandate will be extended by a separate resolution set out as resolution no. 5(3) in the notice of the AGM by adding to the aggregate nominal amount of the Shares to be issued and allotted pursuant to the General Mandate the nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate. The granting of the General Mandate will provide for flexibility to the Directors to issue Shares when it is in the interest of the Company.

At the AGM, another ordinary resolution set out as resolution no. 5(2) in the notice of the AGM will be proposed to the Shareholders that the Directors be given a Repurchase Mandate to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution. An explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix III to this circular.

### AMENDMENT TO THE ARTICLES AND ADOPTION OF NEW ARTICLES

The existing article 122(a) of the Articles provides that Shareholders may by special resolution remove any Director before his expiration of his period of office and by ordinary resolution elect another person in his stead and such newly elected director shall hold office during such time only as the Director in whose place he elected would have held the same if he had not been removed.

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## LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

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In view of the revised Appendix 3 and Appendix 13, Part B, of the Listing Rules, which came into effect on 1st March 2006, and the relevant code provision contained in Appendix 14 of the Listing Rules, a special resolution will be proposed at the forthcoming AGM to amend Articles 106(vii) and 122(a) of the Articles to the effect that any removal of directors can be passed by Shareholders in general meeting by way of an ordinary resolution instead of a special resolution and any new director elected in his place will be subject to re-election by Shareholders at the next general meeting. Full text of the special resolution relating to the amendments to the Articles is set out as resolution no. 6(1) in the notice of the AGM.

In view of the substantial amendments that have been made to the Company's Articles over the past years, the Directors propose the passing of a special resolution (set out as resolution no. 6(2) in the notice of the AGM) to adopt a new set of Articles incorporating all amendments previously made to the Articles and to be made to the Articles at the AGM in substitution for the existing Articles.

### **PROCEDURES BY WHICH A POLL MAY BE DEMANDED**

Pursuant to Article 80 of the Articles, a resolution put to the vote of the meeting shall be decided on show on 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 authorized representative) or by proxy and representing in the 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 authorized 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.

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## LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

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### PROXY

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, 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 not less than 48 hours before the time appointed for holding the AGM 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 AGM or any adjourned meeting should you so desire.

### RECOMMENDATION

The Directors believe that the re-election of the retiring directors, granting of the General Mandate, the Repurchase Mandate, the proposed amendment to the Articles and adoption of a new set of Articles are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the ordinary resolutions and the special resolutions as set out in the notice of the AGM.

Your attention is drawn to additional information as set out in the Appendices.

Yours faithfully,  
**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)

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the shareholders of the Company will be held at Meeting Rooms 606 & 607, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 21st November 2006 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the Reports of the Directors and Auditors for the year ended 30th June 2006.
2. To declare a final dividend.
3. To re-elect the retiring Directors and to authorise the Board of Directors to fix their remuneration.
4. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.
5. As special business to consider, and if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

(1) "THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) any

scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (iii) the exercise of any options under any share option scheme of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by applicable law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or legal or practical problems or restrictions under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

- (2) “THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with

Cayman Islands law and all applicable laws and/or the Rules Governing the Listing of Securities on the Stock Exchange or the rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of the shares to be repurchased by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by applicable law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- (3) “**THAT:**

conditional upon the passing of Ordinary Resolutions Nos. (1) and (2) as set out in the notice convening this meeting, the general unconditional mandate granted to the Directors of the Company pursuant to Ordinary Resolution No. (1) as set out in the notice convening this meeting be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the shares repurchased by the Company pursuant to the authority to repurchase shares granted pursuant to Ordinary Resolution No. (2) as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of this resolution.”

6. As special business to consider, and if thought fit, pass with or without modifications, the following resolutions as special resolutions:

(1) “**THAT** the articles of association of the Company be and are hereby amended as follows:

(i) By deleting the words “a special resolution” and substituting therefore the words “an ordinary resolution” in Article 106 (vii); and

(ii) By deleting Article 122(a) and replacing it with the following:

Power to remove Director by ordinary resolution	122(a)	The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office until the next following general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire at an annual general meeting by rotation pursuant to Article 116.”
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(2) “**THAT** subject to the passing of Special Resolution No. (1) as set out in the notice convening this meeting, the articles of association of the Company contained in the printed document, a copy of which has been produced to the meeting marked “A” and has been signed by the Chairman of the meeting for the purpose of identification, be and are hereby approved and adopted as the new articles of association of the Company in substitution for the existing articles of association of the Company.”

By Order of the Board  
**Ngan Man-ying, Lynda**  
*Company Secretary*

Hong Kong, 27th October 2006

*Notes:*

1. The register of members of the Company will be closed from Thursday, 16th November 2006 to Tuesday, 21st November 2006, both days inclusive, during which period no share transfers will be effected. To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 15th November 2006.
2. A member entitled to attend and vote at the above meeting 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.
3. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the 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.
4. In accordance with article 116 of the Company's articles of association, Messrs. Cheng Kar-shing, Peter, Fong Shing-kwong, Michael and Cheng Wai-chee, Christopher will retire as Directors at the above meeting and being eligible, all the retiring Directors will offer themselves for re-election.
5. The translation into Chinese language of this notice (including the Special Resolutions which contain the proposed new Articles) is for reference only. In case of any inconsistency, the English version shall prevail.
6. As at the date of this notice, the Board of Directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Leung Chi-kin, Stewart, Chow Kwai-cheung, Chow Yu-chun, Alexander, Fong Shing-kwong, Michael and Ngan Man-ying, Lynda as executive Directors; (2) Mr. Fu Sze-shing as non-executive Director and (3) Messrs. Cheng Wai-chee, Christopher, Tien Pei-chun, James and Lee Luen-wai, John as independent non-executive Directors.

The particulars of Messrs. Cheng Kar-shing, Peter, Fong Shing-kwong, Michael and Cheng Wai-chee, Christopher, the retiring Directors who offer themselves for re-election at the AGM, disclosed pursuant to Rule 13.74 of the Listing Rules are as follows:

**Mr. Cheng Kar-shing, Peter**

Aged 54, was appointed an Executive Director of the Company in June 1999. He is a director of Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited, Chow Tai Fook Enterprises Limited, New World Development Company Limited (stock code: 0017), NWS Service Management Limited, New World Hotels (Holdings) Limited, Macao Water Supply Company Limited, Polytown Company Limited and various subsidiaries of the Company. Mr. Cheng also acts as an independent non-executive director of King Fook Holdings Limited (stock code: 0280) and Symphony Holdings Limited (stock code: 1223). He previously held directorship in Billybala Holdings Limited (presently known as China Primary Resources Holdings Limited) (stock code: 8117) and Value Convergence Holdings Limited (stock code: 8101) but has resigned with effect from 19th March 2004 and 19th April 2004, respectively. Mr. Cheng is the brother of Dr. Cheng Kar-shun, Henry and the brother-in-law of Mr. Doo Wai-hoi, William.

There is no service contract between the Company and Mr. Cheng. Mr. Cheng has no fixed term of service but will be subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Articles. He was paid HK\$50,000 as director's fee during the year ended 30th June 2006 as determined by the board of Directors under the authority granted by the Shareholders at the 2005 annual general meeting with reference to his duties and responsibility with the Company and the Company's remuneration policy.

Save as disclosed above, Mr. Cheng is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and has not held any directorship in other listed companies during the past three years. As at the Latest Practicable Date, he does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. 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.

**Mr. Fong Shing-kwong, Michael**

Aged 58, was appointed an Executive Director of the Company in January 2003. He is currently a Director of NWS Service Management Limited, New World Hotels (Holdings) Limited, Kiu Lok Service Management Co. Ltd., Kiu Lok Property Services (China) Ltd. and Urban Property Management Limited and the Owner's Representative of CTF Hotel Holdings, Inc.. He also acts as an independent non-executive director of See Corporation Limited (stock code: 0491). Mr. Fong joined the New World Group in 1978 and was appointed an Executive Director of New World Hotels International Limited from 1983 to 1997. He is responsible for hotel corporate management and project development of the Company and the New World Group. Besides his over 30 years experience in the hospitality

industry, Mr. Fong has extensive experience in property development, asset & facility management and investment business in the PRC.

There is no service contract between the Company and Mr. Fong. Mr. Fong has no fixed term of service but will be subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Articles. He was paid HK\$50,000 as director's fee during the year ended 30th June 2006 as determined by the board of Directors under the authority granted by the Shareholders at the 2005 annual general meeting. In addition, he is entitled to receive an annual salary of HK\$960,000 with effect from 1st March 2006. This is determined with reference to his duties and responsibility with the Company and the Company's remuneration policy.

Apart from acting as an executive director of the Company and save as disclosed above, Mr. Fong is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and has not held any directorship in other listed companies during the past three years. Except for his beneficial interest in 1,600,000 shares of the Company, as at the Latest Practicable Date, Mr. Fong does not have other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. As at the Latest Practicable Date, Mr. Fong 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 Wai-chee, Christopher** *GBS OBE JP*

Aged 58, was appointed an Independent Non-Executive Director of the Company in June 1999. He is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited and a non-executive director of several listed and unlisted companies in Hong Kong, including NWS Holdings Limited (stock code: 0659), PICC Property and Casualty Company Limited (stock code: 2328), Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust (stock code: 2778)) and DBS Bank (Hong Kong) Limited. Mr. Cheng plays an active role in the public services, particularly noteworthy are his efforts in promoting the development of Hong Kong as an international trade, commercial and financial center. He currently serves as a non-executive director of the Hong Kong Securities and Futures Commission and a member of the Exchange Fund Advisory Committee. He is also a former Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng has a keen interest in management of the public services and is acting as the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service. He is also a Steward of the Hong Kong Jockey Club and serves on the Council of the University of Hong Kong. Mr. Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York.

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 3 years commencing from 1st January 2006, subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Articles. He was paid HK\$100,000 as director's fee during the year ended 30th June 2006 as determined by the board of Directors under the authority granted by the Shareholders at the 2005 annual general meeting with reference to his duties and responsibility with the Company and the Company's remuneration policy.

Apart from acting as an independent non-executive director of the Company and NWS Holdings Limited, Mr. Cheng is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and save as disclosed above, he has not held any directorship in other listed companies during the past three years. As at the Latest Practicable Date, Mr. Cheng does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. 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.



This Appendix serves as the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide you with the information necessary for your consideration of the Repurchase Mandate to be granted to the Directors.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,827,585,432 Shares.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 382,758,543 Shares.

### **REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

### **FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and articles of association and the applicable laws of the Cayman Islands. The laws of Cayman Islands provide that the purchase of Shares may only be paid from the profits of the Company and/or out of the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can immediately following such payment, pay its debt as they fall due in the ordinary course of business.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 30th June 2006) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

### **GENERAL**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applied, they will exercise the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their Associates have any present intention to sell any Shares to the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, NWD, directly and indirectly through its subsidiaries, held 2,714,858,780 Shares, representing an effective interest of approximately 70% in the issued share capital of the Company. Chow Tai Fook Enterprises Limited (“CTF”), by virtue of its interest in NWD, was deemed to be interested in the said 2,714,858,780 Shares. CTF is wholly-owned by Centennial Success Limited (“CSL”) which in turn is 51% owned by Cheng Yu Tung Family (Holdings) Limited (“CYT”), accordingly, CSL and CYT are deemed to be interested in the said 2,714,858,780 Shares. In the event that the Directors should exercise in full the Repurchase Mandate, the effective interests of NWD, CTF, CSL and CYT in the issued share capital of the Company would be increased to approximately 78%. The Directors do not intend to repurchase Shares to such an extent that the public float will fall below 25%. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases made under the Repurchase Mandate.

## SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Highest HK\$	Lowest HK\$
<b>2005</b>		
October	2.950	2.500
November	3.300	2.600
December	3.850	3.275
<b>2006</b>		
January	3.775	3.275
February	3.625	3.375
March	4.200	3.450
April	4.425	3.650
May	3.925	3.300
June	3.375	2.825
July	3.225	2.910
August	3.100	2.980
September	3.460	3.080
October (up to and including the Latest Practicable Date)	3.700	3.150

**SHARE PURCHASES MADE BY THE COMPANY**

No purchase of Shares has been made by the Company in the previous six months preceding the date of this circular (whether on the Stock Exchange or otherwise).