
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in New World Development Company Limited (新世界發展有限公司), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**MAJOR TRANSACTION
IN RELATION TO VOLUNTARY CONDITIONAL CASH OFFERS
TO ACQUIRE ALL THE OFFER SHARES AND
TO CANCEL ALL THE OUTSTANDING NWCL OPTIONS IN RELATION TO
NEW WORLD CHINA LAND LIMITED
AND
NOTICE OF EGM**

Financial Adviser to the Company and the Offeror



Independent Financial Adviser to the Board and the Offeror Board



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 29 of this circular. A letter from Quam Capital to the Board and the Offeror Board is set out on pages 30 to 73 of this circular.

A notice convening the EGM to be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 18 March 2016 at 11:15 a.m. (or any adjournment thereof) is set out on pages 361 to 363 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

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DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Adjusted NAV”	adjusted unaudited consolidated net asset value of the NWCL Group as at 31 December 2015 as set out in the section headed “V. <i>Property Interests and Adjusted Net Asset Value</i> ” of “Appendix II — Financial Information of the NWCL Group” to the Composite Document
“Announcement Date”	Wednesday, 6 January 2016, being the date of the Joint Announcement
“Applicable Percentage Ratios”	the percentage ratios (all as defined in Rule 14.04(9) of the Listing Rules) applicable to the Offers in accordance with Chapters 14 and 14A of the Listing Rules
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cayman Islands Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“close associate”	has the meaning ascribed to it in the Listing Rules
“Closing Date”	Monday, 21 March 2016, being the first closing date of the Share Offer or any subsequent closing date as may be announced by the Company and the Offeror and approved by the Executive
“Company”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0017), and the parent company of NWCL

DEFINITIONS

“Composite Document”	the composite offer and response document dated 27 February 2016 in respect of the Offers jointly issued by the Company, the Offeror and NWCL in accordance with the Takeovers Code, as may be revised or supplemented as appropriate, a copy of which is attached in Appendix IV to this circular for information only
“Condition(s)”	the condition(s) of the Offers, as set out under the section headed “ <i>Conditions of the Offers</i> ” in the “Letter from the Board” in this circular
“Deed of Undertaking”	a deed of undertaking executed between an NWCL Optionholder and NWCL as referred to in the section headed “ <i>Shareholding Structure of NWCL and the Offers — Option Offer</i> ” in the “Letter from the Board” in this circular
“Director(s)”	the director(s) of the Company
“Disinterested NWCL Shares”	NWCL Shares other than those which are owned by the Offeror or the Offeror Concert Parties
“Disposal(s)”	the disposal(s) of certain subsidiaries and joint ventures by NWDCCL to Shengyu for an aggregate consideration of approximately RMB20,800 million (subject to adjustments), further details of which are set out in the joint announcement of the Company and NWCL dated 2 December 2015, the circular of NWCL dated 23 December 2015, the joint announcement of the Company and NWCL dated 29 December 2015 and the circulars of each of the Company and NWCL dated 19 January 2016
“EGM”	the extraordinary general meeting of the Company to be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 18 March 2016 at 11:15 a.m. (or any adjournment thereof), the notice of which is set out on pages 361 to 363 of this circular
“Evergrande”	Evergrande Real Estate Group Limited (stock code: 3333), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, being the ultimate holding company of Shengyu

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Great Worth”	Great Worth Holdings Limited, a non-wholly owned subsidiary of the Company
“Group”	collectively the Company and its subsidiaries
“High Earnings”	High Earnings Holdings Limited, a wholly owned subsidiary of NWS
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to the Company and the Offeror in relation to the Offers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the laws of Hong Kong)
“Independent NWCL Shareholders”	NWCL Shareholders excluding the Offeror, the Company and the Offeror Concert Parties. For the avoidance of doubt, the Independent NWCL Shareholders include any member of the HSBC group in respect of NWCL Shares of its non-discretionary investment clients where such client (a) has control over whether to tender acceptances to the Share Offer in respect of those NWCL Shares, (b) if acceptances of the Share Offer in respect of those NWCL Shares are to be tendered, gives instructions to tender them, and (c) is not the Offeror or any of the Offeror Concert Parties
“Joint Announcement”	the announcement dated 6 January 2016 jointly made by the Company, the Offeror and NWCL in relation to the Offers
“Knight Frank”	Knight Frank Petty Limited, the independent property valuer appointed by NWCL
“Last Trading Day”	Thursday, 31 December 2015, being the last trading day of NWCL Shares prior to the issue of the Joint Announcement

DEFINITIONS

“Latest Practicable Date”	Wednesday, 24 February 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0917)
“NWCL Board”	the board of directors of NWCL
“NWCL Group”	collectively NWCL and its subsidiaries
“NWCL Independent Board Committee”	the independent board committee of NWCL, comprising Dr. Cheng Wai-Chee, Christopher, Hon. Tien Pei-Chun, James and Mr. Ip Yuk-Keung, Albert, established by the NWCL Board to make a recommendation to the Independent NWCL Shareholders and the NWCL Optionholders in respect of the Offers
“NWCL Offer Shareholders”	registered holders for the time being of the Offer Shares
“NWCL Option(s)”	the outstanding, vested and unvested, share option(s), relating to NWCL Share(s), granted under the NWCL Share Option Schemes from time to time
“NWCL Optionholder(s)”	the holder(s) of the NWCL Option(s)
“NWCL Share Option Schemes”	the share option schemes adopted by NWCL on 26 November 2002 and 22 November 2011, respectively
“NWCL Shareholder(s)”	registered holder(s) for the time being of the NWCL Share(s)
“NWCL Shares”	ordinary shares of HK\$0.10 each in the issued share capital of NWCL
“NWDCCL”	New World Development (China) Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of NWCL and the vendor in relation to the Disposals

DEFINITIONS

“NWDS”	New World Department Store China Limited, a non-wholly owned subsidiary of the Company and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0825)
“NWS”	NWS Holdings Limited, a non-wholly owned subsidiary of the Company and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0659)
“Offer Shares”	NWCL Shares, other than those already held by the Offeror and the Company
“Offeror”	Easywin Enterprises Corporation Limited (義榮企業有限公司), a company incorporated in Hong Kong with limited liability, being a wholly owned subsidiary of the Company
“Offeror Board”	the board of directors of the Offeror
“Offeror Concert Parties”	parties acting in concert with the Offeror in relation to NWCL (except for members of the HSBC group which are exempt principal traders and/or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code) under the Takeovers Code, and “Offeror Concert Party” shall mean any one of them
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the voluntary conditional cash offer by HSBC on behalf of the Offeror to the NWCL Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding NWCL Options held by the NWCL Optionholders in accordance with the terms and conditions set out in the Composite Document and the Form of Option Offer Acceptance (as defined in the Composite Document), and any subsequent revision or extension of such offer
“Option Offer Price”	the price at which the Option Offer is made, which is the “see-through” price being the Share Offer Price minus the relevant exercise price of the NWCL Option for the cancellation of each NWCL Option held by the NWCL Optionholders
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)

DEFINITIONS

“Previous Proposal”	a scheme of arrangement used in the Offeror’s privatisation proposal for NWCL which lapsed in June 2014
“Quam Capital”	Quam Capital Limited, a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activities under the SFO, acting as the independent financial adviser to the Board and the Offeror Board pursuant to Rule 2.4 of the Takeovers Code in relation to the Offers
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Offer”	the voluntary conditional cash offer by HSBC on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in the Composite Document and the Form of Share Offer Acceptance (as defined in the Composite Document), and any subsequent revision or extension of such offer
“Share Offer Price”	the price at which the Share Offer is made, being HK\$7.80 per Offer Share
“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares of the Company
“Shengyu”	Shengyu (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly owned subsidiary of Evergrande and the purchaser in relation to the Disposals
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC and administered by the Executive
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

Executive Directors:

Dr. Cheng Kar-Shun, Henry *GBS (Chairman)*

Dr. Cheng Chi-Kong, Adrian

(Executive Vice-chairman and Joint General Manager)

Mr. Chen Guanzhan *(Joint General Manager)*

Ms. Ki Man-Fung, Leonie *SBS JP*

Mr. Cheng Chi-Heng

Ms. Cheng Chi-Man, Sonia

Mr. Au Tak-Cheong

Registered Office:

30th Floor, New World Tower

18 Queen's Road Central

Hong Kong

Non-executive Directors:

Mr. Doo Wai-Hoi, William *JP (Non-executive Vice-chairman)*

Mr. Cheng Kar-Shing, Peter

Independent Non-executive Directors:

Mr. Yeung Ping-Leung, Howard

Mr. Cha Mou-Sing, Payson *JP*

(Alternate director to Mr. Cha Mou-Sing, Payson:

Mr. Cha Mou-Zing, Victor)

Mr. Ho Hau-Hay, Hamilton

Mr. Lee Luen-Wai, John *BBS JP*

Mr. Liang Cheung-Biu, Thomas

29 February 2016

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

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO VOLUNTARY CONDITIONAL CASH OFFERS
TO ACQUIRE ALL THE OFFER SHARES AND
TO CANCEL ALL THE OUTSTANDING NWCL OPTIONS IN RELATION TO
NEW WORLD CHINA LAND LIMITED**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement whereby the Offeror Board, the Board and the NWCL Board jointly announced that HSBC, on behalf of the Offeror, a wholly owned subsidiary of the Company, intended to make a voluntary conditional cash offer to acquire all of the Offer Shares, and pursuant to Rule 13 of the Takeovers Code, extend an appropriate offer to cancel all the outstanding NWCL Options.

The Offeror is making the Share Offer by way of a general offer, rather than a scheme of arrangement as used in the Previous Proposal. This is because the Cayman Islands, unlike Hong Kong, still requires all schemes of arrangement to be approved by a majority in number of shareholders present and voting in person or by proxy at the relevant shareholders' meeting to consider a proposed scheme of arrangement (a so-called "head count" test). The Offeror believes that it is more equitable to the Independent NWCL Shareholders if the outcome of the Share Offer is determined solely on the basis of the level of acceptances of the Share Offer in terms of NWCL Shares, and in this regard notes that in the Previous Proposal 99.84% of the votes cast at the relevant shareholders' meeting were in favour of the Previous Proposal but that the Previous Proposal did not proceed due solely to the "head count" test. The Offeror believes that the outcome of the Previous Proposal did not reflect the preference of the majority of the Independent NWCL Shareholders by reference to the value of NWCL Shares held.

The purpose of this circular is to provide you with, among other things, (a) further information with regard to the Offers; (b) a letter from Quam Capital in relation to the Offers; (c) a notice of the EGM; and (d) other information required by the Listing Rules for the Shareholders to consider and, if thought fit, approve the Offers at the EGM.

If you are also a NWCL Offer Shareholder or a NWCL Optionholder, this circular is not, and should not be construed to be, a solicitation or request for acceptances in respect of the securities of the Offers, and you should have received the Composite Document dated 27 February 2016 for such purposes.

THE OFFERS

The Offers are made by HSBC on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

Share Offer:

For each Offer Share HK\$7.80 in cash

The Share Offer Price will not be increased, and the Offeror does not reserve the right to do so.

The Share Offer is extended to all NWCL Offer Shareholders (including certain Offeror Concert Parties).

LETTER FROM THE BOARD

Option Offer:

For cancellation of each NWCL Option the Option Offer Price in cash

The relevant exercise price applicable to each NWCL Option ranges from HK\$2.45 to HK\$5.42 and, accordingly, the Option Offer Price ranges from HK\$2.38 to HK\$5.35 per NWCL Option.

The Option Offer Price will not be increased, and the Offeror does not reserve the right to do so.

The Option Offer is extended to all NWCL Optionholders in accordance with the Takeovers Code.

Comparisons of value

Closing prices of NWCL Shares

The Share Offer Price of HK\$7.80 represents:

- (i) a premium of approximately 25.6% over the closing price of HK\$6.21 per NWCL Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 28.5% over the average closing price of approximately HK\$6.07 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 29.4% over the average closing price of approximately HK\$6.03 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 40.8% over the average closing price of approximately HK\$5.54 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 45.8% over the average closing price of approximately HK\$5.35 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 56.9% over the average closing price of approximately HK\$4.97 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (vii) a premium of approximately 4.4% over the closing price of HK\$7.47 per NWCL Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

Net asset value per NWCL Share

The Share Offer Price of HK\$7.80 represents:

- (i) a premium of approximately 11.5% over the audited consolidated net asset value per NWCL Share of approximately HK\$6.995 as at 30 June 2015, based on the total number of issued NWCL Shares as at 30 June 2015;
- (ii) a premium of approximately 14.6% over the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015, based on the total number of issued NWCL Shares as at 31 December 2015; and
- (iii) a discount of approximately 29.4% to the Adjusted NAV per NWCL Share of approximately HK\$11.05 as at 31 December 2015, based on the total number of issued NWCL Shares as at the Latest Practicable Date.

As shown in NWCL's audited consolidated financial statements as at 30 June 2015 and unaudited condensed consolidated financial statements as at 31 December 2015, a significant portion of NWCL's assets consisted of investment properties, land use rights, properties held for development, properties under development and completed properties held for sale. The value of these assets as stated in such consolidated financial statements may or may not reflect the current market value of these assets. Furthermore, as at the Latest Practicable Date, while most of the Disposals jointly announced by the Company and NWCL had been completed, one of the Disposals has yet to be completed. The outstanding Disposal is expected to be completed before the end of March 2016, pending the completion of certain procedural matters relating to the changes in the board composition of the relevant target company arising from the Disposal. The consideration payable for the outstanding Disposal amounts to RMB2,000 million (subject to adjustments), and accounts for approximately 9.6% of the total consideration of approximately RMB20,800 million (subject to adjustments) for all the Disposals. The Disposals are accretive to NWCL's consolidated net asset value but the impact of the Disposals has not been reflected in NWCL's audited consolidated financial statements as at 30 June 2015 and unaudited condensed consolidated financial statements as at 31 December 2015, though they are reflected in the Adjusted NAV set out under the section headed "*Property Interests and Adjusted Net Asset Value*" in "Appendix II — Financial Information of the NWCL Group" to the Composite Document. Please refer to the joint announcement of the Company and NWCL dated 2 December 2015, the circular of NWCL dated 23 December 2015, the joint announcement of the Company and NWCL dated 29 December 2015 and the circulars of each of the Company and NWCL dated 19 January 2016 for details of the Disposals.

Your attention is drawn to the summary of the property valuation as set out in "Appendix III — Summary of Property Valuation of the NWCL Group" to the Composite Document, which in turn is set out in Appendix IV to this circular, from Knight Frank pursuant to Rule 11 of the Takeovers Code providing an updated valuation of NWCL's properties as at 31 December 2015. Your attention is also drawn to the section headed "*Property Interests and Adjusted Net Asset Value*" as set out in "Appendix II — Financial Information of the NWCL Group" to the Composite Document which provides details of the Adjusted NAV, which takes into account, among other things, the impact of the Disposals, the revaluation surplus arising from valuation of the property interests and deferred taxes payable on the attributable revaluation surplus.

LETTER FROM THE BOARD

Value of the Offers

As at the Latest Practicable Date, there were (i) 8,701,671,754 NWCL Shares in issue, of which 5,977,019,371 NWCL Shares were held by the Offeror and the Company; and (ii) 25,544,661 outstanding NWCL Options granted under the NWCL Share Option Schemes (including 18,240,200 NWCL Options which had not been vested on the Latest Practicable Date), entitling the NWCL Optionholders to subscribe for an aggregate of 25,544,661 NWCL Shares at exercise prices ranging from HK\$2.45 to HK\$5.42 per NWCL Option.

Based on the Share Offer Price of HK\$7.80 per Offer Share, the entire issued share capital of NWCL as at the Latest Practicable Date was valued at approximately HK\$67,873.0 million.

On the assumption that no new NWCL Shares are allotted and issued pursuant to any exercise of NWCL Options prior to the close of the Offers and that the Share Offer is accepted in full by the holders of the Offer Shares and accordingly on the basis that there will be 2,724,652,383 Offer Shares, the value of the Share Offer is approximately HK\$21,252.3 million and the total amount required to satisfy the cancellation of all the outstanding NWCL Options is approximately HK\$89.7 million. In aggregate, the Offers are valued at approximately HK\$21,342.0 million.

If all of the outstanding NWCL Options are exercised in full by the NWCL Optionholders prior to the close of the Offers, NWCL will have to issue 25,544,661 new NWCL Shares, representing approximately 0.29% of the enlarged issued share capital of NWCL. On the assumption that 25,544,661 NWCL Shares are allotted and issued pursuant to the exercise in full of all the outstanding NWCL Options prior to the close of the Offers and that the Share Offer is accepted in full by the holders of the Offer Shares and accordingly on the basis that there will be 2,750,197,044 Offer Shares (including 25,544,661 NWCL Shares allotted and issued as a result of the exercise of all the outstanding NWCL Options prior to the close of the Offers), the value of the Share Offer is approximately HK\$21,451.5 million. In that case, no amount will be payable by the Offeror under the Option Offer.

Confirmation of Financial Resources

The Offeror intends to finance the cash required for the Offers from its (or the Company's) own cash reserves. In addition, HSBC (in its capacity as lender) has granted a credit facility of HK\$21,467.0 million to the Offeror which may be used to finance the cash required for the Offers in full.

HSBC, being the financial adviser to the Company and the Offeror in respect of the Offers, has stated in the Composite Document that it is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers in accordance with their respective terms.

LETTER FROM THE BOARD

Settlement of Consideration

Settlement of the consideration payable by the Offeror in respect of acceptances of each of the Offers will be made as soon as possible but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects and (ii) the date of receipt of a duly completed and signed acceptance in respect of the Share Offer and Option Offer (as applicable).

No fraction of a cent will be payable and the amount of cash consideration payable to a NWCL Offer Shareholder or a NWCL Optionholder (as the case may be) who accepts the Share Offer or Option Offer (as applicable) will be rounded up to the nearest cent.

CONDITIONS OF THE OFFERS

The Share Offer is subject to the following Conditions:

- (i) the Shareholders having passed an ordinary resolution at the EGM to approve the Offers;
- (ii) valid acceptances of the Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of NWCL Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested NWCL Shares;
- (iii) no event having occurred which would make any of the Offers or the acquisition of any of the Offer Shares under the Share Offer or the cancellation of the NWCL Options under the Option Offer void, unenforceable or illegal or prohibit implementation of any of the Offers or would impose any additional material conditions or obligations with respect to any of the Offers or any part thereof;
- (iv) all necessary consents (including consents from the relevant lenders) in connection with the Offers and in connection with the withdrawal of listing of the NWCL Shares from the Stock Exchange which may be required under any existing contractual obligations of NWCL being obtained and remaining in effect;
- (v) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offers or its implementation in accordance with its terms); and

LETTER FROM THE BOARD

(vi) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the NWCL Group (to an extent which is material in the context of the NWCL Group taken as a whole).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Conditions (i) and (ii)).

As at the Latest Practicable Date, none of the Conditions had been fulfilled.

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Share Offer becomes unconditional as to acceptances and when the Offers become unconditional in all respects. The Offers must also remain open for acceptance for at least fourteen (14) days after the Offers become or are declared unconditional in all respects. The NWCL Offer Shareholders and the NWCL Optionholders are reminded that the Offeror does not have any obligation to keep the Offers open for acceptance beyond this 14-day period.

WARNING: Shareholders, holders of options and securities and potential investors of the Company should be aware that the Offers are subject to the satisfaction and/or waiver (where applicable) of the Conditions. Accordingly, the Offers may or may not become unconditional. Shareholders, holders of options and securities and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

PUBLIC FLOAT

According to the Listing Rules, if, upon the close of the Offers, less than 25% of the issued NWCL Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the NWCL Shares or there are insufficient NWCL Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the NWCL Shares.

LETTER FROM THE BOARD

POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

Subject to compliance with the relevant requirements under section 88 of the Cayman Islands Companies Law, if the Offeror, within four (4) months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWCL Shares, the Offeror intends to privatise NWCL by exercising its rights to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer. If the Offeror does decide to exercise such rights and completes the compulsory acquisition, NWCL will become an indirect wholly owned subsidiary of the Company and an application will be made for the withdrawal of the listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 15.6 of the Takeovers Code, as the Offeror has stated in the Composite Document its intention to avail itself of its powers of compulsory acquisition, the Offers may not remain open for acceptance for more than four (4) months from the date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

If the level of acceptances of the Share Offer reaches the prescribed level under the Cayman Islands Companies Law required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the NWCL Shares will be suspended from the Closing Date up to the withdrawal of listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Whilst it is the intention of the Offeror to privatise NWCL, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Share Offer reaching the prescribed level under the Cayman Islands Companies Law and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested NWCL Shares, the Offers will not become unconditional and will lapse and NWCL will remain listed on the Stock Exchange.

SHAREHOLDING STRUCTURE OF NWCL AND THE OFFERS

As at the Latest Practicable Date, the authorised share capital of NWCL was HK\$3,000,000,000.00 divided into 30,000,000,000 NWCL Shares, and the issued share capital of NWCL was HK\$870,167,175.40 divided into 8,701,671,754 NWCL Shares. There were no preference shares of NWCL in issue.

LETTER FROM THE BOARD

Share Offer

On the assumption that no NWCL Options are exercised before the close of the Offers and there is no other change in the shareholding of NWCL before the completion of the Offers, the table below sets out the shareholding structure of NWCL as at the Latest Practicable Date and immediately upon the completion of the Offers, assuming that the holders of at least 90% of the Offer Shares and at least 90% of the Disinterested NWCL Shares tender their acceptances of the Share Offer and the remaining Offer Shares (if any) are compulsorily acquired by the Offeror:

<u>NWCL Shareholders</u>	<u>As at the Latest Practicable Date</u>		<u>Immediately upon the completion of the Offers (assuming that no NWCL Options are exercised and there is no other change in the shareholding of NWCL)</u>	
	<i>Number of NWCL Shares</i>	%	<i>Number of NWCL Shares</i>	%
Offeror	255,041,727	2.93	2,979,694,110	34.24
Offeror Concert Parties				
<i>NWCL Shares held not subject to the Share Offer:</i>				
— The Company (Note 1)	<u>5,721,977,644</u>	<u>65.76</u>	<u>5,721,977,644</u>	<u>65.76</u>
	<u>5,977,019,371</u>	<u>68.69</u>	<u>8,701,671,754</u>	<u>100.00</u>
Other Offeror Concert Parties				
<i>NWCL Shares held subject to the Share Offer but not forming part of the Disinterested NWCL Shares:</i>				
— High Earnings (Note 2)	93,073,738	1.07	—	—
— Great Worth (Note 3)	22,508,064	0.26	—	—
— HSBC (Note 4)	22	0.00	—	—
— Dr. Cheng Kar-Shun, Henry (Note 5)	2,077,922	0.02	—	—
— Mr. Cheng Kar-Shing, Peter (Note 6)	1,587,130	0.02	—	—
— Dr. Cheng Chi-Kong, Adrian (Note 7)	935,066	0.01	—	—
— Mr. Lee Luen-Wai, John (Note 8)	699,136	0.01	—	—
— Mr. Doo Wai-Hoi, William (Note 9)	2,571,663	0.03	—	—
— Mr. William Junior Guilherme Doo and his spouse (Note 10)	517,500	0.01	—	—
— Ms. Ki Man-Fung, Leonie (Note 11)	<u>45,000</u>	<u>0.00</u>	<u>—</u>	<u>—</u>
	<u>124,015,241</u>	<u>1.43</u>	<u>—</u>	<u>—</u>
Aggregate number of NWCL Shares held by the Offeror Concert Parties	<u>5,845,992,885</u>	<u>67.19</u>	<u>5,721,977,644</u>	<u>65.76</u>
Aggregate number of NWCL Shares held by the Offeror and the Offeror Concert Parties	<u>6,101,034,612</u>	<u>70.12</u>	<u>8,701,671,754</u>	<u>100.00</u>
Independent NWCL Shareholders	<u>2,600,637,142</u>	<u>29.88</u>	<u>—</u>	<u>—</u>
Total number of NWCL Shares in issue	<u>8,701,671,754</u>	<u>100.00</u>	<u>8,701,671,754</u>	<u>100.00</u>
Total number of Offer Shares (Note 12)	<u>2,724,652,383</u>	<u>31.31</u>	<u>—</u>	<u>—</u>

LETTER FROM THE BOARD

Notes:

1. The Offeror is wholly owned by the Company, which is acting in concert with the Offeror in relation to NWCL. NWCL Shares held by the Company will not form part of the Offer Shares and will not be acquired by the Offeror under the Share Offer.
2. High Earnings is wholly owned by NWS. NWS is a non-wholly owned subsidiary of the Company. The shares of NWS are listed on the Stock Exchange with the stock code 0659. High Earnings is acting in concert with the Offeror in relation to NWCL.
3. Great Worth is a non-wholly owned subsidiary of the Company and is acting in concert with the Offeror in relation to NWCL.
4. HSBC is the financial adviser to the Company and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC group which hold NWCL Shares are presumed to be acting in concert with the Offeror in relation to NWCL in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of NWCL Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code and also excluding NWCL Shares held on behalf of non-discretionary investment clients of the HSBC group).
5. Dr. Cheng Kar-Shun, Henry, who is a director of the Offeror, an executive Director and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
6. Mr. Cheng Kar-Shing, Peter, who is a non-executive Director and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
7. Dr. Cheng Chi-Kong, Adrian, who is an executive Director and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
8. Mr. Lee Luen-Wai, John, who is an independent non-executive Director and an independent non-executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
9. Mr. Doo Wai-Hoi, William, who is a non-executive Director, is acting in concert with the Offeror in relation to NWCL.
10. Mr. William Junior Guilherme Doo, who is the son of Mr. Doo Wai-Hoi, William, a non-executive Director, and his spouse are acting in concert with the Offeror in relation to NWCL.
11. Ms. Ki Man-Fung, Leonie, who is an executive Director, is acting in concert with the Offeror in relation to NWCL.
12. The total number of NWCL Shares (assuming that no NWCL Options are exercised before the close of the Offers and that there is no other change in the shareholding of NWCL before the completion of the Offers) minus the aggregate number of NWCL Shares held by the Offeror and the Company equals the total number of Offer Shares (on the same assumptions).
13. All percentages in the above table are approximations.

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On the assumption that new NWCL Shares are allotted and issued pursuant to the exercise in full of all NWCL Options before the close of the Offers and that there is no other change in the shareholding of NWCL before the completion of the Offers, the table below sets out the shareholding structure of NWCL before the completion of the Offers and immediately upon the completion of the Offers, assuming that the holders of at least 90% of the Offer Shares and at least 90% of the Disinterested NWCL Shares tender their acceptances of the Share Offer and the remaining Offer Shares (if any) are compulsorily acquired by the Offeror:

<u>NWCL Shareholders</u>	Before the completion of the Offers (assuming that new NWCL Shares are allotted and issued pursuant to the exercise in full of all NWCL Options before the close of the Offers and there is no other change in the shareholding of NWCL before the completion of the Offers)		Immediately upon the completion of the Offers	
	<i>Number of NWCL Shares</i>	<i>%</i>	<i>Number of NWCL Shares</i>	<i>%</i>
Offeror	255,041,727	2.92	3,005,238,771	34.44
Offeror Concert Parties				
<i>NWCL Shares held not subject to the Share Offer:</i>				
— The Company (Note 1)	<u>5,721,977,644</u>	<u>65.56</u>	<u>5,721,977,644</u>	<u>65.56</u>
	<u>5,977,019,371</u>	<u>68.48</u>	<u>8,727,216,415</u>	<u>100.00</u>
Other Offeror Concert Parties				
<i>NWCL Shares held subject to the Share Offer but not forming part of the Disinterested NWCL Shares:</i>				
— High Earnings (Note 2)	93,073,738	1.07	—	—
— Great Worth (Note 3)	22,508,064	0.26	—	—
— HSBC (Note 4)	22	0.00	—	—
— Dr. Cheng Kar-Shun, Henry (Note 5)	2,077,922	0.02	—	—
— Mr. Cheng Kar-Shing, Peter (Note 6)	1,587,130	0.02	—	—
— Dr. Cheng Chi-Kong, Adrian (Note 7)	935,066	0.01	—	—
— Mr. Lee Luen-Wai, John (Note 8)	699,136	0.01	—	—
— Mr. Doo Wai-Hoi, William (Note 9)	2,571,663	0.03	—	—
— Mr. William Junior Guilherme Doo and his spouse (Note 10)	517,500	0.01	—	—
— Ms. Ki Man-Fung, Leonie (Note 11)	<u>45,000</u>	<u>0.00</u>	<u>—</u>	<u>—</u>
	<u>124,015,241</u>	<u>1.43</u>	<u>—</u>	<u>—</u>
Aggregate number of NWCL Shares held by the Offeror Concert Parties	<u>5,845,992,885</u>	<u>66.99</u>	<u>5,721,977,644</u>	<u>65.56</u>
Aggregate number of NWCL Shares held by the Offeror and the Offeror Concert Parties	<u>6,101,034,612</u>	<u>69.91</u>	<u>8,727,216,415</u>	<u>100.00</u>
Independent NWCL Shareholders	<u>2,626,181,803</u>	<u>30.09</u>	<u>—</u>	<u>—</u>
Total number of NWCL Shares in issue	<u>8,727,216,415</u>	<u>100.00</u>	<u>8,727,216,415</u>	<u>100.00</u>
Total number of Offer Shares (Note 12)	<u>2,750,197,044</u>	<u>31.51</u>	<u>—</u>	<u>—</u>

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Notes:

1. The Offeror is wholly owned by the Company, which is acting in concert with the Company in relation to NWCL. NWCL Shares held by the Company will not form part of the Offer Shares and will not be acquired by the Offeror under the Share Offer.
2. High Earnings is wholly owned by NWS. NWS is a non-wholly owned subsidiary of the Company. The shares of NWS are listed on the Stock Exchange with the stock code 0659. High Earnings is acting in concert with the Offeror in relation to NWCL.
3. Great Worth is a non-wholly owned subsidiary of the Company and is acting in concert with the Offeror in relation to NWCL.
4. HSBC is the financial adviser to the Company and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC group which hold NWCL Shares are presumed to be acting in concert with the Offeror in relation to NWCL in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of NWCL Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code and also excluding NWCL Shares held on behalf of non-discretionary investment clients of the HSBC group).
5. Dr. Cheng Kar-Shun, Henry, who is a director of the Offeror, an executive Director and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
6. Mr. Cheng Kar-Shing, Peter, who is a non-executive Director and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
7. Dr. Cheng Chi-Kong, Adrian, who is an executive Director and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
8. Mr. Lee Luen-Wai, John, who is an independent non-executive Director and an independent non-executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
9. Mr. Doo Wai-Hoi, William, who is a non-executive Director, is acting in concert with the Offeror in relation to NWCL.
10. Mr. William Junior Guilherme Doo, who is the son of Mr. Doo Wai-Hoi, William, a non-executive Director, and his spouse are acting in concert with the Offeror in relation to NWCL.
11. Ms. Ki Man-Fung, Leonie, who is an executive Director, is acting in concert with the Offeror in relation to NWCL.
12. The total number of NWCL Shares (assuming that new NWCL Shares are allotted and issued pursuant to the exercise in full of all NWCL Options before the close of the Offers and that there is no other change in the shareholding of NWCL before the completion of the Offers) minus the aggregate number of NWCL Shares held by the Offeror and the Company equals the total number of Offer Shares (on the same assumptions).
13. All percentages in the above table are approximations.

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Option Offer

As at the Latest Practicable Date, there were 25,544,661 NWCL Options granted under the NWCL Share Option Schemes (including 18,240,200 NWCL Options which had not been vested on the Latest Practicable Date), each giving the NWCL Optionholder the right to subscribe for one new NWCL Share. The exercise of such NWCL Options in full would result in the issue of 25,544,661 new NWCL Shares, representing approximately 0.29% of the issued share capital of NWCL as at the Latest Practicable Date and approximately 0.29% of the issued share capital of NWCL as enlarged by the issue of such new NWCL Shares.

HSBC, on behalf of the Offeror, is making the Option Offer to the NWCL Optionholders for the cancellation of every vested and unvested NWCL Option in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects. Under the Option Offer, the Offeror is offering the NWCL Optionholders the Option Offer Price in cash for the cancellation of each NWCL Option that they hold and surrender in acceptance of the Option Offer.

The relevant exercise price applicable to each NWCL Option, which is set out in the tables below, ranges from HK\$2.45 to HK\$5.42.

*NWCL Options under the share option scheme of NWCL
adopted on 26 November 2002*

NWCL Option exercise price (HK\$)	Option Offer Price (HK\$)	Total outstanding NWCL Options (vested and unvested)
3.036	4.764	311,688
2.705	5.095	225,400

*NWCL Options under the share option scheme of NWCL
adopted on 22 November 2011*

NWCL Option exercise price (HK\$)	Option Offer Price (HK\$)	
2.45	5.35	1,866,760
3.37	4.43	121,500
3.88	3.92	2,301,920
3.35	4.45	1,501,990
2.762	5.038	644,000
4.01	3.79	859,100
3.97	3.83	2,720,223
4.72	3.08	686,000
4.42	3.38	481,200
4.968	2.832	9,958,480
5.42	2.38	832,000
4.504	3.296	3,034,400
		25,544,661

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If any NWCL Option is vested and is exercised in accordance with the terms of the NWCL Share Option Schemes prior to the Closing Date, any NWCL Shares issued as a result of the exercise of those NWCL Options prior to the Closing Date will be subject to and eligible to participate in the Share Offer.

Pursuant to the terms of the NWCL Share Option Schemes, if the Share Offer becomes or is declared unconditional in all respects, the NWCL Optionholders shall be entitled to exercise the NWCL Options in full (to the extent not already exercised) at any time within 14 days after the date on which the Share Offer becomes or is declared unconditional in all respects. The NWCL Options not exercised at the expiry of such 14-day period shall lapse.

As any exercise of the NWCL Options without accepting the corresponding Share Offer (in respect of the relevant NWCL Shares allotted to the NWCL Optionholders) after the Share Offer has been declared unconditional as to acceptances may result in the Offeror receiving less than the required percentage of acceptance (as stated in Condition (ii)) for it to exercise the rights of compulsory acquisition and thus affecting the ability of the Offeror to privatise NWCL, the Company, the Offeror and NWCL have jointly requested each of the NWCL Optionholders to sign and return a deed of undertaking (the “**Deed of Undertaking**”) pursuant to which such NWCL Optionholder undertakes not to exercise any of the NWCL Options (whether vested or unvested) held by him/her from the date on which the Offeror has received valid acceptances of the Share Offer in respect of such number of NWCL Shares which would result in the Offeror holding at least 90% of the Offer Shares with the proviso that, within that holding, the Offeror would hold at least 90% of the Disinterested NWCL Shares, until such time as the Share Offer shall have lapsed. As at the Latest Practicable Date, 99 NWCL Optionholders holding a total of 6,206,781 vested NWCL Options and 16,140,360 unvested NWCL Options had executed the Deed of Undertaking. The execution of the Deed of Undertaking shall not affect or prejudice the NWCL Optionholder’s rights to accept the Option Offer in respect of the outstanding NWCL Options held by him/her in accordance with the terms of the Option Offer set out in the Composite Document and the Form of Option Offer Acceptance (as defined in the Composite Document).

Interests of the Offeror and the Offeror Concert Parties in NWCL Shares and NWCL Options

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties held 6,101,034,612 NWCL Shares in aggregate, representing approximately 70.12% of the total issued share capital of NWCL.

Save as aforesaid, as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties did not hold, control or have direction over any other NWCL Shares or hold any convertible securities, warrants, options or derivatives in respect of the NWCL Shares, including NWCL Options.

TAXATION AND INDEPENDENT ADVICE

As stated in the Joint Announcement and in the Composite Document, the NWCL Offer Shareholders and the NWCL Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Share Offer or the Option Offer. It is emphasised that none of the Offeror, the Company, NWCL or HSBC, nor any of

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their respective directors, officers or associates or any other person involved in the Share Offer or the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer or the Option Offer.

FURTHER TERMS OF THE OFFERS

Acceptance of the Share Offer

Acceptance of the Share Offer by any person will constitute a representation and warranty by such person or persons to the Company, the Offeror, NWCL and HSBC that the Offer Shares sold by such person or persons to the Offeror are free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and any other third party rights of any nature and together with all rights attached to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date.

Acceptance of the Option Offer

Acceptance of the Option Offer by a NWCL Optionholder will, subject to the Offers becoming or being declared unconditional in all respects, result in the cancellation of those relevant NWCL Options, together with all rights attaching thereto.

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant NWCL Offer Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting NWCL Offer Shareholders in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptance of the Option Offer and the cancellation of the NWCL Options.

Close of the Offers

The Offers are subject to the Conditions. If Conditions (i) and/or (ii) are not satisfied on or before the Closing Date, the Offers will lapse. If any other Conditions are not satisfied on or before the Closing Date, the Offers may lapse. The Offeror will issue an announcement stating whether the Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the Closing Date in accordance with the Takeovers Code. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

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If all the Conditions are satisfied (or waived, as applicable), the NWCL Offer Shareholders and the NWCL Optionholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

INTENTIONS OF THE COMPANY REGARDING THE NWCL GROUP

The Company intends to continue with the existing business of the NWCL Group upon the completion of the Offers and, subject to market conditions, may explore various opportunities to further develop the existing business of the NWCL Group. The Company may also from time to time consider the need to fund such further development by debt and/or equity financing by NWCL, subject to the NWCL Group's business needs and prevailing market conditions. The Company does not currently intend to introduce major changes to the business of NWCL (including any redeployment of the fixed assets of NWCL) save for those changes which the Company may from time to time implement following the review of its strategic options relating to the business, structure and/or direction of the NWCL Group. It is also the current intention of the Company that the employment of the existing employees of the NWCL Group and the directorship of the existing directors of the NWCL Group should be continued following completion of the Offers except for changes which may occur in the ordinary course of business.

REASONS FOR, AND BENEFITS OF, THE OFFERS

The Board and the Offeror Board believe that the Offers provide the following benefits to (i) the Independent NWCL Shareholders, (ii) NWCL and (iii) the Company and the Shareholders.

For the Independent NWCL Shareholders

(a) *Share Offer Price represents an attractive exit premium*

The Share Offer Price, being HK\$7.80 per Offer Share, which will not be increased, and the Offeror does not reserve the right to do so, is higher than the prevailing market price of NWCL Shares before the Announcement Date, representing a premium of approximately 25.6% over the closing price per NWCL Share of HK\$6.21 as quoted by the Stock Exchange on the Last Trading Day (since which date the Hong Kong Hang Seng Index had fallen by approximately 12.4% as of the Latest Practicable Date). It also represents a premium of approximately 40.8% and 56.9% over the average closing price of approximately HK\$5.54 and approximately HK\$4.97 per NWCL Share on the Stock Exchange for 30 and 180 consecutive trading days up to and including the Last Trading Day, respectively. Also, the Share Offer Price represents a premium of approximately 14.7% over the cancellation price of HK\$6.80 under the Previous Proposal.

During the one-year period ended on and including the Last Trading Day, the lowest and highest closing prices per NWCL Share on the Stock Exchange were HK\$3.89 and HK\$6.23, respectively, with a simple average closing price of approximately HK\$4.95. The Share Offer Price represents a premium of approximately 57.6% over the simple average closing price and a premium of approximately 25.2% over the highest closing price in the above period.

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In addition, the Share Offer Price implies an attractive valuation in comparison to the consolidated net asset value per NWCL Share, as NWCL Shares have habitually traded at a larger discount. The Share Offer Price represents a premium of approximately 11.5% over the audited consolidated net asset value per NWCL Share of approximately HK\$6.995 as at 30 June 2015, based on the total number of issued NWCL Shares as at 30 June 2015. The Share Offer Price was determined after taking into account, among other things, the trading prices of NWCL Shares, the trading multiples of comparable companies and with reference to other privatisation transactions in Hong Kong in recent years.

The Share Offer Price represents a premium of approximately 14.6% over the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015, based on the total number of issued NWCL Shares as at 31 December 2015. The Share Offer Price also represents a discount of approximately 29.4% to the Adjusted NAV per NWCL Share of approximately HK\$11.05 as at 31 December 2015, based on the total number of issued NWCL Shares as at the Latest Practicable Date whereas the cancellation price of HK\$6.80 under the Previous Proposal represented a discount of 32.5% to the adjusted unaudited consolidated net asset value of the NWCL Group as at 31 December 2013 per NWCL Share of approximately HK\$10.07, based on the total number of issued NWCL Shares as at 14 May 2014.

(b) *An opportunity for Independent NWCL Shareholders to monetise NWCL Shares*

The Share Offer provides an opportunity for the holders of the Offer Shares to dispose of their NWCL Shares and receive cash at a price significantly above the prevailing market price. In light of the low liquidity of NWCL Shares, it is difficult for the holders of the Offer Shares to realise their Offer Shares in the stock market without adversely affecting the market price of NWCL Shares. The Share Offer also affords the holders of the Offer Shares the opportunity, if they so wish, to realise their investments in NWCL and invest the monies received in alternative investments or use them for other purposes.

(c) *The Independent NWCL Shareholders are unlikely to receive a comparable or better offer from other third party*

NWCL is an integral part of the Group and the Company has maintained majority voting control in NWCL since NWCL's initial public offering in 1999. It is highly unlikely that another third party will seek to acquire the Offer Shares at a price comparable to or better than the Share Offer.

For NWCL

NWCL will require substantial funding for its future developments. Without being subject to the requirements relevant to being run as a standalone listed public company, NWCL will be able to fund larger property development projects through leveraging the Company's greater financial strength, including the latter's access to more competitive financing terms for raising bank borrowings. Additionally, upon becoming an unlisted wholly owned subsidiary of the Company, the provision of intra-group funding from the Company to NWCL will be facilitated. Due to the low

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liquidity of the NWCL Shares and the discount to the net asset value per NWCL Share of its trading price on the Stock Exchange, the public equity capital market does not provide NWCL a viable funding alternative.

For the Company and the Shareholders

- (a) *Reinforcing the strategic positioning of the PRC property business within the Group by removing the non-compete undertaking with NWCL*

The privatisation of NWCL will allow the Company to invest directly into the PRC property business.

The PRC property market is a core geographical focus of the Group but one in which the Company itself can currently only invest indirectly via NWCL as the Company gave a non-compete undertaking to NWCL at the time of NWCL's spin-off listing on the Stock Exchange in 1999. Pursuant to the undertaking, NWCL's business is separate and distinct from the Company's business such that the Company focuses on the Hong Kong property market while NWCL focuses on the PRC property market. The undertaking provides that the Company shall not compete with the PRC property development and investment activities of NWCL, nor shall the Company acquire or hold any land or real estate properties in the PRC, except for certain circumstances carved out in the undertaking. The privatisation of NWCL will remove the above undertaking and allow the Company to invest directly.

Having NWCL as a wholly owned subsidiary would provide the Company with the ability to formulate more holistic investment strategies for the Group as a whole and allow the Company to deploy its resources directly across Hong Kong and the PRC in suitable opportunities and in a more flexible manner. This would facilitate the Company to accelerate the development of the Group's land bank in the PRC. It would also better position the Group to take on large-scale development projects in the PRC which typically require substantial funding. With a larger balance sheet, and its expertise in property and other sectors, the Company can be beneficial in securing new investments for the Group in the PRC property market, including by way of land acquisitions and collaboration with business partners in the PRC.

- (b) *More advantageous financing and coordinated internal treasury management*

Given the larger asset size and equity base of the Company compared to NWCL, the Company expects it can secure financing on more favourable terms than NWCL. If NWCL becomes a wholly owned unlisted subsidiary of the Company, this will provide enhanced flexibility for the central management of the Group's treasury functions and thereby the ability to secure the lowest possible funding costs across the Group's property businesses including those in the PRC.

- (c) *Streamlined management structure and enhanced sharing of expertise*

A streamlined management structure for the Group's property businesses in Hong Kong and the PRC can be achieved after privatising NWCL, which will help enhance corporate efficiency and create synergies. Better functional coordination and the sharing of expertise can be facilitated internally, including design and architecture, sales and marketing, as well as property leasing and management. This has become of greater value than was historically the case as the PRC property

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market has matured, and will help accelerate the replication between the PRC and Hong Kong markets of successful concepts such as the K11 art mall and further strengthen the “New World” brand image in the two core markets.

INFORMATION ON NWCL

NWCL is a company incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange since July 1999 with the stock code 0917.

NWCL is the flagship property arm of the Company in the PRC and is one of the large-scale national developers in the PRC with unaudited consolidated total assets of approximately HK\$140,773.3 million as at 31 December 2015 and audited consolidated total assets of approximately HK\$134,427.5 million as at 30 June 2015. The unaudited consolidated net profit before taxation from continuing operations and net profit after taxation of NWCL for the six months ended 31 December 2015 were approximately HK\$545.6 million and HK\$437.6 million (including gain on disposal of discontinued operation of approximately HK\$768.9 million and loss for the period from discontinued operation of approximately HK\$19.6 million), respectively. The audited consolidated net profit before taxation from continuing operations and net profit after taxation of NWCL for the year ended 30 June 2015 were approximately HK\$6,422.4 million and approximately HK\$3,470.0 million (including loss for the year from discontinued operation of approximately HK\$34.0 million), respectively and the audited consolidated net profit before taxation from continuing operations and net profit after taxation of NWCL for the year ended 30 June 2014 were approximately HK\$9,107.1 million and approximately HK\$4,799.3 million (including loss for the year from discontinued operation of approximately HK\$140.7 million), respectively. As at the Latest Practicable Date, assuming all the Disposals had been completed, the NWCL Group’s development portfolio comprised 23 major projects spanning over 13 large cities or major transportation hubs.

The NWCL Group develops property projects for sale, develops and manages investment properties for rental purposes, and operates resort and hotel projects. Its property projects encompass residential estates, serviced apartments, villas, offices, shopping centres, mixed use comprehensive buildings, hotels and resorts. The NWCL Group has undertaken urban redevelopment projects in the old city centre of Beijing and Tianjin, and is the developer of landmark commercial complexes in Beijing, Shanghai, Wuhan, Tianjin and Dalian and large-scale residential communities in Shenyang, Wuhan, Guangzhou and Changsha.

INFORMATION ON THE OFFEROR AND THE COMPANY

The Offeror is a wholly owned subsidiary of the Company. The Company is the parent company of NWCL and a company incorporated in Hong Kong with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange since 1972 with the stock code 0017. It is a constituent stock of the Hong Kong Hang Seng Index with a total unaudited consolidated net asset value attributable to Shareholders of approximately HK\$178,190.9 million as at 31 December 2015 and a total audited consolidated net asset value attributable to Shareholders of approximately HK\$178,918.6 million as at 30 June 2015.

LETTER FROM THE BOARD

The Group is a leading property development company based in Hong Kong. The Company was founded in 1970 and for more than four decades the Group has expanded its business portfolio from a single focus on the property business to five core areas, comprising property, infrastructure, services, hotel and department store in Hong Kong and the PRC.

The Group is also involved in direct investment and an array of other businesses.

The aggregate remuneration payable to and benefits in kind receivable by the directors of the Offeror will not be varied in consequence of the Offers.

COMPOSITE DOCUMENT

A copy of the Composite Document is set out in Appendix IV to this circular and contains, among other things, further details of the Offers, the expected timetable, information regarding NWCL, a summary of property valuation of NWCL Group's properties, recommendations from the NWCL Independent Board Committee with respect to the Offers, and the advice of the independent financial adviser to the NWCL Independent Board Committee in connection with the Offers.

A letter containing the details of the Option Offer has been despatched to the NWCL Optionholders on 27 February 2016.

The aggregate percentage holding in NWCL Shares of the Offeror and the Offeror Concert Parties is disclosed in the Composite Document, together with information on their dealings for value in NWCL Shares (if any) during the period commencing six months prior to the Announcement Date and ending with the latest practicable date for ascertaining information in the Composite Document.

Any acceptance or other response to the Share Offer or the Option Offer should be made only on the basis of information in the Composite Document or any other document by which the Share Offer or the Option Offer is made.

LISTING RULES IMPLICATION FOR THE COMPANY

Major Transaction

As one of the Applicable Percentage Ratios in respect of the Offers exceeds 25% and all of those Applicable Percentage Ratios are less than 100%, the implementation of the Offers constitutes a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Shareholders who have a material interest in the Offers and their close associates will be required to abstain from voting on the resolution approving the Offers at the EGM.

LETTER FROM THE BOARD

Each of Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mr. Doo Wai-Hoi, William and Ms. Ki Man-Fung, Leonie, being Directors, and/or their respective close associates who own Shares, and are interested in NWCL Shares (details of which are disclosed in the paragraph headed “2. *Interests of Directors*” in Appendix III to this circular), will abstain from voting on the relevant resolution(s) approving the Offers at the EGM.

Chow Tai Fook Enterprises Limited and its subsidiaries, which hold an aggregate of 4,065,083,926 Shares as at the Latest Practicable Date, representing approximately 43.87% of the total issued Shares as at the Latest Practicable Date, will be entitled to vote on the relevant resolution(s) approving the Offers at the EGM. Chow Tai Fook Enterprises Limited intends to, and procure its subsidiaries to, vote all their Shares for such resolution(s).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries of NWCL Shareholders, save for certain directors of certain members of the Group and/or their respective associates who are interested in NWCL Shares and/or NWCL Options, the NWCL Offer Shareholders and the NWCL Optionholders are third parties independent of the Company and its connected persons.

FINANCIAL EFFECTS OF THE OFFERS

Following the completion of the Offers (assuming that all the Offer Shares are acquired, whether under the Offers or subsequently by way of the compulsory acquisition), NWCL will be accounted for as a wholly owned subsidiary of the Company.

Profit attributable to the Shareholders for the year ended 30 June 2015 would be increased by approximately HK\$771.1 million, from approximately HK\$19,112.0 million to approximately HK\$19,883.1 million, assuming completion of the Offers had taken place on 1 July 2014.

As set out in Appendix II to this circular, the unaudited pro forma total assets of the Group would decrease to approximately HK\$389,242.3 million and total liabilities of the Group would increase to approximately HK\$192,464.7 million, assuming completion of the Offers had taken place on 31 December 2015.

Your attention is drawn to the unaudited pro forma financial information of the Group as set out in Appendix II to this circular.

EGM AND BOOK CLOSURE

The notice convening the EGM to be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 18 March 2016 at 11:15 a.m. (or any adjournment thereof) is set out on pages 361 to 363 of this circular. At the EGM, the Shareholders will be requested to consider and, if thought fit, pass the ordinary resolution to approve the Offers. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Therefore, the resolution put to the vote at the EGM will be taken by way of poll. In accordance with Rule 13.39(4) of the Listing

LETTER FROM THE BOARD

Rules, the chairman of the EGM will direct that the proposed resolution set out in the notice convening the EGM be voted on by way of a poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the meeting (and any adjournment thereof) in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

For the purpose of determining the entitlement of the Shareholders to attend and to vote at the EGM (or any adjournment thereof), the register of members of the Company will be closed from Tuesday, 15 March 2016 to Friday, 18 March 2016 (both days inclusive), during which no transfer of Shares will be effected. In order to be entitled to attend and to vote at the EGM (or any adjournment thereof), all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 14 March 2016.

RECOMMENDATION

Quam Capital is acting as the independent financial adviser to the Board and the Offeror Board pursuant to Rule 2.4 of the Takeovers Code in relation to the Offers. Quam Capital has advised that having taken into account, among others, the Share Offer Price and the Option Offer Price, the benefits of implementation of the Offers from the perspective of the Company and the Shareholders (as set out in the section headed "*Reasons for, and benefits of, the Offers*" above) and the financial impacts of the Offers on the Company and the Offeror, it considers that the Share Offer and the Option Offer are in the interests of the respective shareholders of the Company and the Offeror. Your attention is drawn to the letter from Quam Capital set out on pages 30 to 73 of this circular which contains its full advice to the Board and the Offeror Board in relation to the Offers.

The Board is of the opinion that the terms of the Offers are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution in relation to the Offers to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices I to IV to this circular.

Yours faithfully,
For and on behalf of
New World Development Company Limited
(新世界發展有限公司)
Dr. Cheng Kar-Shun, Henry
Chairman

LETTER FROM QUAM CAPITAL

The following is the full text of the letter from Quam Capital setting out its advice to the Board and the Offeror Board in respect of the Offers, which has been prepared for the purpose of inclusion in this circular.



29 February 2016

To the Board and the Offeror Board

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO VOLUNTARY CONDITIONAL CASH OFFERS
TO ACQUIRE ALL THE OFFER SHARES AND
TO CANCEL ALL THE OUTSTANDING NWCL OPTIONS IN RELATION TO
NEW WORLD CHINA LAND LIMITED**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Board and the Offeror Board in respect of the Offers pursuant to Rule 2.4 of the Takeovers Code. Details of the Offers are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 29 February 2016 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Quam Capital is not associated with the Company, the Offeror, NWCL or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees payable to us in connection with this engagement, no other arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, NWCL, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. We have acted as the independent financial adviser to the Board and the Offeror Board in relation to the Previous Proposal. In the past two years and up to the Latest Practicable Date, a fellow subsidiary of Quam Capital had provided delayed stock quote data feed, investment calculator and historical stock price look up services and advertising and editorial services to the Company. As the aggregate contract value of the services provided by our fellow subsidiary is immaterial, we do not consider the aforesaid relationship will affect the objectivity of our advice. Accordingly, we are considered eligible to give an independent advice to the Board and the Offeror Board.

LETTER FROM QUAM CAPITAL

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company and its advisers; (iii) the opinions expressed by and the representations of the Directors and management of the Group; and (iv) the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. The Shareholders will be informed by the Company and us as soon as practicable if there is any material change to the information disclosed in the Circular throughout the period of the Offers, in which case we will consider whether it is necessary to revise our opinion and inform the Board and the Offeror Board accordingly. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the management of the Group, the directors and the advisers of the Company.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, NWCL or any of their respective subsidiaries and associates.

PRINCIPAL TERMS OF THE OFFERS

The Offers

The Offers are made by HSBC on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

The Share Offer:

For each Offer Share HK\$7.80 in cash

The Share Offer Price will not be increased and the Offeror does not reserve the right to do so. The Share Offer is extended to all NWCL Offer Shareholders (including certain Offeror Concert Parties).

The Option Offer:

For cancellation of each NWCL Option the Option Offer Price in cash

The relevant exercise price applicable to each NWCL Option ranges from HK\$2.45 to HK\$5.42 and accordingly, the Option Offer Price ranges from HK\$2.38 to HK\$5.35 per NWCL Option. **The Option Offer Price will not be increased and the Offeror does not reserve the right to do so.**

LETTER FROM QUAM CAPITAL

The Option Offer is extended to all NWCL Optionholders in accordance with the Takeovers Code.

Conditions of the Offers

The Share Offer is subject to the following Conditions:

- (i) the Shareholders having passed an ordinary resolution at the EGM to approve the Offers;
- (ii) valid acceptances of the Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of NWCL Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested NWCL Shares;
- (iii) no event having occurred which would make any of the Offers or the acquisition of any of the Offer Shares under the Share Offer or the cancellation of the NWCL Options under the Option Offer void, unenforceable or illegal or prohibit implementation of any of the Offers or would impose any additional material conditions or obligations with respect to any of the Offers or any part thereof;
- (iv) all necessary consents (including consents from the relevant lenders) in connection with the Offers and in connection with the withdrawal of listing of the NWCL Shares from the Stock Exchange which may be required under any existing contractual obligations of NWCL being obtained and remaining in effect;
- (v) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offers or its implementation in accordance with its terms); and
- (vi) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the NWCL Group (to an extent which is material in the context of the NWCL Group taken as a whole).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Conditions (i) and (ii)).

As at the Latest Practicable Date, none of the Conditions had been fulfilled.

LETTER FROM QUAM CAPITAL

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

Possible compulsory acquisition and withdrawal of listing

Subject to compliance with the relevant requirements under section 88 of the Cayman Islands Companies Law, if the Offeror, within four (4) months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWCL Shares, the Offeror intends to privatise NWCL by exercising its rights to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer. If the Offeror does decide to exercise such rights and completes the compulsory acquisition, NWCL will become an indirect wholly owned subsidiary of the Company and an application will be made for the withdrawal of the listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested NWCL Shares, the Offers will not become unconditional and will lapse and NWCL will remain listed on the Stock Exchange.

Further details of the terms of the Offers are set out in the Letter from the Board.

MAJOR TRANSACTION

As one of the Applicable Percentage Ratios in respect of the Offers exceeds 25% and all of those Applicable Percentage Ratios are less than 100%, the implementation of the Offers constitutes a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Shareholders who have a material interest in the Offers and their close associates will be required to abstain from voting on the resolution approving the Offers at the EGM.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of the Group

1.1 Business

The Group is principally engaged in the following businesses:

(i) *Property development and property investment*

The PRC property business is operated through NWCL (Stock code: 0917), a 69.5%-owned subsidiary of the Company as at the Latest Practicable Date, whereas the Hong Kong property business is carried out by certain subsidiaries of the Company (other than the NWCL Group).

The property business is the major profit contributor of the Group. For the year ended 30 June 2015, the property business accounted for approximately 76.7% of the segment results of the Group.

(ii) *Infrastructure and services*

NWS (Stock code: 0659), a 61.3%-owned subsidiary of the Company as at the Latest Practicable Date, is principally engaged in investments in infrastructure projects across Hong Kong, the PRC and Macau Special Administrative Region and operating vital utility services and infrastructure facilities.

(iii) *Department stores*

NWDS (Stock code: 0825), a 72.3%-owned subsidiary of the Company as at the Latest Practicable Date, is principally engaged in operating department stores in the PRC.

(iv) *Hotel operations*

The Group's hotel portfolio comprises a range of deluxe and lifestyle hotel properties across Hong Kong, the PRC and Southeast Asia.

LETTER FROM QUAM CAPITAL

1.2 *Historical financial performance*

The following tables set out certain selected financial information of the Group for each of the years ended 30 June 2014 and 2015 (“FY2014” and “FY2015”, respectively) as extracted from the respective annual reports of the Company (the “NWD Annual Report(s)”) and for each of the six months ended 31 December 2014 and 2015 (“HY2015” and “HY2016”, respectively) as extracted from the respective interim results announcements of the Company (the “NWD Interim Results”).

	Six months ended		Year ended 30 June	
	31 December			
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	33,778.2	26,986.3	55,245.0	56,501.1
Gross profit	10,069.3	9,755.8	19,306.0	21,553.5
Profit before taxation	6,244.0	9,165.6	31,136.5	19,076.0
Profit for the year/period	4,491.6	7,224.5	26,872.1	13,337.8
Attributable to				
— the Shareholders	3,300.0	5,854.6	19,112.0	9,725.4
— non-controlling interests	1,191.6	1,369.9	7,760.1	3,612.4
Dividend	1,204.7	1,067.2	3,766.3	3,372.7
Earnings per Share (HK\$)				
— Basic	0.37	0.68	2.17	1.37
— Diluted	0.37	0.68	2.17	1.37
Gross profit margin ^(Note 1)	29.8%	36.2%	34.9%	38.1%
Net profit margin ^(Note 2)	9.8%	21.7%	34.6%	17.2%

Notes:

- Gross profit margin of each of the financial year/period is calculated as gross profit for the respective financial year/period divided by revenue for the corresponding year/period.

LETTER FROM QUAM CAPITAL

2. Net profit margin of each of the financial year/period is calculated as net profit for the respective financial year/period attributable to the Shareholders divided by revenue for the corresponding year/period.

	As at	As at 30 June	
	31 December	2015	2014
	(Unaudited)	(Audited)	(Audited)
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Total assets	409,682.8	397,930.7	369,227.4
Total liabilities	192,330.4	175,572.7	168,950.9
Shareholders' funds	178,190.9	178,918.6	159,808.3
Non-controlling interests	<u>39,161.5</u>	<u>43,439.4</u>	<u>40,468.2</u>
Total equity	<u><u>217,352.4</u></u>	<u><u>222,358.0</u></u>	<u><u>200,276.5</u></u>
Gearing ratio ^(Note)	31.4%	24.1%	27.3%

Note: The gearing ratios are calculated on the basis of net debts over total equity of the Group as disclosed in the NWD Annual Reports and the NWD Interim Results.

(i) *Historical financial results of the Group*

As disclosed in the NWD Annual Reports and the NWD Interim Results, revenue of the Group for FY2014, FY2015 and HY2016 was generated from property development, property investment, service, infrastructure, hotel operations, department stores and other operations. From FY2014 to HY2016, property development was the largest business segment of the Group which contributed segment revenue of approximately HK\$29,329.2 million, HK\$25,681.9 million and HK\$17,820.5 million for FY2014, FY2015 and HY2016 respectively, representing approximately 51.9%, 46.5% and 52.8% of the Group's total revenue for the corresponding years/period. This segment also contributed to approximately 55.7%, 56.6% and 55.4% of the Group's segment results (including share of results of joint ventures and associated companies) for FY2014, FY2015 and HY2016 respectively. Shareholders should note that, out of the revenue generated by the Group's property development segment, approximately HK\$19,800.6 million, HK\$15,293.0 million and HK\$6,369.4 million was attributable to the revenue generated from property sales of the NWCL Group for FY2014, FY2015 and HY2016, respectively, which was consolidated into the Group's financial results, representing approximately 67.5%, 59.5% and 35.7% of revenue generated by the Group's property development segment for the corresponding years/period.

LETTER FROM QUAM CAPITAL

For FY2015, the Group's revenue decreased by approximately HK\$1,256.1 million, or approximately 2.2%, to approximately HK\$55,245.0 million from approximately HK\$56,501.1 million for FY2014. This was mainly due to the decrease in property sales in the PRC which was mitigated by the significant revenue growth of the service segment. As mentioned in the NWD Annual Report for FY2015, although several residential projects in Hong Kong, namely "The Austin" and "Grand Austin" in Southwest Kowloon, "Park Signature" and "The Reach" in Yuen Long, together with "Double Cove" and "Double Cove Starview" in Ma On Shan, provided major contributions to the results of the Group, the overall recorded property sales volume of NWCL in the PRC decreased by approximately 39.5% for FY2015 as compared to FY2014. The decrease in contribution from property sales in the PRC was mainly resulted from the decrease in volume of completed projects in terms of gross floor area (the "GFA") by approximately 30% during FY2015. Despite the slight decrease in revenue, the Group's net profit attributable to the Shareholders for FY2015 recorded a significant increase by approximately HK\$9,386.6 million, or approximately 96.5%, to approximately HK\$19,112.0 million for FY2015. This was primarily attributable to the gain on partial disposal of the Group's interests in three hotels in Hong Kong in April 2015, before taxation and share of non-controlling interests of approximately HK\$15.0 billion for FY2015. This also contributed to the increase in earnings per Share and net profit margin for FY2015 as compared to those of FY2014.

For HY2016, the Group's revenue increased by approximately HK\$6,791.9 million, or approximately 25.2%, to approximately HK\$33,778.2 million from approximately HK\$26,986.3 million for HY2015. This was mainly due to the increase in revenue contributed by the property development segment by approximately HK\$5,959.1 million for HY2016 as compared to that of HY2015. As mentioned in the NWD Interim Results for HY2016, together with the revenue from the joint-development projects, the Group's revenue generated from property development business in Hong Kong during HY2016 amounted to approximately HK\$11,450.8 million, representing an increase of approximately 146% year-on-year. The contributions from property sales were mainly attributable to the sales of residential units completed and recognised during HY2016, including "THE PAVILIA HILL" in North Point, "THE PARKHILL" in Yuen Long and "Double Cove Starview Prime" in Ma On Shan, together with the sales of residential projects completed in previous financial years. Despite the increase in revenue, the Group's net profit attributable to the Shareholders for HY2016 recorded a significant decrease by approximately HK\$2,554.6 million, or approximately 43.6%, to approximately HK\$3,300.0 million for HY2016. This was primarily attributable to the impact from currency exchange as a result of RMB devaluation, and lesser amount of revaluation gains on investment properties recorded during HY2016. This also contributed to the decrease in earnings per Share and net profit margin for HY2016 as compared to those of HY2015.

LETTER FROM QUAM CAPITAL

For details of the historical financial performance of the Group's property development business in the PRC, please refer to section 2.2(i) below.

(ii) *Historical financial position of the Group*

As set out in the above table, the asset base of the Group was on an increasing trend from 30 June 2014 to 31 December 2015. Total assets of the Group reached approximately HK\$409,682.8 million as at 31 December 2015. Property interests, including investment properties, properties for development, properties under development and properties held for sale, were the major assets of the Group which amounted to approximately HK\$177,225.6 million as at 31 December 2015 and accounted for approximately 43.3% of the Group's total assets as at 31 December 2015. Cash and bank balances of the Group were approximately HK\$64,550.0 million as at 31 December 2015.

As at 31 December 2015, the Group had long-term borrowings and short-term borrowings of approximately HK\$135,525.8 million, representing approximately 70.5% of the Group's total liabilities, which comprised secured and unsecured bank loans, other loans and fixed rate bonds and notes payable and unsecured loans from non-controlling shareholders. Gearing ratio of the Group, being net debts (excluding loans from non-controlling shareholders) divided by total equity, was approximately 31.4% as at 31 December 2015.

2. Background of the NWCL Group

2.1 Business

NWCL is the flagship property arm of the Group in the PRC. The NWCL Group develops property projects for sale, develops and manages investment properties for rental purposes, and operates resort and hotel projects. Since the listing of NWCL Shares on the Main Board of the Stock Exchange in July 1999, the Company has undertaken not to compete with the PRC property development and investment activities of NWCL or acquire or hold any land or real estate properties in the PRC, except for certain circumstances carved out in the undertaking.

The NWCL Group's property projects encompass residential communities, serviced apartments, villas, offices, shopping centres, mixed use comprehensive buildings, hotels and resorts in major cities or transportation hubs. At present, the NWCL Group has a comprehensive property development and investment portfolio, mature operating teams in first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen, and a competitive property development portfolio in high-growth cities. Assuming all the Disposals had been completed as at the Latest Practicable Date, NWCL would have landbank of approximately 11.1 million square metres ("sq. m.") GFA which was sufficient for five years of development, as set out in the paragraph headed "Financial and Trading Prospects of the Group" in Appendix I to the Circular.

2.2 *Historical financial performance*

(i) *Historical financial results of the NWCL Group*

The following table sets out certain selected financial information of the NWCL Group for FY2014 and FY2015 as extracted from the respective annual reports of NWCL (the “**NWCL Annual Report(s)**”) and the unaudited consolidated income statement of the NWCL Group for HY2015 and HY2016 as extracted from the respective interim results announcements of NWCL (the “**NWCL Interim Results**”).

LETTER FROM QUAM CAPITAL

	Six months ended		Year ended 30 June	
	31 December			
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	7,300,446	8,434,173	17,459,237	21,850,106
Cost of sales	<u>(4,931,422)</u>	<u>(5,407,620)</u>	<u>(10,621,455)</u>	<u>(12,770,039)</u>
Gross profit	2,369,024	3,026,553	6,837,782	9,080,067
Profit before taxation	545,640	2,880,352	6,422,415	9,107,119
(Loss)/profit for the year/ period from continuing operations	(311,687)	1,573,657	3,504,080	4,939,963
Profit/(loss) for the year/period from discontinued operation	<u>749,291</u>	<u>(94,103)</u>	<u>(34,033)</u>	<u>(140,698)</u>
Profit for the year/period Attributable to the NWCL Shareholders	437,604	1,479,554	3,470,047	4,799,265
From continuing operations	(207,084)	1,609,328	3,347,164	4,779,389
From discontinued operation	<u>749,291</u>	<u>(94,103)</u>	<u>(34,033)</u>	<u>(140,698)</u>
	542,207	1,515,225	3,313,131	4,638,691
— Non-controlling interests	<u>(104,603)</u>	<u>(35,671)</u>	<u>156,916</u>	<u>160,574</u>
	<u>437,604</u>	<u>1,479,554</u>	<u>3,470,047</u>	<u>4,799,265</u>
Dividends	—	—	260,681	607,713
Earnings per NWCL Share (HK\$)				
Basic				
From continuing operations	(0.0238)	0.1853	0.3853	0.5511
From discontinued operation	0.0862	(0.0108)	(0.0039)	(0.0162)
	0.0624	0.1745	0.3814	0.5349
Diluted				
From continuing operations	(0.0238)	0.1851	0.3851	0.5507
From discontinued operation	0.0861	(0.0108)	(0.0039)	(0.0162)
	0.0623	0.1743	0.3812	0.5345
Gross profit margin ^(Note 1)	32.5%	35.9%	39.2%	41.6%
Net profit margin ^(Note 2)	N/A	19.1%	19.2%	21.9%

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Notes:

1. Gross profit margin of each of the financial years/period is calculated as gross profit for the respective financial year/period divided by revenue for the corresponding year/period.
2. Net profit margin of each of the financial year/period is calculated as profit for the respective financial year/period attributable from continuing operations to the NWCL Shareholders divided by revenue for the corresponding year/period.

(1) Revenue

As set out in the NWCL Annual Reports and the NWCL Interim Results, revenue of the NWCL Group for FY2014, FY2015 and HY2016 was generated from (i) property sales; (ii) rental operation; (iii) hotel operation; (iv) property management services; (v) hotel management services; and (vi) other operations. Among these business segments, the property sales segment remained the largest revenue contributor of the NWCL Group, revenue generated from which amounted to approximately HK\$19,800.6 million, HK\$15,293.0 million and HK\$6,369.4 million for FY2014, FY2015 and HY2016, respectively, representing approximately 90.6%, 87.6% and 87.2% of the NWCL Group's total revenue from continuing operations for the corresponding years/period.

The NWCL Group recorded a decrease in revenue from continuing operations in FY2015 by approximately HK\$4,390.9 million, or approximately 20.1%, from approximately HK\$21,850.1 million for FY2014 to approximately HK\$17,459.2 million for FY2015. As disclosed in the NWCL Annual Report for FY2015, such decrease was mainly contributed by the drop in revenue generated from the property sales segment of the NWCL Group for FY2015 by approximately HK\$4,507.6 million, or approximately 22.8%, from approximately HK\$19,800.6 million for FY2014 to approximately HK\$15,293.0 million for FY2015, which was mainly attributable to (i) the lower overall recorded property sales volume of the NWCL Group in GFA of 855,414 sq. m. for FY2015, representing a decrease of approximately 39.5% from 1,414,886 sq. m. for FY2014; (ii) the decrease in completed property projects in GFA from 1,553,567 sq. m. in FY2014 to 1,089,163 sq. m. in FY2015; and (iii) the planned deferral in launching the sale of high-end villas in Shenzhen New World Signature Hill and high-rise residential units in Shenzhen New World Yi Shan Garden until after completion instead of pre-selling at construction stage in order to maximise their returns and benefits from tapping the rising trend of property prices in the region and executing pricing strategy with more flexibility for sales of completed units.

For HY2016, revenue of the NWCL Group from continuing operations amounted to approximately HK\$7,300.4 million, representing a decrease of approximately HK\$1,133.8 million or approximately 13.4%, as compared to

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that of approximately HK\$8,434.2 million for HY2015. As disclosed in the NWCL Interim Results for HY2016, such decrease was mainly contributed by the drop in revenue generated from the property sales segment of the NWCL Group for HY2015 by approximately HK\$840.7 million, or approximately 11.7%, from approximately HK\$7,210.1 million for HY2015 to approximately HK\$6,369.4 million for HY2016, which was mainly attributable to the decrease in the overall recorded property sales of the NWCL Group in volume by approximately 11.1% to 443,016 sq. m. for HY2016 as compared to that of HY2015 resulting from (i) the cyclical decrease in volume of completed property projects in HY2016; and (ii) the planned deferral in launching the sale of high-end villas in Shenzhen New World Signature Hill and high-rise residential units in Shenzhen New World Yi Shan Garden to maximise their returns and benefits from tapping the rising trend of property prices in the region.

(2) Gross profit and gross profit margin

The NWCL Group recorded a decrease in gross profit from continuing operations from approximately HK\$9,080.1 million for FY2014 to approximately HK\$6,837.8 million for FY2015, representing a decrease of approximately 24.7%, mainly due to the decrease in revenue for FY2015 as discussed above. The NWCL Group's gross profit margin from continuing operations decreased from approximately 41.6% for FY2014 to approximately 39.2% for FY2015 mainly due to the difference in recorded sales mix. The recorded property sales for FY2015 were mainly from Tianjin Glorious Palace, Foshan Canton First Estate, Langfang New World Centre and Dalian New World Tower, which had lower gross profit margins than those of the property projects sold for FY2014, including Guangzhou Park Paradise, Shenyang New World Garden, Beijing Xin Yi Garden office units, Guangzhou New World Oriental Garden and Guangzhou Covent Garden.

The NWCL Group recorded a decrease in gross profit from continuing operations from approximately HK\$3,026.6 million for HY2015 to approximately HK\$2,369.0 million for HY2016, representing a decrease of approximately 21.7%, mainly due to the decrease in revenue for HY2016 as discussed above. The NWCL Group's gross profit margin from continuing operations decreased from approximately 35.9% for HY2015 to approximately 32.5% for HY2016 mainly due to the difference in recorded sales mix. Around half of the recorded property sales for HY2016 were from projects located in second and third-tier cities, which had an average profit margin of below 25%. The recorded sales from these projects constituted approximately 34% of the total recorded sales of HY2015.

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(3) Net profit and net profit margin

Net profit of the NWCL Group decreased from approximately HK\$4,799.3 million for FY2014 to approximately HK\$3,470.0 million for FY2015, which was in line with the decrease in revenue and gross profit of the Group during the same period. The net profit of the NWCL Group decreased from approximately HK\$1,479.6 million for HY2015 to approximately HK\$437.6 million for HY2016.

The NWCL Group's net profit margin from continuing operations decreased from approximately 21.9% for FY2014 to approximately 19.2% for FY2015 mainly as a result of the decrease in gross profit margin as discussed above. For HY2016, the NWCL Group recorded a net loss from continuing operations mainly as a result of the significant net foreign exchange losses during the period.

In December 2015, NWCL announced to dispose of seven projects in five cities in the PRC, namely Wuhan Changqing Garden, Wuhan Changqing Nanyuan and Wuhan Xinhua Garden in Wuhan, the Palm Island Resort project in Huiyang, the Haikou New World • Meilisha project in Haidian Island, the Guiyang Jinyang Sunny Town project in Guiyang and the Chengdu New World Riverside project (the “**Chengdu Project**”) in Chengdu, to a wholly owned subsidiary of Evergrande for a total consideration of RMB20,800 million (equivalent to approximately HK\$24,910.2 million). Further details of the Disposals are set out in the joint announcements of the Company and NWCL dated 2 December 2015 and 29 December 2015, the circular of NWCL dated 23 December 2015 and the circulars of each of NWD and NWCL dated 19 January 2016. Save for the Chengdu Project, all other transactions under the Disposals had been completed as at the Latest Practicable Date. As part of the strategy of the Group and the NWCL Group of optimising the project development and investment portfolio, the Disposals served to scale down and unlock its investment in second and third-tier cities and projects with lower gross profit margins and prolonged development cycles while focusing more resources in first and 1.5-tier cities and other high-growth cities where the Group's brand has already been well recognised and established. Such strategy is expected to improve the average gross profit margin of projects and assets churn in the PRC.

We consider that the NWCL Group is strategically important to the Group by being the flagship property arm of the Group in the PRC. As a wholly owned subsidiary of the Company following the privatisation, NWCL is expected to take on larger and better quality development projects in the higher tiered cities in the PRC with better profitability by leveraging on the financial strength and brand image of the Group.

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(ii) *Historical financial position of the NWCL Group*

The following table sets out the audited consolidated statement of financial position of the NWCL Group as at 30 June 2014 and 30 June 2015 as extracted from the NWCL Annual Reports and the unaudited consolidated statement of financial position of the NWCL Group as at 31 December 2015 as extracted from the NWCL Interim Results for HY2016.

	As at 31 December 2015	As at 30 June 2015	2014
	(Unaudited)	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5,241,850	5,831,924	4,763,887
Investment properties	22,677,651	24,684,353	21,971,592
Land use rights	577,501	720,144	703,901
Intangible assets	123,417	91,030	1,895,952
Properties held for development	13,751,920	19,741,250	18,182,575
Associated companies and joint ventures	14,700,228	15,598,108	14,309,144
Available-for-sale financial assets	<u>4,004,215</u>	<u>735,860</u>	<u>85,147</u>
	<u>61,076,782</u>	<u>67,402,669</u>	<u>61,912,198</u>
Current assets			
Properties under development	16,387,630	17,671,570	21,091,110
Completed properties held for sale	14,408,004	19,885,358	8,977,146
Hotel inventories, at cost	3,915	4,102	4,002
Prepayments, debtors and other receivables	6,948,748	11,275,453	10,881,917
Amounts due from related companies	212,227	301,943	577,025
Cash and bank balances	<u>18,130,524</u>	<u>15,773,665</u>	<u>17,351,595</u>
	56,091,048	64,912,091	58,882,795
Assets of disposal group classified as held for sale	22,343,211	2,112,780	—
Non-current assets reclassified as held for sale	<u>1,262,217</u>	<u>—</u>	<u>131,138</u>
	<u>79,696,476</u>	<u>67,024,871</u>	<u>59,013,933</u>
Total assets	<u><u>140,773,258</u></u>	<u><u>134,427,540</u></u>	<u><u>120,926,131</u></u>

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	As at 31 December 2015 (Unaudited) HK\$'000	As at 30 June 2015 (Audited) HK\$'000	2014 (Audited) HK\$'000
EQUITY			
Capital and reserves attributable to NWCL's equity holders			
Share capital	869,360	868,877	868,335
Reserves	58,300,325	59,652,293	56,623,635
Proposed final dividend	—	260,681	260,547
	59,169,685	60,781,851	57,752,517
Non-controlling interests	3,794,445	3,836,900	3,566,137
Total equity	62,964,130	64,618,751	61,318,654
LIABILITIES			
Non-current liabilities			
Long term borrowings	42,192,270	34,388,409	25,226,035
Deferred tax liabilities	3,157,875	3,522,327	3,252,232
	45,350,145	37,910,736	28,478,267
Current liabilities			
Creditors and accruals	7,985,189	8,890,122	6,950,199
Deposits received on sale of properties	6,243,425	6,045,122	4,716,405
Amounts due to related companies	942,691	723,334	507,848
Short term loans	—	1,001,250	—
Current portion of long term borrowings	6,553,940	9,775,255	14,197,174
Amounts due to non-controlling interests	101,313	102,756	102,756
Taxes payable	4,381,837	4,432,361	4,654,828
	26,208,395	30,970,200	31,129,210
Liabilities of disposal group classified as held for sale	6,250,588	927,853	—
	32,458,983	31,898,053	31,129,210
Total liabilities	77,809,128	69,808,789	59,607,477
Total equity and liabilities	140,773,258	134,427,540	120,926,131
Net current assets	47,237,493	35,126,818	27,884,723
Total assets less current liabilities	108,314,275	102,529,487	89,796,921
Gearing ratio ^(Note)	48.6%	45.5%	36.0%

Note: Gearing ratios are calculated on the basis of net debts over total equity of the NWCL Group as disclosed in the NWCL Annual Reports and the NWCL Interim Results.

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A significant portion of the NWCL Group's assets consist of investment properties, properties held for/under development and completed properties held for sale. The aggregate amount of the aforesaid assets was approximately HK\$67,225.2 million, representing approximately 47.8% of the NWCL Group's total assets as at 31 December 2015.

(1) Investment properties

Investment properties of the NWCL Group mainly comprised completed investment properties which are located in a number of cities in the PRC, such as Beijing, Tianjin, Shenyang, Dalian, Shanghai, Wuhan and Guangzhou as well as investment properties under development. Investment properties of the NWCL Group are measured initially at cost, including related transaction costs, and carried at fair value after initial recognition.

As at 30 June 2014, 30 June 2015 and 31 December 2015, investment properties accounted for approximately 18.2%, 18.4% and 16.1% of the NWCL Group's total assets, respectively. As noted from the NWCL Annual Report for FY2015, total GFA of the NWCL Group's completed investment properties (including those held by associated companies and joint ventures) as at 30 June 2015 reached approximately 2,452,703 sq. m. (30 June 2014: 2,458,136 sq. m.). Carrying value of the NWCL Group's investment properties increased from approximately HK\$21,971.6 million as at 30 June 2014 to approximately HK\$22,677.7 million as at 31 December 2015. Such increase was mainly attributable to the additions, transfer-in from properties under development and completed properties held for sale, as well as the increase in fair value of investment properties during the financial years/period under review.

(2) Properties held for/under development

Properties held for/under development of the NWCL Group comprised payments for land use rights, development expenditures and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. As at 30 June 2014, 30 June 2015 and 31 December 2015, properties held for/under development accounted for approximately 32.5%, 27.8% and 21.4% of the NWCL Group's total assets, respectively.

(3) Completed properties held for sale

Completed properties held for sale are reclassified from properties under development upon completion of the relevant development projects and are initially measured at the carrying amount of the properties at the date of reclassification from properties under development. Completed properties held for sale are carried at the lower of cost and net realisable value. As at 30 June

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2014, 30 June 2015 and 31 December 2015, completed properties held for sale represented approximately 7.4%, 14.8% and 10.2% of the NWCL Group's total assets, respectively.

Completed properties held for sale increased significantly from approximately HK\$8,977.1 million as at 30 June 2014 to approximately HK\$14,408.0 million as at 31 December 2015, mainly attributable to, among other things, the excess of development projects completion over sales volume. As disclosed in the NWCL Annual Reports, the NWCL Group completed 14 property development projects with total GFA of 1,089,163 sq. m. in FY2015 whereas the NWCL Group completed 15 property development projects with total GFA of 1,553,567 sq. m. in FY2014. For HY2016, three property development projects with total GFA of 237,535 sq. m. were completed. The percentage of sales volume to projects completed (in terms of GFA) for FY2014, FY2015 and HY2016 was approximately 91.1%, 78.5% and 186.5%, respectively.

(4) Cash and bank balances

The NWCL Group maintains an ample amount of cash reserves. As at 30 June 2014, 30 June 2015 and 31 December 2015, cash and bank balances represented approximately 14.3%, 11.7% and 12.9% of the NWCL Group's total assets, respectively. The cash and bank balances of the NWCL Group decreased from approximately HK\$17,351.6 million as at 30 June 2014 to approximately HK\$15,773.7 million as at 30 June 2015. Such decrease was mainly attributable to the additions of property, plant and equipment, land use rights and investment properties, and the increase in investments in associated companies and joint ventures. As at 31 December 2015, cash and bank balances of the NWCL Group increased to approximately HK\$18,130.5 million.

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(5) Long term borrowings (current and non-current portions)

As set out in the NWCL Annual Reports, long term borrowings of the NWCL Group mainly included secured and unsecured bank loans, fixed rate bonds and notes payable, loans from fellow subsidiaries and non-controlling interests, advances from participating interests and other secured and unsecured loans from other financial institutions. Long term borrowings were one of the important sources of funds of the NWCL Group, which represented approximately 66.1%, 63.3% and 62.6% of the NWCL Group's total liabilities as at 30 June 2014, 30 June 2015 and 31 December 2015, respectively.

As disclosed in the NWCL Annual Reports, on 6 November 2014, NWCL issued notes in the aggregate principal amount of US\$900 million (equivalent to approximately HK\$6,993 million) with maturity date on 6 November 2019. On 28 January 2015 and 30 March 2015, NWCL issued notes in the aggregate principal amount of HK\$800 million and HK\$271 million with maturity dates on 28 January 2022 and 30 March 2022, respectively. Primarily as a result of the aforesaid issue of notes and the net increase in bank loans, long term borrowings of the NWCL Group increased from approximately HK\$39,423.2 million as at 30 June 2014 to approximately HK\$44,163.7 million as at 30 June 2015. The balance increased to approximately HK\$48,746.2 million as at 31 December 2015.

According to the NWCL Interim Results for HY2016, as at 31 December 2015, the NWCL Group's property, plant and equipment, investment properties, land use rights, properties held for development and properties under development of approximately HK\$4,189.5 million, HK\$8,170.8 million, HK\$234.7 million, HK\$384.6 million and HK\$7,001.3 million, respectively, were pledged as securities for long-term bank borrowings of the NWCL Group.

(6) Gearing ratio

As disclosed in the NWCL Annual Reports and the NWCL Interim Results, gearing ratios (calculated on the basis of net debts over total equity) of the NWCL Group were approximately 36.0%, 45.5% and 48.6% as at 30 June 2014, 30 June 2015 and 31 December 2015, respectively. Gearing ratio of the NWCL Group is expected to improve following the stage receipt of proceeds from the Disposals within 24 months following completion of the Disposals.

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(iii) *Market value of property interests of the NWCL Group*

As reported in the valuation report (the “**Valuation Report**”) prepared by Knight Frank as set out in Appendix III to the Composite Document which is contained in Appendix IV to the Circular, the market value of the property interests in existing state attributable to the NWCL Group in aggregate (excluding the property interests under the Disposals) was approximately RMB104,623.3 million (equivalent to approximately HK\$125,297.3 million) as at 31 December 2015.

Set out below is a summary on the market value of property interests extracted from the Valuation Report:

	Market value attributable to the NWCL Group as at 31 December 2015 <i>RMB'000</i>	Proportion of property interests %
Completed investment properties	20,565,957	19.7
Investment properties under development	4,911,200	4.7
Hotel properties	3,308,050	3.2
Completed properties held for sale/ properties under and held for development	63,397,363	60.6
Land and buildings	574,412	0.5
Assets under construction	3,173,000	3.0
Contracted properties held	8,693,300	8.3
Total	104,623,282	100.0

The Adjusted NAV per NWCL Share analysis is set out in section 5.2 below.

We have discussed the valuation basis and methodologies with Knight Frank. We consider that the valuation techniques used in valuing the different properties interests of the NWCL Group to be appropriate.

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3. Reasons for and benefits of the Offers

As stated in the Letter from the Board, the Board is of the opinion that the terms of the Offers are fair and reasonable and are in the interests of the Shareholders as a whole, for the reasons summarised below:

- (i) the privatisation of NWCL will allow the Company to invest directly into the PRC property business. While the privatisation of NWCL allows the Company to deploy its resources directly across Hong Kong and the PRC in suitable opportunities and in a more flexible manner, the consolidation of the operations of the Group and the NWCL Group is expected to result in acceleration of the development of the Group's land bank in the PRC and better utilisation of resources for the Group and the NWCL Group, allowing the Group as a whole to take on large-scale development projects in the PRC which typically require substantial funding;
- (ii) the Company expects that it can secure financing on more favourable terms than NWCL with larger asset size and equity base as compared to NWCL. If NWCL becomes a wholly owned unlisted subsidiary of the Company, this will provide enhanced flexibility for the central management of the Group's treasury functions and thereby the ability to secure the lowest possible funding costs across the Group's property businesses including those in the PRC; and
- (iii) the privatisation of NWCL will streamline the management structure for the Group's property businesses in Hong Kong and the PRC, facilitating sharing of expertise internally and better coordination among different functions including design and architecture, sales and marketing as well as property leasing and management, hence accelerating the replication between the PRC and Hong Kong markets of successful concepts and further strengthening the "New World" brand image in the two core markets.

The Group has been taking initiatives in optimising its business resources, including the disposal of the hotel management business in July 2015 and, through the NWCL Group, the disposal of non-core lower tiered city projects in December 2015. Total assets value of the NWCL Group has been boosted over the past few years from approximately HK\$120,926.1 million as at 30 June 2014 to approximately HK\$140,773.3 million as at 31 December 2015, as set out in section 2.2(ii) above. Particularly, substantial value has been unlocked by the sale of projects with long development cycles to Evergrande in December 2015. On the other hand, given the current slower property market in Hong Kong, the growth of property sales of the Group in Hong Kong is uncertain. We consider that the integration of NWCL is strategically justifiable given that (i) the Group can engage in the PRC property business directly without the constraint under the non-competing clause provided by the Company to NWCL at the time of listing of NWCL; (ii) NWCL, as a wholly owned subsidiary of the Company, will have better financial capabilities to take on large scale projects in the PRC and also its funding costs may be lowered by leveraging on the Company's financial strength; and (iii) the

privatisation will streamline the Group's management structure that may lead to improved resources integration and allocation as well as more centralised management. As such, we consider that the Offers are in the interests of the Company and the Shareholders as a whole.

4. Industry overview of the PRC property development market

4.1 *Macro-economic environment in the PRC*

The PRC economy has grown significantly since the adoption of the reform and opening-up policy by the PRC government in 1978. Such growth was further accelerated by the PRC's accession to the World Trade Organisation in 2001. From 2001 to 2007, the PRC's nominal gross domestic product ("GDP") increased at a compound annual growth rate ("CAGR") of approximately 15.9%. Due to the global financial crisis in late 2008 as well as the subsequent liquidity squeeze and credit crunch which caused a world economic slowdown, the PRC's GDP growth rate slowed down in 2008 and 2009. In response to the crisis, the PRC government introduced a RMB4 trillion stimulus package in 2008 to finance programs in 10 major areas over 2009 and 2010 in an effort to increase liquidity available to the market. The PRC government also introduced a number of economic stimulus measures, alongside the RMB4 trillion stimulus package, effectively boosting short-term growth of the PRC economy in 2010. Since 2010, global economic growth has slowed on fears that the sovereign debt crisis of certain eurozone countries would deepen. In March 2012, the PRC government announced its GDP growth target of 7.5% for 2012, giving rise to further concerns about the sustainability of PRC economic growth. The PRC's whole year real GDP growth rate reached 7.7% in 2012, which was slightly higher than the government target of 7.5%. Despite a downward trend since 2013, the PRC's real GDP maintained stable and moderate growth at 7.3% and 6.9% for 2014 and 2015, respectively. As estimated by the People's Bank of China ("PBOC") based on its latest benchmark forecast published in December 2015, the real GDP growth rate in the PRC will be 6.8% for 2016.

Following the credit crunch and slowdown of the world economy in 2008, the PRC's nominal GDP increased from approximately RMB31,675 billion in 2008 to approximately RMB67,671 billion in 2015 at a CAGR of approximately 11.5% while the PRC's GDP per capita increased from approximately RMB23,912 in 2008 to approximately RMB49,229 in 2015 at a CAGR of approximately 10.9%. Over the same period, the PRC's disposable income of urban households per capita increased at a CAGR of approximately 10.2% from approximately RMB15,781 in 2008 to approximately RMB31,195 in 2015, demonstrating a significant increase in purchasing power of the PRC population.

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The stable and sound economic growth of the PRC and the increasing per capital disposable income of urban households provide a favourable economic environment for the development of the PRC real estate market.

	2008	2009	2010	2011	2012	2013	2014	2015
Nominal GDP (RMB billion)	31,675	34,563	40,890	48,412	53,412	58,802	63,591	67,671
Real GDP growth rate (%)	9.6	9.2	10.6	9.5	7.7	7.7	7.3	6.9
Per capita GDP (RMB)	23,912	25,963	30,567	36,018	39,544	43,320	46,629	49,229
Per capita disposable income of urban households (RMB)	15,781	17,175	19,109	21,810	24,565	26,467	28,844	31,195

Source: National Bureau of Statistics of the People's Republic of China ("NBS")

4.2 Overview of the PRC property market

The favourable economic environment in the PRC has fuelled the growth of the PRC property market. The investment in real estate industry increased from approximately RMB3,120 billion in 2008 to approximately RMB9,598 billion in 2015, representing a CAGR of approximately 17.4%. According to NBS, approximately 1,306 million sq.m. of GFA of commodity properties were sold in the PRC in 2013, representing a substantial increase as compared to approximately 660 million sq.m. of GFA sold in 2008. Encountering the decelerating economic growth and property purchasers' waning confidence in the property market, the PRC's property market cooled down in 2014 and sales in the property market have been declining for 15 consecutive months. According to NBS, approximately 1,206 million sq.m. of GFA of commodity properties were sold in 2014, representing a decrease of approximately 7.7% as compared to those in 2013. As mentioned in the NWCL Annual Report for FY2015 and the NWCL Interim Results for HY2016, in view of the downward pressure faced by the PRC economy, central and local governments of the PRC and PBOC have been taking steps to stimulate the real estate market since the second quarter of 2014. After a series of interest rate cuts, reductions in reserve requirement ratio and easing policies of the real estate market, such as loosening of approval conditions and lowering of the minimum down-payment requirement for first-time home buyers and second home mortgages, have been implemented, the PRC real estate market gradually returned to the upward path in the second half of 2015. The measures to restrain home purchases by foreign institutions and persons also came to its official end in 2015. The PRC's property market slowly recovered with GFA of commodity properties sold of approximately 1,285 million sq.m. in 2015, representing an increase of approximately 6.6% as compared to that in 2014. From 2008 to 2015, the commodity properties sold comprised mainly residential properties. Total GFA of residential properties sold increased from approximately 593 million sq.m. in 2008 to approximately 1,124 million sq.m. in 2015.

According to NBS, from 2008 to 2015, the average price of commodity properties (including residential properties, office buildings, houses for business use and others) increased at a CAGR of approximately 8.7% and the average price of residential

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properties increased at a CAGR of approximately 8.8% as demand for real estate increased. The upward trend of the PRC property industry was also evidenced by the growth in revenue from the sales of commodity properties, with total real estate sales revenue increasing significantly from approximately RMB2,507 billion in 2008 to approximately RMB8,143 billion in 2013 at a CAGR of approximately 26.6%. As mentioned above, the PRC's property market cooled down in 2014 and began to recover in 2015. Total real estate sales revenue decreased by approximately 6.3% to approximately RMB7,629 billion in 2014 and increased by approximately 14.4% to approximately RMB8,728 billion in 2015. Sales revenue of residential properties exhibited the same trend as that of commodity properties during the same period.

	2008	2009	2010	2011	2012	2013	2014	2015
<i>Investment</i>								
Real estate investment (RMB billion)	3,120	3,624	4,826	6,180	7,180	8,601	9,504	9,598
Investment in residential property development (RMB billion)	2,244	2,561	3,403	4,432	4,937	5,895	6,435	6,460
<i>Total GFA</i>								
Total GFA of commodity properties sold (million sq.m.)	660	948	1,048	1,094	1,113	1,306	1,206	1,285
Total GFA of residential properties sold (million sq.m.)	593	862	934	965	985	1,157	1,052	1,124
<i>Price and revenue</i>								
Average price of commodity properties (RMB per sq.m.)	3,800	4,681	5,032	5,357	5,791	6,237	6,324	6,793
Average price of residential properties (RMB per sq.m.)	3,576	4,459	4,725	4,993	5,430	5,850	5,933	6,473
Sales revenue of commodity properties (RMB billion)	2,507	4,436	5,272	5,859	6,446	8,143	7,629	8,728
Sales revenue of residential properties (RMB billion)	2,120	3,843	4,412	4,820	5,347	6,769	6,241	7,275

Source: NBS

4.3 Urbanisation

In addition to the ongoing housing reform and the stable growth of the PRC economy which has resulted in rising disposable income among the population in the PRC, the rapid pace of urbanisation also contributes to the growth of the real estate market in the PRC.

In recent years, the rate of urbanisation in the PRC has been remarkable. The urban population increased from approximately 624 million in 2008 to approximately 771 million in 2015 with urbanisation rate increasing from approximately 47.0% in 2008 to

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approximately 56.1% in 2015. The urban disposable income per capita also increased from approximately RMB15,781 in 2008 to approximately RMB31,195 in 2015, representing a CAGR of approximately 10.2% over the period.

The table below sets out selective economic statistics relating to urbanisation trends in the PRC for the years indicated:

	2008	2009	2010	2011	2012	2013	2014	2015
Urban population (million)	624	645	670	691	712	731	749	771
Urbanisation rate (%)	47.0	48.3	50.0	51.3	52.6	53.7	54.8	56.1
Per capita disposable income of urban households (RMB)	15,781	17,175	19,109	21,810	24,565	26,467	28,844	31,195

Source: NBS

In view of the strong price growth of residential properties, the PRC government has imposed measures to regulate the real estate market in recent years. As downward pressure continues to drag down the PRC economy, local governments have begun to relax curbing policies towards the real estate market since 2014. The PRC government aims to support demand for housing for personal use and of improvement nature, and promote the stable and sound development of the PRC real estate market. Based on the above, the fundamental factors affecting the PRC real estate market are still strong. Despite the downward pressure faced by the PRC economy, the PRC economic growth remains relatively strong in the context of the global economy, leading to an increase in disposable income of households and urbanisation. Strong growth in disposable income of households and continued urbanisation in the PRC will in turn provide some support to property prices. Given the PRC government's dedication to stabilising the economic growth through encouraging consumption and investment in fixed assets, the balance of evidence suggests that the outlook for the PRC real estate market as a fundamental part of the PRC economy will be positive in the long run.

5. Evaluation of the Share Offer Price

5.1 *Historical price performance of NWCL Shares*

Closing prices of NWCL Shares

The Share Offer Price of HK\$7.80 represents:

- (i) a premium of approximately 25.6% over the closing price of HK\$6.21 per NWCL Share as quoted on the Stock Exchange on the Last Trading Day;

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- (ii) a premium of approximately 28.5% over the average closing price of approximately HK\$6.07 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 29.4% over the average closing price of approximately HK\$6.03 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 40.8% over the average closing price of approximately HK\$5.54 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 45.8% over the average closing price of approximately HK\$5.35 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 56.9% over the average closing price of approximately HK\$4.97 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (vii) a premium of approximately 4.4% over the closing price of HK\$7.47 per NWCL Share as quoted on the Stock Exchange on the Latest Practicable Date.

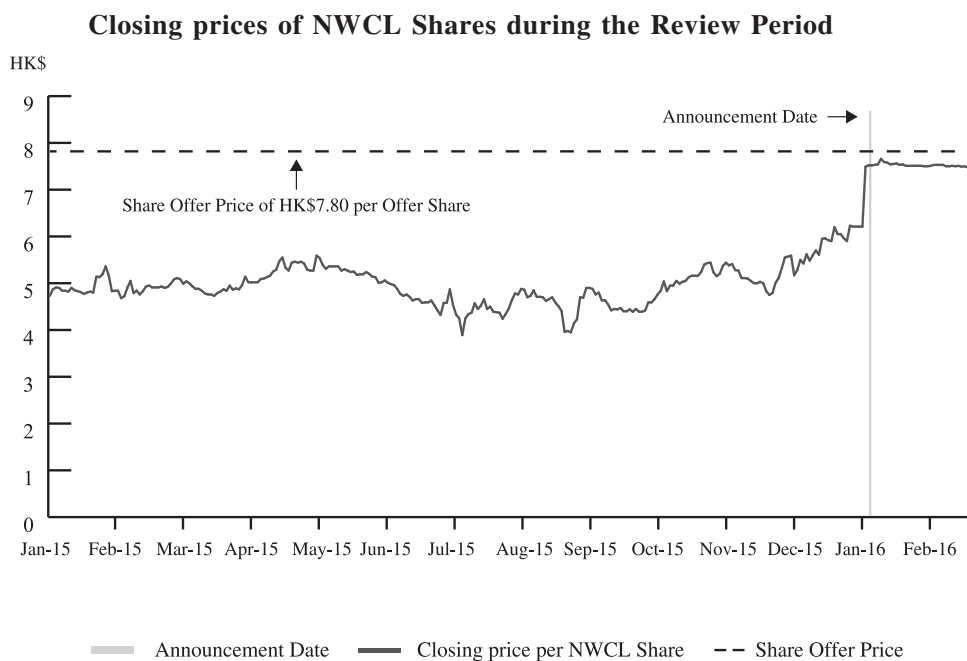
Net asset value per NWCL Share

The Share Offer Price of HK\$7.80 represents:

- (i) a premium of approximately 11.5% over the audited consolidated net asset value per NWCL Share of approximately HK\$6.995 as at 30 June 2015, based on the total number of issued NWCL Shares as at 30 June 2015;
- (ii) a premium of approximately 14.6% over the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015, based on the total number of issued NWCL Shares as at 31 December 2015; and
- (iii) a discount of approximately 29.4% to the Adjusted NAV per NWCL Share of approximately HK\$11.05 as at 31 December 2015, based on the total number of issued NWCL Shares as at the Latest Practicable Date.

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For assessment of the reasonableness of the Share Offer Price, we have analysed the recent share price performance and trading volume of NWCL Shares during the Review Period (as defined below). Set out in the chart below are the closing prices of NWCL Shares as quoted on the Stock Exchange (i) from 2 January 2015, being approximately one year before the Last Trading Day, to 31 December 2015, being the Last Trading Day (the “**Pre-announcement Period**”); and (ii) from 6 January 2016, being the Announcement Date, up to and including the Latest Practicable Date (the “**Post-announcement Period**”, together with the Pre-announcement Period, the “**Review Period**”):



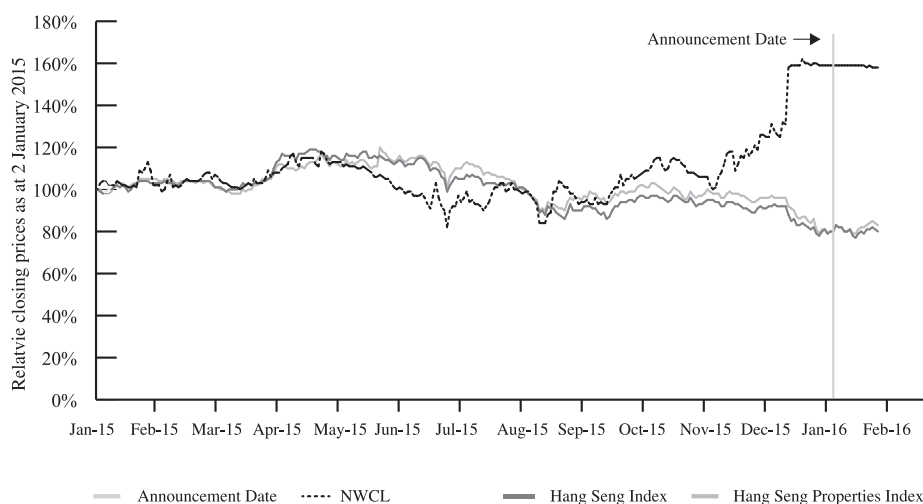
Source: Website of the Stock Exchange

As illustrated in the chart above, the closing price of NWCL Shares was HK\$4.73 per NWCL Share on 2 January 2015. After reaching the lowest point of HK\$3.89 per NWCL Share on 8 July 2015, the closing prices of NWCL Shares were generally in an upward trend. The lowest and highest closing prices of NWCL Shares were HK\$3.89 on 8 July 2015 and HK\$6.23 on 30 December 2015 during the Pre-announcement Period. The Share Offer Price of HK\$7.80 per Offer Share represents a premium of approximately 100.5% to the lowest closing price and approximately 25.2% to the highest closing price of NWCL Shares during the Pre-announcement Period. It is noted that the closing prices of NWCL Shares were below the Share Offer Price at all times during the Pre-announcement Period. The NWCL Shares closed at HK\$6.21 per NWCL Share on the Last Trading Day and surged to HK\$7.49 on 6 January 2016, being the Announcement Date. The closing prices of NWCL Shares were in a range of HK\$7.47 to HK\$7.66 per NWCL Share during the Post-announcement Period.

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The historical price performance of NWCL Shares was further analysed by comparing with the Hong Kong stock market trend during the Review Period. The following chart shows the closing price performance of NWCL Shares against the Hang Seng Index and the Hang Seng Properties Index during the Review Period:

Performance of NWCL Shares against the Hang Seng Index and the Hang Seng Properties Index during the Review Period



Source: Bloomberg

As illustrated in the chart above, during the Review Period, the Hang Seng Index remained relatively stable, with the lowest closing point of 18,319.58 on 12 February 2016 and the highest point of 28,442.75 on 28 April 2015. The relative closing prices of the Hang Seng Index fluctuated in a range between approximately 76.8% and 119.2% as compared to the Hang Seng Index as at 2 January 2015. Similarly, the Hang Seng Properties Index remained relatively stable during the Review Period, with the lowest closing point of 24,569.01 on 21 January 2016 and the highest point of 37,389.86 on 3 June 2015. The relative closing prices of the Hang Seng Properties Index fluctuated in a range between approximately 78.8% and 119.9% as compared to the Hang Seng Properties Index as at 2 January 2015. The performance of NWCL Shares oscillated notably with the relative closing prices in a range between approximately 82.2% and 161.9% as compared to its closing price as at 2 January 2015. For the period from January 2015 to May 2015, the performance of NWCL Shares was closely aligned with the Hang Seng Index and the Hang Seng Properties Index. After that, NWCL Share prices underperformed the Hang Seng Index and the Hang Seng Properties Index until July 2015. Since then, the performance of NWCL Shares has outperformed the Hang Seng Index and the Hang Seng Properties Index. The NWCL Shares surged significantly after the publication of the Joint Announcement and remained close to the Share Offer Price. It should be noted that the closing price of HK\$6.21 per NWCL Share on the Last Trading Day represented an increase of approximately 31.3% as compared to its

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closing price of HK\$4.73 as at 2 January 2015, while the Hang Seng Index and the Hang Seng Properties Index decreased by approximately 8.1% and approximately 4.1% as compared to 2 January 2015, respectively. We also note that the Share Offer Price represents a premium of approximately 64.9% as compared to the closing price of NWCL Shares as at 2 January 2015.

Trading volume of NWCL Shares

The following table sets out the trading volume of NWCL Shares during the Review Period:

Month/period	Average daily trading volume for the month/period of NWCL Shares <i>(Note 1)</i>	Percentage of average daily trading volume to total issued NWCL Shares <i>(Note 2)</i>	Percentage of average daily trading volume to total number of Offer Shares as at the Latest Practicable Date <i>(Note 3)</i>
2015			
January	1,281,682	0.015%	0.047%
February	958,297	0.011%	0.035%
March	1,025,600	0.012%	0.038%
April	2,134,042	0.025%	0.078%
May	1,618,245	0.019%	0.059%
June	1,380,644	0.016%	0.051%
July	1,498,320	0.017%	0.055%
August	1,032,702	0.012%	0.038%
September	1,340,516	0.015%	0.049%
October	1,165,874	0.013%	0.043%
November	1,133,582	0.013%	0.042%
December	2,774,359	0.032%	0.102%
2016			
January	3,980,318	0.046%	0.146%
February (up to the Latest Practicable Date)	1,844,406	0.021%	0.068%

Source: Website of the Stock Exchange

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Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period excluding any trading day on which trading of NWCL Shares on the Stock Exchange was suspended for the whole trading day.
2. Based on the total number of issued NWCL Shares at the end of the respective month/the Latest Practicable Date (where applicable).
3. Based on 2,724,652,383 Offer Shares held by the NWCL Shareholders other than those already held by the Offeror and the Company as at the Latest Practicable Date.

As illustrated in the above table, the monthly average daily trading volume of NWCL Shares during the Pre-announcement Period ranged from approximately 958,297 NWCL Shares to approximately 2,774,359 NWCL Shares, representing approximately 0.011% to 0.032% of the total number of NWCL Shares in issue for the respective month, and approximately 0.035% to 0.102% of the total number of Offer Shares held by the NWCL Shareholders other than those already held by the Offeror and the Company as at the Latest Practicable Date.

During the Post-announcement Period, the total trading volume surged to 12,439,085 NWCL Shares on 6 January 2016 (being first trading day after the publication of the Joint Announcement) with period average daily trading volume 1,844,406 NWCL Shares up to the Latest Practicable Date. We consider that the relatively high trading volume during the Post-announcement Period was mainly stimulated by the publication of the Joint Announcement. In view of the above, we consider that, save for the Post-announcement Period, the overall liquidity of the NWCL Shares was in general relatively low in normal circumstances. Given the low liquidity of NWCL Shares, we consider that it is difficult for NWCL to raise funds from the equity market.

5.2 *Adjusted NAV*

It is noted that the carrying value of property interests as stated in the financial statements of NWCL may or may not reflect current market value, details of which are discussed in section 2.2(ii) above. A summary of market value of property interests held by the NWCL Group is stated in section 2.2(iii) above.

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In the context of our advice on the Offers, we have reassessed the unaudited consolidated net asset value of the NWCL Group as at 31 December 2015 and adjustments as set out below. The Adjusted NAV calculation is with reference to Appendix II to the Composite Document. Given a significant portion of the NWCL Group's assets consists of investment properties, land use rights, properties held for/ under development and completed properties held for sale, we consider that the Adjusted NAV better reflects the underlying net asset value of the NWCL Group.

	<i>HK\$'000</i>
Unaudited consolidated net asset value attributable to the equity holders of NWCL as at 31 December 2015	59,169,685
<i>Adjustments:</i>	
Revaluation surplus arising from valuation of the property interests attributable to the NWCL Group as at 31 December 2015 ^(Note 1)	39,704,564
Deferred taxes on attributable revaluation surplus, net of tax indemnity ^(Note 2)	<u>(9,866,224)</u>
	89,008,025
Estimated pro forma gain on the Disposals ^(Note 3)	<u>7,115,983</u>
Adjusted NAV	<u><u>96,124,008</u></u>
Adjusted NAV per NWCL Share ^(Note 4)	<u><u>HK\$11.05</u></u>

Notes:

1. The revaluation surplus represents the excess of market value of the property interests held by the NWCL Group as at 31 December 2015 as set out in the Valuation Report over their corresponding book values as at 31 December 2015 (after adjusting for the relevant interests not attributable to the NWCL Group) based on the unaudited financial statements of the NWCL Group as at 31 December 2015.
2. Relevant PRC taxes on property interests included corporate income tax and land appreciation tax. Deferred taxes on revaluation surplus is estimated on the basis that surplus on all categories of property interests shall be subject to corporate income tax and estimation of land appreciation taxes was only determined for the surplus of completed properties for sale and properties held for and under development. In July 1999, a deed of tax indemnity was entered into between the Company and NWCL whereby the Company has undertaken to indemnify the NWCL Group in respect of relevant corporate income tax and land appreciation tax payable in consequence of sales of certain properties held by the NWCL Group as at 31 March 1999. The outstanding tax indemnity payable by the Company as at 31 December 2015 of approximately HK\$4,330.0 million is included to derive the net deferred taxes on revaluation surplus of property interests. Set out below is the reconciliation of the amount of deferred taxes on attributable revaluation surplus, net of tax indemnity.

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HK\$ million

Unaudited deferred taxes on attributable revaluation surplus of the NWCL Group as at 31 December 2015	14,196.2
Less: Outstanding tax indemnity payable by the Company as at 31 December 2015	<u>(4,330.0)</u>
Deferred taxes on attributable revaluation surplus, net of tax indemnity	<u>9,866.2</u>

3. The estimated pro forma gain on the Disposals is arrived at based on the considerations (being adjusted for certain estimated contingent costs in accordance with the terms of the sales and purchase agreements) of the Disposals after deducting the estimated attributable consolidated net asset values of the disposed companies under the Disposals (the “**Disposal Groups**”) as at the corresponding completion dates and after taking into account the estimated tax payable, being calculated at a rate of 10% on the difference between the relevant considerations and the costs of investment of the Disposal Groups in accordance with the relevant tax laws in the PRC.
4. The Adjusted NAV per NWCL Share is arrived at based on 8,701,671,754 NWCL Shares in issue as at the Latest Practicable Date.

The calculation of the Adjusted NAV above has been prepared by NWCL solely with reference to, among other things, the latest published unaudited consolidated net asset value of NWCL as at 31 December 2015, the estimated net gain arising from the Disposals and the revaluation surplus arising from the change in fair value of the property interests held by the NWCL Group as set out in the Valuation Report. Shareholders should note that the calculation has not taken into account any revenue recognised from the sales of property interests and relevant costs/expenses incurred thereof by the NWCL Group since 1 January 2016 and up to the Latest Practicable Date and that the actual net gain on the Disposals can only be ascertained when the attributable consolidated net asset values of the Disposal Groups and the incidental transaction costs are determined after completion of the Disposals.

The Adjusted NAV per NWCL Share of approximately HK\$11.05 is substantially higher than the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015. The Share Offer Price of HK\$7.80 per Offer Share represents a discount of approximately 29.4% to the Adjusted NAV. As such, we consider that the Share Offer Price is fair and reasonable to the Offeror and the Company in this regard.

5.3 *Comparable companies*

In assessing whether the Share Offer Price is fair and reasonable, we have analysed the price-to-earnings ratio(s) (the “**P/E Ratio(s)**”) and price-to-net asset value ratio(s) (the “**P/NAV Ratio(s)**”), the two most commonly used valuation benchmarks, as implied by the Share Offer Price of HK\$7.80 per Offer Share under the Share Offer with the P/E Ratios and P/NAV Ratios of the comparable companies. We consider that the NWCL Group is categorised as a property developer in the PRC. Therefore, we have reviewed all property companies listed on the Stock Exchange (the “**Peer Comparables**”), which

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are principally engaged in property development in the PRC as shown in their latest published annual reports, and which had market capitalisation of more than HK\$30,000 million and less than HK\$100,000 million as at the Last Trading Day. On this basis, we have, on our best knowledge and efforts, identified the following six Peer Comparables, which represent an exhaustive list of peer comparables identified on the Stock Exchange's website based on the above criteria, and set them out in the table below.

Peer Comparables	Market capitalisation as at the Last Trading Day <i>HK\$ million</i>	Audited consolidated profit attributable to equity holders <i>(Note 1)</i> <i>HK\$ million</i>	Historical P/E Ratio <i>(Note 1)</i> <i>Times</i>	Consolidated net asset value attributable to equity holders <i>(Note 2)</i> <i>HK\$ million</i>	Historical P/NAV Ratio <i>(Note 2)</i> <i>Times</i>
Country Garden Holdings Company Limited (stock code: 2007)	71,830	12,275	5.85	75,896	0.95
Evergrande (stock code: 3333)	95,385	15,125	6.31	69,656	1.37
Guangzhou R&F Properties Company Limited (stock code: 2777)	30,774	6,265	4.91	44,445	0.69
Longfor Properties Company Limited (stock code: 0960)	67,441	10,024	6.73	59,944	1.13
Shimao Property Holdings Limited (stock code: 0813)	47,852	9,725	4.92	58,528	0.82
Sino-Ocean Land Holdings Limited (stock code: 3377)	37,343	5,517	6.77	53,172	0.70
High	95,385	15,125	6.77	75,896	1.37
Low	30,774	5,517	4.91	44,445	0.69
Mean	58,438	9,822	5.91	60,274	0.94
NWCL (as implied by the Share Offer Price under the Share Offer)	67,810 ^(Note 3)	3,313	20.47 ^(Note 4)	59,170 ^(Note 5)	1.15 ^(Note 6)

Source: Website of the Stock Exchange

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Notes:

1. The historical P/E Ratio of each of the Peer Comparables is calculated based on its latest audited consolidated profit attributable to equity holders and its closing market capitalisation as at the Last Trading Day, or the last closing market capitalisation before suspension of the relevant shares on the Last Trading Day, where applicable.
2. The historical P/NAV Ratio of each of the Peer Comparables is calculated based on its latest published consolidated net asset value attributable to equity holders and its closing market capitalisation as at the Last Trading Day, or the last closing market capitalisation before suspension of the relevant shares on the Last Trading Day, where applicable.
3. We have taken the Share Offer Price of HK\$7.80 per Offer Share for the purpose of determining the market capitalisation of NWCL as at the Last Trading Day.
4. The historical P/E Ratio of NWCL is calculated based on its latest audited consolidated profit attributable to equity holders and its market capitalisation represented by the Share Offer Price.
5. The unaudited consolidated net asset value attributable to equity holders of NWCL as at 31 December 2015 is extracted from the NWCL Interim Results for HY2016.
6. The historical P/NAV Ratio is calculated based on the market capitalisation represented by the Share Offer Price as at the Last Trading Day over the unaudited consolidated net asset value attributable to equity holders of NWCL as at 31 December 2015.
7. The amounts denominated in RMB in the annual/interim reports of the Peer Comparables have been converted into HK\$ at an exchange rate of RMB1.00:HK\$1.20 for the purpose of illustration only.

(i) *P/E Ratios*

The historical P/E Ratios of the Peer Comparables range from approximately 4.91 times to approximately 6.77 times, with a mean of approximately 5.91 times. Based on the Share Offer Price of HK\$7.80 per Offer Share, the P/E Ratio as implied by the Share Offer Price is approximately 20.47 times. This P/E Ratio represents a significant premium over the P/E Ratios of the Peer Comparables. We note that NWCL Shares were traded at a P/E Ratio of approximately 16.3 times based on the closing price of HK\$6.21 on the Last Trading Day which was also higher than those of the Peer Comparables. Furthermore, share offer prices under privatisation proposals are normally higher than the then prevailing share prices. Our analysis on recent privatisation cases is set out in section 5.4 below.

(ii) *P/NAV Ratios*

P/NAV Ratio is one of the most commonly used metrics for judging valuations of companies engaged in property development. The historical P/NAV Ratios of the Peer Comparables range from approximately 0.69 time to approximately 1.37 times, with a mean of approximately 0.94 time.

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The P/NAV Ratio, as implied by the Share Offer Price and based on the unaudited consolidated net asset value attributable to equity holders of NWCL as at 31 December 2015, is approximately 1.15 times, which falls within the range of the P/NAV Ratios of the Peer Comparables.

5.4 Privatisation precedents

We have, on our best knowledge and efforts, identified and reviewed a list of successful privatisation precedents of listed companies on the Stock Exchange of which the consideration was settled by cash and was first announced between 2 January 2011 and the Latest Practicable Date (the “**Privatisation Precedents**”), which represents an exhaustive list of successful privatisation precedents identified on the Stock Exchange’s website based on the above criteria. The table below illustrates the premium/discount of the cash consideration offered by the Privatisation Precedents over/to the prevailing share prices prior to announcement of the offer/cancellation prices and net asset values of the shares of the Privatisation Precedents.

Date of initial announcement	Privatisation Precedents	Principal activities	Offer/cancellation price HK\$	Premium of offer/cancellation price over the share price of the relevant company prior to initial announcement of the privatisation proposal				Premium/ (discount) of offer/cancellation price over/(to) the consolidated net asset value attributable to equity holders per share Approximate %
				Closing price of last trading day	Last 30 trading days	Last 90 trading days	Last 180 trading days	
October 2015	Wumart Stores, Inc. (stock code: 1025)	Operation of superstores and minimarts in the PRC	6.22	90.2%	68.8%	31.8%	15.4%	65.7%
August 2015	Jingwei Textile Machinery Company Limited (stock code: 0350)	Manufacturing and sale of textile machinery and provision of trust and fiduciary services in the PRC	12.00	8.1%	18.9%	6.6%	18.3%	25.9%
May 2015	Dorsett Hospitality International Limited (stock code: 2266)	Hotel development, ownership and operation	1.80	32.4%	41.7%	42.4%	34.3%	(6.7)%
February 2015	econtext Asia Limited (stock code: 1390)	Online payment services, advertising related services and other e-commerce solutions	4.09	41.0%	59.9%	51.3%	43.2%	37.1%
December 2014	Hunan Nonferrous Metals Corporation Limited (stock code: 2626)	Integrated producer of nonferrous metals, excluding aluminium, in the PRC	4.20	68.7%	55.6%	58.4%	70.0%	243.9 %
May 2014	Regent Manner International Holdings Limited (stock code: 1997)	Provision of integrated surface-mount technology production solutions	1.80	32.4%	37.5%	38.5%	35.3%	19.8%
April 2014	Wing Hang Bank, Limited (stock code: 0302)	Banking and related financial services	125.00	1.6%	11.6%	11.8%	22.3%	74.1%
December 2013	Great Wall Technology Company Limited (stock code: 0074)	Development, manufacture, sale and research of personal computers and information terminal products, storage products, power supply products, monitoring terminals, liquid crystal display television products and electronics manufacturing services business	3.20	42.9%	74.9%	95.9%	100.0%	(25.5)%
August 2013	Magic Holdings International Limited (stock code: 1633)	Research and development, manufacture, sale and marketing of facial masks and skincare products	6.30	24.8%	25.7%	42.3%	66.7%	313.3%

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Date of initial announcement	Privatisation Precedents	Principal activities	Offer/cancellation price HK\$	Premium of offer/cancellation price over the share price of the relevant company prior to initial announcement of the privatisation proposal				Premium/ (discount) of offer/cancellation price over/(to) the consolidated net asset value attributable to equity holders per share Approximate %
				Closing price of last trading day	Last 30 trading days	Last 90 trading days	Last 180 trading days	
January 2013	PCD Store (Group) Limited (stock code: 0331)	Operation and management of high-end department stores and outlet malls in the PRC	1.20	10.1%	20.7%	45.5%	59.4%	75.4%
January 2013	Trauson Holdings Company Limited (stock code: 0325)	Design, manufacture and sale of various trauma and spine orthopaedic implants and related surgical tools	7.50	66.7%	81.7%	96.4%	121.0%	379.5%
February 2012	Alibaba.com Limited (stock code: 1688)	E-commerce for small businesses	13.50	45.9%	58.8%	59.3%	42.0%	658.6%
January 2012	Samling Global Limited (stock code: 3938)	Sale of timber logs from concession and tree plantation areas, manufacturing and sale of plywood and veneer, provision of upstream support, and manufacturing and sale of timber related products	0.76	102.7%	102.7%	80.5%	21.6%	(32.9)%
December 2011	Hang Ten Group Holdings Limited (stock code: 0448)	Design, marketing, retail and wholesale of apparel and accessories under various brand names including "Hang Ten" and licensing of its proprietary trademark "Hang Ten" and associated trademarks	2.70	58.8%	54.3%	60.4%	40.4%	177.5%
October 2011	Zhengzhou China Resources Gas Company Limited (stock code: 3928)	Sale and distribution of gas fuel and related products and gas connection operations in the PRC	14.73	45.8%	38.4%	22.8%	10.9%	37.4%
August 2011	HannStar Board International Holdings Limited (stock code: 0667)	Manufacture of printed circuit boards for the notebook computer industry worldwide	1.25	47.1%	51.8%	48.0%	23.8%	(42.9)%
July 2011	China Resources Microelectronics Limited (stock code: 0597)	Open foundry operations as well as integrated circuit (IC) design, discrete devices and IC testing and packaging	0.48	43.3%	29.7%	21.9%	27.5%	16.2%
July 2011	International Mining Machinery Holdings Limited (stock code: 1683)	Design, manufacture and sale of underground longwall coal mining equipment in the PRC	8.50	29.8%	15.8%	16.3%	23.8%	226.0%
July 2011	Cosway Corporation Limited (stock code: 0288)	Direct selling of consumer products including health and nutrition, slimming, personal care, skin care, cosmetics, perfumes, household and car care, food and beverage, water filtration systems, kitchenware, body shaping lingerie, etc. through network marketing and property investment	1.10	34.1%	45.1%	32.9%	23.8%	472.5%
May 2011	Little Sheep Group Limited (stock code: 0968)	Operation of a full service restaurant chain, provision of catering services and sale of related food products	6.50	30.0%	29.5%	32.3%	30.8%	383.9%
January 2011	Shanghai Forte Land Company Limited (stock code: 2337)	Development and sale of high quality commercial and residential properties in the PRC	3.50	25.4%	34.3%	43.0%	52.4%	2.8%
January 2011	Fubon Bank (Hong Kong) Limited (stock code: 0636)	Provision of financial services encompassing wealth management, consumer and wholesale banking, financial markets, securities brokerage and investment services	5.20	37.6%	43.3%	39.4%	45.9%	47.7%
	High			102.7%	102.7%	96.4%	121.0%	658.6%
	Low			1.6%	11.6%	6.6%	10.9%	(42.9)%
	Mean			41.8%	45.5%	44.4%	42.2%	143.1%
January 2016	NWCL		7.80	25.6%	40.8%	54.0%	56.9%	14.6% <i>(Note 1)</i>

Source: Bloomberg and published circulars/documents or announcements relating to the above proposals

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Notes:

1. Based on the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015.
2. The amounts denominated in RMB and US\$ in the Privatisation Precedents have been converted into HK\$ at an exchange rate of RMB1.00:HK\$1.20 and US\$1.00:HK\$7.78, respectively, for the purpose of illustration only.

As illustrated in the table above, all the offer/cancellation prices of the Privatisation Precedents represent premiums over the then prevailing market prices of the relevant shares prior to initial announcement of the privatisation over the periods indicated. The premiums as represented by the offer/cancellation prices over the closing prices or average closing prices of the Privatisation Precedents for (i) the last trading days prior to initial announcement of the privatisation proposals ranged from approximately 1.6% to 102.7% with an average of approximately 41.8%; (ii) 30 trading days prior to initial announcement of the privatisation proposals ranged from approximately 11.6% to 102.7% with an average of approximately 45.5%; (iii) 90 trading days prior to initial announcement of the privatisation proposals ranged from approximately 6.6% to 96.4% with an average of approximately 44.4%; and (iv) 180 trading days prior to initial announcement of the privatisation proposals ranged from approximately 10.9% to 121.0% with an average of approximately 42.2%. The premiums as represented by the Share Offer Price over the closing price or average closing prices of NWCL Shares of approximately 25.6%, 40.8%, 54.0% and 56.9% over (i) the closing price on the Last Trading Day; and (ii) the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, respectively, are within the ranges of those of the Privatisation Precedents.

The Share Offer Price of HK\$7.80 represents a premium of approximately 14.6% over the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015, based on the total number of issued NWCL Shares as at 31 December 2015. This is significantly lower than the mean of those of the Privatisation Precedents of a premium of approximately 143.1%. Given that the Privatisation Precedents comprise companies principally engaged in various industries which by nature have a wide range of premiums over/discounts to net asset value, we have supplemented our analysis above by considering those privatisation precedents involving companies principally engaged in the real estate sector as set out below.

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5.5 Privatisation precedents in the real estate sector

In addition to the analysis on the Privatisation Precedents, we have on our best knowledge and efforts, identified and reviewed all successful privatisation precedents involving companies principally engaged in property development listed on the Stock Exchange announced between 1 January 2005 and the Latest Practicable Date (the “**RE Privatisation Comparables**”), which represent an exhaustive list of successful privatisation precedents identified on the Stock Exchange’s website based on the above criteria. The table below illustrates the premiums over prevailing market prices at which the RE Privatisation Comparables have been priced. The below table also illustrates a comparison to the level of premiums over/discounts to the respective net asset values and adjusted net asset values of the RE Privatisation Comparables.

Date of initial announcement	RE Privatisation Comparables	Principal activities	Offer/cancellation price (HK\$)	Premium of offer/cancellation price over		Premium/ (discount) of offer/ cancellation	Discount of offer/ cancellation
				the last closing price prior to announcement of privatisation	the average closing price of the last 30 trading days prior to announcement of privatisation	price over/(to) the consolidated net asset value attributable to equity holders per share (Approximate %)	price to the consolidated adjusted net asset value attributable to equity holders per share (Approximate %)
January 2011	Shanghai Forte Land Co. Ltd. (stock code: 2337)	Development and sale of high quality commercial and residential properties in the PRC	3.50	25.4%	31.9%	7.4%	(26.2)%
April 2010	Wheelock Properties Limited (stock code: 49)	Ownership of properties for development and letting, and investment holding	13.00	143.9%	162.1%	(3.3)%	(12.1)%
April 2007	Shimao International Holdings Limited (stock code: 649)	Property development and investment	1.05	50.0%	45.6%	38.2%	(19.7)%
May 2005	Henderson China Holdings Limited (stock code: 246)	Property development and investment, project management, property management, finance and investment holding	8.00	66.7%	64.3%	(42.7)%	(36.1)%
	High			143.9%	162.1%	38.2%	(12.1)%
	Low			25.4%	31.9%	(42.7)%	(36.1)%
	Mean			71.5%	76.0%	(0.1)%	(23.5)%
January 2016	NWCL		7.80	25.6%	40.8%	14.6% (Note 1)	(29.4)% (Note 2)

Source: Bloomberg and published circulars/documents or announcements related to the above proposals

Notes:

1. Based on the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015.
2. Based on the Adjusted NAV.

Based on the above table, the average premiums as represented by the offer/cancellation prices offered by the RE Privatisation Comparables over the last closing prices and the average closing prices of the last 30 trading days prior to announcement of the privatisation proposals were approximately 71.5% and 76.0%, respectively. The

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premiums as implied by the Share Offer Price for the corresponding periods are approximately 25.6% and 40.8%, respectively, which are much lower than the average premiums offered by the RE Privatisation Precedents, respectively, on which basis we consider the pricing is fair and reasonable to the Offeror and the Company.

In addition, the offer/cancellation prices offered by the RE Privatisation Comparables ranged from a discount of approximately 42.7% to the net asset value per share to a premium of approximately 38.2% over the net asset value per share of the respective companies, with a mean of a discount of approximately 0.1%. The premium as implied by the Share Offer Price over the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015 is approximately 14.6%, which is within the range of those of the RE Privatisation Precedents. The offer/cancellation prices offered by the RE Privatisation Comparables ranged from a discount of approximately 12.1% to approximately 36.1% to the adjusted net asset value per share of the respective companies, with a mean of approximately 23.5%. The discount as implied by the Share Offer Price to the Adjusted NAV per NWCL Share of approximately HK\$11.05 as at 31 December 2015 is approximately 29.4% which is higher than the average of those of the RE Privatisation Comparables.

Taking into account our analysis above, in particular that (i) the premiums as represented by the Share Offer Price over (a) the closing price on the Last Trading Day; and (b) the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, are within the ranges of those of the Privatisation Precedents; and (ii) the premium over the unaudited consolidated net asset value per NWCL Share as at 31 December 2015 and the discount to the Adjusted NAV per NWCL Share, as represented by the Share Offer Price, are within the ranges of those of the Privatisation Precedents and the RE Privatisation Comparables, we consider that the Share Offer Price is fair and reasonable to the Offeror and the Company.

6. Analysis on the Option Offer

As summarised under the paragraph headed “Option Offer” in the Letter from the Board, there were 25,544,661 NWCL Options outstanding as at the Latest Practicable Date, which when exercised in full, will entitle the holders to subscribe for 25,544,661 new NWCL Shares.

HSBC, on behalf of the Offeror, is making the Option Offer to the NWCL Optionholders for the cancellation of every vested and unvested NWCL Option in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects. The table below sets out the relevant exercise prices of the NWCL Options under the NWCL Share Option Schemes and the relevant Option Offer Prices.

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NWCL Options under the share option scheme of NWCL adopted on 26 November 2002

<i>NWCL Option exercise price</i>	<i>Option Offer Price</i>
<i>HK\$</i>	<i>HK\$</i>
3.036	4.764
2.705	5.095

NWCL Options under the share option scheme of NWCL adopted on 22 November 2011

<i>NWCL Option exercise price</i>	<i>Option Offer Price</i>
<i>HK\$</i>	<i>HK\$</i>
2.45	5.35
3.37	4.43
3.88	3.92
3.35	4.45
2.762	5.038
4.01	3.79
3.97	3.83
4.72	3.08
4.42	3.38
4.968	2.832
5.42	2.38
4.504	3.296

The Option Offer Price is calculated based on a “see-through” basis and the Share Offer Price of HK\$7.80. Such “see-through” basis is normally adopted in Hong Kong for privatisation proposals and general offers of a similar nature. On the basis that (i) all NWCL Options are in-the-money (i.e. exercise prices being below the Share Offer Price); (ii) the Option Offer Prices are based on the “see-through” basis; and (iii) any NWCL Options granted under the NWCL Share Option Schemes that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically 14 days after the date on which the Share Offer becomes or is declared unconditional in all respects in accordance with the terms of the NWCL Share Option Schemes, we consider the Option Offer Prices to be fair and reasonable.

We note that if any NWCL Option is vested and is exercised in accordance with the terms of the NWCL Share Option Schemes prior to the Closing Date, any NWCL Shares issued as a result of the exercise of those NWCL Options prior to the Closing Date will be subject to and eligible to participate in the Share Offer.

7. Financial effects of the Offers on the Group

Following completion of the Offers (assuming that all the Offer Shares are acquired, whether under the Offers or subsequently by way of the compulsory acquisition), NWCL will become an indirect wholly owned subsidiary of the Company.

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The unaudited pro forma consolidated statement of adjusted assets and liabilities of the Group (the “**Unaudited Pro Forma Financial Position**”) is set out in Appendix II to the Circular for illustrative purpose. The Unaudited Pro Forma Financial Position was prepared based on the unaudited pro forma consolidated statement of adjusted assets and liabilities of the Group as at 31 December 2015 as if the Offers had been completed on 31 December 2015 (the “**Completion Scenario**”).

7.1 Earnings

As NWCL is a non-wholly owned subsidiary of the Company, part of its earnings are attributable to the non-controlling interests of the Company. Following completion of the privatisation of NWCL, NWCL will become a wholly owned subsidiary of the Company and accordingly, the financial results of the NWCL Group will be fully consolidated into that of the Company and fully attributable to the Shareholders.

As stated in the Letter from the Board, profit attributable to the Shareholders for the year ended 30 June 2015 would increase by approximately HK\$771.1 million from approximately HK\$19,112.0 million to approximately HK\$19,883.1 million, assuming completion of the Offers had taken place on 1 July 2014.

Having considered the above and (i) the profitable track record of the NWCL Group with net profits of approximately HK\$4,799.3 million, HK\$3,470.0 million and HK\$437.6 million for FY2014, FY2015 and HY2016, respectively, as discussed in section 2.2 above; (ii) the one-off nature of the expenses in relation to the Offers; and (iii) the possible cost savings, profit attributable to the Shareholders are expected to be enhanced after privatisation of NWCL.

7.2 Net asset value

As at 31 December 2015, the unaudited consolidated net asset value of the Group was approximately HK\$217,352.4 million, representing net asset value of approximately HK\$23.45 per Share based on 9,266,935,984 Shares in issue as at the Latest Practicable Date. As illustrated in the Unaudited Pro Forma Financial Position, the unaudited pro forma net asset value of the Group as at 31 December 2015 would be approximately HK\$196,777.6 million under the Completion Scenario, representing unaudited pro forma net asset value of approximately HK\$21.23 per Share based on 9,266,935,984 Shares in issue as at the Latest Practicable Date. Given that the reduction on the pro forma net asset value per Share as compared to the net asset value per Share as at 31 December 2015 is not significant, we consider that the Offers are not expected to have material adverse effect on the Group’s net asset value.

7.3 Working capital position

As stated in the Letter from the Board, on the assumption that no new NWCL Shares are allotted and issued pursuant to any exercise of the NWCL Options prior to the close of the Offers and that the Share Offer is accepted in full by holders of the Offer Shares and accordingly on the basis that there will be 2,724,652,383 Offer Shares, the value of the Share Offer would be approximately HK\$21,252.3 million and the total amount required to satisfy the cancellation of all the outstanding NWCL Options is approximately HK\$89.7 million. In aggregate, the Offers are valued at approximately HK\$21,342.0 million.

On the assumption that 25,544,661 NWCL Shares are allotted and issued upon the exercise in full of all the outstanding NWCL Options prior to the close of the Offers and that the Share Offer is accepted in full by the holders of the Offer Shares and accordingly on the basis that there will be 2,750,197,044 Offer Shares (including 25,544,661 NWCL Shares allotted and issued as a result of the exercise of all the outstanding NWCL Options prior to the close of the Offers), the value of the Share Offer would be approximately HK\$21,451.5 million. In that case, no amount will be payable by the Offeror under the Option Offer.

As set out in the Unaudited Pro Forma Financial Position, the unaudited pro forma cash and bank balances of the Group as at 31 December 2015 under the Completion Scenario would decrease to approximately HK\$44,109.5 million, as compared to the unaudited cash and bank balances of the Group of approximately HK\$64,550.0 million as at 31 December 2015 as a result of the cash outlays for the Offers of approximately HK\$20,440.5 million (excluding estimated cash to acquire the NWCL Shares held by the non-wholly owned subsidiaries of the Company) from the Group's internal resources. As stated in the joint announcements of the Company and NWCL dated 2 December 2015 and 29 December 2015, the circular of NWCL dated 23 December 2015 and the circulars of each of NWD and NWCL dated 19 January 2016, the proceeds from the Disposals will also be applied towards the working capital and investment requirements of the Group and the NWCL Group as appropriate.

As disclosed in Appendix I to the Circular, the Directors are of the opinion that, taking into consideration the effect of the Offers and the financial resources available to the Group, including internally generated funds and external borrowings, the Group will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of the Circular.

Based on the foregoing, we consider that Offers will not have any material adverse impact on the working capital position of the Group.

7.4 Gearing

As disclosed in the Letter from the Board, the Offeror intends to finance the cash required for the Offers from the its (or the Company's) own cash reserves. This would result in a near-term hike in the Group's gearing ratio, being the aggregate of borrowings less cash and bank balances divided by total equity, should the privatisation of NWCL go through.

As set out in the NWD Interim Results for HY2016, the gearing ratio of the Group as at 31 December 2015 was approximately 31.4%, which is calculated based on the net debts (being the aggregate of borrowings excluding loans from non-controlling shareholders less cash and bank balances) divided by total equity.

Based on the respective pro forma amounts of net debts and total equity as set out in the Unaudited Pro Forma Financial Position, we noted that the pro forma gearing ratio of the Group as at 31 December 2015 would be approximately 45.0% under the Completion Scenario, representing an increase of approximately 14 percentage points as compared to the actual gearing ratio of the Group as at 31 December 2015 of approximately 31.4% as disclosed in the NWD Interim Results for HY2016. We consider that the gearing ratio of the Group is still at comfortable level upon completion of the privatisation of NWCL. It is noted that the total cash consideration of the Disposals was RMB20,800 million (equivalent to approximately HK\$24,910.2 million). The net cash proceeds from the Disposals, which have not been taken into account in the abovementioned pro forma gearing ratio, are expected to reduce the Group's gearing ratio.

In view of the foregoing, we are of the opinion that the Offers are not expected to have any material adverse financial effect on the Group.

RECOMMENDATION

In arriving at our recommendation in respect of the Offers, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- the NWCL Group is strategically important to the Group;
- the privatisation of NWCL is expected to result in immediate earnings accretion;
- a significant portion of the NWCL Group's assets consist of investment properties, land use rights, properties held for development, properties under development and completed properties held for sale in the PRC;
- reasons for and benefits of the Offers;

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- evaluation of the Share Offer Price:
 - (i) the Share Offer Price of HK\$7.80 represents a discount of approximately 29.4% to the Adjusted NAV per NWCL Share of approximately HK\$11.05 per NWCL Share;
 - (ii) the P/NAV ratio of NWCL as implied by the Share Offer Price and based on the unaudited consolidated net asset value attributable to equity holders of NWCL as at 31 December 2015 is within the range of the P/NAV Ratios of the Peer Comparables;
 - (iii) the premiums as represented by the Share Offer Price over (a) the closing price on the Last Trading Day; and (b) the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, are within the ranges of those of the Privatisation Precedents; and
 - (iv) the premium over the unaudited consolidated net asset value per NWCL Share as at 31 December 2015 and the discount to the Adjusted NAV per NWCL Share, as represented by the Share Offer Price, are within the ranges of those of the Privatisation Precedents and the RE Privatisation Comparables;
- the Option Offer Prices are based on the “see-through” basis; and
- the Offers are not expected to have any material adverse financial impact on the Group.

Based on the above, we consider that the Offers are in the interests of the Shareholders and the shareholder of the Offeror.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Noelle Hung
Managing Director

Ms. Noelle Hung is a licensed person and a responsible officer of Quam Capital registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO. She has over 15 years of experience in corporate finance.

(A) FINANCIAL INFORMATION OF THE GROUP**1. Financial Reports**

The audited consolidated financial statements of the Group for the three financial years ended 30 June 2013, 2014 and 2015 are disclosed in the annual reports of the Company for each of such three financial years respectively, and the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2015 are disclosed in the interim results announcement of the Company dated 23 February 2016. All of the above financial statements have been published on the website of the Company (www.nwd.com.hk) and the website of the Stock Exchange (www.hkexnews.hk) and can be accessed by the direct hyperlinks below:

- (i) in respect of the annual report of the Company for the year ended 30 June 2013:

<http://cdn.nwd.com.hk/sites/default/files/ar2013e.pdf>

- (ii) in respect of the annual report of the Company for the year ended 30 June 2014:

<http://cdn.nwd.com.hk/sites/default/files/ar2014e.pdf>

- (iii) in respect of the annual report of the Company for the year ended 30 June 2015:

<http://cdn.nwd.com.hk/sites/default/files/ar2015e.pdf>

- (iv) in respect of the interim results announcement of the Company for the six months ended 31 December 2015:

http://cms.nwd.com.hk/downloadIR/642/E_NWD%20Announcement%20English%20Dec%2015_0.pdf

2. Indebtedness*Borrowings*

At the close of business on 31 December 2015, being the most recent practicable date for the purpose of this statement of indebtedness, the Group had outstanding borrowings of approximately HK\$137,057.7 million, details of which are set out as follows:

	<i>HK\$ million</i>
Borrowings	
Bank loans	
Secured	22,095.2
Unsecured	67,078.4
Other loans	
Secured	1,365.3
Unsecured	1,681.8
Fixed rate bonds and notes payable	40,640.5
Loans from non-controlling shareholders, unsecured	<u>2,664.6</u>
	<u>135,525.8</u>
Liabilities directly associated with non-current assets classified as assets held for sale	
Bank loans	
Secured	883.4
Unsecured	<u>648.5</u>
	<u>1,531.9</u>
Total	<u><u>137,057.7</u></u>

Bank loans and other loans of approximately HK\$22,978.6 million and HK\$1,365.3 million respectively, were secured by certain of the Group's investment properties, property, plant and equipment, land use rights, intangible concession rights, properties under development, properties for development and bank deposits.

Financial guarantee and contingent liabilities

At the close of business on 31 December 2015, the Group's financial guarantee contracts were as follows:

	<i>HK\$ million</i>
Mortgage facilities for certain purchasers of properties (<i>Note a</i>)	2,595.8
Guarantees for credit facilities granted to	
— Joint ventures and associated companies (<i>Note b</i>)	5,361.0
— A related company	44.7
Indemnity to non-wholly owned subsidiaries for Mainland China tax liabilities (<i>Note c</i>)	<u>1,318.0</u>
Total	<u><u>9,319.5</u></u>

Notes:

- (a) At the close of business on 31 December 2015, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group. The outstanding mortgage loans under these guarantees amounted to approximately HK\$2,595.8 million. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.
- (b) At the close of business on 31 December 2015, the Group had financial guarantee and contingent liabilities of approximately HK\$5,361.0 million relating to corporate guarantees given in respect of bank loan facilities extended to certain joint ventures and associated companies. As at 31 December 2015, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures and associated companies was approximately HK\$3,576.7 million.
- (c) In July 1999, a deed of tax indemnity was entered into between the Company and NWCL, whereby the Company has undertaken to indemnify certain subsidiaries of NWCL in respect of, among others, certain PRC corporate income tax and land appreciation tax payable in consequence of the disposal of certain properties held by NWCL as at 31 March 1999. At the close of business on 31 December 2015, the Company's share of such obligation to NWCL for Mainland China tax liabilities was approximately HK\$1,318.0 million.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 December 2015, the Group did not have any material debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

Since 31 December 2015, there has been no material increase in the indebtedness of the Group. As stated in the section headed "*Confirmation of Financial Resources*" in the "Letter from the Board" of this circular, the Offeror intends to finance the cash required for the Offers from its (or the Company's) own cash reserves. In addition, HSBC (in its capacity as lender) has granted a credit facility of HK\$21,467.0 million to the Offeror which may be used in to finance the cash required for the Offers in full.

3. Working Capital

The Directors are of the opinion that, taking into consideration the effect of the Offers and the financial resources available to the Group, including internally generated funds and external borrowings, the Group will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

4. Financial and Trading Prospects of the Group

The Group continues to adopt prudent and cautious financial management policies and enhances its cash flow management capability through realisation of the Group's developing assets. By striving to achieve a well-balanced leverage, the Group endeavours to monitor and maintain a healthy financial position.

The Group will continue enhancing its cash flow capability so as to better position itself to grasp market opportunities for the long term benefits of the Shareholders.

For property development in Hong Kong, following the launch of a series of finely-designed projects which received overwhelming market responses, and leveraging the sound performance in property sales in the fiscal year ended 30 June 2015, the Group will work hard on the preparations for new launches.

In July 2015, the Group launched "SKYPARK" in Mong Kok, which offers a total of 439 residential units. Strategically located at the core district of Kowloon, the project enjoys geographical advantage. Meanwhile, "Double Cove Grandview", phase 4 under the "Double Cove" series in Ma On Shan, was launched in August 2015, offering a total of 474 residential units.

Leveraging New World brand equity in Yuen Long where a number of new projects with outstanding sales performance had been launched in recent years, the Group rolled out "THE PARKHILL" which offers a total of 141 residential units in October 2015. The ultra-luxury project "55 Conduit Road" in Mid-levels west, was launched in December 2015 with good market responses.

Apart from the aforesaid projects, the Group also plans to launch its "BOHEMIAN HOUSE" in Western District, "MOUNT PAVILIA" in Clear Water Bay Road, "FLEUR PAVILIA" in North Point, "Double Cove Summit" in Ma On Shan, and the remaining special units of "The Masterpiece" in Tsim Sha Tsui.

The Group has made use of multiple channels to replenish its Hong Kong landbank so as to maintain a stable supply of land resources to the Group for property development as well as strategic planning in the long run. For sustaining a quality landbank in Hong Kong, the Group will carefully identify and select development opportunities to expand its landbank in Hong Kong with reference to future market supply and consumption preference of home buyers. Taking into account the flexibility provided for under the development conditions of the respective projects, the Group will strive to secure unique land resources of premium quality to support the Group's sustainable development. The Group will continue to enhance its development resources through public auction and tender, old building redevelopment and agricultural land conversion.

In January 2016, the Group won the development contract of Urban Renewal Authority's Kowloon City Road/Sheung Heung Road project in Ma Tau Kok. Located alongside the Kowloon section of the Shatin to Central Link of the Mass Transit Railway under construction, the project has a site area of approximately 15,000 square feet. Upon completion, the project is expected to provide residential gross floor area of approximately 110,000 square feet (about 216 residential units).

For property rental business in Hong Kong, in response to the changing structure and consumption patterns of local consumers and those from Mainland China, the Group pioneered in creating the original brand K11 in 2009, offering new shopping experience to the high-spending middle class. In recent years, the Group has further introduced the refinements and quality enhancement programs to its investment projects, D•Park Shopping Centre is now undergoing the final stages of overhaul. Efforts have been made to upgrade the tenant mix and improve the physical facilities, for bringing fresh and comfortable shopping experiences to its consumers upon completion.

For office buildings, New World Tower and Manning House, both being Grade A office buildings under the Group investment properties portfolio located in the traditional prime commercial area on Queen's Road Central in Central, achieved satisfactory performance in terms of occupancy and rental rates. New World Tower is undergoing an asset enhancement programme to meet the new market leasing demand. Its office lobbies and other major facilities will be gradually upgraded, in particular, the enhancement works of the lobby on ground floor were completed.

The redevelopment of New World Centre, located at the core area of Tsim Sha Tsui promenade, the construction is being carried out as scheduled. Upon completion, the project is expected to become a key landmark in Hong Kong.

NWS, NWCL and NWDS, the listed subsidiaries of the Group, are expected to be benefited from the stable and healthy development of China's economy in the medium-to-long term under its structural optimisation, enhancement and alteration. Meanwhile, the Group will also strive to collaborate closely with its listed subsidiaries to effectively utilise and leverage the brand equity and synergy of the New World Group, bringing forth positive effects to operations.

The Company and NWCL have disposed/are disposing of certain subsidiaries and joint ventures to Shengyu, an indirect wholly owned subsidiary of Evergrande. After the completion of the Disposals, the Group will receive net proceeds from these disposals amounting to approximately HK\$24.9 billion. These Disposals signify that the NWCL Group's strategy of optimising its property development and investment portfolio in the PRC has been firmly realised. The strategy calls for focusing resources in first and 1.5-tier cities and high-growth cities, while reducing investment in some projects with prolonged development cycle. The move matches with the NWCL Group's ongoing development strategy in choosing high-end high-quality projects with better gross profit margin, increasing assets churn, and developing

more mid-sized property projects in the PRC. The net proceeds from the Disposals will provide NWCL with ample cash reserves for potential investments in the near future, while improving the overall operating cash flow.

At present the NWCL Group has a comprehensive property development and investment portfolio, mature operating teams in first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen, and a competitive property development portfolio in high-growth cities. The net proceeds from the Disposals could strengthen the NWCL Group's resources and support the NWCL Group in penetrating the markets in first and 1.5-tier cities and other high-growth cities in which the brand has already been well recognised and established, strengthening its brand positioning, presenting a clearer portfolio strategy, and improving the average project gross profit margin and assets churn in the PRC.

As at the Latest Practicable Date, assuming all the Disposals had been completed, NWCL had landbank of approximately 11.1 million square metres gross floor area which was sufficient for five years of development.

Uplifting the competitiveness of its core property business and its brand equity is the clear and unified goals of the Group. Going forward, the Group will remain its pursuit of ongoing innovation and excellence, attend to every detail of customers' needs, and maximise interests of its shareholders.

5. Material Adverse Change

Save as disclosed in the section headed "*Unaudited Pro Forma Financial Information of the Group*" contained in Appendix II to this circular, in particular, the decrease in the unaudited pro forma total assets of the Group to approximately HK\$389,242.3 million and the increase in the unaudited pro forma total liabilities of the Group to approximately HK\$192,464.7 million, assuming completion of the Offers had taken place on 31 December 2015 and having taken into account the pro forma adjustments as outlined in the said section and save as disclosed in the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2015, in particular, the recorded exchange losses owing to the depreciation of the RMB, and except for the possible further exchange gains/losses arising from currency fluctuations since 31 December 2015 as well as possible fluctuation of the changes in fair value of investment properties, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 30 June 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(B) FINANCIAL INFORMATION OF THE NWCL GROUP

1. Financial Reports

The audited consolidated financial statements of the NWCL Group for the three financial years ended 30 June 2013, 2014 and 2015 are disclosed in the annual reports of NWCL for each of such three financial years respectively, and the unaudited condensed consolidated financial statements of the NWCL Group for the six months ended 31 December 2015 are

disclosed in the interim results announcement of NWCL dated 23 February 2016. All of the above financial statements have been published on the website of the NWCL (www.nwcl.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

2. Management Discussion and Analysis on the NWCL Group

The management discussion and analysis of the NWCL Group's business and performance for the three financial years ended 30 June 2013, 2014 and 2015 are disclosed in the annual reports of NWCL for each of the three financial years ended 30 June 2013 (on pages 70 to 79), 30 June 2014 (on pages 76 to 85) and 30 June 2015 (on pages 88 to 98) respectively and a review of the NWCL Group's business and performance for the six months ended 31 December 2015 is disclosed in the interim results announcement of NWCL dated 23 February 2016 (on pages 20 to 29).

For illustrative purposes, the financial information prepared in accordance with rule 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Offers as if the Offers had been completed on 31 December 2015. The statements have been prepared for illustrative purposes only and because of their nature, they may not give a true picture of the Group's financial position on the completion of the Offers.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is illustrative and unaudited pro forma financial information of the Group (“**Unaudited Pro Forma Financial Information**”), including the unaudited pro forma consolidated statement of adjusted assets and liabilities of the Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Offers as if they had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Offers been completed as at 31 December 2015 or at any future date.

Unaudited Pro Forma Consolidated Statement of Adjusted Assets and Liabilities of the Group

	Unaudited	Pro forma adjustments		Unaudited
	consolidated			pro forma
	statement of			consolidated
	assets and			statement of
	liabilities of the			adjusted assets
	Group as at			and liabilities of
	31 December			the Group
	2015			
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
	Note (1)	Note (2)	Note (3)	
Assets				
Non-current assets				
Investment properties	89,903.3			89,903.3
Property, plant and equipment	21,436.4			21,436.4
Land use rights	2,129.6			2,129.6
Intangible concession rights	13,633.4			13,633.4
Intangible assets	2,805.0			2,805.0
Interests in joint ventures	48,971.8			48,971.8
Interests in associated companies	18,263.2			18,263.2
Available-for-sale financial assets	12,660.9			12,660.9
Held-to-maturity investments	42.1			42.1
Financial assets at fair value through profit or loss	706.2			706.2
Derivative financial instruments	39.5			39.5
Properties for development	21,220.0			21,220.0
Deferred tax assets	664.0			664.0
Other non-current assets	1,727.1			1,727.1
	<u>234,202.5</u>			<u>234,202.5</u>
Current assets				
Properties under development	43,877.4			43,877.4
Properties held for sale	22,224.9			22,224.9
Inventories	843.6			843.6
Debtors and prepayments	20,209.1			20,209.1
Financial assets at fair value through profit or loss	0.2			0.2
Derivative financial instruments	21.2			21.2
Restricted bank balances	148.5			148.5
Cash and bank balances	64,550.0	(20,440.5)		44,109.5
	151,874.9			131,434.4
Non-current assets classified as assets held for sale	23,605.4			23,605.4
	<u>175,480.3</u>			<u>155,039.8</u>
Total assets	<u>409,682.8</u>			<u>389,242.3</u>

	Unaudited consolidated statement of assets and liabilities of the Group as at 31 December 2015		Pro forma adjustments		Unaudited pro forma consolidated statement of adjusted assets and liabilities of the Group
	HK\$'m		HK\$'m	HK\$'m	HK\$'m
	Note (1)		Note (2)	Note (3)	
Liabilities					
Non-current liabilities					
Long-term borrowings	108,671.3				108,671.3
Deferred tax liabilities	8,652.5				8,652.5
Derivative financial instruments	791.6				791.6
Other non-current liabilities	611.1				611.1
	<u>118,726.5</u>				<u>118,726.5</u>
Current liabilities					
Creditors and accrued charges	35,572.4		134.3		35,706.7
Current portion of long-term borrowings	22,211.8				22,211.8
Short-term borrowings	4,642.7				4,642.7
Current tax payable	5,733.1				5,733.1
	<u>68,160.0</u>				<u>68,294.3</u>
Liabilities directly associated with non-current assets classified as assets held for sale	5,443.9				5,443.9
	<u>73,603.9</u>				<u>73,738.2</u>
Total liabilities	<u>192,330.4</u>				<u>192,464.7</u>
Net current assets	<u>101,876.4</u>				<u>81,301.6</u>
Total assets less current liabilities	<u>336,078.9</u>				<u>315,504.1</u>
Net assets	<u>217,352.4</u>				<u>196,777.6</u>

Notes:

- (1) The balances are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2015 set out in the Company's published interim results announcement for the six months ended 31 December 2015.
- (2) The adjustment represents the estimated cash required to acquire all of the Offer Shares at HK\$7.80 per Offer Share of approximately HK\$21,252.3 million, excluding the estimated cash of approximately HK\$901.5 million to acquire 93,073,738 NWCL Shares and 22,508,064 NWCL Shares held by High Earnings and Great Worth respectively, both of which are non-wholly owned subsidiaries of the Company, and the estimated cash required to cancel all the outstanding NWCL Options of approximately HK\$89.7 million, on the assumption that no NWCL Option is exercised after the Latest Practicable Date and before the Closing Date.
- (3) The adjustment represents the estimated transaction costs of approximately HK\$134.3 million which are mainly professional fees payable by the Group in connection with the Offers.
- (4) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2015.

(B) REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF NEW WORLD DEVELOPMENT COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of New World Development Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of adjusted assets and liabilities of the Group as at 31 December 2015, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 81 to 83 of the Company's circular dated 29 February 2016, in connection with the voluntary conditional cash offers to acquire all the offer shares of New World China Land Limited and to cancel all the outstanding share options in relation to the shares of New World China Land Limited by Easywin Enterprises Corporation Limited, a wholly owned subsidiary of the Company (the "Proposed Transaction"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 81 to 83.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction on the Group's financial position as at 31 December 2015 as if the Proposed Transaction had taken place at 31 December 2015. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's interim financial information for the period ended 31 December 2015, on which no audit or review report has been published.

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Directors' responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 February 2016

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The issue of this circular has been approved by the Directors, who jointly and severally 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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. INTERESTS OF DIRECTORS

(A) Interests in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) 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, if any which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register kept by the Company under Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of the Listing Rules were as follows:

(aa) Long position in shares

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Family interests	Corporate interests		
The Company					
(ordinary shares)					
Dr. Cheng Kar-Shun, Henry	—	600,000	—	600,000	0.01
Mr. Doo Wai-Hoi, William	—	—	37,955,000 ⁽¹⁾	37,955,000	0.41
Mr. Cheng Kar-Shing, Peter	—	506,545	—	506,545	0.01
Mr. Ho Hau-Hay, Hamilton	—	—	878,353 ⁽²⁾	878,353	0.01
Mr. Liang Cheung-Biu, Thomas	10,429	—	—	10,429	0.00
Ms. Ki Man-Fung, Leonie	90,000	—	—	90,000	0.00

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Family interests	Corporate interests		
NWCL					
(ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-Shun, Henry	2,077,922	—	—	2,077,922	0.02
Mr. Doo Wai-Hoi, William	1,254,663	—	1,317,000 ⁽³⁾	2,571,663	0.03
Dr. Cheng Chi-Kong Adrian	935,066	—	—	935,066	0.01
Mr. Cheng Kar-Shing, Peter	1,587,130	—	—	1,587,130	0.02
Mr. Lee Luen-Wai, John	699,136	—	—	699,136	0.01
Ms. Ki Man-Fung, Leonie	45,000	—	—	45,000	0.00
NWDS					
(ordinary shares HK\$0.10 each)					
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	0.00
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
NWS					
(ordinary shares HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	—	12,000,000 ⁽⁴⁾	30,349,571	0.80
Mr. Doo Wai-Hoi, William	1,939,834	—	8,330,782 ⁽³⁾	10,270,616	0.27
Mr. Cheng Kar-Shing, Peter	295,838	—	5,973,374 ⁽⁵⁾	6,269,212	0.16
Ms. Ki Man-Fung, Leonie	15,000	—	—	15,000	0.00
Sun Legend Investments Limited					
(ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	500 ⁽⁶⁾	500	50.00

Notes:

- (1) These shares are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.
- (2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (3) These shares are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William.
- (4) These shares are beneficially owned by a company which is wholly owned by Dr. Cheng Kar-Shun, Henry.
- (5) These shares are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.
- (6) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(bb) Long position in underlying shares — share options**(i) The Company**

Name of Director	Date of grant	Exercisable period (Note)	Number of share options	Exercise price per share (HK\$)
Dr. Cheng Kar-Shun, Henry	19 March 2012	(1)	10,675,637	9.152
Mr. Doo Wai-Hoi, William	22 January 2014	(2)	532,982	9.756
Dr. Cheng Chi-Kong, Adrian	19 March 2012	(1)	3,736,471	9.152
Mr. Chen Guanzhan	19 March 2012	(1)	3,736,471	9.152
Mr. Yeung Ping-Leung, Howard	19 March 2012	(1)	533,779	9.152
Mr. Cha Mou-Sing, Payson	19 March 2012	(1)	533,779	9.152
Mr. Cheng Kar-Shing, Peter	19 March 2012	(1)	533,779	9.152
Mr. Ho Hau-Hay, Hamilton	19 March 2012	(1)	533,779	9.152
Mr. Lee Luen-Wai, John	19 March 2012	(1)	533,779	9.152
Mr. Liang Cheung-Biu, Thomas	19 March 2012	(1)	533,779	9.152
Ms. Ki Man-Fung, Leonie	19 March 2012	(1)	3,202,688	9.152
Mr. Cheng Chi-Heng	19 March 2012	(1)	533,779	9.152
Ms. Cheng Chi-Man, Sonia	19 March 2012	(1)	3,202,688	9.152
Mr. Au Tak-Cheong	19 March 2012	(3)	1,346,693	9.152
	22 January 2014	(2)	<u>532,982</u>	9.756
			<u><u>30,703,065</u></u>	

Notes:

- (1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- (2) Divided into 4 tranches exercisable from 22 January 2014, 22 January 2015, 22 January 2016 and 22 January 2017 respectively to 21 January 2018.
- (3) Divided into 3 tranches, exercisable from 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- (4) The cash consideration paid by each Director for the grant of share options is HK\$10.0.

(ii) *NWS*

Name of Director	Date of grant	Exercisable period (Note)	Number of share options	Exercise price per share (HK\$)
Dr. Cheng Kar-Shun, Henry	9 March 2015	(1)	7,407,925	14.145

Notes:

- (1) 60.0% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40.0% of the share options are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.
- (2) The cash consideration paid by the above Director for the grant of share options is HK\$10.0.

(cc) *Long position in underlying shares — debentures*(i) *Fita International Limited (“Fita”)*

Name of Director	Amount of debentures in US\$ issued by Fita				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests US\$	Family interests US\$	Corporate interests US\$	Total US\$	
Mr. Doo Wai-Hoi, William	—	2,900,000	12,890,000 ⁽¹⁾	15,790,000	2.11
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	—	2,000,000	0.27
	<u>1,000,000</u>	<u>3,900,000</u>	<u>12,890,000</u>	<u>17,790,000</u>	

Note:

- (1) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.

(ii) *NWCL*

Name of Director	Amount of debentures issued by NWCL				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	
Mr. Doo Wai-Hoi, William	—	65,896,000 ⁽¹⁾	1,142,041,200 ⁽²⁾	1,207,937,200	12.89
Mr. Cheng Kar-Shing, Peter	—	12,256,000 ⁽³⁾	16,000,000 ⁽⁴⁾	28,256,000	0.30
	—	78,152,000	1,158,041,200	1,236,193,200	

Notes:

- (1) These debentures are held by the spouse of Mr. Doo Wai-Hoi, William, of which RMB42,896,000 debentures were issued in US\$ and had been translated into RMB using the rate of US\$1.0 = RMB6.128.
- (2) These debentures are held by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which RMB584,611,200 debentures were issued in US\$ and had been translated into RMB using the rate of US\$1.0 = RMB6.128 and RMB118,800,000 were issued in HK\$ and had been translated into RMB using the rate of HK\$1.0 = RMB0.8.
- (3) These debentures are jointly-held by Mr. Cheng Kar-Shing, Peter and his spouse, all of which were issued in US\$ and had been translated into RMB using the rate of US\$1.0 = RMB6.128.
- (4) These debentures are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.

(iii) *NWD (MTN) Limited*

Name of Director	Amount of debentures issued by NWD (MTN) Limited				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	—	23,400,000 ⁽¹⁾	156,000,000 ⁽²⁾	179,400,000	0.96
Ms. Ki Man-Fung, Leonie	11,800,000 ⁽³⁾	—	—	11,800,000	0.06
	<u>11,800,000</u>	<u>23,400,000</u>	<u>156,000,000</u>	<u>191,200,000</u>	

Notes:

- (1) These debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.
- (2) These debentures are beneficially owned by a company which is wholly owned by Mr. Doo Wai-Hoi, William and were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.
- (3) HK\$7,800,000 debentures were issued in US\$ and had been translated into HK\$ using the rate of US\$1.0 = HK\$7.8.

(iv) *Rosy Unicorn Limited*

Name of Director	Amount of debentures in US\$ issued by Rosy Unicorn Limited				Approximate % to the total amount of debentures in issue as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William	—	51,500,000	24,790,000 ⁽¹⁾	76,290,000	15.26

Note:

- (1) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of 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 the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(B) Interests in assets of the Group

- (a) On 24 August 2015, an agreement (the “**Dragon Merchant Agreement**”) was entered into between Catchy Investments Limited (“**Catchy**”, a wholly owned subsidiary of the Company) and FSE Management Company Limited (“**FSE**”, a majority-controlled company (as defined in the Listing Rules) of Mr. Doo Wai-Hoi, William) pursuant to which Catchy agreed to sell and assign, and FSE agreed to purchase and accept the assignment of, the entire issued share capital of Dragon Merchant Limited (“**Dragon Merchant**”) and the entire amount of the unsecured and non-interest bearing shareholder’s loan owing from Dragon Merchant to Catchy as at the date of completion of the Dragon Merchant Agreement (the “**Dragon Merchant Completion**”) at an aggregate cash consideration of HK\$258.0 million (subject to adjustment). The main asset of Dragon Merchant and its subsidiary is the property situate at 8th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong. Details of the Dragon Merchant Agreement were set out in the announcement of the Company dated 24 August 2015. The Dragon Merchant Completion took place upon signing of the Dragon Merchant Agreement and thereafter, Dragon Merchant and its subsidiary ceased to be subsidiaries of the Company. The consideration was adjusted to approximately HK\$255.3 million.

- (b) Dr. Cheng Kar-Shun, Henry, Mr. Doo Wai-Hoi, William, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Heng and Ms. Cheng Chi-Man, Sonia are members of the Cheng's family which holds interest in Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited which in turn indirectly control Chow Tai Fook Enterprises Limited ("CTF"), the controlling shareholder of the Company within the meaning of the Listing Rules. The Group had entered into the following transactions with CTF and/or its subsidiaries since 30 June 2015:
- (i) on 3 July 2015, NWDCL entered into a sale and purchase agreement with CTF pursuant to which NWDCL agreed to sell and CTF agreed to acquire the entire issued share capital of, and the outstanding shareholder's loans owing to NWDCL from, New World Hotel Management (BVI) Limited ("NWHM") for a cash consideration of HK\$1,963 million (the "**NWHM Disposal**"). NWHM is the holding company of certain companies which are principally engaged in the provision of hotel management services. The NWHM Disposal was completed on 29 December 2015;
 - (ii) on 20 November 2015, the Company entered into a sale and purchase agreement with CTF pursuant to which CTF agreed to sell and assign, and the Company agreed to purchase and accept the assignment of 36% of the issued shares of Beames Holdings Limited ("**Beames**") and the entire amount of unsecured and non-interest bearing shareholder's loan owing from Beames to CTF for a total adjusted consideration of approximately HK\$3,592.8 million (the "**Beames Acquisition**"). The Beames Acquisition was completed on 23 November 2015; and
 - (iii) there are lease agreements regarding rental of properties between members of CTF group and members of the Group. The aggregate amount of such transactions are covered under the master services agreement dated 11 April 2014 made between the Company and CTF as disclosed in the Company's 2015 annual report.
- (c) On 4 February 2016, each of New World Hotels Corporation Limited (an indirect wholly owned subsidiary of the Company) and Goland Developments Limited ("**Goland**", an indirect subsidiary of the Company) as purchasers entered into an agreement with Way West Investments Limited ("**Way West**") as vendor regarding the acquisition of 47.50% interest in Goland and 6.67% interest in Realform Developments Limited respectively at an aggregate cash consideration of HK\$90.07 million (the "**Acquisitions**"). Both transactions were completed on 4 February 2016, and through the Acquisitions, the Company's attributable interests in New World Makati Hotel, Manila, Philippines increased from 49.005% to 62.007%. Way West is wholly owned by the brother of Mr. Ho Hau-Hay, Hamilton.

As at the Latest Practicable Date, save as set out above, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 30 June 2015, being the date to which the latest published audited accounts of the Group were made up.

(C) Competing interests

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 businesses of the Group other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director	Business which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Cheng Kar-Shun, Henry	CTF group of companies	Property investment and development, hotel operations, transport and aircraft leasing	Director
	FSE Holdings Limited group of companies	Property and carpark management and landscaping	Director and shareholder
	International Entertainment Corporation group of companies	Hotel operations	Director
	Supreme Harvest Development Limited group of companies	Property investment and development	Director
	Silver City International Limited group of companies	Property investment and food and beverage operations	Director
	Sunshine Dragon Group Limited group of companies	Property investment	Director
Mr. Doo Wai-Hoi, William	Amelia Gold Limited group of companies	Property investment	Director and shareholder
	Fortune Success Limited group of companies	Property investment	Director and shareholder
	FSE Holdings Limited group of companies	Property and carpark management and landscaping	Shareholder
	Fung Seng Enterprises Investment Company Limited group of companies	Property investment	Director and shareholder
	Fung Seng Enterprises Limited group of companies	Property investment and management	Director and shareholder

Name of Director	Business which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Cheng Chi-Kong, Adrian	Golden Wealth Investment Limited group of companies	Property investment and development	Director and shareholder
	Lifestyle International Holdings Limited group of companies	Department stores operations and property investment	Director
	Silver City International Limited group of companies	Property investment and food and beverage operations	Director and shareholder
	Silver Success Company Limited group of companies	Hotel operations	Director and shareholder
	Sunshine Dragon Group Limited group of companies	Property investment	Director and shareholder
	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
Mr. Cheng Kar-Shing, Peter	CTF group of companies	Property investment and development, hotel operations, transport and aircraft leasing	Director
	Grandhope Properties Limited	Property investment	Director and shareholder
	International Entertainment Corporation group of companies	Hotel operations	Director
Mr. Cha Mou-Sing, Payson	CTF group of companies	Property investment and development, hotel operations, transport and aircraft leasing	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder
Mr. Cha Mou-Zing, Victor	HKR International Limited group of companies	Property investment and development and property management	Director and shareholder
	Hanison Construction Holdings Limited group of companies	Construction, property investment and development	Director and shareholder
Mr. Cha Mou-Zing, Victor	HKR International Limited group of companies	Property investment and development and property management	Director and shareholder
	Hanison Construction Holdings Limited group of companies	Construction, property investment and development	Shareholder

Name of Director	Business which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Mr. Ho Hau-Hay, Hamilton	Honorway Investments Limited	Property investment and development	Director and shareholder
	Tak Hung (Holding) Company Limited	Property investment and development	Director and shareholder
Mr. Lee Luen-Wai, John	Lippo Limited	Property investment, development and management	Director
	Lippo China Resources Limited	Property investment, development and management	Director
	Hongkong Chinese Limited	Property investment, development and management	Director
Mr. Liang Cheung-Biu, Thomas	Bermuda Investments Limited	Property investment	Director
	Bonaventure Properties Limited	Property investment	Spouse interest (director and shareholder)
	Greenwich Investors Limited	Property investment	Director
	Lambda Enterprises Limited	Property management	Director
	Wideland Investors Limited	Property investment	Spouse interest (director and shareholder)
Mr. Cheng Chi-Heng	CTF group of companies	Property investment and development, hotel operations, transport and aircraft leasing	Director

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had interest in any business apart from the business of the Group, which is considered to compete or is likely to compete, either directly or indirectly, with that of the Group.

As the Board is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board, the Group is therefore capable of carrying on its business independently of, and at arm's length from the business of these entities.

(D) Interests in contracts or arrangements

Save for contracts amongst members of the Group and save for the Offers, as at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group.

(E) Common directors

The following is a list of Directors who, as at the Latest Practicable Date, were also directors of the companies which had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Common Director	Name of Company
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Cheng Yu Tung Family (Holdings) Limited
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Cheng Yu Tung Family (Holdings II) Limited
Dr. Cheng Kar-Shun, Henry Mr. Cheng Kar-Shing, Peter	Chow Tai Fook Capital Limited
Dr. Cheng Kar-Shun, Henry Dr. Cheng Chi-Kong, Adrian Mr. Cheng Kar-Shing, Peter Mr. Cheng Chi-Heng	Chow Tai Fook (Holding) Limited
Dr. Cheng Kar-Shun, Henry Dr. Cheng Chi-Kong, Adrian Mr. Cheng Kar-Shing, Peter Mr. Cheng Chi-Heng	CTF

3. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (a) a conditional underwriting agreement dated 13 March 2014 entered into between the Company, HSBC and CTF in relation to the issue, by way of rights, of one new Share for every three Shares held on 31 March 2014 at a subscription price of HK\$6.20 each (the “**Rights Issue**”), details of which are disclosed in the announcement of the Company dated 13 March 2014 and the prospectus of the Company dated 3 April 2014;
- (b) an amended and restated underwriting agreement dated 27 March 2014 entered into between the Company, HSBC, Standard Chartered Securities (Hong Kong) Limited and CTF in relation to the Rights Issue, details of which are disclosed in the announcement of the Company dated 27 March 2014;
- (c) a share purchase agreement dated 15 May 2014 entered into between a third party and Sino-French Holdings (Hong Kong) Limited (“**SFH**”, a 50.0% owned joint venture of NWS) and pursuant to which SFH agreed to sell 90.0% of the issued share capital in Sino-French Energy Development Company Limited (“**SFED**”) together with the assignment of the shareholder loans owed by SFED to SFH at an aggregate cash consideration of US\$612.0 million. SFED owns approximately 42.2% interest in Companhia de Electricidade de Macau — CEM, S.A.;
- (d) a share purchase agreement dated 30 January 2015 entered into between Natal Global Limited, (“**Natal Global**”, an indirect wholly owned subsidiary of NWS), Zion Sky Holdings Limited (“**Zion Sky**”, a wholly owned subsidiary of CTF), Investec Bank plc (“**Investec**”) and Goshawk Aviation Limited (“**Goshawk**” a company engaged in commercial aircraft leasing) in relation to the purchase by Natal Global of (i) 144,810,506 preference shares of Goshawk held by Zion Sky, representing 40% of the total issued share capital of Goshawk and (ii) the loan notes in the outstanding principal amount of approximately US\$60.9 million issued by GAL Dutch Finance B.V. under the senior notes deed dated 12 May 2014 and entered into between GAL Dutch Finance B.V. as issuer and, among others, Zion Sky and Investec as noteholders from Zion Sky at a total cash consideration of approximately US\$222.5 million;
- (e) agreements dated 29 April 2015 entered into between the Company and/or its subsidiaries, namely Beames, Park New Astor Hotel Limited and Great TST Limited, and HIP Company Limited (“**HIP**”) in relation to the establishment of a new joint venture company (the “**JVC**”) in which Beames and HIP will each (directly or indirectly) hold 50.0% of the issued share capital and into which the entire ownership of three hotels, namely, Grand Hyatt Hong Kong, Renaissance Harbour View Hotel, Hong Kong and Hyatt Regency Hong Kong, Tsim Sha Tsui will be injected with effect from

the completion of the agreements at the total consideration of HK\$18.5 billion (subject to customary closing adjustments), details of which are disclosed in the announcements of the Company dated 30 April 2015 and 15 June 2015;

- (f) a sale and purchase agreement dated 3 July 2015 entered into between NWDCL and CTF whereby NWDCL conditionally agreed to sell and CTF conditionally agreed to acquire the entire issued share capital of, and the outstanding shareholder's loans owing from, NWHM for a consideration of HK\$1,963 million;
- (g) a sale and purchase agreement dated 20 November 2015 entered into between the Company as purchaser and CTF as vendor in relation to the acquisition of shares in the issued share capital of, and shareholder's loan owing by, Beames for a total adjusted consideration of approximately HK\$3,592.8 million, details of which are disclosed in the announcement of the Company dated 20 November 2015;
- (h) a sale and purchase agreement dated 2 December 2015 entered into between Shengyu, an indirect wholly owned subsidiary of Evergrande, as purchaser and NWDCL as vendor in relation to the disposal of NWCL Group's interests in the property project in Haikou, the PRC for a total consideration of RMB8,600 million, details of which are set out in the joint announcement of the Company and NWCL dated 2 December 2015 and the circular of NWCL dated 23 December 2015;
- (i) a sale and purchase agreement dated 2 December 2015 entered into between Shengyu as purchaser and NWDCL as vendor in relation to the disposal of NWCL Group's interests in the property projects in Huiyang, the PRC for a total consideration of RMB1,100 million, details of which are set out in the joint announcement of the Company and NWCL dated 2 December 2015 and the circular of NWCL dated 23 December 2015;
- (j) a sale and purchase agreement dated 2 December 2015 entered into between Shengyu as purchaser and NWDCL as vendor in relation to the disposal of NWCL Group's interests in the property projects in Hankou, Wuhan city, Hubei province, the PRC for a total consideration of RMB3,800 million, details of which are set out in the joint announcement of the Company and NWCL dated 2 December 2015 and the circular of NWCL dated 23 December 2015;
- (k) a subscription agreement dated 23 December 2015 entered into between (i) Sherson Limited, a wholly owned subsidiary of the Company, and Vivid China Investment Limited, a wholly owned subsidiary of NWCL, as purchasers and (ii) Evergrande as issuer, pursuant to which Sherson Limited and Vivid China Investment Limited agreed to subscribe for the perpetual securities issued by Evergrande in an aggregate principal amount of US\$900 million, for a consideration of US\$450 million and US\$450 million, respectively, details of which are disclosed in the joint announcements of the Company and NWCL dated 23 December 2015 and 29 December 2015;

- (l) a sale and purchase agreement dated 29 December 2015 entered into between Shengyu as purchaser and NWDCL as vendor in relation to the disposal of NWDCL's interests in the property project in Jinyang New District, Guiyang, the PRC for a total consideration of RMB5,300 million, details of which are disclosed in the joint announcement of the Company and NWCL dated 29 December 2015 and the circulars of each of the Company and NWCL dated 19 January 2016; and
- (m) a sale and purchase agreement dated 29 December 2015 entered into between Shengyu as purchaser and NWDCL as vendor in relation to the disposal of NWDCL's interests in the property project in Shuangliu County, Chengdu, the PRC for a total consideration of RMB2,000 million, details of which are disclosed in the joint announcement of the Company and NWCL dated 29 December 2015 and the circulars of each of the Company and NWCL dated 19 January 2016.

Save as disclosed above, as at the Latest Practicable Date, no contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Company or its subsidiaries within the two years immediately preceding the issue of this circular which are, or may be, material to the Group.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance, and so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

6. EXPERT'S CONSENT AND QUALIFICATIONS

The following are the names and qualification of the experts who have given an opinion or advice which is contained in this circular:

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants
Quam Capital Limited	A licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, none of PricewaterhouseCoopers and Quam Capital was interested in any securities of 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, and none of PricewaterhouseCoopers and Quam Capital had any direct or indirect interest in any

assets which had been, since 30 June 2015 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

Each of PricewaterhouseCoopers and Quam Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or letter of advice and references to its name in the form and context in which they respectively appear.

7. GENERAL

- (a) The registered office of the Company is situated at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong.
- (b) The Company's share registrar and transfer office is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. Wong Man-Hoi, a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 1994. Mr. Wong obtained his Bachelor of Science (Engineering) degree from the University of Hong Kong in 1981, Bachelor of Laws degree from the University of London in 1990 and passed the Solicitors' Final Examination of the Law Society of England and Wales in 1992.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (other than public holidays) from the date of this circular up to and including 18 March 2016:

- (a) the articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed "4. Material Contracts" in this Appendix III;
- (c) the letter from Quam Capital, the text of which is set out in "Letter from Quam Capital" of this circular;
- (d) the report on the unaudited pro forma financial information of the Group from PricewaterhouseCoopers, the text of which is set out in "Appendix II — Unaudited Pro Forma Financial Information of the Group" to this circular;
- (e) the Composite Document, the text of which is set out in "Appendix IV — Composite Document" to this circular;

- (f) the annual reports of the Company for each of the two financial years ended 30 June 2014 and 2015;
- (g) the consent letters of each of PricewaterhouseCoopers and Quam Capital referred to in the paragraph headed “6. Expert’s Consent and Qualifications” in this Appendix III;
- (h) the circular of the Company dated 19 January 2016; and
- (i) this circular.

The following is the full text of the Composite Document jointly issued by NWCL, the Offeror and the Company dated 27 February 2016 containing details of the Offers, which is set out in this Appendix for information only.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in New World China Land Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

The Offers are being made for the securities of a Cayman Islands company and while the Offers are subject to Hong Kong disclosure and procedural requirements, investors should be aware that these requirements are different from those of the US. The financial statements included herein have been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial statements of US companies.



新世界發展有限公司
New World Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 0017)



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)

Easywin Enterprises Corporation Limited
(義榮企業有限公司)
(Incorporated in Hong Kong with limited liability)

COMPOSITE OFFER AND RESPONSE DOCUMENT

**VOLUNTARY CONDITIONAL CASH OFFERS
BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
ON BEHALF OF THE OFFEROR,
A WHOLLY OWNED SUBSIDIARY OF
NEW WORLD DEVELOPMENT COMPANY LIMITED,
TO ACQUIRE ALL THE ISSUED SHARES OF NEW WORLD CHINA LAND LIMITED
(OTHER THAN THOSE ALREADY HELD BY THE OFFEROR AND
NEW WORLD DEVELOPMENT COMPANY LIMITED)
AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF
NEW WORLD CHINA LAND LIMITED**

Financial Adviser to NWD and the Offeror



Financial Adviser to NWCL



Independent Financial Adviser to the NWCL Independent Board Committee



Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A "Letter from HSBC" containing, among other things, the details of the terms and conditions of the Offers are set out on pages 13 to 34 of this Composite Document.

A "Letter from the NWCL Board" is set out on pages 35 to 39 of this Composite Document.

A "Letter from the NWCL Independent Board Committee" containing its recommendations to the Independent NWCL Shareholders and the NWCL Optionholders in respect of the Offers is set out on pages 40 and 41 of this Composite Document.

A "Letter from the NWCL Independent Financial Adviser" containing its advice and recommendations to the NWCL Independent Board Committee in respect of the Offers is set out on pages 42 to 78 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in "Appendix I — Further Terms of the Offers" to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptance of the Share Offer should be received by the Registrar and acceptance of the Option Offer should be received by the company secretary of NWCL by no later than 4:00 p.m. on Monday, 21 March 2016 or such later time(s) and/or date(s) as the Offeror may determine and announce, in accordance with the Takeovers Code.

The NWCL Offer Shareholders and the NWCL Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements. See "Important Notices" on pages 4 and 5 of this Composite Document.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the section headed "Overseas NWCL Offer Shareholders and NWCL Optionholders" in the "Letter from HSBC" in this Composite Document before taking any action. It is the responsibility of any overseas NWCL Offer Shareholders and overseas NWCL Optionholders wishing to take any action in relation to the Share Offer and the Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and the compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such overseas NWCL Offer Shareholders or overseas NWCL Optionholders in respect of the acceptance of the Offers (as applicable) in such jurisdiction. The overseas NWCL Offer Shareholders and the overseas NWCL Optionholders are advised to seek professional advice on deciding whether to accept the Offers (as applicable).

This Composite Document is issued jointly by NWD, the Offeror and NWCL.

The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

27 February 2016

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IMPORTANT NOTICES TO ALL NWCL OFFER SHAREHOLDERS AND NWCL OPTIONHOLDERS

The following information is important for all NWCL Offer Shareholders and NWCL Optionholders.

You are urged to read this entire Composite Document, including the appendices, and the Form(s) of Acceptance carefully.

- **Share Offer Price: HK\$7.80 in cash per Offer Share. The Share Offer Price will not be increased and the Offeror does not reserve the right to do so.**
- **Option Offer Price: Please refer to the section headed “Option Offer” in the “Letter from HSBC” in this Composite Document. The Option Offer Price will not be increased and the Offeror does not reserve the right to do so.**
- **How to accept the Offers: Please return the duly completed and signed **WHITE** Form of Share Offer Acceptance and the relevant documents to the Registrar (for the Share Offer) and/or the **PINK** Form of Option Offer Acceptance and the relevant documents to the company secretary of NWCL (for the Option Offer).**
- **Deadline for acceptance: The Offers will close for acceptances at **4:00 p.m. on Monday, 21 March 2016** (the first Closing Date), unless otherwise revised or extended.**

For details, please refer to “Appendix I — Further Terms of the Offers” to this Composite Document.

- **Settlement: Payments in cash will be made within seven (7) Business Days following the later of: (i) the date on which the Offers become or are declared unconditional in all respects, and (ii) the date of receipt of your valid acceptance.**
- **Your prompt action is critical: The Offers will lapse if valid acceptances from the NWCL Offer Shareholders in respect of **less than 90% of the Offer Shares or less than 90% of the Disinterested NWCL Shares** are received by 4:00 p.m. on Monday, 21 March 2016 (being the first Closing Date), unless otherwise revised or extended. **You should therefore act promptly.****

NEED HELP?

Please call the customer service hotline of the Registrar, Tricor Standard Limited, at +852 2980 1333 between 9:00 a.m. and 5:00 p.m. on Mondays to Fridays, excluding Hong Kong public holidays, if you have any enquiries concerning administrative matters, such as dates, documentation and procedures relating to the Share Offer.

The hotline cannot and will not provide advice on the merits of the Offers or give financial or legal advice. If you are in any doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event that there is any change to the following timetable.

Event	Hong Kong Time
Despatch date of this Composite Document and the accompanying Form(s) of Acceptance	Saturday, 27 February 2016
Opening date of the Offers	Saturday, 27 February 2016
NWD EGM at which the Offers will be subject to approval by the NWD Shareholders	11:15 a.m. on Friday, 18 March 2016
First Closing Date (<i>Note 1</i>)	Monday, 21 March 2016
Latest time for acceptance of the Offers on the first Closing Date (<i>Note 2</i>)	4:00 p.m. on Monday, 21 March 2016
Announcement of the results of the Offers as at the first Closing Date, on the website of the Stock Exchange	no later than 7:00 p.m. on Monday, 21 March 2016
Latest date for despatch of cheques for payment of the amounts due under the Offers in respect of valid acceptances received by the first Closing Date, assuming that the Offers become or are declared unconditional on the first Closing Date (<i>Note 3</i>)	Friday, 1 April 2016
Latest time and date for acceptance of the Offers assuming that the Offers become or are declared unconditional in all respects on the first Closing Date (<i>Note 4</i>)	4:00 p.m. on Tuesday, 5 April 2016
Latest time and date by which the Offers can become or be declared unconditional as to acceptances (<i>Note 5</i>)	7:00 p.m. on Wednesday, 27 April 2016

EXPECTED TIMETABLE

Notes:

- (1) The Offers will close for acceptances at 4:00 p.m. on Monday, 21 March 2016 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). In the event that the Offers have not become unconditional on the first Closing Date, the Offeror will issue an announcement stating whether the Offers have lapsed or have been revised or extended to another Closing Date or until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given, before the Offers are closed, to the NWCL Offer Shareholders and the NWCL Optionholders who have not accepted the relevant Offers.
- (2) If you wish to accept the Offers, you should ensure your duly completed and signed Form(s) of Acceptance and the relevant documents arrive at the Registrar (for the Share Offer) or the company secretary of NWCL (for the Option Offer) by no later than the prescribed time. If you choose to deliver the documents by post, you should consider the timing requirements for postage.

Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

All acceptances, instructions, authorisations and undertakings given by the NWCL Offer Shareholders in the **WHITE** Form of Share Offer Acceptance and by the NWCL Optionholders in the **PINK** Form of Option Offer Acceptance shall be irrevocable except as permitted under the Takeovers Code.

- (3) Payment of the consideration (after deducting the seller's ad valorem stamp duty) for the Offer Shares tendered for acceptance under the Share Offer will be posted by ordinary post to the NWCL Offer Shareholders who accept the Share Offer at their own risk, and payment of the consideration for the NWCL Options surrendered for cancellation under the Option Offer will be delivered to the office of NWCL in Hong Kong at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong for collection by the NWCL Optionholders. Payment will be made as soon as possible, but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects; and (ii) the date of receipt by the Registrar (in respect of the Share Offer) or the company secretary of NWCL (in respect of the Option Offer) of all the relevant documents to render each acceptance under the relevant Offers complete and valid in accordance with the Takeovers Code, this Composite Document and the relevant accompanying Form(s) of Acceptance.
- (4) Pursuant to Rule 15.3 of the Takeovers Code, the final Closing Date should be no less than fourteen (14) days after the date on which the Offers become or are declared unconditional in all respects.
- (5) In accordance with the Takeovers Code, except with the consent of the Executive, the Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the Share Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the Offers will lapse at 7:00 p.m. on Wednesday, 27 April 2016.

Effect of bad weather on the latest time for acceptance of the Offers and/or the latest date for despatch of cheques

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning in force in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Offers and/or the latest date for despatch of cheques for the amounts due under the Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques will remain on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and/or the latest date for despatch of cheques for the amounts due under the Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day and/or the latest date for despatch of cheques will be rescheduled to the following Business Day.

IMPORTANT NOTICES**NOTICE TO US INVESTORS**

The Offers are being made for the securities of a Cayman Islands company and are subject to Hong Kong disclosure and procedural requirements, which are different from those of the US. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. The Offers will be made in the US pursuant to exemptions from some of the applicable US tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers will be subject to disclosure and other procedural requirements of Hong Kong, including with respect to withdrawal rights, the timetable of the Offers, settlement procedures and the timing of payments that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offers by a US holder of the Offer Shares or the NWCL Options pursuant to the Offers may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of the Offer Shares or NWCL Options is urged to consult his/her independent professional adviser immediately regarding the applicable tax consequences of the Offers.

It may be difficult for US holders of Offer Shares or NWCL Options to enforce their rights and claims arising out of the US federal securities laws, since NWD, the Offeror and NWCL are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of the Offer Shares or NWCL Options may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

You should be aware that in accordance with the Takeovers Code, the Offeror, its affiliates and its advisers may bid for or purchase NWCL Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk/>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain "forward-looking statements". These statements are based on the current expectations of the management of the Offeror, NWD and/or NWCL (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "estimates", "envisages" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed

IMPORTANT NOTICES

or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the Conditions, as well as additional factors, such as general, social, economic and political conditions in the countries in which the NWD Group and/or the NWCL Group operate or other countries which have an impact on the NWD Group and/or the NWCL Group's business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the NWD Group and/or the NWCL Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the NWD Group and/or the NWCL Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the NWD Group and/or the NWCL Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, NWD, NWCL or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, none of NWD, NWCL or the Offeror assumes any obligation to correct or update the forward-looking statements or opinions contained in this Composite Document.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Adjusted NAV”	adjusted unaudited consolidated net asset value of the NWCL Group as at 31 December 2015 as set out in the section headed “V. <i>Property Interests and Adjusted Net Asset Value</i> ” of “Appendix II — Financial Information of the NWCL Group” to this Composite Document
“Announcement Date”	Wednesday, 6 January 2016, being the date of the Joint Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cayman Islands Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	Monday, 21 March 2016, being the first closing date of the Share Offer or any subsequent closing date as may be announced by NWD and the Offeror and approved by the Executive
“Composite Document”	this composite offer and response document dated 27 February 2016 in respect of the Offers jointly issued by NWD, the Offeror and NWCL in accordance with the Takeovers Code, as may be revised or supplemented as appropriate
“Condition(s)”	the condition(s) of the Offers, as set out under the section headed “ <i>Conditions of the Offers</i> ” in the “Letter from HSBC” in this Composite Document
“Deed of Undertaking”	a deed of undertaking executed between an NWCL Optionholder and NWCL as referred to in the section headed “ <i>Shareholding Structure of NWCL and the Offers — Option Offer</i> ” in the “Letter from HSBC” in this Composite Document

DEFINITIONS

“Disinterested NWCL Shares”	NWCL Shares other than those which are owned by the Offeror or the Offeror Concert Parties
“Disposal(s)”	the disposal(s) of certain subsidiaries and joint ventures by NWDCL to Shengyu for an aggregate consideration of approximately RMB20,800 million (subject to adjustments), further details of which are set out in the joint announcement of NWD and NWCL dated 2 December 2015, the circular of NWCL dated 23 December 2015, the joint announcement of NWD and NWCL dated 29 December 2015 and the circulars of each of NWD and NWCL dated 19 January 2016
“EGM”	the extraordinary general meeting of NWD to be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 18 March 2016 at 11:15 a.m. (or any adjournment thereof)
“Evergrande”	Evergrande Real Estate Group Limited (Stock Code: 3333), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, being the ultimate holding company of Shengyu
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Option Offer Acceptance”	the PINK form of acceptance and cancellation in respect of the Option Offer accompanying this Composite Document
“Form of Share Offer Acceptance”	the WHITE form of acceptance and transfer in respect of the Share Offer accompanying this Composite Document
“Forms of Acceptance”	collectively, the Form of Share Offer Acceptance and the Form of Option Offer Acceptance, and “Form of Acceptance” shall mean either one of them
“Great Worth”	Great Worth Holdings Limited, a non-wholly owned subsidiary of NWD
“High Earnings”	High Earnings Holdings Limited, a wholly owned subsidiary of NWS
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to NWD and the Offeror in relation to the Offers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the laws of Hong Kong)
“Independent NWCL Shareholders”	NWCL Shareholders excluding the Offeror, NWD and the Offeror Concert Parties. For the avoidance of doubt, the Independent NWCL Shareholders include any member of the HSBC group in respect of NWCL Shares of its non-discretionary investment clients where such client (a) has control over whether to tender acceptances to the Share Offer in respect of those NWCL Shares, (b) if acceptances of the Share Offer in respect of those NWCL Shares are to be tendered, gives instructions to tender them, and (c) is not the Offeror or any of the Offeror Concert Parties
“Joint Announcement”	the announcement dated 6 January 2016 jointly made by NWD, the Offeror and NWCL in relation to the Offers
“Knight Frank”	Knight Frank Petty Limited, the independent property valuer appointed by NWCL
“Last Trading Day”	Thursday, 31 December 2015, being the last trading day of NWCL Shares prior to the issue of the Joint Announcement
“Latest Practicable Date”	Wednesday, 24 February 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MLAP”	Merrill Lynch (Asia Pacific) Limited, being the financial adviser to NWCL in relation to the Offers, a licensed corporation which is permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

DEFINITIONS

“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of NWD, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0917)
“NWCL Board”	the board of directors of NWCL
“NWCL Directors”	the directors of NWCL
“NWCL Group”	collectively NWCL and its subsidiaries
“NWCL Independent Board Committee”	the independent board committee of NWCL, comprising Dr. Cheng Wai-Chee, Christopher, Hon. Tien Pei-Chun, James and Mr. Ip Yuk-Keung, Albert, established by the NWCL Board to make a recommendation to the Independent NWCL Shareholders and the NWCL Optionholders in respect of the Offers
“NWCL Independent Financial Adviser” or “Sommerley”	Sommerley Capital Limited, the independent financial adviser to the NWCL Independent Board Committee in connection with the Offers and a licensed corporation which is permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“NWCL Offer Shareholders”	registered holders for the time being of the Offer Shares
“NWCL Option(s)”	the outstanding, vested and unvested, share option(s), relating to NWCL Share(s), granted under the NWCL Share Option Schemes from time to time
“NWCL Optionholder(s)”	the holder(s) of the NWCL Option(s)
“NWCL Share Option Schemes”	the share option schemes adopted by NWCL on 26 November 2002 and 22 November 2011, respectively
“NWCL Shareholder(s)”	registered holder(s) for the time being of the NWCL Share(s)
“NWCL Shares”	ordinary shares of HK\$0.10 each in the issued share capital of NWCL
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0017), and the parent company of NWCL
“NWD Board”	the board of directors of NWD
“NWD Group”	collectively NWD and its subsidiaries

DEFINITIONS

“NWD Shareholders”	the shareholders of NWD
“NWD Shares”	ordinary shares of NWD
“NWDCL”	New World Development (China) Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of NWCL and the vendor in relation to the Disposals
“NWS”	NWS Holdings Limited, a non-wholly owned subsidiary of NWD and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0659)
“Offer Period”	has the meaning ascribed to it in the Takeovers Code and which commenced on 6 January 2016, being the Announcement Date, and ending on the later of (i) the date when the Offers close for acceptances; and (ii) the date when the Offers lapse
“Offer Shares”	NWCL Shares, other than those already held by the Offeror and NWD
“Offeror”	Easywin Enterprises Corporation Limited (義榮企業有限公司), a company incorporated in Hong Kong with limited liability, being a wholly owned subsidiary of NWD
“Offeror Board”	the board of directors of the Offeror
“Offeror Concert Parties”	parties acting in concert with the Offeror in relation to NWCL (except for members of the HSBC group which are exempt principal traders and/or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code) under the Takeovers Code, and “Offeror Concert Party” shall mean any one of them
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the voluntary conditional cash offer by HSBC on behalf of the Offeror to the NWCL Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding NWCL Options held by the NWCL Optionholders in accordance with the terms and conditions set out in this Composite Document and the Form of Option Offer Acceptance, and any subsequent revision or extension of such offer
“Option Offer Price”	the price at which the Option Offer is made, which is the “see-through” price being the Share Offer Price minus the relevant exercise price of the NWCL Option for the cancellation of each NWCL Option held by the NWCL Optionholders

DEFINITIONS

“PRC”	the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Previous Proposal”	a scheme of arrangement used in the Offeror’s privatisation proposal for NWCL which lapsed in June 2014
“Registrar”	Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar of the NWCL Shares
“Relevant Period”	the period from 6 July 2015, being the date six months before the Announcement Date, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Offer”	the voluntary conditional cash offer by HSBC on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Composite Document and the Form of Share Offer Acceptance, and any subsequent revision or extension of such offer
“Share Offer Price”	the price at which the Share Offer is made, being HK\$7.80 per Offer Share
“Shengyu”	Shengyu (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly owned subsidiary of Evergrande and the purchaser in relation to the Disposals
“sq m” or “sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC and administered by the Executive
“US”	the United States of America
“US\$”	the United States dollars, the lawful currency of the US
“%”	per cent

DEFINITIONS

1. Except as otherwise specified, all times and dates contained in this Composite Document and the accompanying Form(s) of Acceptance refer to Hong Kong times and dates.
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or Chinese translation of such English names or words, respectively.
4. The singular includes the plural and vice versa, unless the context otherwise requires.
5. References to any appendix, paragraph and sub-paragraph are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
6. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
7. Reference to one gender is a reference to all or any genders.
8. The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.
9. In “Appendix II — Financial Information of the NWCL Group” to this Composite Document, the translation of RMB amounts into Hong Kong dollars has been made:
 - (a) at the rate of RMB0.79 to HK\$1.00 in respect of the consolidated income statement of NWCL for the year ended 30 June 2014;
 - (b) at the rate of RMB0.80 to HK\$1.00 in respect of the consolidated financial position of NWCL as at 30 June 2014;
 - (c) at the rate of RMB0.80 to HK\$1.00 in respect of the consolidated income statement of NWCL for the year ended 30 June 2015;
 - (d) at the rate of RMB0.80 to HK\$1.00 in respect of the consolidated financial position of NWCL as at 30 June 2015;
 - (e) at the rate of RMB0.82 to HK\$1.00 in respect of the consolidated income statement of NWCL for the six months ended 31 December 2015;
 - (f) at the rate of RMB0.835 to HK\$1.00 in respect of the consolidated financial position of NWCL as at 31 December 2015; and
 - (g) at the rate of RMB0.835 to HK\$1.00 in respect of the market value of property interests attributable to the NWCL Group as at 31 December 2015.

LETTER FROM HSBC



27 February 2016

To the NWCL Offer Shareholders and the NWCL Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS
BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
ON BEHALF OF THE OFFEROR,
A WHOLLY OWNED SUBSIDIARY OF
NEW WORLD DEVELOPMENT COMPANY LIMITED,
TO ACQUIRE ALL THE ISSUED SHARES OF NEW WORLD CHINA LAND LIMITED
(OTHER THAN THOSE ALREADY HELD BY THE OFFEROR AND
NEW WORLD DEVELOPMENT COMPANY LIMITED)
AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF
NEW WORLD CHINA LAND LIMITED**

1. INTRODUCTION

Reference is made to the Joint Announcement whereby the Offeror Board, the NWD Board and the NWCL Board jointly announced that HSBC, on behalf of the Offeror, a wholly owned subsidiary of NWD, intended to make a voluntary conditional cash offer to acquire all of the Offer Shares, and pursuant to Rule 13 of the Takeovers Code, extend an appropriate offer to cancel all the outstanding NWCL Options.

The Offeror is making the Share Offer by way of a general offer, rather than a scheme of arrangement as used in the Previous Proposal. This is because the Cayman Islands, unlike Hong Kong, still requires all schemes of arrangement to be approved by a majority in number of shareholders present and voting in person or by proxy at the relevant shareholders' meeting to consider a proposed scheme of arrangement (a so-called "head count" test). The Offeror believes that it is more equitable to the Independent NWCL Shareholders if the outcome of the Share Offer is determined solely on the basis of the level of acceptances of the Share Offer in terms of NWCL Shares, and in this regard notes that in the Previous Proposal 99.84% of the votes cast at the relevant shareholders' meeting were in favour of the Previous Proposal but that the Previous Proposal did not proceed due solely to the "head count" test. The Offeror believes that the outcome of the Previous Proposal did not reflect the preference of the majority of the Independent NWCL Shareholders by reference to the value of NWCL Shares held.

This letter sets out, among other things, details of the terms of the Offers, the reasons for and benefits of the Offers, the intention of NWD regarding the NWCL Group and information on the Offeror and NWD. Further details of the terms of the Offers are set out in "Appendix I — Further Terms of the Offers" to the Composite Document of which this letter forms part, and in the accompanying Form(s) of Acceptance. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

LETTER FROM HSBC

The NWCL Offer Shareholders and the NWCL Optionholders are strongly advised to consider carefully the information contained in the “Letter from the NWCL Board” on pages 35 to 39, the “Letter from the NWCL Independent Board Committee” on pages 40 and 41 and the “Letter from the NWCL Independent Financial Adviser” on pages 42 to 78, the option offer letter, the form of which is set out in the “Form of Option Offer Letter” on pages VI-1 to VI-6, the accompanying Form(s) of Acceptance and the appendices which form part of the Composite Document.

2. THE OFFERS

The Offers are made by HSBC on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

Share Offer:

For each Offer Share HK\$7.80 in cash

The Share Offer Price will not be increased, and the Offeror does not reserve the right to do so.

The Share Offer is extended to all NWCL Offer Shareholders (including certain Offeror Concert Parties).

Option Offer:

For cancellation of each NWCL Option the Option Offer Price in cash

The relevant exercise price applicable to each NWCL Option ranges from HK\$2.45 to HK\$5.42 and, accordingly, the Option Offer Price ranges from HK\$2.38 to HK\$5.35 per NWCL Option.

The Option Offer Price will not be increased, and the Offeror does not reserve the right to do so.

The Option Offer is extended to all NWCL Optionholders in accordance with the Takeovers Code.

Comparisons of value

Closing prices of NWCL Shares

The Share Offer Price of HK\$7.80 represents:

- (i) a premium of approximately 25.6% over the closing price of HK\$6.21 per NWCL Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 28.5% over the average closing price of approximately HK\$6.07 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

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- (iii) a premium of approximately 29.4% over the average closing price of approximately HK\$6.03 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 40.8% over the average closing price of approximately HK\$5.54 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 45.8% over the average closing price of approximately HK\$5.35 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 56.9% over the average closing price of approximately HK\$4.97 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (vii) a premium of approximately 4.4% over the closing price of HK\$7.47 per NWCL Share as quoted on the Stock Exchange on the Latest Practicable Date.

Net asset value per NWCL Share

The Share Offer Price of HK\$7.80 represents:

- (i) a premium of approximately 11.5% over the audited consolidated net asset value per NWCL Share of approximately HK\$6.995 as at 30 June 2015, based on the total number of issued NWCL Shares as at 30 June 2015;
- (ii) a premium of approximately 14.6% over the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015, based on the total number of issued NWCL Shares as at 31 December 2015; and
- (iii) a discount of approximately 29.4% to the Adjusted NAV per NWCL Share of approximately HK\$11.05 as at 31 December 2015, based on the total number of issued NWCL Shares as at the Latest Practicable Date.

As shown in NWCL's audited consolidated financial statements as at 30 June 2015 and unaudited condensed consolidated financial statements as at 31 December 2015, a significant portion of NWCL's assets consisted of investment properties, land use rights, properties held for development, properties under development and completed properties held for sale. The value of these assets as stated in such consolidated financial statements may or may not reflect the current market value of these assets. Furthermore, as at the Latest Practicable Date, while most of the Disposals jointly announced by NWD and NWCL had been completed, one of the Disposals has yet to be completed. The outstanding Disposal is expected to be completed

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before the end of March 2016, pending the completion of certain procedural matters relating to the changes in the board composition of the relevant target company arising from the Disposal. The consideration payable for the outstanding Disposal amounts to RMB2,000 million (subject to adjustments), and accounts for approximately 9.6% of the total consideration of approximately RMB20,800 million (subject to adjustments) for all the Disposals. The Disposals are accretive to NWCL's consolidated net asset value but the impact of the Disposals has not been reflected in NWCL's audited consolidated financial statements as at 30 June 2015 and unaudited condensed consolidated financial statements as at 31 December 2015, though they are reflected in the Adjusted NAV set out under the section headed "*Property Interests and Adjusted Net Asset Value*" in "Appendix II — Financial Information of the NWCL Group" to the Composite Document. Please refer to the joint announcement of NWD and NWCL dated 2 December 2015, the circular of NWCL dated 23 December 2015, the joint announcement of NWD and NWCL dated 29 December 2015 and the circulars of each of NWD and NWCL dated 19 January 2016 for details of the Disposals.

Your attention is drawn to the summary of the property valuation as set out in "Appendix III — Summary of Property Valuation of the NWCL Group" to the Composite Document from Knight Frank pursuant to Rule 11 of the Takeovers Code providing an updated valuation of NWCL's properties as at 31 December 2015. Your attention is also drawn to the section headed "*Property Interests and Adjusted Net Asset Value*" as set out in "Appendix II — Financial Information of the NWCL Group" to the Composite Document which provides details of the Adjusted NAV, which takes into account, among other things, the impact of the Disposals, the revaluation surplus arising from valuation of the property interests and deferred taxes payable on the attributable revaluation surplus.

Value of the Offers

As at the Latest Practicable Date, there were (i) 8,701,671,754 NWCL Shares in issue, of which 5,977,019,371 NWCL Shares were held by the Offeror and NWD; and (ii) 25,544,661 outstanding NWCL Options granted under the NWCL Share Option Schemes (including 18,240,200 NWCL Options which had not been vested on the Latest Practicable Date), entitling the NWCL Optionholders to subscribe for an aggregate of 25,544,661 NWCL Shares at exercise prices ranging from HK\$2.45 to HK\$5.42 per NWCL Option.

Based on the Share Offer Price of HK\$7.80 per Offer Share, the entire issued share capital of NWCL as at the Latest Practicable Date was valued at approximately HK\$67,873.0 million.

On the assumption that no new NWCL Shares are allotted and issued pursuant to any exercise of NWCL Options prior to the close of the Offers and that the Share Offer is accepted in full by the holders of the Offer Shares and accordingly on the basis that there will be 2,724,652,383 Offer Shares, the value of the Share Offer is approximately HK\$21,252.3 million and the total amount required to satisfy the cancellation of all the outstanding NWCL Options is approximately HK\$89.7 million. In aggregate, the Offers are valued at approximately HK\$21,342.0 million.

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If all of the outstanding NWCL Options are exercised in full by the NWCL Optionholders prior to the close of the Offers, NWCL will have to issue 25,544,661 new NWCL Shares, representing approximately 0.29% of the enlarged issued share capital of NWCL. On the assumption that 25,544,661 NWCL Shares are allotted and issued pursuant to the exercise in full of all the outstanding NWCL Options prior to the close of the Offers and that the Share Offer is accepted in full by the holders of the Offer Shares and accordingly on the basis that there will be 2,750,197,044 Offer Shares (including 25,544,661 NWCL Shares allotted and issued as a result of the exercise of all the outstanding NWCL Options prior to the close of the Offers), the value of the Share Offer is approximately HK\$21,451.5 million. In that case, no amount will be payable by the Offeror under the Option Offer.

Confirmation of Financial Resources

The Offeror intends to finance the cash required for the Offers from its (or NWD's) own cash reserves. In addition, HSBC (in its capacity as lender) has granted a credit facility of HK\$21,467.0 million to the Offeror which may be used to finance the cash required for the Offers in full.

HSBC, being the financial adviser to NWD and the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers in accordance with their respective terms.

Settlement of Consideration

Settlement of the consideration payable by the Offeror in respect of acceptances of each of the Offers will be made as soon as possible but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects and (ii) the date of receipt of a duly completed and signed acceptance in respect of the Share Offer and Option Offer (as applicable).

No fraction of a cent will be payable and the amount of cash consideration payable to a NWCL Offer Shareholder or a NWCL Optionholder (as the case may be) who accepts the Share Offer or Option Offer (as applicable) will be rounded up to the nearest cent.

3. CONDITIONS OF THE OFFERS

The Share Offer is subject to the following Conditions:

- (i) the NWD Shareholders having passed an ordinary resolution at the EGM to approve the Offers;
- (ii) valid acceptances of the Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of

LETTER FROM HSBC

NWCL Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested NWCL Shares;

- (iii) no event having occurred which would make any of the Offers or the acquisition of any of the Offer Shares under the Share Offer or the cancellation of the NWCL Options under the Option Offer void, unenforceable or illegal or prohibit implementation of any of the Offers or would impose any additional material conditions or obligations with respect to any of the Offers or any part thereof;
- (iv) all necessary consents (including consents from the relevant lenders) in connection with the Offers and in connection with the withdrawal of listing of the NWCL Shares from the Stock Exchange which may be required under any existing contractual obligations of NWCL being obtained and remaining in effect;
- (v) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offers or its implementation in accordance with its terms); and
- (vi) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the NWCL Group (to an extent which is material in the context of the NWCL Group taken as a whole).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Conditions (i) and (ii)).

As at the Latest Practicable Date, none of the Conditions had been fulfilled.

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Share Offer becomes unconditional as to acceptances and when the Offers become unconditional in all respects. The Offers must also remain open for acceptance for at least

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fourteen (14) days after the Offers become or are declared unconditional in all respects. The NWCL Offer Shareholders and the NWCL Optionholders are reminded that the Offeror does not have any obligation to keep the Offers open for acceptance beyond this 14-day period.

WARNING: Shareholders, holders of options and securities and potential investors of NWCL should be aware that the Offers are subject to the satisfaction and/or waiver (where applicable) of the Conditions. Accordingly, the Offers may or may not become unconditional. Shareholders, holders of options and securities and potential investors of NWCL should therefore exercise caution when dealing in the securities of NWCL. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

4. PUBLIC FLOAT

According to the Listing Rules, if, upon the close of the Offers, less than 25% of the issued NWCL Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the NWCL Shares or there are insufficient NWCL Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the NWCL Shares.

5. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

Subject to compliance with the relevant requirements under section 88 of the Cayman Islands Companies Law, if the Offeror, within four (4) months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWCL Shares, the Offeror intends to privatise NWCL by exercising its rights to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer. If the Offeror does decide to exercise such rights and completes the compulsory acquisition, NWCL will become an indirect wholly owned subsidiary of NWD and an application will be made for the withdrawal of the listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 15.6 of the Takeovers Code, as the Offeror has stated in the Composite Document its intention to avail itself of its powers of compulsory acquisition, the Offers may not remain open for acceptance for more than four (4) months from the date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

If the level of acceptances of the Share Offer reaches the prescribed level under the Cayman Islands Companies Law required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the NWCL Shares will be suspended from the Closing Date up to the withdrawal of listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Whilst it is the intention of the Offeror to privatise NWCL, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Share Offer reaching the prescribed level under the Cayman Islands Companies Law and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

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If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested NWCL Shares, the Offers will not become unconditional and will lapse and NWCL will remain listed on the Stock Exchange.

6. SHAREHOLDING STRUCTURE OF NWCL AND THE OFFERS

As at the Latest Practicable Date, the authorised share capital of NWCL was HK\$3,000,000,000.00 divided into 30,000,000,000 NWCL Shares, and the issued share capital of NWCL was HK\$870,167,175.40 divided into 8,701,671,754 NWCL Shares. There were no preference shares of NWCL in issue.

Share Offer

On the assumption that no NWCL Options are exercised before the close of the Offers and there is no other change in the shareholding of NWCL before the completion of the Offers, the table below sets out the shareholding structure of NWCL as at the Latest Practicable Date and immediately upon the completion of the Offers, assuming that the holders of at least 90% of the Offer Shares and at least 90% of the Disinterested NWCL Shares tender their acceptances of the Share Offer and the remaining Offer Shares (if any) are compulsorily acquired by the Offeror:

NWCL Shareholders	As at the Latest Practicable Date		Immediately upon the completion of the Offers (assuming that no NWCL Options are exercised and there is no other change in the shareholding of NWCL)	
	<i>Number of NWCL Shares</i>	<i>%</i>	<i>Number of NWCL Shares</i>	<i>%</i>
Offeror	255,041,727	2.93	2,979,694,110	34.24
Offeror Concert Parties				
<i>NWCL Shares held not subject to the Share Offer:</i>				
<i>— NWD (Note 1)</i>	<u>5,721,977,644</u>	<u>65.76</u>	<u>5,721,977,644</u>	<u>65.76</u>
	<u>5,977,019,371</u>	<u>68.69</u>	<u>8,701,671,754</u>	<u>100.00</u>

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NWCL Shareholders	As at the Latest Practicable Date		Immediately upon the completion of the Offers (assuming that no NWCL Options are exercised and there is no other change in the shareholding of NWCL)	
	<i>Number of NWCL Shares</i>	%	<i>Number of NWCL Shares</i>	%
Other Offeror Concert Parties				
<i>NWCL Shares held subject to the Share Offer but not forming part of the Disinterested NWCL Shares:</i>				
— High Earnings (Note 2)	93,073,738	1.07	—	—
— Great Worth (Note 3)	22,508,064	0.26	—	—
— HSBC (Note 4)	22	0.00	—	—
— Dr. Cheng Kar-Shun, Henry (Note 5)	2,077,922	0.02	—	—
— Mr. Cheng Kar-Shing, Peter (Note 6)	1,587,130	0.02	—	—
— Dr. Cheng Chi-Kong, Adrian (Note 7)	935,066	0.01	—	—
— Mr. Lee Luen-Wai, John (Note 8)	699,136	0.01	—	—
— Mr. Doo Wai-Hoi, William (Note 9)	2,571,663	0.03	—	—
— Mr. William Junior Guilherme Doo and his spouse (Note 10)	517,500	0.01	—	—
— Ms. Ki Man-Fung, Leonie (Note 11)	45,000	0.00	—	—
	<u>124,015,241</u>	<u>1.43</u>	<u>—</u>	<u>—</u>
Aggregate number of NWCL Shares held by the Offeror Concert Parties	<u>5,845,992,885</u>	<u>67.19</u>	<u>5,721,977,644</u>	<u>65.76</u>
Aggregate number of NWCL Shares held by the Offeror and the Offeror Concert Parties	<u>6,101,034,612</u>	<u>70.12</u>	<u>8,701,671,754</u>	<u>100.00</u>
Independent NWCL Shareholders	<u>2,600,637,142</u>	<u>29.88</u>	<u>—</u>	<u>—</u>
Total number of NWCL Shares in issue	<u>8,701,671,754</u>	<u>100.00</u>	<u>8,701,671,754</u>	<u>100.00</u>
Total number of Offer Shares (Note 12)	<u>2,724,652,383</u>	<u>31.31</u>	<u>—</u>	<u>—</u>

Notes:

1. The Offeror is wholly owned by NWD, which is acting in concert with the Offeror in relation to NWCL. NWCL Shares held by NWD will not form part of the Offer Shares and will not be acquired by the Offeror under the Share Offer.
2. High Earnings is wholly owned by NWS. NWS is a non-wholly owned subsidiary of NWD. The shares of NWS are listed on the Stock Exchange with the stock code 0659. High Earnings is acting in concert with the Offeror in relation to NWCL.
3. Great Worth is a non-wholly owned subsidiary of NWD and is acting in concert with the Offeror in relation to NWCL.

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4. HSBC is the financial adviser to NWD and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC group which hold NWCL Shares are presumed to be acting in concert with the Offeror in relation to NWCL in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of NWCL Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code and also excluding NWCL Shares held on behalf of non-discretionary investment clients of the HSBC group).
5. Dr. Cheng Kar-Shun, Henry, who is a director of the Offeror, an executive director of NWD and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
6. Mr. Cheng Kar-Shing, Peter, who is a non-executive director of NWD and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
7. Dr. Cheng Chi-Kong, Adrian, who is an executive director of NWD and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
8. Mr. Lee Luen-Wai, John, who is an independent non-executive director of NWD and an independent non-executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
9. Mr. Doo Wai-Hoi, William, who is a non-executive director of NWD, is acting in concert with the Offeror in relation to NWCL.
10. Mr. William Junior Guilherme Doo, who is the son of Mr. Doo Wai-Hoi, William, a non-executive director of NWD, and his spouse are acting in concert with the Offeror in relation to NWCL.
11. Ms. Ki Man-Fung, Leonie, who is an executive director of NWD, is acting in concert with the Offeror in relation to NWCL.
12. The total number of NWCL Shares (assuming that no NWCL Options are exercised before the close of the Offers and that there is no other change in the shareholding of NWCL before the completion of the Offers) minus the aggregate number of NWCL Shares held by the Offeror and NWD equals the total number of Offer Shares (on the same assumptions).
13. All percentages in the above table are approximations.

On the assumption that new NWCL Shares are allotted and issued pursuant to the exercise in full of all NWCL Options before the close of the Offers and that there is no other change in the shareholding of NWCL before the completion of the Offers, the table below sets out the shareholding structure of NWCL before the completion of the Offers and immediately upon the

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completion of the Offers, assuming that the holders of at least 90% of the Offer Shares and at least 90% of the Disinterested NWCL Shares tender their acceptances of the Share Offer and the remaining Offer Shares (if any) are compulsorily acquired by the Offeror:

NWCL Shareholders	Before the completion of the Offers (assuming that new NWCL Shares are allotted and issued pursuant to the exercise in full of all NWCL Options before the close of the Offers and there is no other change in the shareholding of NWCL before the completion of the Offers)		Immediately upon the completion of the Offers	
	Number of NWCL Shares	%	Number of NWCL Shares	%
Offeror	255,041,727	2.92	3,005,238,771	34.44
Offeror Concert Parties <i>NWCL Shares held not subject to the Share Offer:</i>				
— NWD (Note 1)	5,721,977,644	65.56	5,721,977,644	65.56
	<u>5,977,019,371</u>	<u>68.48</u>	<u>8,727,216,415</u>	<u>100.00</u>
Other Offeror Concert Parties <i>NWCL Shares held subject to the Share Offer but not forming part of the Disinterested NWCL Shares:</i>				
— High Earnings (Note 2)	93,073,738	1.07	—	—
— Great Worth (Note 3)	22,508,064	0.26	—	—
— HSBC (Note 4)	22	0.00	—	—
— Dr. Cheng Kar-Shun, Henry (Note 5)	2,077,922	0.02	—	—
— Mr. Cheng Kar-Shing, Peter (Note 6)	1,587,130	0.02	—	—
— Dr. Cheng Chi-Kong, Adrian (Note 7)	935,066	0.01	—	—
— Mr. Lee Luen-Wai, John (Note 8)	699,136	0.01	—	—
— Mr. Doo Wai-Hoi, William (Note 9)	2,571,663	0.03	—	—
— Mr. William Junior Guilherme Doo and his spouse (Note 10)	517,500	0.01	—	—
— Ms. Ki Man-Fung, Leonie (Note 11)	45,000	0.00	—	—
	<u>124,015,241</u>	<u>1.43</u>	<u>—</u>	<u>—</u>
Aggregate number of NWCL Shares held by the Offeror Concert Parties	<u>5,845,992,885</u>	<u>66.99</u>	<u>5,721,977,644</u>	<u>65.56</u>
Aggregate number of NWCL Shares held by the Offeror and the Offeror Concert Parties	<u>6,101,034,612</u>	<u>69.91</u>	<u>8,727,216,415</u>	<u>100.00</u>
Independent NWCL Shareholders	<u>2,626,181,803</u>	<u>30.09</u>	<u>—</u>	<u>—</u>
Total number of NWCL Shares in issue	<u>8,727,216,415</u>	<u>100.00</u>	<u>8,727,216,415</u>	<u>100.00</u>
Total number of Offer Shares (Note 12)	<u>2,750,197,044</u>	<u>31.51</u>	<u>—</u>	<u>—</u>

LETTER FROM HSBC*Notes:*

1. The Offeror is wholly owned by NWD, which is acting in concert with NWD in relation to NWCL. NWCL Shares held by NWD will not form part of the Offer Shares and will not be acquired by the Offeror under the Share Offer.
2. High Earnings is wholly owned by NWS. NWS is a non-wholly owned subsidiary of NWD. The shares of NWS are listed on the Stock Exchange with the stock code 0659. High Earnings is acting in concert with the Offeror in relation to NWCL.
3. Great Worth is a non-wholly owned subsidiary of NWD and is acting in concert with the Offeror in relation to NWCL.
4. HSBC is the financial adviser to NWD and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC group which hold NWCL Shares are presumed to be acting in concert with the Offeror in relation to NWCL in accordance with class 5 of the definition of "acting in concert" under the Takeovers Code (except in respect of NWCL Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code and also excluding NWCL Shares held on behalf of non-discretionary investment clients of the HSBC group).
5. Dr. Cheng Kar-Shun, Henry, who is a director of the Offeror, an executive director of NWD and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
6. Mr. Cheng Kar-Shing, Peter, who is a non-executive director of NWD and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
7. Dr. Cheng Chi-Kong, Adrian, who is an executive director of NWD and an executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
8. Mr. Lee Luen-Wai, John, who is an independent non-executive director of NWD and an independent non-executive director of NWCL, is acting in concert with the Offeror in relation to NWCL.
9. Mr. Doo Wai-Hoi, William, who is a non-executive director of NWD, is acting in concert with the Offeror in relation to NWCL.
10. Mr. William Junior Guilherme Doo, who is the son of Mr. Doo Wai-Hoi, William, a non-executive director of NWD, and his spouse are acting in concert with the Offeror in relation to NWCL.
11. Ms. Ki Man-Fung, Leonie, who is an executive director of NWD, is acting in concert with the Offeror in relation to NWCL.
12. The total number of NWCL Shares (assuming that new NWCL Shares are allotted and issued pursuant to the exercise in full of all NWCL Options before the close of the Offers and that there is no other change in the shareholding of NWCL before the completion of the Offers) minus the aggregate number of NWCL Shares held by the Offeror and NWD equals the total number of Offer Shares (on the same assumptions).
13. All percentages in the above table are approximations.

Option Offer

As at the Latest Practicable Date, there were 25,544,661 NWCL Options granted under the NWCL Share Option Schemes (including 18,240,200 NWCL Options which had not been vested on the Latest Practicable Date), each giving the NWCL Optionholder the right to subscribe for one new NWCL Share. The exercise of such NWCL Options in full would result in the issue of 25,544,661 new NWCL Shares, representing approximately 0.29% of the issued share capital of NWCL as at the Latest Practicable Date and approximately 0.29% of the issued share capital of NWCL as enlarged by the issue of such new NWCL Shares.

LETTER FROM HSBC

HSBC, on behalf of the Offeror, is making the Option Offer to the NWCL Optionholders for the cancellation of every vested and unvested NWCL Option in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects. Under the Option Offer, the Offeror is offering the NWCL Optionholders the Option Offer Price in cash for the cancellation of each NWCL Option that they hold and surrender in acceptance of the Option Offer.

The relevant exercise price applicable to each NWCL Option, which is set out in the tables below, ranges from HK\$2.45 to HK\$5.42.

*NWCL Options under the share option scheme of NWCL
adopted on 26 November 2002*

NWCL Option exercise price (HK\$)	Option Offer Price (HK\$)	Total outstanding NWCL Options (vested and unvested)
3.036	4.764	311,688
2.705	5.095	225,400

*NWCL Options under the share option scheme of NWCL
adopted on 22 November 2011*

NWCL Option exercise price (HK\$)	Option Offer Price (HK\$)	
2.45	5.35	1,866,760
3.37	4.43	121,500
3.88	3.92	2,301,920
3.35	4.45	1,501,990
2.762	5.038	644,000
4.01	3.79	859,100
3.97	3.83	2,720,223
4.72	3.08	686,000
4.42	3.38	481,200
4.968	2.832	9,958,480
5.42	2.38	832,000
4.504	3.296	3,034,400
		25,544,661

If any NWCL Option is vested and is exercised in accordance with the terms of the NWCL Share Option Schemes prior to the Closing Date, any NWCL Shares issued as a result of the exercise of those NWCL Options prior to the Closing Date will be subject to and eligible to participate in the Share Offer.

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Pursuant to the terms of the NWCL Share Option Schemes, if the Share Offer becomes or is declared unconditional in all respects, the NWCL Optionholders shall be entitled to exercise the NWCL Options in full (to the extent not already exercised) at any time within 14 days after the date on which the Share Offer becomes or is declared unconditional in all respects. The NWCL Options not exercised at the expiry of such 14-day period shall lapse.

As any exercise of the NWCL Options without accepting the corresponding Share Offer (in respect of the relevant NWCL Shares allotted to the NWCL Optionholders) after the Share Offer has been declared unconditional as to acceptances may result in the Offeror receiving less than the required percentage of acceptance (as stated in Condition (ii)) for it to exercise the rights of compulsory acquisition and thus affecting the ability of the Offeror to privatise NWCL, NWD, the Offeror and NWCL have jointly requested each of the NWCL Optionholders to sign and return a deed of undertaking (the “**Deed of Undertaking**”) pursuant to which such NWCL Optionholder undertakes not to exercise any of the NWCL Options (whether vested or unvested) held by him/her from the date on which the Offeror has received valid acceptances of the Share Offer in respect of such number of NWCL Shares which would result in the Offeror holding at least 90% of the Offer Shares with the proviso that, within that holding, the Offeror would hold at least 90% of the Disinterested NWCL Shares, until such time as the Share Offer shall have lapsed. As at the Latest Practicable Date, 99 NWCL Optionholders holding a total of 6,206,781 vested NWCL Options and 16,140,360 unvested NWCL Options had executed the Deed of Undertaking. The execution of the Deed of Undertaking shall not affect or prejudice the NWCL Optionholder’s rights to accept the Option Offer in respect of the outstanding NWCL Options held by him/her in accordance with the terms of the Option Offer set out in the Composite Document and the Form of Option Offer Acceptance.

Interests of the Offeror and the Offeror Concert Parties in NWCL Shares and NWCL Options

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties held 6,101,034,612 NWCL Shares in aggregate, representing approximately 70.12% of the total issued share capital of NWCL.

Save as aforesaid, as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties did not hold, control or have direction over any other NWCL Shares or hold any convertible securities, warrants, options or derivatives in respect of the NWCL Shares, including NWCL Options.

7. OVERSEAS NWCL OFFER SHAREHOLDERS AND NWCL OPTIONHOLDERS

As at the Latest Practicable Date, based on the record in NWCL’s register of members and NWCL’s internal record, outside of Hong Kong, NWCL had one overseas NWCL Offer Shareholder in Australia and one overseas NWCL Optionholder in the US. NWCL had been advised by the local counsels in these jurisdictions that the Composite Document and the accompanying Form(s) of Acceptance may be forwarded to such overseas NWCL Shareholder and overseas NWCL Optionholder and will do so accordingly. The making of (i) the Share Offer to the overseas NWCL Offer Shareholders; and (ii) the Option Offer to the overseas NWCL Optionholders, who are

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citizens, residents or nationals of jurisdictions outside Hong Kong, may be subject to the laws of the relevant jurisdictions. Such overseas NWCL Offer Shareholders and overseas NWCL Optionholders should inform themselves about and observe all applicable legal, tax or regulatory requirements. It is the responsibility of any overseas NWCL Offer Shareholders and overseas NWCL Optionholders wishing to take any action in relation to the Share Offer and the Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and the compliance with all necessary formalities and regulatory or legal requirements and the payment of any issue, transfer or other taxes payable by such overseas NWCL Offer Shareholders or overseas NWCL Optionholders in respect of the acceptance of the Offer (as applicable) in such jurisdiction. Any acceptance by such overseas NWCL Offer Shareholders or overseas NWCL Optionholders will be deemed to constitute a representation and warranty from such persons to NWCL, NWD, the Offeror, and their respective advisers, including HSBC, the financial adviser to NWD and the Offeror in respect of the Offers, that those relevant laws and regulatory requirements in those jurisdictions have been complied with. The overseas NWCL Offer Shareholders and the overseas NWCL Optionholders are recommended to consult their own professional advisers if they are in any doubt as to their respective positions.

8. TAXATION AND INDEPENDENT ADVICE

As stated in the Joint Announcement, the NWCL Offer Shareholders and the NWCL Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Share Offer or the Option Offer. It is emphasised that none of the Offeror, NWD, NWCL or HSBC, nor any of their respective directors, officers or associates or any other person involved in the Share Offer or the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer or the Option Offer.

9. FURTHER TERMS OF THE OFFERS**Acceptance of the Share Offer**

Acceptance of the Share Offer by any person will constitute a representation and warranty by such person or persons to NWD, the Offeror, NWCL and HSBC that the Offer Shares sold by such person or persons to the Offeror are free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and any other third party rights of any nature and together with all rights attached to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date.

Acceptance of the Option Offer

Acceptance of the Option Offer by a NWCL Optionholder will, subject to the Offers becoming or being declared unconditional in all respects, result in the cancellation of those relevant NWCL Options, together with all rights attaching thereto.

LETTER FROM HSBC**Hong Kong stamp duty**

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant NWCL Offer Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting NWCL Offer Shareholders in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptance of the Option Offer and the cancellation of the NWCL Options.

Close of the Offers

The Offers are subject to the Conditions. If Conditions (i) and/or (ii) are not satisfied on or before the Closing Date, the Offers will lapse. If any other Conditions are not satisfied on or before the Closing Date, the Offers may lapse. The Offeror will issue an announcement stating whether the Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the Closing Date in accordance with the Takeovers Code. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or waived, as applicable), the NWCL Offer Shareholders and the NWCL Optionholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

Further terms of the Offers, including, among others, the procedures for acceptance and settlement, the acceptance period and taxation matters are set out in "Appendix I — Further Terms of the Offers" to the Composite Document and the accompanying Form(s) of Acceptance.

A letter containing the details of the Option Offer has been despatched to the NWCL Optionholders on 27 February 2016.

10. INTENTIONS OF NWD REGARDING THE NWCL GROUP

NWD intends to continue with the existing business of the NWCL Group upon the completion of the Offers and, subject to market conditions, may explore various opportunities to further develop the existing business of the NWCL Group. NWD may also from time to time consider the need to fund such further development by debt and/or equity financing by NWCL, subject to the NWCL Group's business needs and prevailing market conditions. NWD does not currently intend to introduce major changes to the business of NWCL (including any redeployment of the fixed assets

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of NWCL) save for those changes which NWD may from time to time implement following the review of its strategic options relating to the business, structure and/or direction of the NWCL Group. It is also the current intention of NWD that the employment of the existing employees of the NWCL Group and the directorship of the existing directors of the NWCL Group should be continued following completion of the Offers except for changes which may occur in the ordinary course of business.

11. REASONS FOR, AND BENEFITS OF, THE OFFERS

The NWD Board and the Offeror Board believe that the Offers provide the following benefits to (i) the Independent NWCL Shareholders, (ii) NWCL and (iii) NWD and the NWD Shareholders.

For the Independent NWCL Shareholders*(a) Share Offer Price represents an attractive exit premium*

The Share Offer Price, being HK\$7.80 per Offer Share, which will not be increased, and the Offeror does not reserve the right to do so, is higher than the prevailing market price of NWCL Shares before the Announcement Date, representing a premium of approximately 25.6% over the closing price per NWCL Share of HK\$6.21 as quoted by the Stock Exchange on the Last Trading Day (since which date the Hong Kong Hang Seng Index had fallen by approximately 12.4% as of the Latest Practicable Date). It also represents a premium of approximately 40.8% and 56.9% over the average closing price of approximately HK\$5.54 and approximately HK\$4.97 per NWCL Share on the Stock Exchange for 30 and 180 consecutive trading days up to and including the Last Trading Day, respectively. Also, the Share Offer Price represents a premium of approximately 14.7% over the cancellation price of HK\$6.80 under the Previous Proposal.

During the one-year period ended on and including the Last Trading Day, the lowest and highest closing prices per NWCL Share on the Stock Exchange were HK\$3.89 and HK\$6.23, respectively, with a simple average closing price of approximately HK\$4.95. The Share Offer Price represents a premium of approximately 57.6% over the simple average closing price and a premium of approximately 25.2% over the highest closing price in the above period.

In addition, the Share Offer Price implies an attractive valuation in comparison to the consolidated net asset value per NWCL Share, as NWCL Shares have habitually traded at a larger discount. The Share Offer Price represents a premium of approximately 11.5% over the audited consolidated net asset value per NWCL Share of approximately HK\$6.995 as at 30 June 2015, based on the total number of issued NWCL Shares as at 30 June 2015. The Share Offer Price was determined after taking into account, among other things, the trading prices of NWCL Shares, the trading multiples of comparable companies and with reference to other privatisation transactions in Hong Kong in recent years.

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The Share Offer Price represents a premium of approximately 14.6% over the unaudited consolidated net asset value per NWCL Share of approximately HK\$6.806 as at 31 December 2015, based on the total number of issued NWCL Shares as at 31 December 2015. The Share Offer Price also represents a discount of approximately 29.4% to the Adjusted NAV per NWCL Share of approximately HK\$11.05 as at 31 December 2015, based on the total number of issued NWCL Shares as at the Latest Practicable Date whereas the cancellation price of HK\$6.80 under the Previous Proposal represented a discount of 32.5% to the adjusted unaudited consolidated net asset value of the NWCL Group as at 31 December 2013 per NWCL Share of approximately HK\$10.07, based on the total number of issued NWCL Shares as at 14 May 2014.

(b) *An opportunity for Independent NWCL Shareholders to monetise NWCL Shares*

The Share Offer provides an opportunity for the holders of the Offer Shares to dispose of their NWCL Shares and receive cash at a price significantly above the prevailing market price. In light of the low liquidity of NWCL Shares, it is difficult for the holders of the Offer Shares to realise their Offer Shares in the stock market without adversely affecting the market price of NWCL Shares. The Share Offer also affords the holders of the Offer Shares the opportunity, if they so wish, to realise their investments in NWCL and invest the monies received in alternative investments or use them for other purposes.

(c) *The Independent NWCL Shareholders are unlikely to receive a comparable or better offer from other third party*

NWCL is an integral part of the NWD Group and NWD has maintained majority voting control in NWCL since NWCL's initial public offering in 1999. It is highly unlikely that another third party will seek to acquire the Offer Shares at a price comparable to or better than the Share Offer.

For NWCL

NWCL will require substantial funding for its future developments. Without being subject to the requirements relevant to being run as a standalone listed public company, NWCL will be able to fund larger property development projects through leveraging NWD's greater financial strength, including the latter's access to more competitive financing terms for raising bank borrowings. Additionally, upon becoming an unlisted wholly owned subsidiary of NWD, the provision of intra-group funding from NWD to NWCL will be facilitated. Due to the low liquidity of the NWCL Shares and the discount to the net asset value per NWCL Share of its trading price on the Stock Exchange, the public equity capital market does not provide NWCL a viable funding alternative.

LETTER FROM HSBC**For NWD and the NWD Shareholders**

- (a) *Reinforcing the strategic positioning of the PRC property business within the NWD Group by removing the non-compete undertaking with NWCL*

The privatisation of NWCL will allow NWD to invest directly into the PRC property business.

The PRC property market is a core geographical focus of the NWD Group but one in which NWD itself can currently only invest indirectly via NWCL as NWD gave a non-compete undertaking to NWCL at the time of NWCL's spin-off listing on the Stock Exchange in 1999. Pursuant to the undertaking, NWCL's business is separate and distinct from NWD's business such that NWD focuses on the Hong Kong property market while NWCL focuses on the PRC property market. The undertaking provides that NWD shall not compete with the PRC property development and investment activities of NWCL, nor shall NWD acquire or hold any land or real estate properties in the PRC, except for certain circumstances carved out in the undertaking. The privatisation of NWCL will remove the above undertaking and allow NWD to invest directly.

Having NWCL as a wholly owned subsidiary would provide NWD with the ability to formulate more holistic investment strategies for the NWD Group as a whole and allow NWD to deploy its resources directly across Hong Kong and the PRC in suitable opportunities and in a more flexible manner. This would facilitate NWD to accelerate the development of the NWD Group's land bank in the PRC. It would also better position the NWD Group to take on large-scale development projects in the PRC which typically require substantial funding. With a larger balance sheet, and its expertise in property and other sectors, NWD can be beneficial in securing new investments for the NWD Group in the PRC property market, including by way of land acquisitions and collaboration with business partners in the PRC.

- (b) *More advantageous financing and coordinated internal treasury management*

Given the larger asset size and equity base of NWD compared to NWCL, NWD expects it can secure financing on more favourable terms than NWCL. If NWCL becomes a wholly owned unlisted subsidiary of NWD, this will provide enhanced flexibility for the central management of the NWD Group's treasury functions and thereby the ability to secure the lowest possible funding costs across the NWD Group's property businesses including those in the PRC.

- (c) *Streamlined management structure and enhanced sharing of expertise*

A streamlined management structure for the NWD Group's property businesses in Hong Kong and the PRC can be achieved after privatising NWCL, which will help enhance corporate efficiency and create synergies. Better functional coordination and the sharing of expertise can be facilitated internally, including design and architecture, sales and marketing, as well as property leasing and management. This has become of greater value than was

LETTER FROM HSBC

historically the case as the PRC property market has matured, and will help accelerate the replication between the PRC and Hong Kong markets of successful concepts such as the K11 art mall and further strengthen the “New World” brand image in the two core markets.

12. INFORMATION ON NWCL

NWCL is a company incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange since July 1999 with the stock code 0917.

NWCL is the flagship property arm of NWD in the PRC and is one of the large-scale national developers in the PRC with unaudited consolidated total assets of approximately HK\$140,773.3 million as at 31 December 2015 and audited consolidated total assets of approximately HK\$134,427.5 million as at 30 June 2015. The unaudited consolidated net profit before taxation from continuing operations and net profit after taxation of NWCL for the six months ended 31 December 2015 were approximately HK\$545.6 million and HK\$437.6 million (including gain on disposal of discontinued operation of approximately HK\$768.9 million and loss for the period from discontinued operation of approximately HK\$19.6 million), respectively. The audited consolidated net profit before taxation from continuing operations and net profit after taxation of NWCL for the year ended 30 June 2015 were approximately HK\$6,422.4 million and approximately HK\$3,470.0 million (including loss for the year from discontinued operation of approximately HK\$34.0 million), respectively and the audited consolidated net profit before taxation from continuing operations and net profit after taxation of NWCL for the year ended 30 June 2014 were approximately HK\$9,107.1 million and approximately HK\$4,799.3 million (including loss for the year from discontinued operation of approximately HK\$140.7 million), respectively. As at the Latest Practicable Date, assuming all the Disposals had been completed, the NWCL Group’s development portfolio comprised 23 major projects spanning over 13 large cities or major transportation hubs and NWCL had landbank of approximately 11.1 million square meters gross floor area which was sufficient for five years of development.

The NWCL Group develops property projects for sale, develops and manages investment properties for rental purposes, and operates resort and hotel projects. Its property projects encompass residential estates, serviced apartments, villas, offices, shopping centres, mixed use comprehensive buildings, hotels and resorts. The NWCL Group has undertaken urban redevelopment projects in the old city centre of Beijing and Tianjin, and is the developer of landmark commercial complexes in Beijing, Shanghai, Wuhan, Tianjin and Dalian and large-scale residential communities in Shenyang, Wuhan, Guangzhou and Changsha. The NWCL Group is expected to benefit from the stable and healthy development of the PRC’s economy in the medium-to-long term under its structural optimisation, enhancement and alteration.

After the completion of the Disposals, the NWCL Group will receive net proceeds from these disposals amounting to approximately HK\$24.9 billion. These Disposals signify that the NWCL Group’s strategy of optimising its property development and investment portfolio in the PRC has been firmly realised. The strategy calls for focusing resources in first and 1.5-tier cities and high-growth cities, while reducing investment in some projects with prolonged development cycle. The

LETTER FROM HSBC

move matches with the NWCL Group's ongoing development strategy in choosing high-end high-quality projects with better gross profit margin, increasing assets churn, and developing more mid-sized property projects in the PRC. The net proceeds from the Disposals will provide NWCL with ample cash reserves for potential investments in the near future, while improving the overall operating cash flow.

At present the NWCL Group has a comprehensive property development and investment portfolio, mature operating teams in first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen, and a competitive property development portfolio in high-growth cities. The net proceeds from the Disposals could strengthen the NWCL Group's resources and support the NWCL Group in penetrating the markets in first and 1.5-tier cities and other high-growth cities in which the brand has already been well recognised and established, strengthening its brand positioning, presenting a clearer portfolio strategy, and improving the average project gross profit margin and assets churn in the PRC.

13. INFORMATION ON THE OFFEROR AND NWD

The Offeror is a wholly owned subsidiary of NWD. NWD is the parent company of NWCL and a company incorporated in Hong Kong with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange since 1972 with the stock code 0017. It is a constituent stock of the Hong Kong Hang Seng Index with a total unaudited consolidated net asset value attributable to NWD Shareholders of approximately HK\$178,190.9 million as at 31 December 2015 and a total audited consolidated net asset value attributable to NWD Shareholders of approximately HK\$178,918.6 million as at 30 June 2015.

The NWD Group is a leading property development company based in Hong Kong. NWD was founded in 1970 and for more than four decades the NWD Group has expanded its business portfolio from a single focus on the property business to five core areas, comprising property, infrastructure, services, hotel and department store in Hong Kong and the PRC.

The NWD Group is also involved in direct investment and an array of other businesses.

14. GENERAL

To ensure equality of treatment of all NWCL Offer Shareholders, those NWCL Offer Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investments are registered in nominee names to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Offers to their nominees.

LETTER FROM HSBC

All documents and cheques for payment to the NWCL Offer Shareholders will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of NWCL or, in the case of joint NWCL Offer Shareholders, to the NWCL Offer Shareholder whose name appears first in the register of members of NWCL, as applicable. All documents to the NWCL Optionholders and cheques for payment in respect of the NWCL Options surrendered for cancellation will be delivered to the office of NWCL in Hong Kong at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong for collection by the NWCL Optionholders. None of the Offeror, NWD, NWCL, HSBC nor any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

15. ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the NWCL Board", the "Letter from the NWCL Independent Board Committee, the "Letter from NWCL Independent Financial Adviser", the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of the Composite Document.

Yours faithfully,

For and on behalf of

The Hongkong and Shanghai Banking Corporation Limited

Che Ning Liu

Co-head of Banking, Asia-Pacific

LETTER FROM THE NWCL BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

Executive directors:

Dr. Cheng Kar-Shun, Henry *GBS*
(Chairman and Managing Director)
 Mr. Cheng Kar-Shing, Peter
 Dr. Cheng Chi-Kong, Adrian
 Ms. Cheng Chi-Man, Sonia
 Mr. Cheng Chi-Him, Conrad
 Mr. Fong Shing-Kwong, Michael
 Ms. Ngan Man-Ying, Lynda

Independent non-executive directors:

Dr. Cheng Wai-Chee, Christopher *GBS OBE JP*
 Hon. Tien Pei-Chun, James *GBS JP*
 Mr. Lee Luen-Wai, John *BBS JP*
 Mr. Ip Yuk-Keung, Albert

Registered office:

P.O. Box 309
 Uglan House
 Grand Cayman KY1-1104
 Cayman Islands

*Head Office and principal place of
 business in Hong Kong:*

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

27 February 2016

To the NWCL Offer Shareholders and the NWCL Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS
 BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
 ON BEHALF OF THE OFFEROR,
 A WHOLLY OWNED SUBSIDIARY OF
 NEW WORLD DEVELOPMENT COMPANY LIMITED,
 TO ACQUIRE ALL THE ISSUED SHARES OF NEW WORLD CHINA LAND LIMITED
 (OTHER THAN THOSE ALREADY HELD BY THE OFFEROR AND
 NEW WORLD DEVELOPMENT COMPANY LIMITED)
 AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF
 NEW WORLD CHINA LAND LIMITED**

1. INTRODUCTION

Reference is made to the Joint Announcement whereby the Offeror Board, the NWD Board and the NWCL Board jointly announced on 6 January 2016 that HSBC, on behalf of the Offeror, a wholly owned subsidiary of NWD, intended to make a voluntary conditional cash offer to acquire all of the Offer Shares and pursuant to Rule 13 of the Takeovers Code, extend an appropriate offer to cancel all the outstanding NWCL Options.

LETTER FROM THE NWCL BOARD

The purpose of the Composite Document (of which this letter forms part) is to provide you with, among other things: (i) information relating to the NWCL Group, NWD, the Offeror and the Offers; (ii) a letter from HSBC containing, among other things, details of the Offers; (iii) a letter from the NWCL Independent Board Committee containing its recommendations to the Independent NWCL Shareholders and the NWCL Optionholders in relation to the Offers; and (iv) a letter from the NWCL Independent Financial Adviser containing its advice and recommendations to the NWCL Independent Board Committee in relation to the Offers.

2. NWCL INDEPENDENT BOARD COMMITTEE AND NWCL INDEPENDENT FINANCIAL ADVISER

The NWCL Board has established the NWCL Independent Board Committee, comprising three independent non-executive directors of NWCL, being Dr. Cheng Wai-Chee, Christopher, Hon. Tien Pei-Chun, James and Mr. Ip Yuk-Keung, Albert, to make a recommendation to the Independent NWCL Shareholders and the NWCL Optionholders as to whether the Offers are, or are not, fair and reasonable and as to acceptances of the Offers.

The remaining independent non-executive director of NWCL, namely, Mr. Lee Luen-Wai, John, is also an independent non-executive director of NWD. In order to avoid any perceived conflict of interests, Mr. Lee Luen-Wai, John does not form part of the NWCL Independent Board Committee.

Pursuant to Rule 2.8 of the Takeovers Code, members of the NWCL Independent Board Committee are all independent non-executive directors who have no direct or indirect interest in the Offers other than as NWCL Offer Shareholders.

Somerley, with the approval of the NWCL Independent Board Committee, has been appointed as the NWCL Independent Financial Adviser to advise the NWCL Independent Board Committee in connection with the Offers.

3. THE OFFERS

As disclosed in the "Letter from HSBC" in the Composite Document, HSBC, on behalf of the Offeror, is making the Offers on the following basis:

Share Offer:

For each Offer Share HK\$7.80 in cash

The Share Offer Price will not be increased and the Offeror does not reserve the right to do so.

LETTER FROM THE NWCL BOARD

Option Offer:

For cancellation of each NWCL Option the Option Offer Price in cash

The relevant exercise price applicable to each NWCL Option ranges from HK\$2.45 to HK\$5.42 and accordingly, the Option Offer Price ranges from HK\$2.38 to HK\$5.35 per NWCL Option.

The Option Offer Price will not be increased and the Offeror does not reserve the right to do so.

Further details of the Offers can be found in the “Letter from HSBC” and “Appendix I — Further Terms of the Offers” to the Composite Document and the accompanying Form(s) of Acceptance, which together set out the terms and conditions of the Offers and certain related information.

4. VALUE OF THE OFFERS

Your attention is drawn to the section headed “*Value of the Offers*” in the “Letter from HSBC” in the Composite Document which sets out the value of the Offers.

5. CONDITIONS OF THE OFFERS

Your attention is drawn to the section headed “*Conditions of the Offers*” in the “Letter from HSBC” in the Composite Document which sets out the Conditions of the Offers.

6. REASONS FOR, AND BENEFITS OF, THE OFFERS

Your attention is drawn to the section headed “*Reasons for, and Benefits of, the Offers*” in the “Letter from HSBC” in the Composite Document which sets out the reasons for, and benefits of the Offers to the Independent NWCL Shareholders, NWCL, NWD and the NWD Shareholders.

7. INTENTIONS OF NWD REGARDING THE NWCL GROUP

Your attention is drawn to the section headed “*Intentions of NWD regarding the NWCL Group*” in the “Letter from HSBC” in the Composite Document which sets out the intentions of NWD regarding the NWCL Group.

8. INFORMATION ON THE OFFEROR AND NWD

Your attention is drawn to the sections headed “*Information on the Offeror and NWD*” in the “Letter from HSBC” in the Composite Document for information on the Offeror and NWD.

9. INFORMATION ON NWCL

Your attention is drawn to the section headed “*Information on NWCL*” in the “Letter from HSBC” in the Composite Document for information on NWCL.

LETTER FROM THE NWCL BOARD

Your attention is also drawn to the financial information of the NWCL Group set out in “Appendix II — Financial Information of the NWCL Group”, the summary of property valuations of the NWCL Group set out in “Appendix III — Summary of Property Valuation of the NWCL Group” and general information of NWCL set out in “Appendix V — General Information of NWCL” to the Composite Document.

10. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

The NWCL Board notes that, subject to compliance with the relevant requirements under section 88 of the Cayman Islands Companies Law, if the Offeror, within four (4) months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWCL Shares, the Offeror intends to privatise NWCL by exercising its rights to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer. If the Offeror does decide to exercise such rights and completes the compulsory acquisition, NWCL will become an indirect wholly owned subsidiary of NWD and an application will be made for the withdrawal of the listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 15.6 of the Takeovers Code, as the Offeror has stated in the Composite Document its intention to avail itself of its powers of compulsory acquisition, the Offers may not remain open for acceptance for more than four months from the date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

If the level of acceptances of the Share Offer reaches the prescribed level under the Cayman Islands Companies Law required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the NWCL Shares will be suspended from the Closing Date up to the withdrawal of listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Whilst it is the intention of the Offeror to privatise NWCL, the Offeror’s ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Share Offer reaching the prescribed level under the Cayman Islands Companies Law and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested NWCL Shares, the Offers will not become unconditional and will lapse and NWCL will remain listed on the Stock Exchange.

11. ADDITIONAL INFORMATION

You are advised to read the “Letter from HSBC”, “Appendix I — Further Terms of the Offers” to the Composite Document and the accompanying Form(s) of Acceptance for information relating to the Offers, the acceptance and settlement procedures of the Offers, the making of the

LETTER FROM THE NWCL BOARD

Offers to the overseas NWCL Offer Shareholders and the overseas NWCL Optionholders and taxation. Your attention is also drawn to the additional information contained in the appendices to the Composite Document.

12. RECOMMENDATIONS

The executive directors of NWCL believe that the terms of the Offers are fair and reasonable and in the interests of the NWCL Offer Shareholders and the NWCL Optionholders as a whole.

The NWCL Independent Financial Adviser has advised the NWCL Independent Board Committee that it considers the terms of the Offers to be fair and reasonable so far as the Independent NWCL Shareholders and the NWCL Optionholders are concerned, and accordingly, it recommends the NWCL Independent Board Committee to recommend the Independent NWCL Shareholders and the NWCL Optionholders to accept the Offers, as applicable.

The NWCL Independent Board Committee, having been so advised, considers the terms of the Offers to be fair and reasonable so far as the Independent NWCL Shareholders and the NWCL Optionholders are concerned, and accordingly, recommends the Independent NWCL Shareholders and the NWCL Optionholders to accept the Offers, as applicable.

The full text of the letter from the NWCL Independent Board Committee addressed to the Independent NWCL Shareholders and the NWCL Optionholders is set out on pages 40 and 41 of the Composite Document. The full text of the letter from the NWCL Independent Financial Adviser addressed to the NWCL Independent Board Committee is set out on pages 42 to 78 of the Composite Document. You are advised to read both letters and the other information contained in the Composite Document carefully before taking any action in respect of the Offers.

The NWCL Offer Shareholders and the NWCL Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers.

By order of the Board of
New World China Land Limited
Dr. Cheng Kar-Shun, Henry
Chairman and Managing Director

LETTER FROM THE NWCL INDEPENDENT BOARD COMMITTEE**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)**

27 February 2016

To the Independent NWCL Shareholders and the NWCL Optionholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL CASH OFFERS
BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
ON BEHALF OF THE OFFEROR,
A WHOLLY OWNED SUBSIDIARY OF
NEW WORLD DEVELOPMENT COMPANY LIMITED,
TO ACQUIRE ALL THE ISSUED SHARES OF NEW WORLD CHINA LAND LIMITED
(OTHER THAN THOSE ALREADY HELD BY THE OFFEROR AND
NEW WORLD DEVELOPMENT COMPANY LIMITED)
AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF
NEW WORLD CHINA LAND LIMITED

INTRODUCTION

We refer to the Composite Document dated 27 February 2016 issued jointly by NWD, the Offeror and NWCL of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the NWCL Board to form the NWCL Independent Board Committee to make recommendations to you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent NWCL Shareholders and the NWCL Optionholders are concerned and as to acceptances of the Offers.

We, being the members of the NWCL Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offers and are therefore able to consider the terms of the Offers and to make recommendations to the Independent NWCL Shareholders and the NWCL Optionholders. Mr. Lee Luen-Wai, John, an independent non-executive director of NWCL, is also an independent non-executive director of NWD. In order to avoid any perceived conflict of interests, Mr. Lee Luen-Wai, John is not part of the NWCL Independent Board Committee.

Somerley has been appointed, with our approval, as the NWCL Independent Financial Adviser to advise and make recommendations to us as to the terms and conditions of the Offers and as to acceptances of the Offers. The details of its advice and recommendations and the principal factors taken into consideration in arriving at its recommendations are set out in the "Letter from the NWCL Independent Financial Adviser" set out in the Composite Document.

LETTER FROM THE NWCL INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from HSBC”, the “Letter from the NWCL Board” and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form(s) of Acceptance.

RECOMMENDATIONS

Having taken into account the advice and recommendations of the NWCL Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the “Letter from the NWCL Independent Financial Adviser”, we concur with the view of the NWCL Independent Financial Adviser and consider that:

- (a) the terms of the Share Offer are fair and reasonable so far as the Independent NWCL Shareholders are concerned, and recommend the Independent NWCL Shareholders to accept the Share Offer; and
- (b) the terms of the Option Offer are fair and reasonable so far as the NWCL Optionholders are concerned, and recommend the NWCL Optionholders to accept the Option Offer.

Notwithstanding our recommendations, the Independent NWCL Shareholders and the NWCL Optionholders are strongly advised that their decision to realise or to hold their investment in NWCL depends on their own individual circumstances and investment objectives. If in any doubt, the Independent NWCL Shareholders and the NWCL Optionholders should consult their own professional advisers for professional advice.

Yours faithfully,

The Independent Board Committee
New World China Land Limited

Dr. Cheng Wai-Chee,
Christopher

Hon. Tien Pei-Chun,
James
Independent Non-executive Directors

Mr. Ip Yuk-Keung,
Albert

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from the independent financial adviser, Somerley Capital Limited, to the NWCL Independent Board Committee, which has been prepared for the purpose of inclusion in this document.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

27 February 2016

To: the NWCL Independent Board Committee

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFERS
BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
ON BEHALF OF THE OFFEROR,
A WHOLLY OWNED SUBSIDIARY OF
NEW WORLD DEVELOPMENT COMPANY LIMITED,
TO ACQUIRE ALL THE ISSUED SHARES OF
NEW WORLD CHINA LAND LIMITED
(OTHER THAN THOSE ALREADY HELD BY THE OFFEROR AND
NEW WORLD DEVELOPMENT COMPANY LIMITED)
AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF
NEW WORLD CHINA LAND LIMITED**

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the NWCL Independent Board Committee in connection with the voluntary conditional cash offers by HSBC on behalf of the Offeror, a wholly owned subsidiary of NWD, to acquire all the issued shares of NWCL (other than those already held by the Offeror and NWD) and to cancel all the outstanding options of NWCL. Details of the Offers are contained in the letter from HSBC in the Composite Document dated 27 February 2016, of which this letter forms part. Terms defined in the Composite Document shall have the same meanings in this letter unless the context otherwise requires.

The NWCL Board has established the NWCL Independent Board Committee, comprising three independent non-executive directors of NWCL, being Dr. Cheng Wai-Chee, Christopher, Hon. Tien Pei-Chun, James and Mr. Ip Yuk-Keung, Albert, to advise the Independent NWCL Shareholders and the NWCL Optionholders in respect of the Offers. The remaining independent non-executive director of NWCL, namely, Mr. Lee Luen-Wai, John, does not form part of the NWCL Independent Board Committee, in order to avoid any perceived conflict of interest, as he is also an independent

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER

non-executive director of NWD. With the approval of the NWCL Independent Board Committee, we have been appointed as independent financial adviser to advise the NWCL Independent Board Committee in connection with the Offers.

During the past two years, Somerley has acted as an independent financial adviser to NWCL and its associated companies on two occasions, namely (i) to NWCL (see scheme document dated 17 May 2014) and (ii) to Greenheart Group Limited (see composite document dated 14 May 2015), a company controlled by Chow Tai Fook Enterprises Limited, which is the controlling shareholder of NWD. The past engagements were limited to providing independent advisory services to the relevant entities pursuant to the Listing Rules or the Takeovers Code, for which Somerley received normal professional fees. Accordingly, we do not consider the past engagements give rise to any conflict of interest for Somerley in acting as the NWCL Independent Financial Adviser in this case.

Somerley is not associated with NWCL, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice on the Offers. Apart from normal professional fees payable to us in connection with this appointment, and except as disclosed above, no arrangement exists whereby we will receive any fees or benefits from NWCL or the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the executive NWCL Directors and management of NWCL, which we have assumed to be true, accurate and complete. We have reviewed published information on NWCL, including its audited financial statements for the years ended 30 June 2014 and 2015, and the unaudited financial statements for the six-month period ended 31 December 2015. We have discussed with Knight Frank, the independent property valuer appointed by NWCL, the bases and assumptions for their valuation as at 31 December 2015 of NWCL's property interests, including property interests held under or held through joint ventures of the NWCL Group, which are contained in Appendix III to the Composite Document, and have performed site visits to over 70% of the property interests by market value attributable to the NWCL Group as at 31 December 2015. We have also reviewed the trading performance of NWCL Shares on the Stock Exchange. We have sought and received confirmation from the directors of NWCL that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information which we have received is sufficient for us to reach our opinion and advice as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the NWCL Group or the NWD Group, or their respective associated companies or joint ventures. We have also assumed that all representations contained or referred to in the Composite Document were true at the time they were made and at the date of the Composite Document and will continue to be true until the end of the Offer Period. NWCL Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to the above.

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER

We have not considered the tax and regulatory implications on NWCL Shareholders and NWCL Optionholders of acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, NWCL Shareholders and NWCL Optionholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFERS

Share Offer:

For each Offer Share HK\$7.80 in cash

The Share Offer is being extended to all eligible NWCL Shareholders (including certain Offeror Concert Parties), except the Offeror and NWD. As at the Latest Practicable Date, there were 8,701,671,754 NWCL Shares in issue, of which 5,977,019,371 NWCL Shares were held by the Offeror and NWD.

As stated in the letter from HSBC in the Composite Document, acceptance of the Share Offer by any person will constitute a representation and warranty by such person or persons to the Offeror that the Offer Shares sold by such person or persons to the Offeror are free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and any other third party rights of any nature and together with all rights attached to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date. No interim dividend has been declared or paid for the six-month period ended 31 December 2015.

Independent Shareholders should note that as stated in the letter from HSBC in the Composite Document, the Share Offer Price will not be increased and the Offeror does not reserve the right to do so.

Option Offer:

For cancellation of each NWCL Option the Option Offer Price in cash

As at the Latest Practicable Date, there were 25,544,661 outstanding NWCL Options granted under the NWCL Share Option Schemes (including 18,240,200 NWCL Options which had not vested as at the Latest Practicable Date), each giving the NWCL Optionholder the right to subscribe for one new NWCL Share. The relevant exercise price applicable to each NWCL Option ranges from HK\$2.45 to HK\$5.42 and accordingly, on the “see-through” principle, the Option Offer Price ranges from HK\$2.38 to HK\$5.35 per NWCL Option. For further details, please see the section headed “The Option Offer”. The Option Offer is being extended to all NWCL Optionholders in accordance with the Takeovers Code.

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As stated in the letter from HSBC in the Composite Document, acceptance of the Option Offer by an NWCL Optionholder will, subject to the Offers becoming or being declared unconditional in all respects, result in the cancellation of those relevant NWCL Options, together with all rights attaching thereto.

NWCL Optionholders should note that as stated in the letter from HSBC in the Composite Document, the Option Offer Price will not be increased and the Offeror does not reserve the right to do so.

Conditions of the Offers

The Share Offer is subject to the following Conditions:

- (i) the NWD shareholders having passed an ordinary resolution at the EGM to approve the Offers;
- (ii) valid acceptances of the Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of NWCL Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested NWCL Shares;
- (iii) no event having occurred which would make any of the Offers or the acquisition of any of the Offer Shares under the Share Offer or the cancellation of the NWCL Options under the Option Offer void, unenforceable or illegal or prohibit implementation of any of the Offers or would impose any additional material conditions or obligations with respect to any of the Offers or any part thereof;
- (iv) all necessary consents (including consents from the relevant lenders) in connection with the Offers and in connection with the withdrawal of listing of the NWCL Shares from the Stock Exchange which may be required under any existing contractual obligations of NWCL being obtained and remaining in effect;
- (v) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offers or its implementation in accordance with its terms); and

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(vi) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the NWCL Group (to an extent which is material in the context of the NWCL Group taken as a whole).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Conditions (i) and (ii)). As at the Latest Practicable Date, none of the Conditions had been fulfilled.

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

Further details of the terms of the Offers are contained in the letter from HSBC and Appendix I to the Composite Document. The Independent NWCL Shareholders and the NWCL Optionholders are urged to read the relevant sections in the Composite Document in full.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation with regard to the Offers, we have taken into account the following principal factors and reasons:

1. Background to and reasons for the Offers

The NWCL Group is principally engaged in investment and development of property projects in the PRC. It is the PRC property arm of its controlling shareholder, NWD. Shares of both NWCL and NWD are listed on the Main Board of the Stock Exchange.

In March 2014, a joint announcement was issued by NWCL, NWD and the Offeror, regarding a proposed privatisation of NWCL by way of a scheme of arrangement (the Previous Proposal). The Previous Proposal was not approved by the requisite majority in number of the then independent shareholders of NWCL present and voting in person or by proxy at the relevant shareholders' meeting to consider the proposed scheme of arrangement (the "head count" test), although approximately 99.8% of the votes by number of shares held by the then independent shareholders of NWCL were cast in favour of the Previous Proposal. NWCL, being incorporated in the Cayman Islands, is bound by the "head count" test for a privatisation under a scheme of arrangement, as required by the relevant provisions of the Cayman Islands Companies Law. This is different from companies incorporated in Hong Kong, where the relevant "head count" test is no longer applicable since the new Companies Ordinance (Chapter 622 of the laws of Hong Kong) became effective in March 2014.

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On 6 January 2016, the Offeror Board, the NWD Board and the NWCL Board jointly announced the Offers. It is stated in the Composite Document that the Offeror believes the making of the Share Offer by way of a general offer, rather than a scheme of arrangement as used in the Previous Proposal, is more equitable to the Independent NWCL Shareholders because the outcome of the Share Offer will be determined solely on the basis of the level of acceptances of the Share Offer in terms of NWCL Shares. The Offeror believes that the outcome of the Previous Proposal did not reflect the preference of the majority of the Independent NWCL Shareholders by reference to the value of NWCL Shares held. The overall effect of the Offers (which involves a voluntary general offer under the Takeovers Code), after having been declared unconditional in all respects, is similar to that of the Previous Proposal (which involves a scheme of arrangement), in that NWCL would be privatised and become a wholly owned subsidiary of NWD.

Premium of the Share Offer Price over historical market prices

The Share Offer Price, which will not be increased, represents an opportunity for the Independent NWCL Shareholders to realise their investment in NWCL for a cash price of HK\$7.80 per Offer Share, which represents a premium of approximately 58.5% over the simple average closing price of HK\$4.92 per NWCL Share during the six-month period from 2 July 2015 to 31 December 2015, being the Last Trading Day. The Share Offer Price represents a premium of approximately 25.6% over the closing price of HK\$6.21 per NWCL Share on the Last Trading Day, which is considerably lower. However, we consider the longer-term average to be more representative of the price performance of the NWCL Shares, given the significant fluctuation of the price per NWCL Share between HK\$3.89 and HK\$6.23 during the above six-month period. For reference, the Share Offer Price represents a premium of approximately 14.7%, or HK\$1.00, over the cancellation price of HK\$6.80 per scheme share under the Previous Proposal. As set out in this letter below, it also represents a premium of approximately 14.6% over the unaudited consolidated net asset value (“NAV”) per NWCL Share as at 31 December 2015. It represents an approximately 29.4% discount to the Adjusted NAV, as set out in the section headed “Adjusted NAV”.

As stated in the Composite Document, NWCL is an integral part of the NWD Group and NWD has maintained majority voting control in NWCL since NWCL’s initial public offering in 1999. In these circumstances, it is highly unlikely that another third party could in practice seek to acquire the Offer Shares at a price comparable to or better than the Share Offer.

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The Offeror has stated its intention to exercise its compulsory acquisition right under the Cayman Islands Companies Law to privatise NWCL if it has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWCL Shares within 4 months of the posting of the Composite Document. Independent NWCL Shareholders should note that the above percentage thresholds to privatise NWCL are one of the conditions to the Share Offer. In other words, if the above percentage thresholds are not reached, the Share Offer will not become unconditional and none of the Independent NWCL Shareholders will receive the consideration payable under the Share Offer.

2. Information on the NWCL Group

NWCL is a company incorporated in the Cayman Islands with limited liability. It mainly develops property projects for sale, develops and manages investment properties for rental purposes, and operates resort and hotel projects. Its property projects cover residential estates, serviced apartments, villas, offices, shopping centres, mixed use comprehensive buildings, hotels and resorts. As one of the leading large-scale national developers in the PRC, the NWCL Group's property development portfolio comprises 23 major projects spanning over 13 large cities or major transportation hubs as at the Latest Practicable Date, assuming all the Disposals had been completed.

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(a) Financial performance

The following table sets out the consolidated income statement of the NWCL Group for the six-month period ended 31 December 2014 and 2015, and for the years ended 30 June 2014 and 2015, as extracted and summarised from Appendix II to the Composite Document:

	For the six-month period ended 31 December		For the year ended 30 June	
	2015 <i>HK\$'000</i> <i>(Unaudited)</i>	2014 <i>HK\$'000</i> <i>(Unaudited)</i>	2015 <i>HK\$'000</i> <i>(Audited)</i>	2014 <i>HK\$'000</i> <i>(Audited)</i>
<i>Continuing operations</i>				
Revenue				
Property development	6,310,673	7,136,245	15,172,392	19,706,194
Rental operation	428,181	414,830	828,864	792,868
Others (principally property management services and hotel operations)	<u>561,592</u>	<u>883,098</u>	<u>1,457,981</u>	<u>1,351,044</u>
Total revenue	7,300,446	8,434,173	17,459,237	21,850,106
Cost of sales	(4,931,422)	(5,407,620)	(10,621,455)	(12,770,039)
Gross profit	2,369,024	3,026,553	6,837,782	9,080,067
<i>Gross profit margin</i>	<i>32.5%</i>	<i>35.9%</i>	<i>39.2%</i>	<i>41.6%</i>
Profit before taxation	545,640	2,880,352	6,422,415	9,107,119
Taxation charge	<u>(857,327)</u>	<u>(1,306,695)</u>	<u>(2,918,335)</u>	<u>(4,167,156)</u>
(Loss)/profit for the period/year from continuing operations	(311,687)	1,573,657	3,504,080	4,939,963
<i>Discontinued operation</i>				
Gain on disposal of discontinued operation	768,894	—	—	—
Loss for the period/year from discontinued operation	<u>(19,603)</u>	<u>(94,103)</u>	<u>(34,033)</u>	<u>(140,698)</u>
Profit for the period/ year	437,604	1,479,554	3,470,047	4,799,265
Profit attributable to NWCL Shareholders	542,207	1,515,225	3,313,131	4,638,691
Earnings per NWCL Share				
Basic (HK cents)	6.24	17.45	38.14	53.49
Diluted (HK cents)	<u>6.23</u>	<u>17.43</u>	<u>38.12</u>	<u>53.45</u>
Dividends for the period/year	—	—	260,681	607,713
<i>Per NWCL Share</i>	—	—	<i>HK\$0.03</i>	<i>HK\$0.07</i>

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER(i) *Revenue*

The revenues of the NWCL Group are mainly derived from (a) property development; (b) rental operation; and (c) other business segments including property management services, hotel operations and other operations. Set out below is a brief review of the NWCL Group's segmental performance during the above period.

(a) Property development

Revenue from the property development segment, which represents gross proceeds from sale of properties, is the largest business segment of the NWCL Group in terms of revenue contribution. It accounted for approximately 90.2% and 86.9% of total revenues for the years ended 30 June 2014 and 2015 respectively. Revenue from property development decreased by approximately 23.0% from the year ended 30 June 2014 to 30 June 2015, from approximately HK\$19,706.2 million to approximately HK\$15,172.4 million, mainly due to decreases in the number of properties completed and planned deferrals in launching the sale of certain properties during the relevant year. For the six-month period ended 31 December 2015, the NWCL Group recorded revenue from property development of approximately HK\$6,310.7 million, equivalent to approximately 88.4% of the corresponding revenue in same period last year. The decrease in revenue from property development in the current period is mainly due to the decrease in the number of property projects completed and the planned deferral of launching the sale of Shenzhen New World Signature Hill and Shenzhen Yi Shan Garden to maximise their returns by benefiting from the trend of rising property prices in the region.

(b) Rental operation

The rental operation segment accounted for approximately 3.6% and 4.7% of the total revenue of the NWCL Group for the year ended 30 June 2014 and 2015, respectively, with segment revenue rising from approximately HK\$792.9 million to approximately HK\$828.9 million. The increase was primarily driven by higher rental contributions from office premises and commercial properties in cities such as Shanghai and Wuhan. For the six-month period ended 31 December 2015, the NWCL Group recorded revenue from rental operations of approximately HK\$428.2 million, representing a slight increase of approximately 3.2% compared to the same period last year. Fluctuations in rental revenue were relatively moderate compared to other business segments, and were directly associated with occupancy rates and unit rental rates of commercial properties held by the NWCL Group.

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(c) Others

Other revenue of the NWCL Group for the year ended 30 June 2015 mainly consisted of revenue generated from property management services and hotel operations, which amounted to approximately HK\$507.8 million and HK\$389.0 million, respectively. The revenue from the property management segment increased by approximately 19.5% for the year ended 30 June 2015 over the previous year, mainly due to an increase in property management services provided to property projects completed during the year. Compared to the previous year, revenue from hotel operations for the year ended 30 June 2015 increased by approximately 10.3%, mainly due to the opening of New World Guiyang Hotel in September 2014 and the general improvement in overall occupancy rate of the other hotels of the NWCL Group. Other revenue decreased to approximately HK\$561.6 million for the six-month period ended 31 December 2015, representing a decrease of 36.4% as compared to the last corresponding period. The decrease was primarily due to reduced contracting services income during the period.

(ii) *Gross profit*

Gross profit of the NWCL Group for the year ended 30 June 2015 amounted to approximately HK\$6,837.8 million, a decrease by approximately 24.7% as compared to the same period in 2014. This was mainly due to a decrease in the gross profit of property sales. The overall gross profit margin decreased from approximately 41.6% to 39.2%, primarily due to differences in the recorded property sales mix. For the year ended 30 June 2015, a higher proportion of property sales were from property projects in Tianjin, Foshan, Langfang and Dalian in the PRC, which had relatively lower gross profit margins given their status as second and third-tier cities. The overall gross profit margin decreased further to approximately 32.5% for the six-month period ended 31 December 2015 due to differences in the sales mix in both periods, with more recorded property sales during the period being from second and third-tier cities such as Anshan, Foshan, Chengdu, Guiyang and Jinan in the PRC, leading to lower gross profit margins as compared to the property projects sold in the same period last year.

(iii) *Gain on disposal of discontinued operation*

As set out in the joint announcement of NWD and NWCL dated 3 July 2015, the NWCL Group announced the disposal of its business segment engaged in the provision of worldwide hotel management services. The respective consolidated results of the hotel management services segment are presented and restated as discontinued operation accordingly over the periods presented above. The above disposal was completed on 29 December 2015 for an aggregate consideration of

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HK\$2,753.0 million, with a gain on disposal of approximately HK\$768.9 million, which was recorded by the NWCL Group as a one-off gain for the six-month period ended 31 December 2015.

(iv) *Profit attributable to NWCL Shareholders*

Profit attributable to NWCL Shareholders decreased by approximately 28.6% from approximately HK\$4,638.7 million for the year ended 30 June 2014 to approximately HK\$3,313.1 million for the year ended 30 June 2015. This decrease was primarily due to an overall decrease in core profit from property sales as a result of a decrease in the number of property projects completed during the year. The NWCL Group recorded a profit attributable to NWCL Shareholders of approximately HK\$542.2 million for the six-month period ended 31 December 2015, equivalent to approximately 35.8% of that in the corresponding period last year, principally as a result of (i) a decrease in property sales volume and gross profit margin as explained above, and (ii) net foreign exchange losses of approximately HK\$1,294.5 million, arising from the devaluation of the Renminbi against the Hong Kong dollar during the six-month period ended 31 December 2015 (as stated on the website of the People's Bank of China, the HK\$/RMB exchange rate increased from 0.7886 on 30 June 2015 to 0.8378 on 31 December 2015). This had a major effect on the NWCL Group given its functional currency is the Renminbi while the reporting currency is the Hong Kong Dollar. Any further weakening of the Renminbi against the Hong Kong Dollar will affect the results of the NWCL Group.

(v) *Dividend paid to NWCL Shareholders*

The total dividend paid to NWCL Shareholders decreased from HK\$0.07 per NWCL Share for the year ended 30 June 2014 to HK\$0.03 per NWCL Share for the year ended 30 June 2015. The dividend yield, as represented by the Share Offer Price of HK\$7.80 per NWCL Share, is less than 1.0% for each of the years ended 30 June 2014 and 2015. No interim dividend has been declared or paid by the NWCL Group for the six-month period ended 31 December 2015.

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(b) Financial position

The following table sets out the consolidated statement of financial position of NWCL as at 31 December 2015, 30 June 2015 and 2014 as extracted and summarised from Appendix II to the Composite Document:

	As at 31 December 2015	As at 30 June	
	2015	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Non-current assets			
Property, plant and equipment	5,241,850	5,831,924	4,763,887
Investment properties	22,677,651	24,684,353	21,971,592
Land use rights	577,501	720,144	703,901
Intangible assets	123,417	91,030	1,895,952
Properties held for development	13,751,920	19,741,250	18,182,575
Associated company and joint ventures	14,700,228	15,598,108	14,309,144
Available for sale financial assets	<u>4,004,215</u>	<u>735,860</u>	<u>85,147</u>
Total non-current assets	61,076,782	67,402,669	61,912,198
Current assets			
Properties under development	16,387,630	17,671,570	21,091,110
Completed properties held for sale	14,408,004	19,885,358	8,977,146
Hotel inventories, at cost	3,915	4,102	4,002
Prepayments, debtors and other receivables	6,948,748	11,275,453	10,881,917
Amounts due from related companies	212,227	301,943	577,025
Cash and bank balances, unrestricted	18,130,524	15,773,665	17,351,595
Assets of disposal groups classified as held for sale	22,343,211	2,112,780	—
Non-current assets reclassified as held for sale	<u>1,262,217</u>	<u>—</u>	<u>131,138</u>
Total current assets	79,696,476	67,024,871	59,013,933

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	As at 31 December 2015 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 30 June 2015 <i>HK\$'000</i> <i>(Audited)</i>	2014 <i>HK\$'000</i> <i>(Audited)</i>
Current liabilities			
Creditors and accruals	7,985,189	8,890,122	6,950,199
Deposits received on sale of properties	6,243,425	6,045,122	4,716,405
Amounts due to related companies	942,691	723,334	507,848
Short term loans	—	1,001,250	—
Current portion of long term borrowings	6,553,940	9,775,255	14,197,174
Amount due to non-controlling interests	101,313	102,756	102,756
Taxes payable	4,381,837	4,432,361	4,654,828
Liabilities of disposal groups classified as held for sale	<u>6,250,588</u>	<u>927,853</u>	<u>—</u>
Total current liabilities	32,458,983	31,898,053	31,129,210
Non-current liabilities			
Long term borrowings	42,192,270	34,388,409	25,226,035
Deferred tax liabilities	<u>3,157,875</u>	<u>3,522,327</u>	<u>3,252,232</u>
Total non-current liabilities	45,350,145	37,910,736	28,478,267
Equity attributable to NWCL			
Shareholders	59,169,685	60,781,851	57,752,517
Non-controlling interests	<u>3,794,445</u>	<u>3,836,900</u>	<u>3,566,137</u>
Total equity	<u>62,964,130</u>	<u>64,618,751</u>	<u>61,318,654</u>
NAV attributable to NWCL			
Shareholders per NWCL Share	6.806	6.995	6.651

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER*(i) Property, plant and equipment*

Property, plant and equipment of the NWCL Group principally includes assets under construction (amongst others, hotel properties under construction), completed hotels and properties for the NWCL Group's own use.

(ii) Investment properties

The NWCL Group's accounting policies state that investment properties, which include completed investment properties and investment properties under development are carried at fair values in the consolidated statement of financial position. Completed investment properties, with a carrying value of approximately HK\$16,796.0 million as at 31 December 2015, include office premises, commercial properties, serviced apartments, car parking portions of certain completed properties and other ancillary properties. Investment properties under development, with a carrying value of approximately HK\$5,881.7 million as at 31 December 2015, comprise mainly commercial properties and car parking portions of certain developments. Major investment properties as at 31 December 2015 include the commercial podiums of Shanghai Ramada Plaza, Shenyang New World Garden, Wuhan New World International Trade Tower I and II and Shenyang K11 Art Mall.

(iii) Land use rights

The NWCL Group's interests in land use rights primarily represent the land portion of the NWCL Group's hotel properties and other properties held for NWCL's own use under property, plant and equipment.

(iv) Properties held for development

Major properties held for development as at 31 December 2015 include the remaining phases of Shenyang New World Garden, a residential project, and the remaining phases of Foshan Canton First Estate, a residential and hotel development project.

(v) Properties under development

Major properties under development as at 31 December 2015 include remaining phases of Guangzhou Covent Garden, a residential development project, Wuhan New World Times, a residential and office development project, and the residential and office portion of Shenyang New World Convention Centre.

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER*(vi) Completed properties held for sale*

Completed properties held for sale as at 31 December 2015 represent mainly commercial, office and residential developments, which include Shenzhen New World Yi Shan Garden, Shenzhen New World Signature Hill, Beijing Yuzhang Project, Foshan Canton First Estate and Guangzhou Park Paradise.

(vii) Assets/liabilities of disposal groups classified as held for sale

In December 2015 the NWCL Group announced the Disposals, being the sale of five property projects in Wuhan, Huiyang, Haikou, Chengdu and Guiyang in the PRC, for an aggregate consideration of approximately RMB20.8 billion (or approximately HK\$24.9 billion). The consideration due to the NWCL Group from the disposal of the property projects in Wuhan, Huiyang and Haikou is payable in tranches within 24 months after completion. Further details of the Disposals are set out in the joint announcements of NWD and NWCL dated 2 December 2015 and 29 December 2015, and the circulars of NWCL dated 23 December 2015 and 19 January 2016. The property projects that are subject of the Disposals have been reclassified as assets/liabilities of disposal groups classified as held for sale as at 31 December 2015. The disposals of the property projects in Wuhan, Huiyang, Haikou and Guiyang had been completed as at the Latest Practicable Date. The property projects under the Disposals do not form part of the property valuation contained in Appendix III to the Composite Document, as explained in the section headed “V. Property interests and adjusted net asset value” in Appendix II to the Composite Document. The impact of the Disposals has been included in the calculation of the Adjusted NAV, details of which are set out in the section headed “Adjusted NAV”.

(viii) Borrowings and indebtedness position

As at 31 December 2015, the NWCL Group had total borrowings, excluding those that are subject to the Disposals, of approximately HK\$48,746.2 million (representing an increase of approximately 7.9% compared to 30 June 2015), and a gearing ratio (defined as net debt, being the aggregate of borrowings, net of cash and bank balances, divided by total equity) as at 31 December 2015 of approximately 48.6%. However, this is before the receipt of the proceeds from the Disposals equivalent to approximately HK\$24.9 billion. As at 31 December 2015, the NWCL Group's committed unutilised bank loan facilities amounted to approximately HK\$9,407.0 million.

(c) Comments on the NWCL Group's financials

Revenues of the NWCL Group are to a large extent driven by its property development business, which has been the NWCL Group's largest business segment by revenue. During the six-month period ended 31 December 2015, the decrease in revenue was attributable to a decrease in completed projects and the planned deferral of certain

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sales of completed properties. The gross profit margin decreased mainly due to a difference in sales mix in both periods with a higher proportion of sales coming from projects in second and third-tier cities, which carry relatively lower profit margins. It follows that the NWCL Group's profits fluctuate with the property development sales cycle. The NWCL Group's financial position is primarily determined by investment properties, properties held for or under development and completed properties held for sale, which constitute a significant portion of total assets as at 31 December 2015. For this reason, we place particular emphasis on the property valuation and its effect on the adjusted NAV of the NWCL Group as at 31 December 2015. Please make reference to the section headed "Adjusted NAV" for further details.

(d) Prospects of the NWCL Group

As stated on the website of the National Bureau of Statistics of the PRC, commodity housing sales in the PRC grew by approximately 14.4% and 6.5% by sales amount and by floor area respectively in 2015 compared to 2014, while the growth rate of investment in PRC property development has been declining during the year, from approximately 10.5% in 2014 to approximately 1.0% in 2015. As set out in NWCL's interim results announcement for the six-month period ended 31 December 2015, NWCL sees a number of PRC government policies that have contributed to rising demand in the PRC property market in 2015, including mortgage borrowing rates for personal housing being at a five-year low and measures that restrain home purchases by foreign institutions and persons gradually coming to an end. NWCL considers that in 2016 the turnover in the real estate market will gradually increase, and that the NWCL Group will appropriately augment its investment in the PRC in the future.

As set out in NWCL's announcements in relation to the Disposals dated 2 December 2015 and 29 December 2015, the Disposals signify the NWCL Group's strategy of optimising its project development and investment portfolio by scaling down investment in second and third-tier cities and projects with lower gross profit margin and by focusing more resources in first-tier and 1.5-tier cities and mid-sized property projects. For the second half of the financial year ending 30 June 2016, NWCL expects that the number of completed properties will rise, with plans to complete 8 property projects for sale, comprising residential and commercial properties.

The NWCL Directors expect the PRC government will continue its principles of "classification guidance, localisation implementation" to implement real estate policies that have targeted objectives and are differentiated on the basis of actual circumstances of various cities, and consider that the domestic urbanisation strategy and increasing salary levels in the PRC are favourable to the healthy development of the domestic real estate market in the long run.

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We concur with the NWCL Directors' view and further consider the general outlook for PRC property remains mixed, with 2015 commodity housing sales growth not necessarily being sustained and certain macroeconomic indicators for the PRC economy exhibiting a downward trend.

3. Intentions of NWD regarding the NWCL Group

As stated in the letter from HSBC in the Composite Document, if the Offeror has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWCL Shares, the Offeror intends to privatise NWCL by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer, subject to the relevant requirements and laws. Accordingly, NWCL will become an indirect wholly owned subsidiary of NWD and an application will be made for the withdrawal of the listing of the NWCL Shares from the Stock Exchange.

As stated in the letter from HSBC in the Composite Document, NWD intends to continue the existing business of the NWCL Group upon the completion of the Offers, and subject to market conditions, may explore various opportunities to develop it further. NWD does not currently intend to introduce major changes to the business of NWCL (including any redeployment of the fixed assets of NWCL), save for those changes which NWD may from time to time implement following the review of its strategic options relating to the business, structure and/or direction of the NWCL Group. It is also the current intention of NWD that the employment of the existing employees of the NWCL Group and the directorships of the existing directors of the NWCL Group should be continued following completion of the Offers except for changes which may occur in the ordinary course of business.

The Independent NWCL Shareholders should refer to the sections headed "Information on the Offeror and NWD" and "Intentions of NWD regarding the NWCL Group" in the letter from HSBC in the Composite Document for further details.

4. Assets and Adjusted NAV**(i) Property interests**

The unaudited consolidated financial statements of the NWCL Group as at 31 December 2015 are set out in Appendix II to the Composite Document and summarised above in this letter. The net assets attributable to equity shareholders as at 31 December 2015 based on book value were approximately HK\$59,169.7 million (or approximately HK\$6.806 per NWCL Share).

The valuations of the NWCL Group's property interests (together with the property interests held under or held through joint ventures of the NWCL Group) as at 31 December 2015 conducted by Knight Frank are set out in Appendix III to the Composite Document. This is a summary for convenience of readers of the Composite Document; a copy of the full property valuation report is available for inspection at the office of

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NWCL and on the websites of NWCL and the SFC. Please see the section headed “Documents Available for Inspection” in Appendix V to the Composite Document for further details.

The market value of the property interests in existing state attributable to the NWCL Group may be analysed as follows:

	Market value of the property interests in existing state attributable to the NWCL Group (Note 1) RMB million	Proportion of total
Completed investment properties	20,566.0	19.7%
Investment properties under development	4,911.2	4.7%
Hotels	3,308.0	3.2%
Completed properties held for sale, properties held for/under development	63,397.4	60.6%
Land and buildings	574.4	0.5%
Assets under construction	3,173.0	3.0%
Contracted property (Note 2)	<u>8,693.3</u>	<u>8.3%</u>
Total property interests	<u><u>104,623.3</u></u>	<u><u>100.0%</u></u>

Notes:

1. Including those property interests held under or held through joint ventures of the NWCL Group.
2. The NWCL Group has entered into a land grant contract in respect of Beijing Xin Yu Garden for which the real estate title deed is to be obtained after completing relevant procedures before the end of 2019.

The completed investment properties as set out above comprise commercial properties, including both retail and office developments, serviced apartment properties, commercial podiums of both residential and commercial properties, car parking portions of certain developments, and other ancillary properties. This includes Shanghai Hong Kong New World Tower, a 58-storey office building with an attributable value of RMB2,759.0 million, and various portions of Beijing New World Centre Phase I, a multi-purpose complex with an attributable value of approximately RMB1,782.9 million.

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Investment properties under development comprise commercial properties and car parking portions of certain developments, including Shenyang K11 Art Mall, a large-scale commercial complex which is expected to be completed in 2016, with an attributable value of RMB2,990.0 million.

Hotel properties comprise a total of 7 completed properties in Beijing, Dalian, Shanghai, Shunde and Wuhan.

Properties held for sale, properties held for/under development include completed properties and residential and commercial property projects where construction is in progress. Major projects include:

- Guangzhou Covent Garden, a residential/commercial composite development with a total gross floor area (“GFA”) of approximately 800,416 sqm and an attributable value of RMB8,121.0 million;
- The remaining phase of Shenyang New World Garden, a residential development with a total GFA of approximately 1,509,466 sqm and an attributable value of RMB5,183.0 million;
- Foshan Canton First Estate, a residential and hotel composite development project, with a total GFA of approximately 1,403,025 sqm and an attributable value of approximately RMB4,373.1 million;
- Shenzhen New World Yi Shan Garden, a residential development project, with a total GFA of approximately 94,988 sqm and an attributable value of RMB4,215.0 million; and
- Wuhan New World Times, a residential/commercial composite development with a total GFA of approximately 669,446 sqm and an attributable value of RMB3,906.0 million.

Land and buildings comprise the Foshan Canton First Estate golf course, commercial properties and car park portions of property projects, and various office premises that are for the NWCL Group’s own use.

Assets under construction includes three hotels under construction, and the Shenyang New World Centre convention centre under development with a total GFA of approximately 119,475 sqm.

Contracted property represents Beijing Xin Yu Garden, a residential and commercial composite development with a total GFA of approximately 799,987 sqm and an attributable value of approximately RMB8,693.3 million.

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The market value of the property interests in existing state attributable to the NWCL Group as at 31 December 2015 of approximately RMB104.6 billion represents an increase of approximately 2.7% over the property valuation for the Previous Proposal as at 28 February 2014. When assessing the property valuation as at 31 December 2015 we note that changes in property prices in the past approximately two years in certain localities of the PRC, for example the general increases in the property prices of residential property in Shenzhen, have been taken into account by the property valuer.

The main purpose of such valuations is to use them as a basis for arriving at the Adjusted NAV shown in sub-section (ii) below, one of the main factors against which the Share Offer Price is assessed. For this purpose, we have discussed the property valuation with Knight Frank, including specifics on (i) bases and assumptions used, which included comparable transactions in the vicinity (for both properties and bare land) and valuation approaches employed, (ii) the property valuer's due diligence work, and (iii) major differences to the property valuation prepared by Knight Frank under the Previous Proposal. Knight Frank confirmed that it has performed site visits to each of the properties covered by the property valuation report. We note that the property valuer has used various valuation methodologies for arriving at valuations for the properties. They include the income approach, pursuant to which properties are principally valued on the basis of capitalisation of net income, and the direct comparison approach, where properties are valued with reference to market comparable sales evidence available in the market and taking into account construction costs, where applicable. We have discussed the overall approach to the property valuation and queried the selection of relevant valuation methodologies for major properties. We concur with the valuation approaches the property valuer has taken in valuing the different types of properties.

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(ii) Adjusted NAV

We consider that the NWCL Group is an asset-based group, and therefore emphasis should be placed on evaluating the Share Offer Price against the net asset backing of the NWCL Group. For this purpose we have reviewed the adjusted unaudited consolidated net assets (the Adjusted NAV) of the NWCL Group, based on the unaudited consolidated financial statements of NWCL as at 31 December 2015 and the adjustments as set out in the table below, which include the revaluation surplus arising from property valuations and the effect of the Disposals, in both cases net of estimated tax:

	<i>HK\$ million</i>
Unaudited consolidated NAV of the NWCL Group attributable to equity holders as at 31 December 2015	59,169.7
<i>Adjustments:</i>	
— Revaluation surplus arising from the valuation of property interests attributable to the NWCL Group as at 31 December 2015 (<i>Note 1</i>)	39,704.5
— Net deferred tax on attributable revaluation surplus (<i>Note 2</i>)	(9,866.2)
— Estimated pro forma gain from the Disposals (<i>Note 3</i>)	7,116.0
Adjusted NAV	96,124.0
Adjusted NAV per NWCL Share (<i>Note 4</i>)	HK\$11.05
Share Offer Price per Offer Share	HK\$7.80
— Discount to Adjusted NAV	29.4%

Notes:

1. *This represents the revaluation surplus arising from the excess of the market value of the property interests held by the NWCL Group (including joint ventures) as valued by Knight Frank as at 31 December 2015 over their corresponding book values as at 31 December 2015, after adjusting for relevant interests not attributable to the NWCL Group.*

2. *This represents the potential PRC corporate income tax (“CIT”) attributable to the revaluation surplus on all categories of property interests, and land appreciation tax (“LAT”) attributable to the revaluation surplus of properties with an intention of future sale (which excludes investment properties, self-use properties and hotel properties in relation to LAT), amounted to approximately HK\$14,196.2 million, that would be crystallised for the NWCL Group (including joint ventures) upon disposal of these properties at the valuation price (as set out in the summary of property valuation of the NWCL Group contained in Appendix III to the Composite Document), less attributable tax indemnity from NWD of approximately HK\$4,330.0 million. A deed of tax indemnity was entered into between NWD and NWCL in July 1999 when NWCL was first listed on the Stock Exchange, whereby NWD has undertaken to indemnify the NWCL Group in respect of relevant PRC CIT and LAT in consequence of the disposal of certain properties (the “Indemnified Properties”) held by the NWCL Group as at 31 March 1999. The above amount of*

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approximately HK\$4,330.0 million represents the amount to be received from NWD, pursuant to the tax indemnity, if those Indemnified Properties still currently owned by the NWCL Group are disposed of at the valuation price.

3. This figure is arrived at based on the consideration under the Disposals after deducting the estimated attributable consolidated net asset values of the group of companies disposed as at the corresponding completion dates, after taking into account the estimated tax payable, being calculated at a rate of 10% on the difference between the relevant considerations (being adjusted for certain estimated contingent costs in accordance with terms of the sale and purchase agreement) and the relevant cost of investment in accordance with the relevant tax laws in the PRC.
4. Based on 8,701,671,754 NWCL Shares in issue as at the Latest Practicable Date.

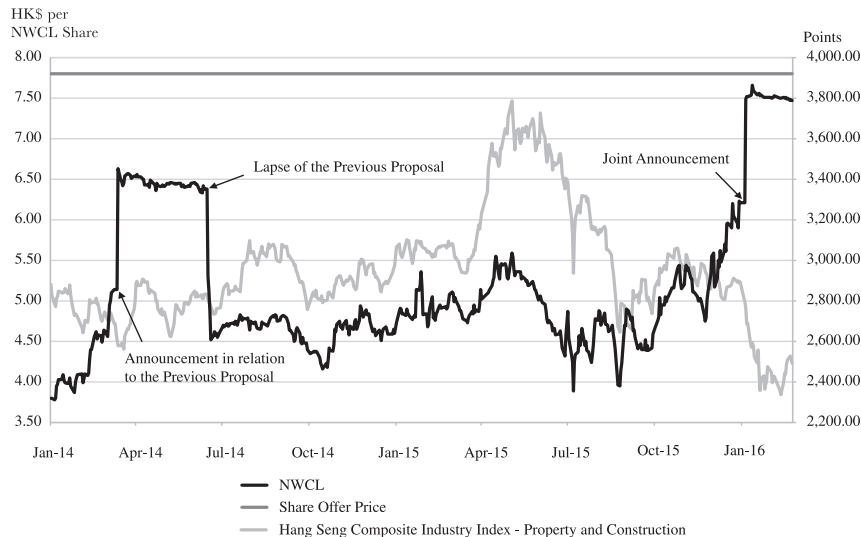
As set out in the above table, the Share Offer Price of HK\$7.80 per NWCL Share represents a discount of approximately 29.4% to the Adjusted NAV of approximately HK\$11.05 per NWCL Share.

5. NWCL Share price and trading volume

The other main factor against which we have evaluated the Share Offer is the past market prices of NWCL Shares.

(i) NWCL Share prices

The share price chart below illustrates the daily closing price per NWCL Share quoted on the Stock Exchange from 1 January 2014 up to the Latest Practicable Date (the “Review Period”):



Source: Bloomberg

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The share price chart above illustrates that the NWCL Shares have been trading consistently substantially below the Share Offer Price of HK\$7.80 during the Review Period up to the Joint Announcement. After the Joint Announcement, the market price of NWCL Shares has, in our opinion, been based principally on the Share Offer Price.

In 2014, for an approximately three-month period between 14 March 2014 and 13 June 2014, the price of NWCL Shares traded between HK\$6.33 and HK\$6.63, during the offer period of the Previous Proposal. The price of NWCL Shares fell back after the Previous Proposal lapsed (for further information on the Previous Proposal, please see the section headed “Background to and reasons for the Offers”). For the rest of 2014, NWCL Shares traded at between HK\$4.16 and HK\$5.30, and generally tracked the Hang Seng Composite Industry Index — Property and Construction (the “**Industry Index**”), which has been included in the above share price chart for reference purposes.

The market price of NWCL Shares remained fairly stable during the first quarter of 2015, and then moved upwards during April and May, following the trend of the Industry Index. A high of HK\$5.59 was recorded on 4 May 2015, but then the price declined, reaching a low of HK\$3.89 on 8 July 2015. This drop was in general mirrored in the Industry Index. Following a second dip to HK\$3.95 on 26 August 2015, the price gradually recovered during the rest of the year 2015, and traded at around HK\$6.00 towards the end of December 2015, during which month NWCL announced the Disposals. Conversely, the Industry Index was in a general decline after a high on 26 October 2015.

Following the Joint Announcement, the price of NWCL Shares had been trading at a slight discount between 1.8% and 4.2% to the Share Offer Price of HK\$7.80 per Offer Share, before closing at HK\$7.47 on the Latest Practicable Date. During the same period, the Industry Index dropped substantially compared to its previous level before the publication of the Joint Announcement, from 2,796.95 points on 5 January 2016 (the trading day before the publication of the Joint Announcement) to 2,491.65 points as at the Latest Practicable Date.

The Share Offer Price of HK\$7.80 represents a premium over the historical closing price of NWCL Shares during the Review Period. In particular, it represents:

- a premium of approximately 25.6% over the closing price of HK\$6.21 per NWCL Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 40.8% over the average closing price of approximately HK\$5.54 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

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- a premium of approximately 45.8% over the average closing price of approximately HK\$5.35 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 58.5% over the average closing price of the NWCL Shares of approximately HK\$4.92 as quoted by the Stock Exchange for the six-month period up to and including the Last Trading Day; and
- a premium of approximately 56.9% over the average closing price of approximately HK\$4.97 per NWCL Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day.

As set out in the explanatory paragraph above in regard to NWCL Share price movement, the NWCL Share price since 6 January 2016 has increased sharply, which was notably in contrast to the decline in the Industry Index during that period. Consequently, we consider that for the purposes of comparison it is more appropriate to take a sufficiently long period, for example six months or 180 trading days, to smooth out the effect of the short-term out-performance of the NWCL Shares over the Industry Index. On this basis, the premium of the Share Offer price over the market price is in the range of approximately 56.9 to 58.5%, as set out above.

The Share Offer represents a premium of approximately 4.4% over the closing price of HK\$7.47 per NWCL Share as quoted on the Stock Exchange as at the Latest Practicable Date. The Independent NWCL Shareholders should also note that the current NWCL Share price level may not be sustained if the Offers do not close.

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(ii) Turnover

The table below sets out the total number of NWCL Shares traded per month, the percentage of the monthly trading volume to the issued share capital of NWCL and the percentage of the monthly trading volume to NWCL Shares held by the public respectively during the Review Period:

	Total monthly trading volume of NWCL Shares <i>(Note)</i>	Approximate % of total monthly trading volume to the total issued NWCL Shares	Approximate % of total monthly trading volume to the public float
2014			
January	37,458,928	0.4	1.5
February	130,148,315	1.5	5.4
March	183,729,761	2.1	7.6
April	58,746,718	0.7	2.4
May	42,093,333	0.5	1.7
June	208,342,868	2.4	8.6
July	59,840,702	0.7	2.5
August	49,742,806	0.6	2.0
September	41,483,979	0.5	1.7
October	183,368,056	2.1	7.1
November	30,091,183	0.3	1.2
December	23,990,969	0.3	0.9
<i>2014 average</i>		1.0	3.6
2015			
January	26,915,319	0.3	1.0
February	17,249,341	0.2	0.7
March	22,563,200	0.3	0.9
April	40,546,789	0.5	1.6
May	30,746,664	0.4	1.2
June	30,374,157	0.3	1.2
July	32,963,041	0.4	1.3
August	21,686,749	0.2	0.8
September	26,810,329	0.3	1.0
October	23,317,471	0.3	0.9
November	23,805,213	0.3	0.9
December	61,033,896	0.7	2.3
<i>2015 average</i>		0.4	1.1
2016			
January	71,645,719	0.8	2.8
From 1 February up to the Latest Practicable Date	27,666,084	0.3	1.1

Note: Sourced from Bloomberg and NWCL

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As illustrated in the above table, the monthly trading volumes of NWCL Shares during the Review Period represented approximately 0.2% to 2.4% of the total issued NWCL Shares, equivalent to approximately 0.7% to 8.6% of the issued NWCL Shares constituting the public float of NWCL. Except for the relatively higher monthly trading volumes (i) at the time of the Previous Proposal, in particular the commencement and lapse of the Previous Proposal in March and June 2014 respectively, and (ii) in October 2014, when Dr Cheng Kar-shun, Henry, Chairman and Managing Director of NWCL sold 151,983,526 NWCL Shares, both of which are included in the above trading volume figures, we do not consider that the trading of NWCL Shares was active during the Review Period. It follows that if NWCL Shareholders wish to sell a significant number of NWCL Shares in the market, some downward pressure on the market price of NWCL Shares is likely to result. The Share Offer represents an opportunity for Independent NWCL Shareholders to exit at a fixed cash price (i.e. the Share Offer Price) substantially above market price before the Joint Announcement and without affecting the market price. This opportunity may be particularly valuable in times of high market volatility, as recently experienced.

6. Comparisons**(i) Privatisation precedents**

We have compared the Share Offer to other privatisation proposals involving property companies listed on the Stock Exchange announced since 1 January 2006, approximately ten years before the Announcement Date, and up to the Latest Practicable Date (the “**Privatisation Precedents**”). In our view, the Privatisation Precedents represent a complete list of privatisation proposals involving property companies we were able to identify from the Stock Exchange’s website in this time frame. Apart from the privatisation of Shanghai Forte Land Company Limited which was made by way of a voluntary general offer, the other Privatisation Precedents were made by way of schemes of arrangement. The table below illustrates the premiums over the relevant six-month

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average share prices at which such privatisation proposals have been priced, and the discounts to adjusted consolidated net assets at which the Privatisation Precedents were made:

Date of initial announcement	Company	Principal activities	Offer/ cancellation price HK\$	Premium of offer/cancellation price over the six-month average share price prior to announcement of privatisation	Discount of offer/ cancellation price to adjusted consolidated NAV per share (Note 1)	Result
March 2014	NWCL	Investment and development of property projects in the PRC	6.8	66.2%	(32.5)%	Not approved under "head count" test (Note 2)
November 2013	Glorious Property Holdings Limited (stock code: 845)	Property development and investment	1.80	51.3%	(40.1)%	Not approved under "head count" test (Note 3)
May 2012	Frasers Property (China) Ltd. (stock code: 535)	Property investment, development and management of residential, commercial and business park projects	0.28	75.0%	(46.7)%	Not approved under "head count" test and by requisite number of scheme shares (Note 4)
January 2011	Shanghai Forte Land Company Limited (stock code: 2337)	Property development and investment	3.50	45.8%	(26.2)%	Successful
April 2010	Wheelock Properties Limited (stock code: 49)	Ownership of properties for development and letting, and investment holding	13.00	156.4%	(12.1)%	Successful
February 2008	Pacific Century Premium Developments Limited (stock code: 432)	Development and management of property and infrastructure projects, and investment in premium-grade buildings in the Asia-Pacific region	2.85	15.4%	(12.3)%	Not approved under "head count" test and by requisite number of scheme shares (Note 5)
April 2007	Shimao International Holdings Limited (stock code: 649)	Property development and investment	1.05	41.9%	(19.8)%	Successful
		Highest premium/highest discount		156.4%	(46.7)%	
		Lowest premium/lowest discount		15.4%	(12.1)%	
		Mean		64.6%	(27.1)%	
		Median		51.3%	(26.2)%	
6 January 2016	The Share Offer		7.80	58.5%	(29.4)%	

Source: Published scheme documents, composite document, circulars or announcements relating to the above proposals

Notes:

1. The consolidated adjusted NAV per share for each of the Privatisation Precedents has been arrived at by making adjustments to the consolidated NAV, principally covering (i) revaluation surplus arising from the valuation of respective property interests; and (ii) relevant tax effects.
2. Approximately 99.8% of the votes by number of scheme shares cast by scheme shareholders at the court meeting were in favour of the Previous Proposal. However, approximately 66.0% of the number of scheme shareholders voted against the Previous Proposal in the court meeting.

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3. *Approximately 96.9% of the votes by number of scheme shares cast by scheme shareholders at the court meeting were in favour of the privatisation scheme of Glorious Property Holdings Ltd. However, approximately 51.7% of the number of scheme shareholders voted against the privatisation scheme in the court meeting.*
4. *Approximately 30.8% of the total number of shares held by independent shareholders, and approximately 58.6% of the number of independent shareholders at the court meeting, voted against the privatisation scheme of Frasers Property (China) Ltd.*
5. *Approximately 44.1% of the total number of shares held by independent shareholders, and approximately 71.0% of the number of independent shareholders at the court meeting, voted against the privatisation scheme of Pacific Century Premium Developments Limited.*

As illustrated in the above table, the mean and median of premiums over 6-month average closing prices for the Privatisation Precedents were approximately 64.6% and 51.3% respectively. The premium for the Share Offer for the same period of approximately 58.5% is higher than the median, but lower than the mean of the Privatisation Precedents, principally due, in mathematical terms, to the exceptionally high premium of approximately 156.4% offered under the proposed privatisation of Wheelock Properties Limited, leading to a higher mean of the Privatisation Precedents.

As shown above, the cancellation or offer prices under the Privatisation Precedents represented discounts ranging from approximately 12.1% to approximately 46.7% to the respective consolidated adjusted NAV per share, with mean and median discounts of approximately 27.1% and 26.2%. As set out in the section headed “Adjusted NAV” and above, the Share Offer Price of HK\$7.80 per NWCL Share represents a discount of approximately 29.4% to the Adjusted NAV of HK\$11.05 per NWCL Share, which is towards the mid-range but slightly higher than the mean and median discounts presented above.

We have included both successful and unsuccessful cases in the above analysis. While the two most recent cases failed, including one involving NWCL under the Previous Proposal, they would have succeeded by an overwhelming margin apart from the “head count” test, which does not apply in this case. The proposed privatisations of Frasers Property (China) Ltd. and Pacific Century Premium Developments Limited were not approved both under the “head count” test and by requisite number of scheme shares. Had such two failed precedent cases been excluded from our analysis, the mean and median discounts to consolidated adjusted NAV of the other precedent cases would be approximately 26.1% and 26.2% respectively, similar to the abovementioned mean and median discounts of all Privatisation Precedents.

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(ii) *Comparable companies*

We have also analysed the following companies listed on the Stock Exchange that we consider to have a business and be of a size similar to NWCL, based on (i) over 50.0% of revenue being derived from property development and from the PRC based on their latest published annual results, and (ii) having a market capitalisation between HK\$25.0 billion to HK\$100.0 billion as at the Latest Practicable Date (the “**Comparable Companies**”). We have identified 6 Comparable Companies based on the said criteria above. In our view, the Comparable Companies set out below represent a full list of companies we were able to identify from the Stock Exchange’s website which satisfied the above selection criteria. The table below illustrates the premium/(discounts) to NAV attributable to equity shareholders per share of the Comparable Companies based on their respective NAV per share as derived from the respective latest published financial information of the Comparable Companies, and the closing share prices of the Comparable Companies as at the Latest Practicable Date:

Company	Premium/(discount) to NAV attributable to equity shareholders per share
Evergrande Real Estate Group Limited (stock code: 3333)	3.2%
Country Garden Holdings Company Limited (stock code: 2007) (“ Country Garden ”)	(11.7)%
Longfor Properties Co., Ltd. (stock code: 960) (“ Longfor Properties ”)	(6.3)%
Shimao Property Holdings Limited (stock code: 813) (“ Shimao Property ”)	(38.7)%
Sino-Ocean Land Holdings Limited (stock code: 3377) (“ Sino-Ocean Land ”)	(48.2)%
Guangzhou R&F Properties Co., Ltd. (stock code: 2777) (“ Guangzhou R&F Properties ”)	(33.0)%
Mean	(22.5)%
Median	(22.3)%

The Share Offer Price represents a premium of approximately 14.6% over the unaudited consolidated NAV per NWCL Share as at 31 December 2015. This is in contrast to the Comparable Companies, which traded at the mean and median discount of approximately 22.5% and 22.3% respectively. NWCL Shareholders should note that the above analysis is based on the NWCL Group’s book NAV, and not the Adjusted NAV. Please refer to the beginning of the section headed “Privatisation precedents” for a comparison and analysis of the Adjusted NAV in the context of similar privatisation precedent cases.

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(iii) Dividend yield

For the years ended 30 June 2014 and 2015, the per share dividends paid to NWCL Shareholders were HK\$0.07 and HK\$0.03 respectively. No interim dividend has been declared by NWCL for the six-month period ended 31 December 2015. Based on the Share Offer Price of HK\$7.80 for each Offer Share, the dividend yields of NWCL were approximately 0.9% and 0.4% for the years ended 30 June 2014 and 2015 respectively. We have compared the above dividend yields to those of the Comparable Companies (see note), as illustrated below:

Comparable Companies	Dividend yields
Evergrande	10.5%
Country Garden	6.3%
Longfor Properties	3.8%
Shimao Property	8.8%
Sino-Ocean Land	6.6%
Guangzhou R&F Properties	0.0%
	Mean 6.0%
	Median 6.5%

Note: The above dividend yields of the Comparable Companies are calculated based on the dividend per share payable per the respective latest published full-year financial information of the Comparable Companies, and the closing share prices of the Comparable Companies as at the Latest Practicable Date.

The Comparable Companies' dividend yields are in the range of nil to approximately 10.5%, with a mean and median of approximately 6.0% and 6.5% respectively. The yield of NWCL as represented by the Share Offer Price is less than 1.0%. This means that the Independent NWCL Shareholders who place a high priority on income would have ready opportunities to re-invest the proceeds from the Share Offer Price in similar companies producing a higher yield.

(iv) Historical discount of market price to NAV

We have compared the closing price of NWCL Shares against the then latest consolidated NAV attributable to equity shareholders per NWCL Share, which we have assumed was generally available to the market from the date of publication of the relevant full year or interim results announcements, and that the respective NWCL Share price has reflected such information.

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Period (Note 1)	Published consolidated NAV attributable to equity shareholders per NWCL Share (Note 2)	Closing price per NWCL Share (Note 3)		Discount to NAV attributable to equity shareholders per NWCL Share	
		High	Low	Lowest	Highest
		HK\$	HK\$	Approximate %	Approximate %
25/9/2013 – 24/2/2014	6.27	4.62	3.69	26.3	41.1
25/2/2014 – 22/9/2014	6.69	6.63	4.49	0.9	32.9
23/9/2014 – 25/2/2015	6.65	5.36	4.16	19.4	37.4
26/2/2015 – 22/9/2015	6.88	5.59	3.89	18.8	43.5
23/9/2015 – Last Trading Day	7.00	6.23	4.39	11.0	37.3

Notes:

1. Date when NWCL released its full year or interim results announcements.
2. NAV attributable to equity shareholders are extracted from NWCL's annual or interim results announcements.
3. NWCL Share prices as extracted from Bloomberg.

As shown above, NWCL Shares have typically been trading at a discount to the underlying NAV attributable to equity shareholders for the period from 25 September 2013 to the Last Trading Day, with discounts ranging from approximately 0.9% to 43.5%. We note that the low end of the range of approximately 0.9% (which was recorded in the period from 25 February 2014 to 22 September 2014), reflected the elevated share price during the offer period relating to the Previous Proposal. The Independent NWCL Shareholders should note that the above table does not account for adjusted NAV figures. For reference only, the approximately 14.6% premium of the Share Offer Price to the unaudited consolidated NAV per NWCL Share of HK\$6.806 compares favourably to the historical discount of the market price to NAV attributable to equity shareholders as set out above, and as shown in the case of the Comparable Companies set out in sub-paragraph (ii) above.

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7. The Option Offer

HSBC, on behalf of the Offeror, is making the Option Offer to the NWCL Optionholders for the cancellation of every vested and unvested NWCL Option in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects. Under the Option Offer, the Offeror will offer the NWCL Optionholders the Option Offer Price in cash for cancellation of each NWCL Option that they hold and surrender in acceptance of the Option Offer.

The Option Offer Price is calculated on a “see-through” basis, pursuant to which each NWCL Optionholder is entitled to receive a sum for each NWCL Option calculated by deducting the exercise price per NWCL Share payable on exercise of the relevant NWCL Option from the Share Offer Price. For example, a holder of a NWCL Option with an exercise price of HK\$3.036 will receive HK\$4.77 (i.e. HK\$7.80 minus HK\$3.036, rounded up to the nearest cent). We note that the adoption of a “see-through” basis is normal in such circumstances in Hong Kong.

As at the Latest Practicable Date, details of the NWCL Options, pursuant to the NWCL Share Option Schemes adopted on 26 November 2002 and 22 November 2011, were as follows:

NWCL Option exercise price (HK\$)	“See through” price (HK\$)	Outstanding options (vested)	Outstanding options (unvested)	Total outstanding options
<i>Share option scheme of NWCL adopted on 26 November 2002</i>				
3.036	4.764	311,688	—	311,688
2.705	5.095	225,400	—	225,400
<i>Share option scheme of NWCL adopted on 22 November 2011</i>				
2.45	5.350	665,640	1,201,120	1,866,760
3.37	4.430	32,300	89,200	121,500
3.88	3.920	1,537,680	764,240	2,301,920
3.35	4.450	646,790	855,200	1,501,990
2.762	5.038	297,600	346,400	644,000
4.01	3.790	222,300	636,800	859,100
3.97	3.830	1,148,103	1,572,120	2,720,223
4.72	3.080	141,200	544,800	686,000
4.42	3.380	—	481,200	481,200
4.968	2.832	1,505,360	8,453,120	9,958,480
5.42	2.380	100,800	731,200	832,000
4.504	3.296	<u>469,600</u>	<u>2,564,800</u>	<u>3,034,400</u>
Total		<u>7,304,461</u>	<u>18,240,200</u>	<u>25,544,661</u>

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If any NWCL Option is vested and is exercised in accordance with the terms of the NWCL Share Option Schemes prior to the Closing Date, any NWCL Shares issued as a result of the exercise of NWCL Options prior to the Closing Date will be subject to and eligible to participate in the Share Offer.

As set out in the letter from HSBC in the Composite Document, as any exercise of the NWCL Options without accepting the corresponding Share Offer (in respect of the relevant NWCL Shares allotted to the NWCL Optionholders) after the Share Offer has been declared unconditional as to acceptances may result in the Offeror receiving less than the required percentage of acceptance for it to exercise the rights of compulsory acquisition and thus affecting the ability of the Offeror to privatise NWCL, NWD, the Offeror and NWCL had jointly requested each of the NWCL Optionholders to sign and return the Deed of Undertaking pursuant to which such NWCL Optionholder undertakes not to exercise any of the NWCL Options held by him/her from the date on which the Offeror has received valid acceptances of the Share Offer in respect of such number of NWCL Shares which would result in the Offeror holding at least 90% of the Offer Shares with the proviso that, within that holding, the Offeror would hold at least 90% of the Disinterested NWCL Shares (the “**Acceptance Condition**”), until such time as the Share Offer shall have lapsed. As at the Latest Practicable Date, 99 NWCL Optionholders holding a total of 6,206,781 vested NWCL Options and 16,140,360 unvested NWCL Options had executed the Deed of Undertaking. The execution of the Deed of Undertaking shall not affect or prejudice the NWCL Optionholder’s rights to accept the Option Offer in respect of the outstanding NWCL Options held by him/her in accordance with the terms of the Option Offer. NWCL Optionholders who have signed and returned the Deed of Undertaking should note that it precludes them from exercising any of their NWCL Options from the date on which the Acceptance Condition has been fulfilled, until such time as the Share Offer shall have lapsed.

NWCL Optionholders should also note that, as stated in the section headed “Possible compulsory acquisition and withdrawal of listing of NWCL”, dealings in the NWCL Shares will be suspended from the Closing Date, i.e. the first closing date of the Share Offer or any subsequent closing date as may be announced by NWD and the Offeror and approved by the Executive. It follows that NWCL Optionholders would not, upon exercising any of their NWCL Options, be able to sell the resultant NWCL Shares in the market from the Closing Date.

NWCL Optionholders who have not signed and returned the Deed of Undertaking shall be, pursuant to the terms of the NWCL Share Option Schemes, if the Share Offer becomes or is declared unconditional in all respects, entitled to exercise the NWCL Options in full (to the extent not already exercised) at any time within 14 days after the date on which the Share Offer becomes or is declared unconditional in all respects. The NWCL Options not exercised at the expiry of such 14-day period shall lapse.

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER**8. Possible compulsory acquisition and withdrawal of listing of NWCL**

It is the intention of the Offeror to privatise NWCL. Subject to compliance with the relevant requirements under section 88 of the Cayman Islands Companies Law, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWCL Shares, the Offeror intends to privatise NWCL by exercising its rights to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer. If the Offeror does decide to exercise such rights and completes the compulsory acquisition, NWCL will become an indirect wholly owned subsidiary of NWD and an application will be made for the withdrawal of the listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in the Composite Document its intention to avail itself of its powers of compulsory acquisition, the Offers may not remain open for acceptance for more than four months from the date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

If the level of acceptances of the Share Offer reaches the prescribed level under the Cayman Islands Companies Law required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the NWCL Shares will be suspended from the Closing Date up to the withdrawal of listing of the NWCL Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Whilst it is the intention of the Offeror to privatise NWCL, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Share Offer reaching the prescribed level under the Cayman Islands Companies Law and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested NWCL Shares, the Offers will not become unconditional and will lapse. In such case, no Independent NWCL Shareholder will sell their NWCL Shares under the Share Offer and NWCL will remain listed on the Stock Exchange.

DISCUSSION

NWCL is a major property developer in the PRC and has been listed in Hong Kong since 1999. In 2014, the Offeror requested the NWCL Board to put forward a privatisation proposal, being the Previous Proposal, which however did not proceed due to the "head count" test, despite over 99% of the relevant NWCL Shares being voted in favour. In these circumstances, the Offeror believes that it is more equitable to the Independent NWCL Shareholders if the outcome of the Share Offer is determined on the basis of the number of NWCL Shares in respect of which the

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Share Offer is accepted. Under the Share Offer, the “head count” test is not applicable. The Share Offer price of HK\$7.80 is HK\$1.00 per NWCL Share higher than the cancellation price offered under the Previous Proposal.

NWCL expects to focus its resources on developing property projects with relatively higher profit margins in first-tier and 1.5-tier cities in the PRC. We consider the property market in the PRC remains mixed and the growth of sales even in first-tier and some 1.5-tier cities may not necessarily be sustained in the future, given macro-economic uncertainties. We also note that the Industry Index has recently been trending downwards and showing volatility.

We consider that the Share Offer Price of HK\$7.80 per Offer Share should be assessed principally against the market prices of NWCL Shares before the Joint Announcement as well as the net asset backing of the NWCL Group. It follows that we have not relied on earnings-based analyses, given the typical volatility in profitability of a property developer. We have also considered dividend yield and the trading liquidity of NWCL Shares.

The Share Offer Price of HK\$7.80, which will not be increased, represents a substantial premium over recent market prices. On a six-month basis prior to the Last Trading Day, which we consider a representative period for the purpose of comparison, the premium is approximately 58.5%. While being lower than the mean premium of approximately 64.6% under the Privatisation Precedents (due in part to an outlier), it is above the relevant median premium of approximately 51.3%. We therefore consider the premium has been set at an appropriate level for this kind of proposal. In addition, since the liquidity of NWCL Shares has been generally low, we consider the opportunity for the Independent NWCL Shareholders, as a body, to sell their NWCL Shares at a fixed cash price is a valuable one, particularly in volatile market conditions.

The Share Offer Price represents a premium of approximately 14.6% over the unaudited consolidated NAV per NWCL Share of HK\$6.806 per NWCL Share as at 31 December 2015, which is relevant for comparison with other listed property developers where a full property valuation is not available. However, in the context of the Offers, a full property valuation of the NWCL Group has been carried out and is summarised in Appendix III to the Composite Document, to which Independent NWCL Shareholders’ attention is drawn. The Share Offer Price represents a discount of approximately 29.4% to the Adjusted NAV of approximately HK\$11.05 per NWCL Share, which takes into account the property valuation as at 31 December 2015 and the Disposals, after allowing for taxation.

The discount to Adjusted NAV is towards the mid-range, though slightly higher than the mean and median discounts of past similar privatisation proposals of approximately 27.1% and 26.2% respectively. It should also be borne in mind, however, that NWCL has traded consistently at discounts to book NAV (i.e. before revaluation surplus) ranging between approximately 0.9% and 43.5% over the last approximately two years. The Comparable Companies traded at a mean and median discount of approximately 22.5% and 22.3% respectively to their book NAV as at the Latest Practicable Date. This compares to the premium of approximately 14.6% which the Share Offer Price represents over the NWCL Group’s book NAV per NWCL Share as at 31 December 2015.

LETTER FROM THE NWCL INDEPENDENT FINANCIAL ADVISER

The dividend yield of NWCL at the Share Offer Price is less than 1%, while the mean and median of the Comparable Companies' dividend yields are approximately 6.0% and 6.5% respectively. On this basis, the Independent NWCL Shareholders accepting the Share Offer have the opportunity to increase their income by reinvesting in similar companies paying a higher dividend yield.

The consideration under the Option Offer is set on a "see-through" basis, which is normal in such circumstances in Hong Kong. The Option Offer Price will not be increased. NWCL Optionholders who have signed and returned the Deed of Undertaking should note that it precludes them from exercising any of their NWCL Options from the date on which the Acceptance Condition has been fulfilled until such time as the Share Offer shall have lapsed. NWCL Options not exercised at the expiry of a 14-day period after the date on which the Share Offer becomes or is declared unconditional in all respects shall lapse.

OPINION AND ADVICE

Based on the above principal factors and reasons, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent NWCL Shareholders are concerned and accordingly advise the NWCL Independent Board Committee to recommend the Independent NWCL Shareholders to accept the Share Offer. We also consider that the terms of the Option Offer are fair and reasonable so far as the NWCL Optionholders are concerned and accordingly advise the NWCL Independent Board Committee to recommend the NWCL Optionholders to accept the Option Offer.

NWCL Shares have consistently traded slightly below the Share Offer Price since trading resumed after the Joint Announcement, closing at HK\$7.47 as at the Latest Practicable Date. However, the Independent NWCL Shareholders should monitor the Share price closely; if the Independent NWCL Shareholders decide to accept the Share Offer but the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Share Offer, they should sell in the market instead. They should also keep in mind that, if applicable, dealings in the NWCL Shares will be suspended from the Closing Date up to the withdrawal of listing of the NWCL Shares from the Stock Exchange.

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NWCL Optionholders should likewise consider exercising their NWCL Options in accordance with the NWCL Share Option Schemes and selling in the market the NWCL Shares issued to them, if the proceeds (net of costs) would be higher than the net proceeds receivable under the Option Offer. NWCL Optionholders should note that all NWCL Options (to the extent not exercised) will lapse automatically 14 days after the date on which the Share Offer becomes, or is declared, unconditional in all respects. NWCL Optionholders who have signed and returned the Deed of Undertaking should also note that it precludes them from exercising any of their NWCL Options from the date on which the Acceptance Condition has been fulfilled until such time as the Share Offer shall have lapsed.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
M. N. Sabine **John Wong**
Chairman *Director*

Mr. M. N. Sabine is a licensed person registered with the SFC and a responsible officer of Somerley, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over thirty years of experience in the corporate finance industry.

Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over seven years of experience in the corporate finance industry.

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1. PROCEDURES FOR ACCEPTANCE

To accept any of the Offers, you should duly complete and sign the relevant accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the relevant Offer.

1.1 The Share Offer

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in your name, and you wish to accept the Share Offer in respect of your Offer Shares (whether in full or in part), you must deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "New World China Land Limited — Share Offer" on the envelope so as to reach the Registrar as soon as possible but in any event by no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Offer Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares to the Registrar; or
 - (ii) arrange for the Offer Shares to be registered in your name by NWCL through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any

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satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer to the Registrar; or

- (iii) if your Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged a transfer of any of your Offer Shares for registration in your name or if you have exercised your NWCL Options and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of those Offer Shares, you should nevertheless duly complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title or entitlement in respect of the NWCL Options (as the case may be). Such action will constitute an irrevocable authority to the Offeror and/or HSBC and/or their respective agent(s) to collect from NWCL or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of any of your Offer Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be duly completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the

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relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares, you should also write to the Registrar for a form of letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar.

- (e) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar on or before the latest time for acceptance of the Share Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer and, if that/those share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other document(s) (e.g. a duly stamped transfer of the relevant NWCL Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares; or
 - (ii) from a registered NWCL Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered NWCL Offer Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (g) Seller's ad valorem stamp duty payable by the NWCL Offer Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher (rounded up to the nearest of HK\$1.00), will be deducted from the amount payable by the Offeror to the relevant NWCL Offer Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the

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NWCL Offer Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

- (h) If the Share Offer is invalid, withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post at your own risk the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares tendered for acceptance together with the duly cancelled **WHITE** Form of Share Offer Acceptance to the relevant NWCL Offer Shareholder(s).
- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares tendered for acceptance will be given.

1.2 The Option Offer

- (a) If you are a NWCL Optionholder and you wish to accept the Option Offer in respect of your NWCL Options, you must deliver the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the NWCL Options and/or any other document(s) (if applicable) evidencing the grant of the NWCL Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the NWCL Options or if applicable, for not less than the number of the NWCL Options in respect of which you intend to accept the Option Offer, by post or by hand, to the company secretary of NWCL at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong marked "New World China Land Limited — Option Offer" on the envelope so as to reach the company secretary of NWCL as soon as possible but in any event by no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the **PINK** Form of Option Offer Acceptance is executed by a person other than the registered NWCL Optionholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the company secretary of NWCL must be produced.
- (c) No stamp duty will be deducted from the amount paid or payable to the NWCL Optionholder(s) who accept(s) the Option Offer.
- (d) If the Option Offer is invalid, withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by delivering the relevant certificate(s), document(s) of title or entitlement in respect of the NWCL

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Options, and/or any other document(s) (if applicable) evidencing the grant of the NWCL Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) together with the duly cancelled **PINK** Form of Option Offer Acceptance to the office of NWCL in Hong Kong for collection by the relevant NWCL Optionholders.

- (e) No acknowledgement of receipt of any **PINK** Form of Option Offer Acceptance and/or the relevant certificate(s), document(s) of title or entitlement in respect of your NWCL Options and/or any other document(s) (if applicable) evidencing the grant of the NWCL Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2 SETTLEMENT UNDER THE OFFERS

2.1 The Share Offer

Subject to the Offers becoming or being declared unconditional in all respects and provided that a duly completed **WHITE** Form of Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount due to each of the NWCL Offer Shareholders who accepts the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him under the Share Offer will be despatched to such NWCL Offer Shareholder by ordinary post at his own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects; and (ii) the date of receipt of a duly completed **WHITE** Form of Share Offer Acceptance together with all of the relevant document(s) by the Registrar to render such acceptance under the Share Offer valid.

Settlement of the consideration to which any NWCL Offer Shareholder is entitled to under the Share Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such NWCL Offer Shareholder.

No fraction of a cent will be payable and the amount of cash consideration payable to a NWCL Offer Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

2.2 The Option Offer

Subject to the Offers becoming or being declared unconditional in all respects and provided that a duly completed and signed **PINK** Form of Option Offer Acceptance and the relevant certificate(s), document(s) of title or entitlement in respect of the NWCL Options and/

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or any other document(s) (if applicable) evidencing the grant of the NWCL Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the company secretary of NWCL before the close of the Option Offer, a cheque for the amount due to each of the NWCL Optionholders who accepts the Option Offer in respect of the NWCL Options surrendered by him in acceptance of the Option Offer will be available for collection at the office of NWCL in Hong Kong at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects; and (ii) the date of receipt of a duly completed **PINK** Form of Option Offer Acceptance together with all the relevant document(s) by the company secretary of NWCL to render such acceptance, surrender and cancellation under the Option Offer valid.

Settlement of the consideration to which any NWCL Optionholder is entitled to under the Option Offer will be implemented in full in accordance with its terms, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such NWCL Optionholder.

No fraction of a cent will be payable and the amount of cash consideration payable to a NWCL Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

3 ACCEPTANCE PERIOD AND REVISIONS

Unless the Offers are revised or extended with the consent of the Executive in accordance with the Takeovers Code, to be valid, the **WHITE** Form of Share Offer Acceptance must be received by the Registrar and the **PINK** Form of Option Offer Acceptance must be received by the company secretary of NWCL, in each case, in accordance with the instructions printed thereon and in this Composite Document by 4:00 p.m. on the Closing Date.

If the Offers are revised or extended, the Offeror will issue an announcement in relation to any revision or extension of the Offers, which announcement will state either the next Closing Date or, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given, before the Offers are closed, to those NWCL Offer Shareholders and NWCL Optionholders who have not accepted the relevant Offers. If, in the course of the Offers, the Offeror revises the terms of the Offers, all the NWCL Offer Shareholders and the NWCL Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.

If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

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4 NOMINEE REGISTRATION

To ensure equality of treatment of all the NWCL Offer Shareholders, those NWCL Offer Shareholders who hold Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

5 ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offers. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised, extended, expired or have become or been declared unconditional (whether as to acceptances or in all respects). The announcement will state the following:

- (a) the total number of Offer Shares and NWCL Options for which acceptances of the Offers have been received;
- (b) the total number of Offer Shares and NWCL Options held, controlled or directed by the Offeror and the Offeror Concert Parties before the Offer Period;
- (c) the total number of Offer Shares and NWCL Options acquired or agreed to be acquired during the Offer Period by the Offeror and the Offeror Concert Parties; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in NWCL which the Offeror and any of the Offeror Concert Parties have borrowed or lent, save for any borrowed Offer Shares which have been either on-lent or sold.

The announcement will specify the percentages of the relevant classes of issued share capital, and the percentages of voting rights, represented by these numbers of Offer Shares.

In computing the total number of Offer Shares and NWCL Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the conditions set out in this Appendix I, and which have been received by the Registrar or the company secretary of NWCL (as the case may be) by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

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FURTHER TERMS OF THE OFFERS

6 RIGHT OF WITHDRAWAL

The Share Offer is conditional upon the fulfilment of the Conditions set out in the “Letter from HSBC” in this Composite Document and the Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects. Acceptances of the Offers tendered by the NWCL Offer Shareholders and the NWCL Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in this paragraph and the paragraph below. Note that Rule 17 of the Takeovers Code provides that an acceptor of any of the Offers shall be entitled to withdraw his acceptance after twenty-one (21) days from the first Closing Date (being Monday, 21 March 2016) if the Share Offer has not by then become unconditional as to acceptances and up to the earlier of such time as the Share Offer becomes or is declared unconditional as to acceptances and 4:00 p.m. on the 60th day from the date of despatch of this Composite Document (being Wednesday, 27 April 2016 (or the date beyond which the Offeror has stated that the Offers will not be extended, if applicable)).

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements set out in the section headed “*Announcements*” above, the Executive may require that the holders of Offer Shares and NWCL Options who have tendered acceptances to the relevant Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met.

7 HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant NWCL Offer Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting NWCL Offer Shareholders in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptances of the Option Offer and the cancellation of the NWCL Options.

8 GENERAL

- (a) All communications, notices, Form(s) of Acceptance, the relevant share certificate(s), transfer receipt(s), document(s) of title or entitlement in respect of the NWCL Options and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) if delivered by or sent to or from the NWCL Offer Shareholders or the NWCL Optionholders or their designated agents by post, shall be posted at their own risk, and none of NWD, the Offeror, NWCL, HSBC and any of their respective directors, the Registrar and other parties involved in the Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

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FURTHER TERMS OF THE OFFERS

- (b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, HSBC or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares and/or cancelling the NWCL Options in respect of which such person or persons has/have accepted the Offers.
- (f) Subject to the Offers becoming or being declared unconditional in all respects, acceptance of the Offers by any person will be deemed to constitute a representation and warranty by such person or persons to:
 - (i) NWD, the Offeror, NWCL and HSBC, that the Offer Shares sold by such person or persons to the Offeror are free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and any other third party rights of any nature and together with all rights attached to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date; and
 - (ii) NWD, the Offeror, NWCL and their respective advisers, including HSBC, the financial adviser to NWD and the Offeror in respect of the Offers, that if such NWCL Offer Shareholder/NWCL Optionholder accepting the Share Offer/Option Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such overseas NWCL Offer Shareholder/NWCL Optionholder is subject to receive and accept the Share Offer/Option Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and has paid all issue, transfer or other taxes or other required payments payable by him/her in connection with such acceptance, surrender and/or cancellation in any jurisdiction, and that he/she has not taken or omitted to take any action which will or may result in NWD, the Offeror, NWCL or their respective advisers, including HSBC, the financial adviser to NWD and the Offeror, or any other person acting in breach of the legal or regulatory

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requirements of any jurisdiction in connection with the Offers or his/her acceptance thereof and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.

- (g) Under the terms of the Share Offer, the NWCL Offer Shares will be acquired with all rights attached thereto as at the Closing Date or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the Closing Date and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and any other third party rights.
- (h) Subject to the Share Offer becoming or being declared unconditional in all respects, the acceptance of the Option Offer by an NWCL Optionholder will result in the cancellation of those relevant NWCL Option, together with all rights attaching thereto.
- (i) Reference to any of the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (j) In making their decisions with regard to the Offers, the NWCL Offer Shareholders and the NWCL Optionholders should rely on their own examination of NWD, the Offeror, the NWCL Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of NWCL, NWD, the Offeror and/or HSBC. The NWCL Offer Shareholders and the NWCL Optionholders should consult their own professional advisers for professional advice.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**I. FINANCIAL SUMMARY**

The following summary financial information for each of the three financial years ended 30 June 2013, 2014, 2015 and for the six months ended 31 December 2015 is extracted from the respective published audited consolidated financial statements of the NWCL Group as set forth in the annual reports for the years ended 30 June 2013, 2014, 2015 dated 25 September 2013 (pages 146 to 237), 23 September 2014 (pages 140 to 226) and 23 September 2015 (pages 154 to 246), respectively, and the unaudited interim results announcement dated 23 February 2016 of the NWCL Group.

The auditors of the Company did not issue any qualified opinion on the financial statements of the NWCL Group for any of the three years ended 30 June 2013, 2014 and 2015. There are no exceptional items because of size, nature or incidence of the NWCL Group for each of the three years ended 30 June 2013, 2014 and 2015.

In this appendix, references to “the Company” and “the Group” shall mean NWCL and the NWCL Group respectively.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Summary Consolidated Income Statement

	Year ended 30 June			Six months ended 31 December
	2013	2014	2015	2015
	<i>(Note)</i>			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Revenues	16,153,872	21,850,106	17,459,237	7,300,446
Cost of sales	<u>(9,395,433)</u>	<u>(12,770,039)</u>	<u>(10,621,455)</u>	<u>(4,931,422)</u>
Gross profit	6,758,439	9,080,067	6,837,782	2,369,024
Other income	1,031,293	1,359,585	733,019	234,641
Other gains/(losses), net	840,955	(111,898)	68,973	(1,228,867)
Changes in fair value of investment properties	623,795	616,122	899,117	588,454
Selling expenses	(550,200)	(737,786)	(799,553)	(451,795)
Administrative and other operating expenses	<u>(1,347,765)</u>	<u>(1,249,934)</u>	<u>(1,400,936)</u>	<u>(795,533)</u>
Operating profit before finance costs	7,356,517	8,956,156	6,338,402	715,924
Finance costs	(414,256)	(311,314)	(302,140)	(145,777)
Share of results of associated companies and joint ventures	<u>964,636</u>	<u>462,277</u>	<u>386,153</u>	<u>(24,507)</u>
Profit before taxation	7,906,897	9,107,119	6,422,415	545,640
Taxation charge	<u>(3,051,541)</u>	<u>(4,167,156)</u>	<u>(2,918,335)</u>	<u>(857,327)</u>
Profit/(loss) for the year/period from continuing operations	4,855,356	4,939,963	3,504,080	(311,687)
Discontinued operation				
Gain on disposal of discontinued operation	—	—	—	768,894
Loss for the year/period from discontinued operation	<u>—</u>	<u>(140,698)</u>	<u>(34,033)</u>	<u>(19,603)</u>
	<u>—</u>	<u>(140,698)</u>	<u>(34,033)</u>	<u>749,291</u>
Profit for the year/period	<u><u>4,855,356</u></u>	<u><u>4,799,265</u></u>	<u><u>3,470,047</u></u>	<u><u>437,604</u></u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP		
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	Year ended 30 June			Six months ended
	2013 <i>(Note)</i> HK\$'000	2014 HK\$'000	2015 HK\$'000	31 December 2015 HK\$'000
Profit attributable to:				
Equity holders of the Company				
From continuing operations	4,616,314	4,779,389	3,347,164	(207,084)
From discontinued operation	<u>—</u>	<u>(140,698)</u>	<u>(34,033)</u>	<u>749,291</u>
	4,616,314	4,638,691	3,313,131	542,207
Non-controlling interests	<u>239,042</u>	<u>160,574</u>	<u>156,916</u>	<u>(104,603)</u>
	<u>4,855,356</u>	<u>4,799,265</u>	<u>3,470,047</u>	<u>437,604</u>
Earnings per share				
Basic earnings/(loss) per share				
From continuing operations	53.32 cents	55.11 cents	38.53 cents	(2.38) cents
From discontinued operation	<u>—</u>	<u>(1.62) cents</u>	<u>(0.39) cents</u>	<u>8.62 cents</u>
	<u>53.32 cents</u>	<u>53.49 cents</u>	<u>38.14 cents</u>	<u>6.24 cents</u>
Diluted earnings/(loss) per share				
From continuing operations	53.29 cents	55.07 cents	38.51 cents	(2.38) cents
From discontinued operation	<u>—</u>	<u>(1.62) cents</u>	<u>(0.39) cents</u>	<u>8.61 cents</u>
	<u>53.29 cents</u>	<u>53.45 cents</u>	<u>38.12 cents</u>	<u>6.23 cents</u>
Dividends	<u>606,589</u>	<u>607,713</u>	<u>260,681</u>	<u>—</u>
Dividends per share	<u>7 cents</u>	<u>7 cents</u>	<u>3 cents</u>	<u>—</u>

Note: 2013 figures are not re-presented for discontinued operation.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Summary Consolidated Statement of Financial Position

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Non-current assets				
Property, plant and equipment	3,430,117	4,763,887	5,831,924	5,241,850
Investment properties	19,928,241	21,971,592	24,684,353	22,677,651
Land use rights	621,096	703,901	720,144	577,501
Intangible assets	1,940,241	1,895,952	91,030	123,417
Properties held for development	17,350,847	18,182,575	19,741,250	13,751,920
Associated companies and joint ventures	12,914,943	14,309,144	15,598,108	14,700,228
Available-for-sale financial assets	<u>108,457</u>	<u>85,147</u>	<u>735,860</u>	<u>4,004,215</u>
	<u>56,293,942</u>	<u>61,912,198</u>	<u>67,402,669</u>	<u>61,076,782</u>
Current assets				
Properties under development	20,449,013	21,091,110	17,671,570	16,387,630
Completed properties held for sale	7,093,274	8,977,146	19,885,358	14,408,004
Hotel inventories, at cost	4,551	4,002	4,102	3,915
Prepayments, debtors and other receivables	13,817,090	10,881,917	11,275,453	6,948,748
Amounts due from related companies	851,225	577,025	301,943	212,227
Cash and bank balances, unrestricted	<u>19,337,202</u>	<u>17,351,595</u>	<u>15,773,665</u>	<u>18,130,524</u>
	61,552,355	58,882,795	64,912,091	56,091,048
Assets of disposal groups classified as held for sale	—	—	2,112,780	22,343,211
Non-current assets reclassified as held for sale	<u>—</u>	<u>131,138</u>	<u>—</u>	<u>1,262,217</u>
	<u>61,552,355</u>	<u>59,013,933</u>	<u>67,024,871</u>	<u>79,696,476</u>
Total assets	<u>117,846,297</u>	<u>120,926,131</u>	<u>134,427,540</u>	<u>140,773,258</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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	2013	As at 30 June 2014	2015	As at 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	866,360	868,335	868,877	869,360
Reserves	53,135,700	56,623,635	59,652,293	58,300,325
Proposed final dividend	<u>346,686</u>	<u>260,547</u>	<u>260,681</u>	<u>—</u>
	54,348,746	57,752,517	60,781,851	59,169,685
Non-controlling interests	<u>3,354,883</u>	<u>3,566,137</u>	<u>3,836,900</u>	<u>3,794,445</u>
Total equity	<u>57,703,629</u>	<u>61,318,654</u>	<u>64,618,751</u>	<u>62,964,130</u>
LIABILITIES				
Non-current liabilities				
Long term borrowings	30,957,581	25,226,035	34,388,409	42,192,270
Deferred tax liabilities	<u>2,839,705</u>	<u>3,252,232</u>	<u>3,522,327</u>	<u>3,157,875</u>
	<u>33,797,286</u>	<u>28,478,267</u>	<u>37,910,736</u>	<u>45,350,145</u>
Current liabilities				
Creditors and accruals	6,819,852	6,950,199	8,890,122	7,985,189
Deposits received on sale of properties	9,041,851	4,716,405	6,045,122	6,243,425
Amounts due to related companies	838,710	507,848	723,334	942,691
Short term loans	543,038	—	1,001,250	—
Current portion of long term borrowings	5,501,711	14,197,174	9,775,255	6,553,940
Amounts due to non-controlling interests	103,192	102,756	102,756	101,313
Taxes payable	<u>3,497,028</u>	<u>4,654,828</u>	<u>4,432,361</u>	<u>4,381,837</u>
	26,345,382	31,129,210	30,970,200	26,208,395
Liabilities of disposal groups classified as held for sale	<u>—</u>	<u>—</u>	<u>927,853</u>	<u>6,250,588</u>
	<u>26,345,382</u>	<u>31,129,210</u>	<u>31,898,053</u>	<u>32,458,983</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP		
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	2013	As at 30 June		As at
	2014	2015	2015	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total liabilities	<u>60,142,668</u>	<u>59,607,477</u>	<u>69,808,789</u>	<u>77,809,128</u>
Total equity and liabilities	<u>117,846,297</u>	<u>120,926,131</u>	<u>134,427,540</u>	<u>140,773,258</u>
Net current assets	<u>35,206,973</u>	<u>27,884,723</u>	<u>35,126,818</u>	<u>47,237,493</u>
Total assets less current liabilities	<u>91,500,915</u>	<u>89,796,921</u>	<u>102,529,487</u>	<u>108,314,275</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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II. (A) AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Set out below is financial information of the Group as extracted from the published audited financial statements of the Group for the year ended 30 June 2015.

Consolidated Income Statement

For the year ended 30 June 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations			
Revenues	6	17,459,237	21,850,106
Cost of sales		<u>(10,621,455)</u>	<u>(12,770,039)</u>
Gross profit		6,837,782	9,080,067
Other income	7	733,019	1,359,585
Other gains/(losses), net	8	68,973	(111,898)
Changes in fair value of investment properties	17	899,117	616,122
Selling expenses		(799,553)	(737,786)
Administrative and other operating expenses		<u>(1,400,936)</u>	<u>(1,249,934)</u>
Operating profit before finance costs	9	6,338,402	8,956,156
Finance costs	10	(302,140)	(311,314)
Share of results of associated company and joint ventures		<u>386,153</u>	<u>462,277</u>
Profit before taxation		6,422,415	9,107,119
Taxation charge	13	<u>(2,918,335)</u>	<u>(4,167,156)</u>
Profit for the year from continuing operations		3,504,080	4,939,963
Discontinued operation			
Loss for the year from discontinued operation	24	<u>(34,033)</u>	<u>(140,698)</u>
Profit for the year		<u><u>3,470,047</u></u>	<u><u>4,799,265</u></u>
Profit attributable to:			
Equity holders of the Company			
From continuing operations		3,347,164	4,779,389
From discontinued operation		<u>(34,033)</u>	<u>(140,698)</u>
		3,313,131	4,638,691
Non-controlling interests		<u>156,916</u>	<u>160,574</u>
		<u><u>3,470,047</u></u>	<u><u>4,799,265</u></u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings per share	<i>14</i>		
Basic			
From continuing operations		38.53 cents	55.11 cents
From discontinued operation		<u>(0.39) cents</u>	<u>(1.62) cents</u>
		<u>38.14 cents</u>	<u>53.49 cents</u>
Diluted			
From continuing operations		38.51 cents	55.07 cents
From discontinued operation		<u>(0.39) cents</u>	<u>(1.62) cents</u>
		<u>38.12 cents</u>	<u>53.45 cents</u>
Dividends	<i>15</i>	<u>260,681</u>	<u>607,713</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Consolidated Statement of Comprehensive Income*For the year ended 30 June 2015*

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>3,470,047</u>	<u>4,799,265</u>
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	(61,676)	(564,599)
Share of other comprehensive income of associated company and joint ventures	<u>1,978</u>	<u>(83,077)</u>
Other comprehensive income for the year	<u>(59,698)</u>	<u>(647,676)</u>
Total comprehensive income for the year	<u><u>3,410,349</u></u>	<u><u>4,151,589</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	3,258,178	3,999,840
Non-controlling interests	<u>152,171</u>	<u>151,749</u>
	<u><u>3,410,349</u></u>	<u><u>4,151,589</u></u>
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	3,293,173	4,140,207
Discontinued operation	<u>(34,995)</u>	<u>(140,367)</u>
	<u><u>3,258,178</u></u>	<u><u>3,999,840</u></u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Consolidated Statement of Financial Position*As at 30 June 2015*

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	16	5,831,924	4,763,887
Investment properties	17	24,684,353	21,971,592
Land use rights	18	720,144	703,901
Intangible assets	19	91,030	1,895,952
Properties held for development	21	19,741,250	18,182,575
Associated company and joint ventures	22	15,598,108	14,309,144
Available-for-sale financial assets	25	<u>735,860</u>	<u>85,147</u>
		<u>67,402,669</u>	<u>61,912,198</u>
Current assets			
Properties under development	27	17,671,570	21,091,110
Completed properties held for sale	28	19,885,358	8,977,146
Hotel inventories, at cost		4,102	4,002
Prepayments, debtors and other receivables	29	11,275,453	10,881,917
Amounts due from related companies	30	301,943	577,025
Cash and bank balances, unrestricted	26	<u>15,773,665</u>	<u>17,351,595</u>
		64,912,091	58,882,795
Assets of disposal group classified as held for sale	24	2,112,780	—
Non-current assets reclassified as held for sale	23	<u>—</u>	<u>131,138</u>
		<u>67,024,871</u>	<u>59,013,933</u>
Total assets		<u>134,427,540</u>	<u>120,926,131</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	31	868,877	868,335
Reserves	32	59,652,293	56,623,635
Proposed final dividend	32	<u>260,681</u>	<u>260,547</u>
		60,781,851	57,752,517
Non-controlling interests		<u>3,836,900</u>	<u>3,566,137</u>
Total equity		<u>64,618,751</u>	<u>61,318,654</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Long term borrowings	33	34,388,409	25,226,035
Deferred tax liabilities	34	<u>3,522,327</u>	<u>3,252,232</u>
		<u>37,910,736</u>	<u>28,478,267</u>
Current liabilities			
Creditors and accruals	35	8,890,122	6,950,199
Deposits received on sale of properties		6,045,122	4,716,405
Amounts due to related companies	30	723,334	507,848
Short term loans	36	1,001,250	—
Current portion of long term borrowings	33	9,775,255	14,197,174
Amounts due to non-controlling interests	37	102,756	102,756
Taxes payable	38	<u>4,432,361</u>	<u>4,654,828</u>
		30,970,200	31,129,210
Liabilities of disposal group classified as held for sale	24	<u>927,853</u>	—
		<u>31,898,053</u>	<u>31,129,210</u>
Total liabilities		<u>69,808,789</u>	<u>59,607,477</u>
Total equity and liabilities		<u>134,427,540</u>	<u>120,926,131</u>
Net current assets		<u>35,126,818</u>	<u>27,884,723</u>
Total assets less current liabilities		<u>102,529,487</u>	<u>89,796,921</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Statement of Financial Position*As at 30 June 2015*

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
ASSETS			
Non-current asset			
Subsidiaries	20	<u>46,336,267</u>	<u>40,751,213</u>
Current assets			
Prepayments, debtors and other receivables	29	13,021	16,489
Amounts due from related companies	30	202,799	435,602
Cash and bank balances, unrestricted	26	<u>4,148,864</u>	<u>5,241,629</u>
		<u>4,364,684</u>	<u>5,693,720</u>
Total assets		<u>50,700,951</u>	<u>46,444,933</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	31	868,877	868,335
Reserves	32	27,341,449	27,382,861
Proposed final dividend	32	<u>260,681</u>	<u>260,547</u>
Total equity		<u>28,471,007</u>	<u>28,511,743</u>
LIABILITIES			
Non-current liability			
Long term borrowings	33	<u>20,261,349</u>	<u>10,860,351</u>
Current liabilities			
Creditors and accruals	35	177,881	188,222
Amounts due to related companies	30	—	27
Current portion of long term borrowings	33	1,727,678	6,823,029
Taxes payable	38	<u>63,036</u>	<u>61,561</u>
		<u>1,968,595</u>	<u>7,072,839</u>
Total liabilities		<u>22,229,944</u>	<u>17,933,190</u>
Total equity and liabilities		<u>50,700,951</u>	<u>46,444,933</u>
Net current assets/(liabilities)		<u>2,396,089</u>	<u>(1,379,119)</u>
Total assets less current liabilities		<u>48,732,356</u>	<u>39,372,094</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Consolidated Cash Flow Statement*For the year ended 30 June 2015*

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Operating activities			
Net cash generated from operations	41(a)	762,133	3,733,208
Tax paid		<u>(2,532,620)</u>	<u>(2,487,383)</u>
Net cash (used in)/from operating activities		<u>.....(1,770,487)</u>	<u>.....1,245,825</u>
Investing activities			
Interest received		284,541	244,074
Dividend income from an available-for-sale financial asset		—	1,738
Dividend income from joint ventures		65,368	30,526
Additions to property, plant and equipment, land use rights and investment properties		(3,111,936)	(2,569,492)
Additions to available-for-sale financial assets		(650,713)	—
Increase in investments in associated company and joint ventures		(1,420,961)	(2,465,781)
Decrease in investments in associated company and joint ventures		762,841	549,018
Acquisition of subsidiaries	41(b)	—	(364,223)
Acquisition of additional interests in subsidiaries		—	(90,280)
Disposal of associated companies		—	93,934
Disposal of available-for-sale financial assets		—	23,310
Disposal of property, plant and equipment and investment properties		<u>455,024</u>	<u>500,892</u>
Net cash used in investing activities		<u>.....(3,615,836)</u>	<u>.....(4,046,284)</u>
Financing activities			
Interest paid		(2,432,825)	(1,060,961)
Increase in long term borrowings		8,697,886	9,006,059
Issue of notes		7,907,299	—
Repayment of long term borrowings		(5,618,961)	(5,543,262)
Repayment of bonds		(5,308,642)	—
Capital contribution from non-controlling interests		—	132,758
Issue of shares		17,284	59,320
Increase/(decrease) in short term loans		1,001,250	(253,846)
Repayment on advance from participating interest		—	(523,611)
Dividends paid		(260,554)	(694,027)
Dividends paid to non-controlling interests		<u>(232)</u>	<u>(23,560)</u>
Net cash from financing activities		<u>4,002,505</u>	<u>1,098,870</u>
Net decrease in cash and cash equivalents		(1,383,818)	(1,701,589)
Cash and cash equivalents at beginning of the year		17,351,595	19,337,202
Exchange differences on cash and cash equivalents		<u>(29,091)</u>	<u>(284,018)</u>
Cash and cash equivalents at end of the year		<u>15,938,686</u>	<u>17,351,595</u>
Analysis of cash and cash equivalents			
Unrestricted cash and bank balances	26	15,773,665	17,351,595
Unrestricted cash and bank balances attributable to a discontinued operation	24	<u>165,021</u>	<u>—</u>
		<u>15,938,686</u>	<u>17,351,595</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Consolidated Statement of Changes in Equity*For the year ended 30 June 2015*

	Attributable to equity holders of the Company		Non- controlling interests	Total equity	
	Share capital	Reserves	Shareholders' funds		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 July 2014	868,335	56,884,182	57,752,517	3,566,137	61,318,654
Translation differences	—	(56,931)	(56,931)	(4,745)	(61,676)
Share of other comprehensive income of associated company and joint ventures	—	1,978	1,978	—	1,978
Other comprehensive income for the year	—	(54,953)	(54,953)	(4,745)	(59,698)
Profit for the year	—	3,313,131	3,313,131	156,916	3,470,047
Total comprehensive income for the year	—	3,258,178	3,258,178	152,171	3,410,349
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	542	16,742	17,284	—	17,284
Capital contribution from non-controlling interests	—	—	—	118,824	118,824
Share-based payments	—	14,426	14,426	—	14,426
Dividends paid	—	(260,554)	(260,554)	(232)	(260,786)
Total transactions with owners	542	(229,386)	(228,844)	118,592	(110,252)
Balance at 30 June 2015	868,877	59,912,974	60,781,851	3,836,900	64,618,751

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP				
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	<u>Attributable to equity holders of the Company</u>			Non- controlling interests	Total equity
	Share capital	Reserves	Shareholders' funds	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 July 2013	866,360	53,482,386	54,348,746	3,354,883	57,703,629
Translation differences	—	(555,774)	(555,774)	(8,825)	(564,599)
Share of other comprehensive income of associated company and joint ventures	—	(83,077)	(83,077)	—	(83,077)
Other comprehensive income for the year	—	(638,851)	(638,851)	(8,825)	(647,676)
Profit for the year	—	4,638,691	4,638,691	160,574	4,799,265
Total comprehensive income for the year	—	3,999,840	3,999,840	151,749	4,151,589
Transactions with owners					
Contribution by and distribution to owners					
Issues of shares	1,975	57,345	59,320	—	59,320
Capital contribution from non-controlling interests	—	—	—	199,146	199,146
Share-based payments	—	12,920	12,920	—	12,920
Dividends paid	—	(694,027)	(694,027)	(23,560)	(717,587)
	1,975	(623,762)	(621,787)	175,586	(446,201)
Change in ownership interests in a subsidiary					
Acquisition of additional interests in a subsidiary	—	25,718	25,718	(116,377)	(90,659)
Acquisition of subsidiaries	—	—	—	296	296
Total transactions with owners	1,975	(598,044)	(596,069)	59,505	(536,564)
Balance at 30 June 2014	868,335	56,884,182	57,752,517	3,566,137	61,318,654

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**NOTES TO THE FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

New World China Land Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in investment and development of property projects in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 9/F., New World Tower 1, 18 Queen’s Road Central, Hong Kong.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

The immediate and ultimate holding company is New World Development Company Limited (“NWD”), a company incorporated and listed in Hong Kong.

On 3 July 2015, the Company announced that the Group had entered into the sale and purchase agreement with Chow Tai Fook Enterprises Limited, the substantial shareholder of NWD, to sell its entire interest in New World Hotel Management (BVI) Limited, its subsidiaries and a joint venture (collectively referred to as the “Disposal Group”) and the assignment and transfer of the shareholder’s loan for an aggregate consideration of HK\$1,963,000,000, receivable in cash (the “Disposal”).

Analysis of the results, cash flows, assets and liabilities of the Disposal Group is presented in note 24.

These financial statements have been approved for issue by the Board of Directors on 23 September 2015.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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(a) Adoption of revised standards, amendments to standards and interpretation

The Group has adopted the following revised standards, amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for the financial year ended 30 June 2015:

Amendments to HKAS 19 (Revised 2011)	Employee Benefits: Defined Benefit Plans — Employee Contributions
HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC)-Int 21	Levies
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

The adoption of the revised standards, amendments to standards and interpretation does not have a significant impact on the results and financial position of the Group.

(b) Standards and amendments to standards which are not yet effective

The following new or revised standards and amendments to standards are mandatory for the accounting periods beginning on or after 1 July 2015 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2016:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (Revised 2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements Project	Annual Improvements 2012–2014 Cycle

Effective for the year ending 30 June 2017 or after:

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The Group has already commenced an assessment of the impact of these new or revised standards and amendments to standards, certain of which may be relevant to the Group's operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**3. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted for the preparation of these financial statements, which have been consistently applied to all the years presented, unless otherwise stated, are set out below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries made up to 30 June.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On the acquisition by acquisition basis, the Group recognises a non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the carrying amount for the purposes of subsequently accounting for the retained interest as associated companies, joint ventures or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The Company's investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(ii) Joint ventures**

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income based on the relevant profit sharing ratios which vary according to the nature of the joint ventures set out as follows:

Equity joint ventures/joint ventures in wholly foreign owned enterprises

Equity joint ventures/joint ventures in wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios and share of net assets of the venturers are in proportion to the capital contribution ratios.

Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

Joint venture companies limited by shares

Joint venture companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

The Group's investment in joint venture include the loans and advances to the joint venture which, in substance, form part of the Group's investment in the joint venture. The loans and advances to the joint venture are a form of commercial arrangement between the parties to the joint venture to finance the development of projects and viewed as a means by which the Group invests in the relevant projects. These loans and advances have no fixed repayment terms and will be repaid when the relevant joint venture has surplus cash flow.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(iii) Associated companies**

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence, but not control, through representatives on the board of directors.

Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. The interests in associated companies also include long term interest that, in substance, form part of the Group's investment in associated companies.

The share of post-acquisition profits or losses of associated companies is recognised in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Transactions with non-controlling interests

Non-controlling interests is the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group, instead of transactions with parties not within the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling interests are also recorded in equity.

(b) Intangible assets**(i) Goodwill**

Goodwill arising on acquisition of subsidiaries is included in intangible assets. Goodwill represents the excess of the cost of an acquisition over the fair value of the attributable share of the net identifiable assets of the acquired subsidiaries, associated companies or joint ventures and fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of joint ventures and associated companies is included in interests in joint ventures and associated companies. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of testing for impairment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(ii) Trademarks**

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the date of acquisition. Trademarks with indefinite life are carried at cost less impairment and are not amortised.

(iii) Hotel management contracts

Separately acquired hotel management contracts are shown at historical cost. Hotel management contracts acquired in a business combination are recognised at fair value at the date of acquisition. Hotel management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of hotel management contracts over their estimated useful lives of 20 years.

(iv) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the date of acquisition. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 20 years.

(v) Process, technology and know-how

Process, technology and know-how acquired in a business combination are recognised at fair value at the date of acquisition. Process, technology and know-how have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of process, technology and know-how over their estimated useful lives of 10 years.

(c) Non-current assets or disposal groups reclassified as held for sale and discontinued operation

Non-current assets or disposal groups are reclassified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as non-current assets held for sale are stated at fair value at the end of the reporting period.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

(d) Assets under leases**(i) Finance leases**

Leases that transfer to the Group substantially all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the lease's commencement date at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP

included in liabilities. The finance charges are charged to the income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets held under finance leases are depreciated on the basis described in note 3(g)(ii) below.

(ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the income statement on a straight-line basis over the period of the lease.

(e) Land use rights

The upfront prepayments made for the land use rights held under operating lease are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement.

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional qualified valuers on an open market value basis at the end of each reporting period. Changes in fair value are recognised in the income statement.

Subsequent expenditure is included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Where fair value of property that is being constructed or developed as investment property is not reliably determinable, it is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if the fair value of the property at the date of transfer which results in a reversal of the previous impairment loss, the write-back is recognised in the consolidated income statement.

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(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

(i) Assets under construction

All direct costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

(ii) Depreciation

No depreciation is provided on assets under construction until such time when the relevant assets are completed and available for intended use.

Depreciation of other property, plant and equipment is calculated to allocate their cost to their estimated residual values over their estimated useful lives using the straight-line method. Estimated useful lives are summarised as follows:

Other properties	20–40 years
Leasehold improvements	5–10 years or over the relevant lease period
Furniture, fixtures and equipment	5–8 years
Motor vehicles	3 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(h) Impairment of investments in subsidiaries, joint ventures, associated companies and non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped as cash-generating units for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP

Impairment testing of the investments in subsidiaries, joint ventures or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(i) Investments

The Group classifies its investments in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its investments at initial recognition depending on the purpose for which the investments are acquired.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading and those designated as at fair value through profit or loss at inception under certain circumstances. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Assets in the category are classified as current assets are expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable and are included in current assets, except for those with maturities of more than twelve months after the end of the reporting period, which are classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than twelve months from the end of the reporting period, which are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement in the financial period in which they arise. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold, the accumulated fair value adjustments are included in the income statement as gains or losses from financial assets. Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the financial asset and other changes in the carrying amount of the financial asset. The translation differences on monetary financial assets are recognised in the income statement; translation differences on non-monetary financial assets are recognised in other comprehensive income.

The fair values of quoted investment are based on current bid prices. If the market for a financial asset is not active and for unlisted financial assets, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(j) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the assets are impaired. In case of debt instruments, objective evidence of impairment includes significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(k) Properties held for/under development

Properties held for/under development comprise prepayments for land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(l) Completed properties held for sale

Completed properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(m) Hotel inventories

Hotel inventories primarily comprise food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(n) Contracts in progress**

Contracts in progress comprise contract cost incurred, plus recognised profits (less recognised losses) less progress billing. Cost comprises materials, direct labour and overheads attributable to bringing the work in progress to its present condition.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the “percentage-of-completion method” to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

(o) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

(p) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the statement of financial position.

(q) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(s) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(u) Current and deferred taxation

The current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method or capitalised on the basis set out in note 3(w), where appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(w) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed as incurred.

(x) Employee benefits**(i) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution plans

The Group's contributions to defined contribution retirement plans, including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in the PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) Equity-settled share-based compensation

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

On lapse of share option according to the plan, corresponding amount recognised in share option reserve is transferred to retained profits.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(y) Foreign currencies**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi. The consolidated financial statements are presented in Hong Kong dollars to facilitate analysis of financial information by the holding company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the end of the reporting period are recognised in the income statement.

Translation differences on financial assets held at fair value through profit or loss is reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in equity.

(iii) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the end of that reporting period;
- (2) income and expenses for each income statement are translated at average exchange rates; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP

disposals (that is, reductions in the Group's ownership interest in associated companies or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the end of reporting period.

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

(aa) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Property sales

Revenue from sale of properties is recognised when the risks and rewards of the properties are passed to the purchasers. Deposits and instalments received on properties sold prior to their completion are included under current liabilities.

(ii) Rental income

Rental income from properties leased out under an operating lease is recognised in the income statement on a straight-line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

(iii) Hotel operation income

Hotel operation income is recognised when services are rendered.

(iv) Property management services fee income

Property management services fee income is recognised when services are rendered.

(v) Project management fee income

Project management fee income is recognised when services are rendered.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(vi) Hotel management services fee income**

Hotel management services fee income is recognised when services are rendered.

(vii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method to the extent that interest income can be reliably measured and it is probable that future economic benefit will flow to the Group.

(viii) Construction income

Revenue from construction service contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where an outcome can be estimated reliably. Revenue from construction service contracts is measured by reference to the proportion of costs incurred for work performed to the end of the reporting period as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when it is probable that total contract costs will exceed total contract revenue. When the outcome of construction service contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(ix) Trademark fee income

Trademark fee income is recognised on an accrual basis in accordance with the relevant agreements.

(x) Dividend income

Dividend income is recognised when the right to receive payment is established.

(ab) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders/directors.

(ac) Insurance contracts

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. If the carrying amount of the relevant insurance liabilities is less than the best estimate of the expenditure required to settle the relevant insurance liabilities at the end of the reporting period, the Group recognises the entire difference in the income statement. These estimates are recognised only when the outflow is probable and the estimates can be reliably measured.

The Group regards its financial guarantee contracts in respect of mortgage facilities provided to certain property purchasers and guarantees provided to its related parties as insurance contracts.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group conducts its operation in the PRC and accordingly is subject to special consideration and risk exposure under a unique political, economic and legal environment. The Group's activities expose it to a variety of financial risks and the Group's overall risk management policy seeks to minimise potential adverse effects on the Group's financial performance. The Group continues to control financial risk in a conservative approach to safeguard the interest of shareholders.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(a) Market risk****(i) Foreign exchange risk**

The Group's operations are mainly conducted in the PRC. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

At 30 June 2015, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$15,728,850,000 (2014: HK\$13,412,391,000) and net monetary liabilities denominated in United States dollar of HK\$7,244,443,000 (2014: net monetary assets HK\$1,028,871,000) respectively. If Hong Kong dollar and United States dollar had strengthened/weakened by 5% against Renminbi respectively with all other variables unchanged, the Group's profit before taxation would have been HK\$1,148,665,000 (2014: HK\$619,176,000) lower/higher respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates at the end of the reporting period. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets mainly include bank deposits. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. Fair value interest rate risk is the risk that the value of a financial asset or liability will fluctuate because of changes in market interest rates. The Group's borrowings issued at fixed rates expose the Group to fair value interest rate risk.

To mitigate the risk, the Group has maintained fixed and floating rate debts. The level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates on profit or loss, interest cover and the cash flow cycles of the Group's businesses and investments.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$2,672,000 (2014: HK\$8,262,000) higher/lower. The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group at the end of the reporting period. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**(b) Credit risk**

The credit risk of the Group and the Company mainly arises from deposits with bank, trade and other receivables and balances receivable from related companies. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses.

Deposits are mainly placed with high-credit-quality financial institutions. Trade receivables and amounts due from related companies mainly include receivables from sale and lease of properties, property and project management services and other services. The Group and the Company carry out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade receivables from third party customers as there are a large number of customers.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, associated company and joint ventures through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

The Group provides guarantees to banks in connection with certain property purchasers' mortgage loans for financing their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the PRC. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the potential liabilities based on the current estimates of future cash flows. As at 30 June 2015, no provision has been made in the financial statements (2014: Nil).

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash, and ensuring the availability of funding from an adequate amount of committed credit facilities. It is the policy of the Group and the Company to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group and the Company also maintain undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements. At 30 June 2015, the Group's unutilised committed bank loan facilities amounted to HK\$8,162 million (2014: HK\$3,002 million).

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cashflow.

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Group

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cashflow <i>HK\$'000</i>	Within 1 year <i>HK\$'000</i>	Over 1 year but within 5 years <i>HK\$'000</i>	After 5 years <i>HK\$'000</i>
At 30 June 2015					
Creditors and accruals	8,708,785	8,708,785	7,907,162	780,694	20,929
Amounts due to associated company and joint ventures	601,960	601,960	601,960	—	—
Amounts due to group companies	121,197	121,197	121,197	—	—
Amounts due to companies owned by a director	2,834	2,834	2,834	—	—
Amounts due to non- controlling interests	102,756	102,756	102,756	—	—
Short term loans	1,001,250	1,064,347	1,064,347	—	—
Long term borrowings	<u>44,163,664</u>	<u>50,871,659</u>	<u>12,889,326</u>	<u>34,186,248</u>	<u>3,796,085</u>

At 30 June 2014					
Creditors and accruals	6,682,667	6,682,667	5,854,144	819,326	9,197
Amounts due to associated company and joint ventures	371,919	371,919	371,919	—	—
Amounts due to group companies	135,962	135,962	135,962	—	—
Amounts due to companies owned by a director	2,669	2,669	2,669	—	—
Amounts due to non- controlling interests	102,756	102,756	102,756	—	—
Long term borrowings	<u>39,423,209</u>	<u>44,700,675</u>	<u>16,628,462</u>	<u>24,780,550</u>	<u>3,291,663</u>

Company

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cashflow <i>HK\$'000</i>	Within 1 year <i>HK\$'000</i>	Over 1 year but within 5 years <i>HK\$'000</i>	After 5 years <i>HK\$'000</i>
At 30 June 2015					
Creditors and accruals	177,881	177,881	177,881	—	—
Long term borrowings	<u>21,989,027</u>	<u>25,115,322</u>	<u>3,431,167</u>	<u>16,668,944</u>	<u>5,015,211</u>

At 30 June 2014					
Creditors and accruals	188,222	188,222	188,222	—	—
Long term borrowings	<u>17,683,380</u>	<u>19,063,179</u>	<u>7,615,633</u>	<u>7,361,800</u>	<u>4,085,746</u>

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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The Group generally obtains long term financing to on-lend or contribute as equity to its subsidiaries, joint ventures and associated company to meet their funding needs in order to provide more cost-efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and bank balances.

The gearing ratios at 30 June 2015 and 2014 were as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated total borrowings	45,164,914	39,423,209
Less: cash and bank balances	<u>(15,773,665)</u>	<u>(17,351,595)</u>
Consolidated net debt	<u>29,391,249</u>	<u>22,071,614</u>
Total equity	<u>64,618,751</u>	<u>61,318,654</u>
Gearing ratio	<u>45.5%</u>	<u>36.0%</u>

The increase in gearing ratio at 30 June 2015 was primarily due to increase in net debt for funding the capital expenditure for investment properties under development, property, plant and equipment under construction and properties under development.

(e) **Fair value estimation**

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. None of the instruments is included in level 1 as at 30 June 2015 and 30 June 2014.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. None of the instrument is included in level 2 as at 30 June 2015 and 30 June 2014.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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The unobservable inputs were used to determine the fair value of the available-for-sale financial assets included in level 3 including development costs and developer's profit of the proposed property development project assuming completed as at the date of valuation.

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2015 and 2014:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2015				
Unlisted investment classified as				
available-for-sale financial assets	<u>—</u>	<u>—</u>	<u>735,860</u>	<u>735,860</u>
At 30 June 2014				
Unlisted investment classified as				
available-for-sale financial assets	<u>—</u>	<u>—</u>	<u>85,147</u>	<u>85,147</u>

The following table presents the changes in level 3 instruments for the year ended 30 June 2015 and 2014:

	Available-for-sale financial assets	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of the year	85,147	108,457
Additions	650,713	—
Disposals	<u>—</u>	<u>(23,310)</u>
At end of the year	<u>735,860</u>	<u>85,147</u>

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

(a) Valuation of completed investment properties and investment properties under development

The fair value of each investment property is individually determined at the end of each reporting period by independent valuers based on a market value assessment. The valuers have relied on the discounted cash flow analysis and the capitalisation of income approach as their primary methods, supported by the direct comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

In the case of investment properties under development, their face value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key

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assumptions include the value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or costs. The fair value is made by reference to independent valuation.

(b) Provision for properties held for/under development and for sale

The Group assesses the carrying amounts of properties held for/under development and for sale according to their estimated net realisable value based on the realisability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) Income taxes

The Group is subject to corporate income tax, land appreciation tax, withholding tax and other taxes in the PRC. Significant judgement is required in determining the provision for taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the provision for income and other taxes and deferred tax in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Estimated useful lives and impairment of property, plant and equipment

Property, plant and equipment are long-lived but may be subject to technical obsolescence. The annual depreciation charges are affected by the estimated useful lives that the Group allocates to each type of property, plant and equipment. Management performs annual reviews to assess the appropriateness of the estimated useful lives. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

Management also regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

(e) Recoverability of prepayments, debtors and other receivables

The Group assesses whether there is objective evidence as stated in notes 3(h) and 3(o) that prepayments, debtors and other receivables are impaired. It recognises impairment based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these prepayments, debtors and other receivables will impact the amount of impairment required.

(f) Financial guarantees

The Group assesses at the end of each reporting period the liabilities under insurance contracts, using current estimates of future cash flows.

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In respect of the financial guarantee contracts provided to property purchasers, the Group considers the net realisable value of the relevant properties against the outstanding mortgage principal and interest.

6. REVENUES AND SEGMENT INFORMATION

- (a) The Group is principally engaged in investment in and development of property projects in the PRC. Revenues comprise turnover which include gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income, project management fee income and contracting services income.

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of properties	15,172,392	19,706,194
Rental income	828,864	792,868
Income from hotel operation	388,987	352,538
Property management services fee income	507,799	424,999
Project management fee income	120,607	94,405
Contracting services income	440,588	479,102
	17,459,237	21,850,106

- (b) The chief operating decision-maker has been identified as the executive committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and after taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, net foreign exchange gains/(losses), amortisation and impairment of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax charge on undistributed profits. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

Sales between segments are carried out in accordance with terms agreed by the parties involved. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the consolidated income statement.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, intangible assets, prepayments, debtors and other receivables, amounts due from related companies and completed properties held for sale. They exclude cash and bank balances, available-for-sale financial assets and prepayment for proposed development projects held and managed at corporate office. These are part of the reconciliation to total assets on the consolidated statement of financial position.

Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to related companies. They exclude bank and other borrowings, deferred tax liabilities, taxes payable, other creditors and accruals at corporate office. These are part of the reconciliation to total liabilities on the consolidated statement of financial position.

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During the year ended 30 June 2015, the consolidated results of the hotel management services are presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sales and Discontinued Operations”. Prior year comparative segment information has been restated to conform with the current year presentation accordingly.

The majority of the assets and operations of the Group are located in the PRC. Revenues are mainly derived from the PRC. Non-current assets other than financial instruments are mainly located in the PRC.

- (c) For the years ended 30 June 2014 and 30 June 2015, there was no revenue derived from a single external customer exceeding 10% of total revenue.

Year ended 30 June 2015	Continuing operations					Discontinued operation		Total
	Property sales <i>HK\$'000</i>	Rental operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Property management services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Hotel management services <i>HK\$'000</i>	
Segment revenues								
Company and subsidiaries								
Total revenues	15,429,949	871,109	388,987	637,629	443,046	17,770,720	696,921	18,467,641
Inter-segment revenues	(136,950)	(42,245)	—	(129,830)	(2,458)	(311,483)	(23,741)	(335,224)
External revenues	15,292,999	828,864	388,987	507,799	440,588	17,459,237	673,180	18,132,417
Associated company and joint ventures — attributable to the Group	1,167,664	468,954	171,254	105,255	—	1,913,127	—	1,913,127
	<u>16,460,663</u>	<u>1,297,818</u>	<u>560,241</u>	<u>613,054</u>	<u>440,588</u>	<u>19,372,364</u>	<u>673,180</u>	<u>20,045,544</u>
Segment bank and other interest income	113,534	12,614	671	1,988	826	129,633	823	130,456
AOP before finance costs and after taxation charge								
Company and subsidiaries	2,653,053	336,965	(130,481)	(113,659)	(8,066)	2,737,812	106,689	2,844,501
Associated company and joint ventures	283,480	222,118	(132,517)	(11,643)	11,151	372,589	—	372,589
	<u>2,936,533</u>	<u>559,083</u>	<u>(262,998)</u>	<u>(125,302)</u>	<u>3,085</u>	<u>3,110,401</u>	<u>106,689</u>	<u>3,217,090</u>
Additions to non-current assets other than financial instruments	5,202,434	2,072,906	535,854	6,214	431,049	8,248,457	5,081	8,253,538
Depreciation and amortisation	90,092	5,860	207,193	4,293	1,307	308,745	60,625	369,370
Impairment of intangible assets	—	—	—	—	—	—	56,375	56,375
Share of results of associated company and joint ventures	138,152	401,003	(145,359)	(11,643)	4,000	386,153	—	386,153

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As at 30 June 2015	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	79,064,918	26,638,864	3,974,571	333,206	1,493,800	111,505,359
Associated company and joint ventures	6,516,546	9,006,784	156,800	(84,424)	2,402	15,598,108
Available-for-sale financial assets						735,860
Property, plant and equipment at corporate office						8,868
Prepayments, debtors and other receivables at corporate office						13,708
Amounts due from related companies at corporate office						202,793
Cash and bank balances at corporate office						4,250,064
Assets of disposal group classified as held for sale						<u>2,112,780</u>
Total assets						<u>134,427,540</u>
Segment liabilities	14,944,497	298,539	105,387	298,141	91,789	15,738,353
Creditors and accruals at corporate office						212,814
Taxes payable						4,242,528
Borrowings						45,164,914
Deferred tax liabilities						3,522,327
Liabilities of disposal group classified as held for sale						<u>927,853</u>
Total liabilities						<u>69,808,789</u>

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	Continuing operations					Discontinued operation		Total
	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Sub-total	Hotel management services	
Year ended 30 June 2014	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues								
Company and subsidiaries								
Total revenues	19,800,599	819,576	352,538	546,971	482,409	22,002,093	553,578	22,555,671
Inter-segment revenues	—	(26,708)	—	(121,972)	(3,307)	(151,987)	(23,829)	(175,816)
External revenues	19,800,599	792,868	352,538	424,999	479,102	21,850,106	529,749	22,379,855
Associated company and joint ventures — attributable to the Group	2,216,784	469,967	137,708	99,909	—	2,924,368	—	2,924,368
	22,017,383	1,262,835	490,246	524,908	479,102	24,774,474	529,749	25,304,223
Segment bank and other interest income								
	100,013	36,263	560	2,213	1,165	140,214	4,138	144,352
AOP before finance costs and after taxation charge								
Company and subsidiaries								
Associated company and joint ventures	4,341,404	351,091	(87,039)	(110,568)	(79,290)	4,415,598	36,280	4,451,878
Company and subsidiaries	660,859	192,015	(151,291)	(9,749)	8,457	700,291	—	700,291
	5,002,263	543,106	(238,330)	(120,317)	(70,833)	5,115,889	36,280	5,152,169
Additions to non-current assets other than financial instruments								
	5,079,625	1,236,445	1,008,981	4,612	242,037	7,571,700	144,779	7,716,479
Depreciation and amortisation								
	62,607	4,613	148,885	3,022	952	220,079	59,781	279,860
Impairment of intangible assets								
	—	—	—	—	—	—	125,892	125,892
Share of results of associated company and joint ventures								
	232,397	401,612	(162,623)	(9,627)	518	462,277	—	462,277

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As at 30 June 2014	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	69,317,012	24,167,715	3,582,728	298,750	2,088,058	1,017,234	100,471,497
Associated company and joint ventures	5,486,368	8,573,634	266,144	(22,170)	2,992	2,176	14,309,144
Available-for-sale financial assets							85,147
Property, plant and equipment at corporate office							5,587
Prepayments, debtors and other receivables at corporate office							124,398
Amounts due from related companies at corporate office							435,172
Cash and bank balances at corporate office							<u>5,495,186</u>
Total assets							<u>120,926,131</u>
Segment liabilities	11,265,371	355,067	108,774	294,371	86,176	170,707	12,280,466
Creditors and accruals at corporate office							227,184
Taxes payable							4,424,386
Borrowings							39,423,209
Deferred tax liabilities							<u>3,252,232</u>
Total liabilities							<u>59,607,477</u>

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Reconciliations of reportable segment revenues to revenues of the Group and reportable AOP before finance costs and after taxation charge to profit before taxation:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Revenues		
Total segment revenues	19,372,364	24,774,474
Less:		
Revenues of associated company and joint ventures, attributable to the Group	<u>(1,913,127)</u>	<u>(2,924,368)</u>
Revenues as presented in consolidated income statement	<u>17,459,237</u>	<u>21,850,106</u>
(ii) Profit before taxation		
Total AOP before finance costs and after taxation charge	3,217,090	5,152,169
AOP from discontinued operation	<u>(106,689)</u>	<u>(36,280)</u>
AOP before finance costs and after taxation charge	3,110,401	5,115,889
Bank and other interest income — corporate	123,910	129,400
Deferred tax charge on undistributed profits	(63,000)	(175,622)
Corporate administrative expenses	(270,276)	(266,263)
Finance costs	<u>(355,017)</u>	<u>(341,584)</u>
AOP after corporate items	<u>2,546,018</u>	<u>4,461,820</u>
Changes in fair value of investment properties, net of deferred taxation	766,555	598,045
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	—	67,257
Loss on disposal of associated companies	—	(2,486)
Net foreign exchange gains/(losses)	<u>34,591</u>	<u>(345,247)</u>
	<u>801,146</u>	<u>317,569</u>
Profit attributable to equity holders of the Company	3,347,164	4,779,389
Taxation charge	2,918,335	4,167,156
Profit attributable to non-controlling interests	<u>156,916</u>	<u>160,574</u>
Profit before taxation	<u>6,422,415</u>	<u>9,107,119</u>
7. OTHER INCOME		
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax indemnity from the ultimate holding company (note 13)	359,152	1,075,306
Bank and other interest income	295,162	242,432
Interest income from joint ventures, net of withholding tax (note)	<u>78,705</u>	<u>41,847</u>
	<u>733,019</u>	<u>1,359,585</u>

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Note: The property projects of the Group's joint ventures have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances. The interest income from joint ventures is recognised when the payment of interest has been approved by the Group's joint ventures. The Group's attributable share of shareholders' loan interest expenses of joint ventures is included in the share of results of joint ventures as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of shareholders' loan interest expenses of joint ventures	<u>(59,200)</u>	<u>(50,129)</u>
8. OTHER GAINS/(LOSSES), NET		
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net foreign exchange gains/(losses)	33,745	(281,743)
Loss on disposal of associated companies	—	(2,486)
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	—	67,257
Gain on disposal of investment properties	<u>35,228</u>	<u>105,074</u>
	<u>68,973</u>	<u>(111,898)</u>
9. OPERATING PROFIT BEFORE FINANCE COSTS		
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	784,623	745,152
Gain on disposal of property, plant and equipment and land use rights	—	12,543
Gain on disposal of investment properties	<u>35,228</u>	<u>105,074</u>
and after charging:		
Cost of properties sold	8,889,377	11,107,940
Staff costs (<i>note 11</i>)	585,772	514,880
Depreciation of property, plant and equipment	284,173	199,926
Outgoings in respect of investment properties	350,096	305,662
Rental for leased premises	49,046	40,084
Loss on disposal of property, plant and equipment	969	—
Amortisation of land use rights	24,572	20,153
Auditors' remuneration	<u>14,512</u>	<u>13,980</u>
Contingent rent included in revenue amounted to HK\$32,042,000 (2014: HK\$30,393,000) for the year.		
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
The future minimum rental receivable under non-cancellable operating leases are as follows:		
Within one year	482,014	535,590
Between two and five years	907,896	791,607
Beyond five years	<u>753,074</u>	<u>687,440</u>
	<u>2,142,984</u>	<u>2,014,637</u>

Generally the Group's operating leases are for terms of two to five years except for 61 (2014: 48) long term leases which are beyond five years.

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10. FINANCE COSTS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings and loans from other financial institutions		
— wholly repayable within five years	1,218,992	1,195,406
— not wholly repayable within five years	187,318	108,137
Interest on loans from fellow subsidiaries wholly repayable within five years	8,615	8,550
Interest on loans from non-controlling interests not wholly repayable within five years	19,830	1,898
Interest on fixed rate bonds and notes payable		
— wholly repayable within five years	808,409	651,598
— not wholly repayable within five years	21,586	—
Interest on short term loans	15,164	20,300
Interest on advances from participating interest	99,144	110,988
	2,379,058	2,096,877
Amounts capitalised in property, plant and equipment, investment properties and properties held for/under development	(2,076,918)	(1,785,563)
	302,140	311,314

Note: To the extent funds are borrowed generally and used for the purpose of financing certain property, plant and equipment, investment properties and properties held for/under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 4.70% (2014: 4.28%) for the year.

11. STAFF COSTS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages, salaries and other benefits	561,162	492,124
Pension costs defined contribution plans (<i>note</i>)	10,184	9,836
Share-based payments	14,426	12,920
	585,772	514,880

Note: The Group has established a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance for all employees in Hong Kong since September 1999. The contributions to the scheme are based on a percentage of the employees' salaries ranging from 5% to 10%, depending upon the length of service of the employees. The Group's contributions to the scheme are expensed as incurred.

With the implementation of the Mandatory Provident Fund ("MPF") Scheme Ordinance on 1 December 2000, the Group established a new MPF Scheme. Except for employees who commenced employment after 1 October 2000, all the existing employees were given an option to select between the existing defined contribution retirement scheme and the MPF Scheme. The employees who commenced employment after 1 October 2000 are required to join the MPF Scheme. The Group's contributions to the MPF scheme are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 10% of the basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income.

The Group also contributes to retirement plans for its employees in the PRC at a percentage in compliance with the requirements of the respective municipal governments in the PRC.

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total pension costs charged to the consolidated income statement for the year amounted to HK\$ 10,184,000 (2014: HK\$9,836,000).

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12. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

(i) Details of the directors' emoluments are as follows:

Name of director	Fees <i>HK\$'000</i>	Other emoluments <i>HK\$'000</i>	Retirement benefits <i>HK\$'000</i>	Share option benefits <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended					
30 June 2015					
Dr Cheng Kar-shun, Henry	212	—	—	82	294
Mr Cheng Kar-shing, Peter	212	1,350	90	33	1,685
Dr Cheng Chi-kong, Adrian	212	2,582	167	61	3,022
Ms Cheng Chi-man, Sonia	212	4,522	216	—	4,950
Mr Cheng Chi-him, Conrad	212	1,532	80	—	1,824
Mr Fong Shing-kwong, Michael	212	2,065	—	21	2,298
Ms Ngan Man-ying, Lynda	212	7,445	580	41	8,278
Dr Cheng Wai-chee, Christopher	339	—	—	12	351
Hon Tien Pei-chun, James	297	—	—	12	309
Mr Lee Luen-wai, John	297	—	—	12	309
Mr Ip Yuk-keung, Albert	297	—	—	—	297
	<u>2,714</u>	<u>19,496</u>	<u>1,133</u>	<u>274</u>	<u>23,617</u>
For the year ended					
30 June 2014					
Dr Cheng Kar-shun, Henry	200	—	—	236	436
Mr Cheng Kar-shing, Peter	200	—	—	94	294
Dr Cheng Chi-kong, Adrian	200	2,436	157	177	2,970
Ms Cheng Chi-man, Sonia	200	4,203	164	—	4,567
Mr Cheng Chi-him, Conrad	200	1,446	62	—	1,708
Mr Fong Shing-kwong, Michael	200	1,948	—	59	2,207
Ms Ngan Man-ying, Lynda	200	7,023	547	118	7,888
Dr Cheng Wai-chee, Christopher	320	—	—	35	355
Hon Tien Pei-chun, James	280	—	—	35	315
Mr Lee Luen-wai, John	280	—	—	35	315
Mr Ip Yuk-keung, Albert	280	—	—	—	280
	<u>2,560</u>	<u>17,056</u>	<u>930</u>	<u>789</u>	<u>21,335</u>

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- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2014: four) individuals during the year are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, discretionary bonus, other allowances and other benefits in kind	33,669	26,343
Share option benefits	444	596
Contribution to retirement benefit scheme	<u>1,270</u>	<u>1,429</u>
	<u><u>35,383</u></u>	<u><u>28,368</u></u>

The emoluments fall within the following bands:

	Number of individuals	
	2015	2014
HK\$5,000,001–HK\$5,500,000	1	1
HK\$6,000,001–HK\$6,500,000	1	1
HK\$7,000,001–HK\$7,500,000	—	1
HK\$7,500,001–HK\$8,000,000	1	—
HK\$9,000,001–HK\$9,500,000	—	1
HK\$16,000,001–HK\$16,500,000	<u>1</u>	<u>—</u>
	<u><u>4</u></u>	<u><u>4</u></u>

- (iii) Other than the emoluments of directors and five highest paid individuals disclosed in note 12(i) and 12(ii), the remuneration payable to the senior management during the year fall within the following bands:

	Number of individuals	
	2015	2014
HK\$1,500,001–HK\$2,000,000	—	1
HK\$2,000,001–HK\$2,500,000	1	1
HK\$2,500,001–HK\$3,000,000	2	4
HK\$3,000,001–HK\$3,500,000	2	2
HK\$3,500,001–HK\$4,000,000	1	—
HK\$4,000,001–HK\$4,500,000	—	1
HK\$4,500,001–HK\$5,000,000	<u>1</u>	<u>—</u>
	<u><u>7</u></u>	<u><u>9</u></u>

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13. TAXATION CHARGE

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation		
PRC corporate income tax and withholding tax	1,010,518	1,383,531
PRC land appreciation tax	1,667,492	2,449,000
Deferred taxation	<u>240,325</u>	<u>334,625</u>
	<u><u>2,918,335</u></u>	<u><u>4,167,156</u></u>

Share of taxation of associated company and joint ventures for the year ended 30 June 2015 of HK\$379,673,000 (2014: HK\$584,779,000) is included in the consolidated income statement as share of results of associated company and joint ventures.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the rate of taxation prevailing in the PRC in which the Group operates as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	6,422,415	9,107,119
Share of results of associated company and joint ventures	<u>(386,153)</u>	<u>(462,277)</u>
	6,036,262	8,644,842
Calculated at a taxation rate of 25% (2014: 25%)	1,509,066	2,161,211
Income not subject to taxation	(358,850)	(532,539)
Expenses not deductible for taxation purposes	335,766	414,949
Tax losses not recognised	142,919	123,386
Deduction from PRC land appreciation tax	(416,873)	(612,250)
Utilisation of previously unrecognised tax losses	(40,953)	(28,690)
Temporary differences not recognised	8,551	3,342
Recognition of temporary differences	6,601	14,177
Deferred taxation on undistributed profits	<u>64,616</u>	<u>174,570</u>
	1,250,843	1,718,156
PRC land appreciation tax	<u>1,667,492</u>	<u>2,449,000</u>
	<u><u>2,918,335</u></u>	<u><u>4,167,156</u></u>

No provision for Hong Kong profit tax has been made as the Group has no estimated assessable profits in Hong Kong for the year (2014: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated company and joint ventures operating in the PRC at 25% (2014: 25%). PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

In July 1999, a deed of tax indemnity was entered into between NWD, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the year, tax indemnity amounting to HK\$359,152,000 (2014: HK\$1,075,306,000) was effected (note 7).

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14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year is based on the following:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company arising from:		
Continuing operations	3,347,164	4,779,389
Discontinued operation	<u>(34,033)</u>	<u>(140,698)</u>
	<u><u>3,313,131</u></u>	<u><u>4,638,691</u></u>
	Number of shares	
	2015	2014
Weighted average number of shares for calculating basic earnings per share	8,685,806,399	8,672,612,430
Effect of dilutive potential shares:		
Share options	<u>6,544,197</u>	<u>6,721,368</u>
Weighted average number of shares for calculating diluted earnings per share	<u><u>8,692,350,596</u></u>	<u><u>8,679,333,798</u></u>

15. DIVIDENDS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of nil (2014: HK\$0.04) per share	—	347,166
Final dividend proposed of HK\$0.03 (2014: HK\$0.03) per share	<u>260,681</u>	<u>260,547</u>
	<u><u>260,681</u></u>	<u><u>607,713</u></u>

At a meeting held on 23 September 2015, the directors recommended a final dividend of HK\$0.03 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30 June 2016.

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16. PROPERTY, PLANT AND EQUIPMENT**Group**

	Other properties <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Assets under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 July 2014	2,804,783	848,389	925,034	94,252	1,807,526	6,479,984
Additions	20,872	37,163	59,426	4,427	897,137	1,019,025
Transfer from completed properties held for sale	8,113	—	—	—	—	8,113
Transfer from properties under development	—	—	—	—	346,697	346,697
Transfer to disposal group classified as held for sale	—	(12,784)	(22,376)	—	—	(35,160)
Disposals/write off	(5,587)	(240)	(19,978)	(8,755)	—	(34,560)
At 30 June 2015	2,828,181	872,528	942,106	89,924	3,051,360	7,784,099
Accumulated depreciation and impairment						
At 1 July 2014	807,581	349,731	493,706	65,079	—	1,716,097
Charge for the year	129,425	82,695	68,466	9,520	—	290,106
Transfer to disposal group classified as held for sale	—	(7,103)	(14,328)	—	—	(21,431)
Disposals/write off	(4,774)	(240)	(19,647)	(7,936)	—	(32,597)
At 30 June 2015	932,232	425,083	528,197	66,663	—	1,952,175
Net book value						
At 30 June 2015	1,895,949	447,445	413,909	23,261	3,051,360	5,831,924

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Group	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost						
At 1 July 2013	2,120,671	346,095	658,656	87,834	1,769,080	4,982,336
Translation differences	(26,078)	(4,075)	(8,447)	(602)	(21,086)	(60,288)
Acquisition of a subsidiary	145,563	7,050	19,701	1,586	—	173,900
Additions	19,962	233,914	63,238	8,550	1,012,253	1,337,917
Reclassification	363,980	276,206	198,904	—	(839,090)	—
Transfer from/(to) investment properties	3,558	—	—	—	(86,250)	(82,692)
Transfer to land use right	—	—	—	—	(27,381)	(27,381)
Transfer from completed properties held for sale	11,424	—	—	—	—	11,424
Transfer from properties under development	173,469	—	—	—	—	173,469
Disposals/write off	(7,766)	(10,801)	(7,018)	(3,116)	—	(28,701)
At 30 June 2014	<u>2,804,783</u>	<u>848,389</u>	<u>925,034</u>	<u>94,252</u>	<u>1,807,526</u>	<u>6,479,984</u>
Accumulated depreciation and impairment						
At 1 July 2013	695,569	331,500	466,431	58,719	—	1,552,219
Translation differences	(10,238)	(4,223)	(7,748)	(874)	—	(23,083)
Charge for the year	123,731	33,255	38,264	10,030	—	205,280
Disposals/write off	(1,481)	(10,801)	(3,241)	(2,796)	—	(18,319)
At 30 June 2014	<u>807,581</u>	<u>349,731</u>	<u>493,706</u>	<u>65,079</u>	<u>—</u>	<u>1,716,097</u>
Net book value						
At 30 June 2014	<u>1,997,202</u>	<u>498,658</u>	<u>431,328</u>	<u>29,173</u>	<u>1,807,526</u>	<u>4,763,887</u>

As at 30 June 2015, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$1,316,473,000 (2014: HK\$1,382,166,000) were pledged as securities for the Group's long term borrowings.

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17. INVESTMENT PROPERTIES

	Group		
	2015	2014	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Completed investment properties	19,076,103	18,452,717	
Investment properties under development	<u>5,608,250</u>	<u>3,518,875</u>	
	<u>24,684,353</u>	<u>21,971,592</u>	
	Completed investment properties	Investment properties under development	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July 2014	18,452,717	3,518,875	21,971,592
Additions	243,658	1,809,494	2,053,152
Transfer from properties under development	—	954,330	954,330
Transfer to completed properties held for sale	(1,412,742)	—	(1,412,742)
Transfer from completed properties held for sale	506,569	—	506,569
Disposals	(418,803)	—	(418,803)
Changes in fair value	478,244	420,873	899,117
Reclassified from assets held for sale	131,138	—	131,138
Reclassification	<u>1,095,322</u>	<u>(1,095,322)</u>	<u>—</u>
At 30 June 2015	<u>19,076,103</u>	<u>5,608,250</u>	<u>24,684,353</u>
At 1 July 2013	16,771,879	3,156,362	19,928,241
Translation differences	(217,850)	(38,834)	(256,684)
Additions	190,438	1,044,696	1,235,134
Transfer from property, plant and equipment	82,692	—	82,692
Transfer to land use rights	(986)	—	(986)
Transfer from properties under development	—	341,084	341,084
Transfer from completed properties held for sale	530,413	—	530,413
Disposals	(373,286)	—	(373,286)
Changes in fair value	665,732	(49,610)	616,122
Reclassified as assets held for sale	(131,138)	—	(131,138)
Reclassification	<u>934,823</u>	<u>(934,823)</u>	<u>—</u>
At 30 June 2014	<u>18,452,717</u>	<u>3,518,875</u>	<u>21,971,592</u>

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Knight Frank Petty Limited, independent qualified valuer, who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 30 June 2015 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

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The Group's finance department includes a team that reviews the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department verifies all major inputs to the independent valuation report; assesses property valuation movements when compared to the prior year valuation report; and holds discussions with the independent valuer.

Valuation techniques

Fair value of completed commercial and residential properties in the PRC is generally derived using the income capitalisation method and wherever appropriate, by direct comparison method. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation referenced to recent lettings of the subject properties and other comparable properties.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of commercial and residential properties under development in the PRC is generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

As at 30 June 2015, all investment properties are included in level 3 fair value hierarchy.

There were no changes to the valuation techniques during the year and there were no transfers between fair value hierarchy during the year.

The investment properties are held in the PRC under the following leases:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leases of over 50 years	1,351,400	1,071,403
Leases of between 10 and 50 years	<u>23,332,953</u>	<u>20,900,189</u>
	<u><u>24,684,353</u></u>	<u><u>21,971,592</u></u>

As at 30 June 2015, certain investment properties with carrying value of HK\$5,425,703,000 (2014: HK\$5,448,689,000) were pledged as securities for the Group's long term borrowings.

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Information about fair value measurements using significant unobservable inputs:

	2015 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs	
			Prevailing market rents per month HK\$	Capitalisation rate %
Completed properties				
Residential	2,914,065	Income capitalisation	HK\$11 — HK\$208 per square metre	4%–15%
Commercial	8,735,398	Income capitalisation	HK\$29 — HK\$286 per square metre	3%–8.5%
Office	2,259,750	Income capitalisation	HK\$55 — HK\$128 per square metre	6%–8%
Carparks	5,166,890	Direct comparison	HK\$81,000 — HK\$481,000 per carpark space	
Total	19,076,103			

	2015 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs		
			Prevailing market rents per month HK\$	Estimated costs to completion HK\$	Estimated developer's profit and risk margins %
Properties under development					
Residential	83,750	Residual	HK\$14,400 per square metre	HK\$106,000,000	7%
Commercial	4,201,250	Residual	HK\$17,500–HK\$46,300 per square metre	HK\$60,000,000– HK\$2,397,000,000	5%–25%
Carparks	1,323,250	Residual	HK\$125,000–HK\$262,500 per carpark space	HK\$18,000,000– HK\$673,000,000	0.3%–5%
Total	5,608,250				

	2014 Fair value HK\$'000	Valuation technique	Range of significant unobservable inputs	
			Prevailing market rents per month HK\$	Capitalisation rate %
Completed properties				
Residential	2,655,189	Income capitalisation	HK\$14 — HK\$202 per square metre	4%–15%
Commercial	7,896,463	Income capitalisation	HK\$23 — HK\$267 per square metre	4%–8.75%
Office	3,341,979	Income capitalisation	HK\$51 — HK\$118 per square metre	6%–8.25%
Carparks	4,559,086	Direct comparison	HK\$81,000 — HK\$437,000 per carpark space	
Total	18,452,717			

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	2014 Fair value <i>HK\$'000</i>	Valuation technique	Range of significant unobservable inputs		Estimated developer's profit and risk margins %
			Prevailing market rents per month <i>HK\$</i>	Estimated costs to completion <i>HK\$</i>	
Properties under development					
Residential	79,625	Residual	HK\$16,300 per square metre	HK\$130,600,000	11%
Commercial	2,465,000	Residual	HK\$10,400–HK\$27,000 per square metre	HK\$20,100,000– HK\$2,982,000,000	2%–5%
Carparks	974,250	Residual	HK\$125,000–HK\$238,000 per carpark space	HK\$400,000– HK\$223,100,000	2%–5%
Total	<u>3,518,875</u>				

18. LAND USE RIGHTS

	Group	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of the year	703,901	621,096
Translation differences	—	(7,472)
Acquisition of subsidiaries	—	64,437
Transfer from properties under development	—	17,626
Transfer from property, plant and equipment	—	27,381
Transfer from investment properties	—	986
Additions	40,815	—
Amortisation	<u>(24,572)</u>	<u>(20,153)</u>
At end of the year	<u>720,144</u>	<u>703,901</u>

The Group's interests in land use rights represent prepaid operating lease payments and are held in the PRC under the following leases:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Leases of over 50 years	1,279	1,322
Leases of between 10 and 50 years	<u>718,865</u>	<u>702,579</u>
	<u>720,144</u>	<u>703,901</u>

As at 30 June 2015, land use rights with carrying amount of HK\$248,728,000 (2014: HK\$256,165,000) were pledged as securities for the Group's long term borrowings and short term loans.

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19. INTANGIBLE ASSETS**Group**

	Goodwill	Trademarks	Hotel management contracts	Process, technology and know-how	Customer relationships	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2013							
Cost	559,227	614,865	428,063	38,916	544,817	67,636	2,253,524
Accumulated amortisation	—	—	(41,023)	(7,459)	(52,212)	—	(100,694)
Accumulated impairment	(212,589)	—	—	—	—	—	(212,589)
Net book value	346,638	614,865	387,040	31,457	492,605	67,636	1,940,241
Year ended 30 June 2014							
Opening net book value	346,638	614,865	387,040	31,457	492,605	67,636	1,940,241
Acquisition of a subsidiary	11,903	63,603	60,524	—	—	—	136,030
Amortisation	—	—	(23,294)	(3,892)	(27,241)	—	(54,427)
Impairment	(90,000)	—	(35,892)	—	—	—	(125,892)
Closing net book value	268,541	678,468	388,378	27,565	465,364	67,636	1,895,952
At 30 June 2014							
Cost	571,130	678,468	488,587	38,916	544,817	67,636	2,389,554
Accumulated amortisation	—	—	(64,317)	(11,351)	(79,453)	—	(155,121)
Accumulated impairment	(302,589)	—	(35,892)	—	—	—	(338,481)
Net book value	268,541	678,468	388,378	27,565	465,364	67,636	1,895,952
Year ended 30 June 2015							
Opening net book value	268,541	678,468	388,378	27,565	465,364	67,636	1,895,952
Amortisation	—	—	(23,559)	(3,892)	(27,241)	—	(54,692)
Impairment	—	—	(56,375)	—	—	—	(56,375)
Transfer to disposal group classified as held for sales	(245,147)	(678,468)	(308,444)	(23,673)	(438,123)	—	(1,693,855)
Closing net book value	23,394	—	—	—	—	67,636	91,030
At 30 June 2015							
Cost	235,983	—	—	—	—	67,636	303,619
Accumulated impairment	(212,589)	—	—	—	—	—	(212,589)
Net book value	23,394	—	—	—	—	67,636	91,030

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Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30 June 2015, goodwill of HK\$14,227,000 (2014: HK\$14,227,000), HK\$9,167,000 (2014: HK\$9,167,000) and HK\$245,147,000 (2014: HK\$245,147,000) is allocated to the segments of property sales, hotel operation and hotel management services respectively. Amortisation of intangible assets of HK\$54,692,000 (2014: HK\$54,427,000) is included in the loss for the year from discontinued operation in the consolidated income statement.

For the purpose of impairment test, the recoverable amount of the business unit is determined based on value-in-use calculations, which use cash flow projections based on financial budgets and a pre-tax discount rate.

For the segments of property sales and hotel operation, the key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management best estimates. Growth rates with 3.5% (2014: 3.5%) are determined by considering both internal and external factors relating to the relevant segments. Discount rates used also reflect specific risks relating to the relevant segments, which range from 3.4% to 7.5% (2014: 5.1% to 7.5%).

For the segment of hotel management services in 2014, the key assumptions adopted on growth rates and discount rates used in the value-in-use calculations were based on management best estimates. A financial budget of five-year with growth rate ranging from 23% to 83% were determined by considering both internal and external factors relating to the relevant segment and the hotel management contracts in pipeline. Cash flows beyond the five-year period were extrapolated using the estimated growth rates of 3%. Discount rate used also reflected specific risks relating to the relevant segment, which was 18.2%.

20. SUBSIDIARIES

	Company	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost of HK\$4 (2014: HK\$4)	—	—
Amounts due by subsidiaries, net of provision	<u>46,336,267</u>	<u>40,751,213</u>
	<u>46,336,267</u>	<u>40,751,213</u>

The amounts receivable are unsecured, interest free and have no fixed terms of repayment. The amounts receivable form part of the Group's investment in subsidiaries.

There is no non-controlling interest that is individually significant to the Group.

Details of principal subsidiaries are given in note 44.

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21. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land use rights	8,880,578	9,022,435
Development and incidental costs	9,187,673	8,215,005
Interest capitalised	<u>1,672,999</u>	<u>945,135</u>
	<u><u>19,741,250</u></u>	<u><u>18,182,575</u></u>

The analysis of the carrying value of land use rights held in the PRC included in the properties held for development is as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leases of over 50 years	6,785,165	7,146,424
Leases of between 10 and 50 years	<u>2,095,413</u>	<u>1,876,011</u>
	<u><u>8,880,578</u></u>	<u><u>9,022,435</u></u>

As at 30 June 2015, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$1,051,715,000 (2014: HK\$923,335,000).

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22. ASSOCIATED COMPANY AND JOINT VENTURES

	Group	
	2015	2014
	HK\$'000	HK\$'000
Associated company		
Group's share of net assets	(668)	(645)
Amounts due to associated company		
Non-interest bearing	(2,657)	(2,702)
Aggregate carrying amount of the Group's interests in associated company	(3,325)	(3,347)
Equity joint ventures/joint ventures in wholly foreign owned enterprises		
Group's share of net assets	2,568,920	2,291,200
Amounts due by joint ventures		
Interest bearing (note ii)	30,310	30,310
Non-interest bearing (note i)	2,285,462	2,193,359
	4,884,692	4,514,869
Co-operative joint ventures		
Cost of investments	4,376,624	3,979,009
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	1,833,106	2,001,193
	6,222,434	5,992,906
Amounts due by joint ventures, net of provision		
Interest bearing (note iii)	2,949,496	2,035,089
Non-interest bearing (note i)	1,083,393	701,450
	10,255,323	8,729,445
Joint venture companies limited by shares		
Group's share of net assets	(67,995)	121,603
Amounts due by joint ventures, net of provision		
Interest bearing (note ii)	88,818	88,818
Non-interest bearing (note i)	440,595	237,131
	461,418	447,552
Deposit for proposed joint venture	—	620,625
Aggregate carrying amount of the Group's interests in joint ventures	15,601,433	14,312,491
	15,598,108	14,309,144

Notes:

- (i) The amounts receivable are unsecured and interest free. The amounts receivable form part of the Group's investment in joint ventures.

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- (ii) The amount receivable is unsecured and carries interest at 10% (2014: 10%) per annum. The amounts receivable form part of the Group's investment in joint ventures.
- (iii) The amounts receivable are unsecured and carry interest ranging from Hong Kong prime rate to 8.5% (2014: Hong Kong prime rate to 8.5%) per annum. The amounts receivable form part of the Group's investment in joint ventures.
- (iv) There is no associated company or joint venture that is individually significant to the Group. The Group's share of results of the associated company and joint ventures are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	386,153	462,277
Other comprehensive income for the year	<u>1,978</u>	<u>(83,077)</u>
Total comprehensive income for the year	<u><u>388,131</u></u>	<u><u>379,200</u></u>

- (v) Details of principal joint ventures are given in note 44.

23. NON-CURRENT ASSETS RECLASSIFIED AS HELD FOR SALE

The Group entered into agreements in November 2013 to sell a portion of the investment properties in Tianjin Xin An New World Plaza to a third party at a consideration of RMB112,492,000 (equivalent to HK\$142,395,000) and accordingly, the respective portion of the investment properties are classified as held for sale. The transactions were subsequently cancelled and the Group had forfeited the deposit received from the third party during the year ended 30 June 2015. The non-current assets classified as held for sale were reclassified to investment properties.

24. DISCONTINUED OPERATION

New World Hotel Management (BVI) Limited, its subsidiaries and a joint venture are engaged in the provision of worldwide hotel management services, which is not the core business of the Group. The Board of Directors of the Company believes that the Disposal will enable the Group to realise its investment in non-core business and focus its resources on the operation of its existing core businesses of property development and investment in the PRC. The negotiation for the Disposal was in final stage in June 2015 and the Company announced the Disposal on 3 July 2015.

As at 30 June 2015, the assets and liabilities related to the Disposal Group have been presented as held for sales and the consolidated results of the Disposal Group are presented as discontinued operation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The consolidated statement of comprehensive income and consolidated cash flow statement distinguish the discontinued operation from continuing operations. Comparative figures have been restated.

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An analysis of the results, cash flows and assets and liabilities of the Disposal Group is as follows:

(a) Results of discontinued operation

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	673,180	529,749
Cost of sales	<u>(364,431)</u>	<u>(327,583)</u>
Gross profit	308,749	202,166
Other income	822	4,137
Other losses, net	(57,926)	(125,940)
Administrative and other operating expenses	<u>(240,710)</u>	<u>(212,367)</u>
Operating profit/(loss) before finance costs	10,935	(132,004)
Finance costs	<u>(28,104)</u>	<u>(30,611)</u>
Loss before taxation	(17,169)	(162,615)
Taxation charge	<u>(16,864)</u>	<u>21,917</u>
Loss for the year from discontinued operation	<u><u>(34,033)</u></u>	<u><u>(140,698)</u></u>

(b) Assets of the disposal group classified as held for sales

	2015
	<i>HK\$'000</i>
Property, plant and equipment	13,729
Intangible assets	1,693,855
Prepayments, debtors and other receivables	149,925
Cash and bank balances	165,021
Deferred tax assets	34,000
Other assets	<u>56,250</u>
	<u><u>2,112,780</u></u>

(c) Liabilities of the disposal group classified as held for sales

	2015
	<i>HK\$'000</i>
Long term borrowings	818,072
Creditors and accruals	92,846
Taxes payables	<u>16,935</u>
	<u><u>927,853</u></u>

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(d) Cash flows

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Operating cash flows	108,212	5,173
Investing cash flows	(4,253)	(143,498)
Financing cash flows	<u>(84,237)</u>	<u>(85,822)</u>
Net cash from/(used in) discontinued operation	<u>19,722</u>	<u>(224,147)</u>

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unlisted investments, at fair value	<u>735,860</u>	<u>85,147</u>

The available-for-sale financial assets are denominated in Renminbi.

26. CASH AND BANK BALANCES

	Group		Company	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unrestricted balances	<u>15,773,665</u>	<u>17,351,595</u>	<u>4,148,864</u>	<u>5,241,629</u>

The effective interest rate on short term bank deposits was ranging from 0.001% to 3.59% (2014: 0.001% to 3.6%). These deposits have maturity date ranging from 2 to 93 days (2014: 2 to 92 days).

The carrying amounts of the cash and bank balances of the Group are denominated in the following currencies:

	Group		Company	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong dollar	2,176,300	2,450,850	1,549,118	2,172,631
Renminbi	13,194,019	13,730,931	2,596,353	3,067,340
United States dollar	403,346	1,166,750	3,393	1,658
Others	<u>—</u>	<u>3,064</u>	<u>—</u>	<u>—</u>
	<u>15,773,665</u>	<u>17,351,595</u>	<u>4,148,864</u>	<u>5,241,629</u>

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

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27. PROPERTIES UNDER DEVELOPMENT

	Group	
	2015	2014
	HK\$'000	HK\$'000
Land use rights	4,656,545	5,731,282
Development and incidental costs	11,379,053	13,751,847
Interest capitalised	<u>1,635,972</u>	<u>1,607,981</u>
	<u>17,671,570</u>	<u>21,091,110</u>

The analysis of the carrying value of land use rights held in the PRC included in the properties under development is as follows:

	2015	2014
	HK\$'000	HK\$'000
Leases of over 50 years	2,561,789	3,284,728
Leases of between 10 and 50 years	<u>2,094,756</u>	<u>2,446,554</u>
	<u>4,656,545</u>	<u>5,731,282</u>

Properties under development with an aggregate carrying value of HK\$6,234,373,000 (2014: HK\$4,377,720,000) were pledged as securities for the Group's long term borrowings.

	2015	2014
	HK\$'000	HK\$'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	9,601,038	9,195,582
Expected to be completed and available for sale within 12 months	<u>8,070,532</u>	<u>11,895,528</u>
	<u>17,671,570</u>	<u>21,091,110</u>

28. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2015	2014
	HK\$'000	HK\$'000
Land use rights	2,462,701	795,190
Development costs	16,282,933	7,762,144
Interest capitalised	<u>1,139,724</u>	<u>419,812</u>
	<u>19,885,358</u>	<u>8,977,146</u>

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The analysis of the carrying value of land use rights held in the PRC included in the completed properties held for sale is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leases of over 50 years	1,786,854	498,700
Leases of between 10 and 50 years	<u>675,847</u>	<u>296,490</u>
	<u><u>2,462,701</u></u>	<u><u>795,190</u></u>

29. PREPAYMENTS, DEBTORS AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors (<i>note a</i>)	2,634,329	2,923,518	—	—
Prepaid land preparatory cost (<i>note b</i>)	2,227,043	2,019,803	—	—
Deposits for purchase of land (<i>note b</i>)	3,111,177	2,999,245	—	—
Prepayment for proposed development projects (<i>note b</i>)	214,272	187,375	—	—
Prepaid taxes (<i>note b</i>)	1,677,003	1,266,578	—	—
Other prepayments, deposits and receivables (<i>note b</i>)	<u>1,411,629</u>	<u>1,485,398</u>	<u>13,021</u>	<u>16,489</u>
	<u><u>11,275,453</u></u>	<u><u>10,881,917</u></u>	<u><u>13,021</u></u>	<u><u>16,489</u></u>

Notes:

- (a) Trade debtors mainly include sales proceed receivables, rental receivables and property management fee receivables. Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sales and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements. The ageing analysis of trade debtors based on invoice date is as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	723,946	763,495
31 to 60 days	541,948	377,676
61 to 90 days	285,012	351,363
Over 90 days	<u>1,083,423</u>	<u>1,430,984</u>
	<u><u>2,634,329</u></u>	<u><u>2,923,518</u></u>

The carrying amounts of the trade debtors of the Group are mainly denominated in Renminbi.

- (b) The carrying amounts of the Group and the Company are mainly denominated in Renminbi and Hong Kong dollar respectively.

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- (c) At 30 June 2015, trade debtors of HK\$1,540,687,000 (2014: HK2,236,695,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	685,335	1,161,860
31 to 60 days	24,116	134,878
61 to 90 days	24,140	164,840
Over 90 days	<u>807,096</u>	<u>775,117</u>
	<u><u>1,540,687</u></u>	<u><u>2,236,695</u></u>

- (d) During the year, impairment loss on trade debtors of HK\$4,276,000 (2014: HK\$4,918,000) was recognised in the consolidated income statement.
- (e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

30. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

Related companies include group companies, joint ventures of the Group and companies owned by a director.

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from group companies (note a)	252,442	527,381	202,799	435,602
Amounts due from joint ventures (note b)	<u>49,501</u>	<u>49,644</u>	<u>—</u>	<u>—</u>
	<u><u>301,943</u></u>	<u><u>577,025</u></u>	<u><u>202,799</u></u>	<u><u>435,602</u></u>
Amounts due to group companies (note c)	(121,197)	(135,962)	—	—
Amounts due to joint ventures (note d)	(599,303)	(369,217)	—	(27)
Amounts due to companies owned by a director (note e)	<u>(2,834)</u>	<u>(2,669)</u>	<u>—</u>	<u>—</u>
	<u><u>(723,334)</u></u>	<u><u>(507,848)</u></u>	<u><u>—</u></u>	<u><u>(27)</u></u>
	<u><u>(421,391)</u></u>	<u><u>69,177</u></u>	<u><u>202,799</u></u>	<u><u>435,575</u></u>

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Notes:

- (a) The amounts due from group companies are unsecured, interest free and repayable on demand.

The carrying amounts of amounts due from group companies are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	203,745	484,628	202,799	435,602
Renminbi	<u>48,697</u>	<u>42,753</u>	<u>—</u>	<u>—</u>
	<u><u>252,442</u></u>	<u><u>527,381</u></u>	<u><u>202,799</u></u>	<u><u>435,602</u></u>

- (b) For interest free amounts due from joint ventures of HK\$19,191,000 (2014: HK\$19,334,000), they are unsecured and repayable on demand. For interest bearing amounts due from a joint venture of HK\$30,310,000 (2014: HK\$30,310,000), they are unsecured, carry interest at 10% (2014: 10%) per annum and repayable on demand. The carrying amounts of amounts due from joint ventures are denominated in United States dollar.
- (c) The amounts due to group companies are unsecured, interest free and repayable on demand. The carrying amounts of amounts due to group companies are denominated in Renminbi.
- (d) The amounts payable are unsecured, interest free and repayable on demand. The amounts payable are mainly denominated in Renminbi.
- (e) The amounts due to companies owned by a director are unsecured, interest free and repayable on demand. The carrying amounts of amounts due to companies owned by a director are denominated in Renminbi.

31. SHARE CAPITAL

	Company	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
30,000,000,000 shares of HK\$0.1 each	<u>3,000,000</u>	<u>3,000,000</u>
Issued and fully paid:		
8,688,769,557 (2014: 8,683,350,475) shares of HK\$0.1 each	<u>868,877</u>	<u>868,335</u>

Details of the movement in the issued and fully paid share capital of the Company are summarised as follows:

	Number of shares of	
	HK\$0.1 each	HK\$'000
At 1 July 2013	8,663,596,817	866,360
Exercise of share options (<i>note</i>)	<u>19,753,658</u>	<u>1,975</u>
At 30 June 2014	8,683,350,475	868,335
Exercise of share options (<i>note</i>)	<u>5,419,082</u>	<u>542</u>
At 30 June 2015	<u><u>8,688,769,557</u></u>	<u><u>868,877</u></u>

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Note: Pursuant to the share option scheme adopted on 26 November 2002 (“2002 Share Option Scheme”) and the share option scheme adopted on 22 November 2011 (“2011 Share Option Scheme”), the Company may grant options to directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30 June 2015 are as follows:

(a) Movement of share options under the 2002 Share Option Scheme

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable	
		At 1 July 2014	Exercised during the year	Lapsed during the year	At 30 June 2015	At 30 June 2015
26 June 2009	3.913 ¹	512,551	(504,529)	(8,022)	—	—
19 November 2009	2.953 ¹	3,013	(1,533)	(1,480)	—	—
12 January 2010	2.878 ¹	61,481	(58,338)	(3,143)	—	—
18 May 2010	2.262 ¹	121,740	(121,740)	—	—	—
31 May 2010	2.349 ¹	209,480	(170,000)	—	39,480	39,480
10 November 2010	3.013 ¹	693,137	(99,859)	—	593,278	593,278
18 January 2011	3.036 ¹	9,825,966	(1,570,803)	(166,233)	8,088,930	8,088,930
26 July 2011	2.705 ¹	733,242	(216,000)	—	517,242	190,512
		<u>12,160,610</u>	<u>(2,742,802)</u>	<u>(178,878)</u>	<u>9,238,930</u>	<u>8,912,200</u>
Weighted average exercise price of each category (HK\$)		<u>3.031</u>	<u>3.090</u>	<u>3.072</u>	<u>3.013</u>	<u>3.024</u>

(b) Movement of share options under the 2011 Share Option Scheme

Date of offer to grant	Exercise price per share HK\$	Number of share options			Number of share options exercisable		
		At 1 July 2014	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2015	At 30 June 2015
3 May 2012	2.450 ¹	4,071,680	—	(1,073,280)	(200,000)	2,798,400	1,477,280
22 October 2012	3.370 ¹	448,700	—	(139,200)	(110,400)	199,100	20,700
7 January 2013	3.880 ¹	3,824,100	—	(632,580)	(452,960)	2,738,560	1,164,040
2 April 2013	3.350 ¹	1,933,990	—	(104,800)	(37,200)	1,791,990	936,790
24 June 2013	2.762 ¹	1,168,400	—	(110,400)	(165,600)	892,400	224,000
15 October 2013	4.010 ¹	1,749,900	—	(44,800)	(230,000)	1,475,100	519,900
9 January 2014	3.970 ¹	3,739,440	—	(355,620)	(12,800)	3,371,020	742,780
10 July 2014	4.720 ¹	—	1,266,000	(105,600)	(286,400)	874,000	147,600
23 October 2014	4.420 ¹	—	1,132,000	(66,000)	(264,000)	802,000	160,400
11 March 2015	4.968 ¹	—	10,896,400	(44,000)	—	10,852,400	2,135,280
8 May 2015	5.420 ¹	—	914,000	—	—	914,000	182,800
		<u>16,936,210</u>	<u>14,208,400</u>	<u>(2,676,280)</u>	<u>(1,759,360)</u>	<u>26,708,970</u>	<u>7,711,570</u>
Weighted average exercise price of each category (HK\$)		<u>3.418</u>	<u>4.931</u>	<u>3.292</u>	<u>3.804</u>	<u>4.211</u>	<u>3.890</u>

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Notes:

- (1) On dates of grant, the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) Fair value of options and assumptions

The fair value of options granted during the year was determined using the Binomial Model amounting to HK\$21,750,200 (2014: HK\$9,031,524). The significant inputs to the model was share price ranging from HK\$4.42 to HK\$5.36 (2014: HK\$3.97 to HK\$4.01) at the grant dates, exercise prices ranging from HK\$4.42 to HK\$5.42 (2014: HK\$3.97 to HK\$4.01), volatility of the share ranging from 37.94% to 40.52% (2014: 44.49% to 51.49%), expected life of options of 5 years (2014: 5 years), expected dividend yield ranging from 0.57% to 1.68% (2014: 1.24% to 1.89%), risk-free interest rate ranging from 1.17% to 1.4% (2014: 1.19% to 1.51%) and suboptimal exercise factor ranging from 1.9 to 1.91 times (2014: 1.91 to 1.93 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company over the past 5 years.

- (3) For the year ended 30 June 2015, the weighted average share price at the time of exercise was HK\$4.931 per share (2014: HK\$4.707 per share) and HK\$5.166 per share (2014: HK\$5.356) under the 2002 Share Option Scheme and 2011 Share Option Scheme respectively.

32. RESERVES**Group**

	Contributed surplus <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>(note)</i> <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 July 2014	11,207,539	16,304,097	227,955	37,925	5,145,410	23,961,256	56,884,182
Profit for the year	—	—	—	—	—	3,313,131	3,313,131
Premium on issue of shares	—	16,742	—	—	—	—	16,742
Share-based payments	—	—	—	14,426	—	—	14,426
Transfer of reserve upon exercise and lapse of share options	—	5,401	—	(6,889)	—	1,488	—
Dividends	(260,554)	—	—	—	—	—	(260,554)
Translation differences							
Subsidiaries	—	—	—	—	(56,931)	—	(56,931)
Associated company and joint ventures	—	—	—	—	1,978	—	1,978
As at 30 June 2015 before proposed final dividend	<u>10,946,985</u>	<u>16,326,240</u>	<u>227,955</u>	<u>45,462</u>	<u>5,090,457</u>	<u>27,275,875</u>	<u>59,912,974</u>
Representing:							
As at 30 June 2015 after proposed final dividend	10,686,304	16,326,240	227,955	45,462	5,090,457	27,275,875	59,652,293
2015 proposed final dividend	<u>260,681</u>	—	—	—	—	—	<u>260,681</u>
	<u>10,946,985</u>	<u>16,326,240</u>	<u>227,955</u>	<u>45,462</u>	<u>5,090,457</u>	<u>27,275,875</u>	<u>59,912,974</u>

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	Contributed surplus <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>(note)</i> <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 July 2013	11,901,566	16,224,647	202,237	49,630	5,784,261	19,320,045	53,482,386
Profit for the year	—	—	—	—	—	4,638,691	4,638,691
Premium on issue of shares	—	57,345	—	—	—	—	57,345
Share-based payments	—	—	—	12,920	—	—	12,920
Transfer of reserve upon exercise and lapse of share options	—	22,105	—	(24,625)	—	2,520	—
Acquisition of additional interest in a subsidiary	—	—	25,718	—	—	—	25,718
Dividends	(694,027)	—	—	—	—	—	(694,027)
Translation differences							
Subsidiaries	—	—	—	—	(555,774)	—	(555,774)
Associated company and joint ventures	—	—	—	—	(83,077)	—	(83,077)
As at 30 June 2014 before proposed final dividend	<u>11,207,539</u>	<u>16,304,097</u>	<u>227,955</u>	<u>37,925</u>	<u>5,145,410</u>	<u>23,961,256</u>	<u>56,884,182</u>
Representing:							
As at 30 June 2014 after proposed final dividend	10,946,992	16,304,097	227,955	37,925	5,145,410	23,961,256	56,623,635
2014 proposed final dividend	<u>260,547</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>260,547</u>
	<u>11,207,539</u>	<u>16,304,097</u>	<u>227,955</u>	<u>37,925</u>	<u>5,145,410</u>	<u>23,961,256</u>	<u>56,884,182</u>

Note: Other reserve relates to fair value changes arising from business combination, the difference between the consideration paid and the related share of net assets acquired from the acquisition of additional interests in subsidiaries.

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Company

	Contributed surplus	Share premium	Exchange reserve	Share option reserve	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 July 2014	11,227,700	16,304,097	6,705,552	37,925	(6,631,866)	27,643,408
Premium on issue of shares	—	16,742	—	—	—	16,742
Profit for the year	—	—	—	—	187,820	187,820
Share-based payments	—	—	—	14,426	—	14,426
Transfer of reserve upon exercise and lapse of share options	—	5,401	—	(6,889)	1,488	—
Translation difference	—	—	288	—	—	288
Dividends	(260,554)	—	—	—	—	(260,554)
As at 30 June 2015 before proposed final dividend	<u>10,967,146</u>	<u>16,326,240</u>	<u>6,705,840</u>	<u>45,462</u>	<u>(6,442,558)</u>	<u>27,602,130</u>
Representing:						
As at 30 June 2015 after proposed final dividend	10,706,465	16,326,240	6,705,840	45,462	(6,442,558)	27,341,449
2015 proposed final dividend	<u>260,681</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>260,681</u>
	<u>10,967,146</u>	<u>16,326,240</u>	<u>6,705,840</u>	<u>45,462</u>	<u>(6,442,558)</u>	<u>27,602,130</u>
As at 1 July 2013	11,921,727	16,224,647	7,077,674	49,630	(7,552,046)	27,721,632
Premium on issue of shares	—	57,345	—	—	—	57,345
Profit for the year	—	—	—	—	917,660	917,660
Share-based payments	—	—	—	12,920	—	12,920
Transfer of reserve upon exercise and lapse of share options	—	22,105	—	(24,625)	2,520	—
Translation difference	—	—	(372,122)	—	—	(372,122)
Dividends	(694,027)	—	—	—	—	(694,027)
As at 30 June 2014 before proposed final dividend	<u>11,227,700</u>	<u>16,304,097</u>	<u>6,705,552</u>	<u>37,925</u>	<u>(6,631,866)</u>	<u>27,643,408</u>
Representing:						
As at 30 June 2014 after proposed final dividend	10,967,153	16,304,097	6,705,552	37,925	(6,631,866)	27,382,861
2014 proposed final dividend	<u>260,547</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>260,547</u>
	<u>11,227,700</u>	<u>16,304,097</u>	<u>6,705,552</u>	<u>37,925</u>	<u>(6,631,866)</u>	<u>27,643,408</u>

The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation that took place in 1999, less distributions in subsequent years.

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of the profit of HK\$187,820,000 (2014: HK\$917,660,000).

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33. LONG TERM BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans (<i>note i</i>)				
Secured	8,294,212	9,041,936	—	—
Unsecured	18,356,558	16,324,119	4,760,382	3,157,694
Loans from fellow subsidiaries (<i>note ii</i>)	2,646,438	2,637,823	—	—
Loans from non-controlling interests (<i>note iii</i>)	238,894	247,789	—	—
Advances from participating interest (<i>note iv</i>)	1,896,704	1,967,617	5,560,287	5,516,761
Fixed rate bonds and notes payable (<i>note v</i>)	11,668,358	9,008,925	11,668,358	9,008,925
Loans from other financial institutions (<i>note i</i>)				
Secured	—	70,000	—	—
Unsecured	1,062,500	125,000	—	—
	44,163,664	39,423,209	21,989,027	17,683,380
Current portion included in current liabilities	<u>(9,775,255)</u>	<u>(14,197,174)</u>	<u>(1,727,678)</u>	<u>(6,823,029)</u>
	<u>34,388,409</u>	<u>25,226,035</u>	<u>20,261,349</u>	<u>10,860,351</u>

Notes:

- (i) The loans from banks and other financial institutions are repayable as follows:

	Secured		Group Unsecured		Total		Company Unsecured	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	2,535,759	2,826,491	7,239,496	6,075,777	9,775,255	8,902,268	1,727,678	1,496,979
Between one and two years	2,291,554	2,536,297	3,446,545	5,871,229	5,738,099	8,407,526	90,000	1,660,715
Between two and five years	2,185,499	2,347,910	8,733,017	4,326,488	10,918,516	6,674,398	2,942,704	—
After five years	1,281,400	1,401,238	—	175,625	1,281,400	1,576,863	—	—
	<u>8,294,212</u>	<u>9,111,936</u>	<u>19,419,058</u>	<u>16,449,119</u>	<u>27,713,270</u>	<u>25,561,055</u>	<u>4,760,382</u>	<u>3,157,694</u>

- (ii) The loans from fellow subsidiaries are repayable between one and two years (2014: one and two years), unsecured and bear interest at three months Hong Kong Interbank Offered Rate (“HIBOR”) (2014: three months HIBOR) per annum.
- (iii) The loans from non-controlling interests are unsecured, have repayment terms as specified in the loan agreement and carry interest at 6.15% (2014: ranging from 5% to 6.15%) per annum except for HK\$52,449,000 (2014: Nil) which is interest free.

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- (iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Company and the participating interest.
- (v) On 29 March 2012 and 12 April 2012, the Company issued 8.5% bonds in the aggregate amounts of RMB2,800 million and RMB1,500 million (equivalent to approximately HK\$3,500 million and HK\$1,875 million) respectively.

RMB2,800 million of the bonds were issued at a price of 100 per cent of the principal amount. RMB1,500 million of the bonds were issued at a price of 100.972% of the principal amount, resulting in a premium on issue of RMB14.6 million (equivalent to approximately HK\$18.3 million).

These bonds bore interest with a coupon rate of 8.5% per annum, payable semi-annually in arrears on 11 April and 11 October each year. These bonds were listed on The Stock Exchange of Hong Kong Limited. The bonds were redeemed on the maturity date on 11 April 2015 at the principal amount.

On 6 February 2013, the Company issued 5.5% bonds in the aggregate amounts of RMB3,000 million (equivalent to approximately HK\$3,750 million). The bonds were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5.5% per annum, payable semi-annually in arrears on the 6 February and 6 August each year. The bonds are listed on The Stock Exchange of Hong Kong Limited. The bonds will be redeemed on the maturity date on 6 February 2018 at the principal amount.

As at 30 June 2015, the fair value of the bonds amounted to RMB3,100.4 million (equivalent to approximately HK\$3,875.5 million) (2014: RMB7,528.3 million (equivalent to approximately HK\$9,410.4 million)).

On 6 November 2014, the Company issued 5.375% notes in the aggregation amounts of USD900 million (equivalent to approximately HK\$6,993 million). The notes were issued at a price of 99.676 per cent of the principal amount, bear interest at a coupon rate of 5.375% per annum, payable semi-annually in arrears on 6 November and 6 May each year. The notes are listed on The Stock Exchange of Hong Kong Limited. The notes will be redeemed on the maturity date on 6 November 2019 at the principal amount.

As at 30 June 2015, the fair value of the notes amounted to USD941.7 million (equivalent to approximately HK\$7,298.4 million).

On 28 January 2015, the Company issued 5% notes in the aggregation amounts of HK\$800 million. The notes were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5% per annum, payable semi-annually in arrears on 28 January and 28 July each year. The notes will be redeemed on the maturity date on 28 January 2022 at the principal amount.

As at 30 June 2015, the fair value of the notes amounted to HK\$837.1 million.

On 30 March 2015, the Company issued 4.75% notes in the aggregation amounts of HK\$271 million. The notes were issued at a price of 98.839 per cent of the principal amount, bear interest at a coupon rate of 4.75% per annum, payable annually in arrears on 30 March each year. The notes will be redeemed on the maturity date on 30 March 2022 at the principal amount.

As at 30 June 2015, the fair value of the notes amounted to HK\$283.6 million.

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(vi) The effective interest rates of borrowings are as follows:

	2015		2014		United States	
	Hong Kong dollar	Renminbi	dollar	Hong Kong dollar	Renminbi	dollar
Bank loans	2.60%	6.52%	1.89%	2.75%	6.47%	2.88%
Loans from fellow subsidiaries	0.39%	—	0.39%	0.38%	—	0.38%
Loans from non-controlling interests	2.50%	6.15%	—	5.00%	6.15%	—
Advances from participating interest	5.23%	—	—	5.64%	—	—
Fixed rate bonds and notes payable	4.94%	5.50%	5.38%	—	7.19%	—
Loans from other financial institutions	—	7.63%	—	—	6.47%	—

(vii) The fair value of bank loans, loans from fellow subsidiaries, loans from non-controlling interests, advances from participating interest and loans from other financial institutions are based on cash flows discounted using cash flows discounted using the incremental borrowing rates and are within level 2 of the fair value hierarchy.

(viii) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	18,254,207	16,319,506	11,376,826	8,674,455
Renminbi	18,321,032	22,652,238	3,729,375	9,008,925
United States dollar	<u>7,588,425</u>	<u>451,465</u>	<u>6,882,826</u>	<u>—</u>
	<u>44,163,664</u>	<u>39,423,209</u>	<u>21,989,027</u>	<u>17,683,380</u>

(ix) For the interest-bearing borrowings, except for the loans from non-controlling interests of HK\$52,449,000 (2014: HK\$51,477,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.

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34. DEFERRED TAX LIABILITIES

Deferred taxation is provided in full, using the liability method, on temporary differences using the prevailing rate of taxation in which the Group operates.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxed levied by the same taxation authority on the taxable entity.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Group*Deferred tax assets/(liabilities)*

	Accelerated tax depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Recognition of income from sale of properties <i>HK\$'000</i>	Fair value adjustment of properties arising from acquisition <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Undistributed profits of subsidiaries, associated company and joint venture <i>HK\$'000</i>	Provisions <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2013	(414,995)	(1,063,211)	(8,446)	(1,082,222)	156,105	(452,855)	25,919	(2,839,705)
Exchange differences	5,293	15,033	106	13,417	(1,635)	7,954	(324)	39,844
Credited/(charged) to consolidated income statement	8,557	(139,576)	—	13,505	(5,728)	(174,570)	(2,813)	(300,625)
Transfer	—	—	—	—	—	27,250	—	27,250
Acquisition of subsidiaries	—	—	—	(178,996)	—	—	—	(178,996)
At 30 June 2014	(401,145)	(1,187,754)	(8,340)	(1,234,296)	148,742	(592,221)	22,782	(3,252,232)
(Charged)/credited to consolidated income statement	(56,079)	(176,581)	—	39,427	21,275	(64,616)	(3,751)	(240,325)
Transfer	—	—	—	—	—	4,230	—	4,230
Transfer to disposal group classified as held for sale	(24,081)	—	—	—	(9,919)	—	—	(34,000)
At 30 June 2015	<u>(481,305)</u>	<u>(1,364,335)</u>	<u>(8,340)</u>	<u>(1,194,869)</u>	<u>160,098</u>	<u>(652,607)</u>	<u>19,031</u>	<u>(3,522,327)</u>

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK\$513,638,000 (2014: HK\$498,393,000) in respect of losses amounting to HK\$2,054,550,000 (2014: HK\$1,993,572,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2020 (2014: 2019).

As at 30 June 2015, the aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised amounting to approximately HK\$8,753,369,000 (2014: HK\$7,040,966,000), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

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35. CREDITORS AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors (<i>note i</i>)	7,519,797	5,495,755	—	—
Other creditors and accruals (<i>note ii</i>)	<u>1,370,325</u>	<u>1,454,444</u>	<u>177,881</u>	<u>188,222</u>
	<u>8,890,122</u>	<u>6,950,199</u>	<u>177,881</u>	<u>188,222</u>

Notes:

- (i) The ageing analysis of trade creditors is as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	6,582,749	5,033,097
31 to 60 days	14,445	17,787
61 to 90 days	70,172	78,323
Over 90 days	<u>852,431</u>	<u>366,548</u>
	<u>7,519,797</u>	<u>5,495,755</u>

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30 June 2015 and 2014.

- (ii) Other creditors and accruals included retention payables of construction costs, other payables and various accruals. The carrying amounts of other creditors and accruals of the Group and the Company are mainly denominated in Renminbi and Hong Kong dollar respectively.

36. SHORT TERM LOANS

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans from banks and other financial institutions		
Secured	625,000	—
Unsecured	<u>376,250</u>	<u>—</u>
	<u>1,001,250</u>	<u>—</u>

As at 30 June 2015, the effective interest rates of the short term loans range from 8.3% to 10.05%. Their carrying amounts approximate their fair values.

The carrying amounts of short term loans are denominated in Renminbi.

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37. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, interest free and repayable on demand. The carrying amounts of the balances are mainly denominated in Hong Kong dollar as at 30 June 2015 and 2014 and approximate their fair values.

38. TAXES PAYABLE

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Corporate income tax payable	430,741	382,919	—	—
Withholding tax payable	110,869	116,501	63,036	61,561
Land appreciation tax payable	3,748,751	3,979,906	—	—
Other PRC taxes payable	<u>142,000</u>	<u>175,502</u>	<u>—</u>	<u>—</u>
	<u>4,432,361</u>	<u>4,654,828</u>	<u>63,036</u>	<u>61,561</u>

39. GUARANTEES**(i) Corporate guarantees for banking facilities****Group**

The Group has corporate guarantees of approximately HK\$3,202,816,000 (2014: HK\$2,734,066,000) given in respect of bank loan facilities extended to certain joint ventures. As at 30 June 2015, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures was approximately HK\$2,683,191,000 (2014: HK\$2,350,941,000).

Company

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries and joint ventures of approximately HK\$21,027,226,000 (2014: HK\$16,878,727,000) and HK\$3,202,816,000 (2014: HK\$2,734,066,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30 June 2015, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$2,239,958,000 (2014: HK\$2,034,561,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

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40. COMMITMENTS**(i) Capital expenditure commitments**

The capital expenditure commitments of the Group are as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised but not contracted for		
Purchase consideration for proposed development projects	—	108,000
Property, plant and equipment	<u>107,366</u>	<u>150,938</u>
	----- <u>107,366</u>	----- <u>258,938</u>
Contracted but not provided for		
Property, plant and equipment	1,436,170	1,571,271
Investment properties	<u>3,174,963</u>	<u>1,629,585</u>
	----- <u>4,611,133</u>	----- <u>3,200,856</u>
	<u>4,718,499</u>	<u>3,459,794</u>

(ii) Lease commitments

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 30 June 2015, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
Within one year	46,818	39,050	18,526	16,703
Between two and five years	86,572	63,260	31,303	9,320
Beyond five years	<u>66,149</u>	<u>47,807</u>	—	—
	----- <u>199,539</u>	----- <u>150,117</u>	----- <u>49,829</u>	----- <u>26,023</u>

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41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit before finance costs to net cash generated from operations

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit before finance costs including discontinued operation	6,349,337	8,824,152
Interest income	(374,689)	(286,678)
Depreciation and amortisation	369,370	279,860
Share-based payments	14,426	12,920
Dividend income from an available-for-sale financial asset	—	(1,738)
Gain on disposal/write off of property, plant and equipment and investment properties	(34,257)	(117,617)
Tax indemnity from the ultimate holding company	(359,152)	(1,075,306)
Loss on disposal of associated companies	—	2,486
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	—	(67,257)
Impairment of intangible assets	56,375	125,892
Changes in fair value of investment properties	(899,117)	(616,122)
Net foreign exchange (gains)/losses	<u>(32,194)</u>	<u>281,791</u>
Operating profit before working capital changes	5,090,099	7,362,383
Increase in properties held for/under development and completed properties held for sale	(5,338,383)	(302,480)
(Increase)/decrease in prepayments, debtors and other receivables	(2,881,177)	463,371
Changes in balances with related companies	514,219	1,436,726
Increase/(decrease) in deposits received on sale of properties	1,328,717	(4,442,495)
Increase/(decrease) in creditors and accruals	<u>2,048,658</u>	<u>(784,297)</u>
Net cash generated from operations	<u><u>762,133</u></u>	<u><u>3,733,208</u></u>

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(b) Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries

The Group acquired subsidiaries for the year ended 30 June 2014 and the identified assets acquired and liabilities assumed as at the date of acquisition are as follows:

	2014
	<i>HK\$'000</i>
Property, plant and equipment	173,900
Land use rights	64,437
Properties held for development	562,500
Intangible assets	124,127
Completed properties held for sale	141,420
Prepayments, debtors and other receivables	154,150
Cash and bank balances	10,612
Deposits received on sale of properties	(1,128)
Creditors and accruals	(102,817)
Taxes payable	(81,342)
Long terms borrowings	(101,000)
Amount due to a joint venture	(62,500)
Deferred tax liabilities	(178,996)
Non-controlling interests	<u>(296)</u>
Net assets acquired	703,067
Interest originally held by the Group as joint ventures	<u>(257,878)</u>
	445,189
Goodwill	11,903
Gain on remeasuring previously held equity interests of joint ventures at fair value upon further acquisition as subsidiaries	<u>(67,257)</u>
	<u><u>389,835</u></u>
	2014
	<i>HK\$'000</i>
Cash consideration paid	389,835
Consideration to be paid	(15,000)
Cash and bank balances acquired	<u>(10,612)</u>
	<u><u>364,223</u></u>

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42. RELATED PARTY TRANSACTIONS**(i) Transactions with related parties**

The following is a summary of significant related party transactions carried out by the Group during the year in the normal course of its business:

	<i>Note</i>	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on loans from fellow subsidiaries	<i>(a)</i>	8,615	8,550
Rental expense for leased premises to fellow subsidiaries	<i>(b)</i>	26,246	19,857
Property agency fee paid to fellow subsidiaries	<i>(c)</i>	6,403	13,162
Purchase of goods from fellow subsidiaries and a related company	<i>(d)</i>	83,574	110,813
Interest income from joint ventures	<i>(e)</i>	87,927	73,005
Property management services fee income from fellow subsidiaries, joint ventures and related companies	<i>(f)</i>	40,410	48,466
Rental income from fellow subsidiaries, a joint venture and a related company	<i>(g)</i>	98,196	124,431
Hotel management services fee income from fellow subsidiaries, joint ventures and related companies	<i>(h)</i>	126,649	97,964
Project management fee income from joint ventures and related companies	<i>(i)</i>	64,367	35,582
Contracting service income from related companies	<i>(j)</i>	186,997	428,466
Sales of properties to a fellow subsidiary and a related company	<i>(k)</i>	<u>—</u>	<u>46,450</u>

Notes:

- (a) Interest is charged at rates as specified in note 33(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiaries in accordance with the terms of the property agency agreements.
- (d) This represents purchases of goods by means of presenting various cash equivalent gift coupons, gift cards and stored value shopping cards to the stores operated by the fellow subsidiaries and a related company. Such fee is charged in accordance with the terms of the agreements.
- (e) This represents interest income in respect of loan financing provided to joint ventures. These loans are unsecured and carry interest at rates as specified in note 22.
- (f) The property management services fees are charged at fixed amounts to fellow subsidiaries, certain joint ventures and related companies as specified in the management contracts.
- (g) The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (h) The hotel management services fee income is charged in accordance with the terms of the management service agreement.
- (i) The project management fee income is charged in accordance with the terms of the agreement.

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- (j) The contracting services income is charged in accordance with the terms of the agreement.
- (k) During the year ended 30 June 2014, a joint venture of the Group sold certain properties to Aerospace New World (China) Technology Limited and Shenzhen Sunlong Communication Co., Ltd., a related company and a fellow subsidiary of the Group, respectively, for a consideration of RMB17,088,000 (equivalent to HK\$21,630,000) and RMB19,608,000 (equivalent to HK\$24,820,000) respectively.
- (l) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects paid and payable to certain fellow subsidiaries and related companies for the year amounted to HK\$439,999,000 (2014: HK\$255,414,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (m) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the year, tax indemnity amounting to HK\$359,152,000 (2014: HK\$1,075,306,000) was effected (note 13).
- (n) In November 2014, the Group entered into a termination agreement with Hubei New World Department Store Co., Ltd. ("NWDS Hubei"), a fellow subsidiary of the Group, to early terminate the lease agreement at a consideration of RMB51,128,000 (equivalent to HK\$63,910,000) (subject to adjustment). The consideration was subsequently adjusted to RMB40,331,000 (equivalent to HK\$50,414,000) and an amount of RMB21,128,000 (equivalent to HK\$26,410,000) has been paid to NWDS Hubei during the year ended 30 June 2015.
- (o) During the year ended 30 June 2014, the Group acquired a hotel management company from CTF Holdings Limited, a related company of the Group at the consideration of €13,536,000 (equivalent to approximately HK\$144,835,000).
- (p) During the year ended 30 June 2014, the Group has acquired remaining interests in Dragon Fortune Limited from other shareholders, of which Sun City Holdings Limited and Potassium Corp. are associates of Mr Peter Cheng and that Brinkley Holdings Ltd is beneficially owned by Mr Stewart Cheng, for a consideration of HK\$245,000,000. Upon completion, Dragon Fortune Limited became an indirect wholly owned subsidiary of the Group.
- (ii) **Key management compensation**

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other short-term employee benefits	135,216	120,375
Pension costs	5,188	5,100
Share option benefits	<u>1,786</u>	<u>3,056</u>
	<u>142,190</u>	<u>128,531</u>

Key management includes executive directors, financial controller, company secretary, regional executives and senior executives of hotel management team.

(iii) **Balances with related parties**

Balances with associated company, joint ventures, group companies and companies owned by a director are disclosed in notes 22 and 30.

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43. EVENT AFTER REPORTING PERIOD

On 3 July 2015, New World Development (China) Limited ("NWDC"), a wholly owned subsidiary of the Group, entered into the sales and purchase agreement with Chow Tai Fook Enterprises Limited to sell its entire equity interest in New World Hotel Management (BVI) Limited ("NWHM") together with related outstanding shareholder's loan and accrued interest due and owing by NWHM to NWDC for an aggregate cash consideration of HK\$1,963,000,000. Subject to fulfillment of several conditions precedent, the disposal is expected to be completed on or before 31 December 2015 at a gain of approximately HK\$844,000,000.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURES

Details of the principal subsidiaries, associated company and joint ventures which materially affect the results for the year and/or assets of the Group as at 30 June 2015 are set out below:

Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2015	2014	2015	2014	
Subsidiaries						
<i>Incorporated and operating in Hong Kong</i>						
Able Kingdom Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Best Goal International Limited	HK\$1 1 ordinary share	—	—	100%	—	Investment holding
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares	—	—	100%	100%	Investment holding
Dragon Joy (China) Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Global Hero Holdings Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares 200 non-voting deferred shares	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares	—	—	100%	100%	Investment holding
New World China Estate Agents Limited	HK\$1 1 ordinary share	—	—	100%	—	Estate agency
New World China Property Limited	HK\$2 2 ordinary shares	100%	100%	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares 2 non-voting deferred shares	100%	100%	100%	100%	Investment holding

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Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2015	2014	2015	2014	
New World Hotel Management Limited	HK\$1 1 ordinary share	—	—	100%	100%	Hotel management
Pacific Great Investment Limited	HK\$50,000,000 50,000,000 ordinary shares	—	—	100%	100%	Investment holding
Penta Hotels (Asia Pacific) Limited	HK\$1 1 ordinary share	—	—	100%	100%	Hotel management
Rosewood Hotels and Resorts (Asia Pacific) Limited	HK\$1 1 ordinary share	—	—	100%	100%	Hotel management
Silver World H.K. Development Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Spread Glory Investments Limited	HK\$1 1 ordinary share	—	—	100%	100%	Investment holding
Sunny Trend Development Limited	HK\$2 2 ordinary shares	—	—	100%	100%	Investment holding
Super Gain Limited	HK\$1 1 ordinary share	—	—	100%	—	Investment holding
Wing Shan International Country Club Co. Limited	HK\$1,000,000 1,000,000 ordinary shares	—	—	89.2%	89.2%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Art Bridge Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Art Shadow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Banyan Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Brilliant Alpha Investment Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Dragon Fortune Limited	US\$57,895 57,895 shares of US\$1 each	—	—	100%	100%	Investment holding
Esteemed Sino Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding

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Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2015	2014	2015	2014	
Flighting Unicorn Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Fu Hong Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Goodtrade Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
K Fai Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Keep Bright Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Lucky Win Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
New World Anderson Development Company Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding
New World China Finance (BVI) Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing
New World Hotel Management (BVI) Limited	US\$1,000 1,000 shares of US\$1 each	—	—	100%	100%	Investment holding
Penta Hotel Holdings Limited	US\$1,000 1,000 shares of US\$1 each	—	—	100%	100%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ramada Property Ltd.	US\$1,000 1,000 shares of US\$1 each	—	—	100%	100%	Investment holding
Rise Eagle Worldwide Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Rosewood Hotels and Resorts Holdings Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Stand Fame Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Superb Wealthy Group Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing

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Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2015	2014	2015	2014	
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Triumph Hero International Limited	US\$10,000 10,000 shares of US\$1 each	—	—	100%	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Twin Glory Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
<i>Incorporated and operating in the Philippines</i>						
NWH Management Philippines, Incorporated	Peso 9,492,000 94,920 shares of Peso 100 each	—	—	100%	100%	Hotel management
<i>Incorporated and operating in the US</i>						
Rosewood Hotels and Resorts, L.L.C.	US\$260,623,748	—	—	100%	100%	Hotel management
<i>Incorporated and operating in Germany</i>						
Penta Hotels Germany GmbH	Euro25,000	—	—	100%	100%	Hotel management
<i>Incorporated and operating in the PRC</i>						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000	—	—	75% (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property sales
Beijing New World Huamei Real Estate Development Co., Ltd.	RMB748,000,000	—	—	75%	75%	Property development
Chengdu Flighting Unicorn Management Services Co., Ltd.	RMB5,000,000	—	—	100%	100%	Management services
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	—	60% (note 2)	60%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Dalian New World Tower Co., Ltd.	US\$197,324,700	—	—	100%	100%	Property investment, development and hotel operation
Fengshi Trading (Shanghai) Co., Ltd.	US\$2,170,000	—	—	100%	—	Property investment
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	100%	100%	Golf club and resort operation

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Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2015	2014	2015	2014	
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	100%	100%	Property development
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	84.8%	84.8%	Golf club operation
Foshan Country Real Estate Development Co., Ltd.	RMB638,030,000	—	—	84.8%	84.8%	Property development
Foshan Da Hao Hu Real Estate Development Co., Ltd.	RMB1,278,558,000	—	—	84.8%	84.8%	Property development
Guangzhou Fong Chuen — New World Property Development Ltd.	RMB330,000,000	—	—	100%	100%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	100%	100%	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$180,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
Guangzhou Yibo Real Estate Development Co., Ltd.	RMB392,500,000	—	—	100%	100%	Property development
Guiyang New World Real Estate Co., Ltd.	US\$301,350,000	—	—	100%	100%	Property development and hotel operation
Haikou New World Housing Development Ltd.	US\$8,000,000	—	—	100%	100%	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB640,000,000	—	—	100%	100%	Property investment
Hunan Fortune Lake Property Development Co., Ltd.	RMB205,265,854	—	—	100%	100%	Property development
Hunan Success New Century Investment Company Limited	RMB680,000,000	—	—	95%	95%	Property development
Jinan New World Sunshine Development Limited	US\$69,980,000	—	—	100%	100%	Property development
Langfang New World Properties Development Co., Ltd.	US\$145,300,000	—	—	100%	100%	Property development
Langfang Xin Zhong Properties Development Co., Ltd.	US\$68,200,000	—	—	100%	100%	Property development

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Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2015	2014	2015	2014	
Nanjing New World Real Estate Co., Ltd.	US\$45,339,518	—	—	100%	100%	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	—	100%	100%	Property investment
New World (Anshan) Landscape Engineering Limited	RMB10,000,000	—	—	100%	100%	Landscape engineering
New World (Anshan) Property Development Co., Ltd.	RMB1,420,000,000	—	—	100%	100%	Property development
New World China Land (Haikou) Limited	US\$600,000,000	—	—	100%	100%	Property investment and development
New World China Land Investments Company Limited	US\$80,000,000	100%	100%	100%	100%	Investment holding
New World Development (Wuhan) Co., Ltd.	US\$112,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Landscape Engineering Limited	US\$1,800,000	—	—	100%	100%	Landscape engineering
New World Enterprises (Wuhan) Ltd.	US\$16,000,000	—	—	100%	100%	Property development
New World Goodtrade (Wuhan) Limited	US\$188,000,000	—	—	100%	100%	Property investment and development
New World New Land Real Estate (Wuhan) Co., Ltd.	US\$269,810,000	—	—	100%	—	Property development
New World (Shenyang) Property Development Limited	RMB5,647,800,000	—	—	100%	100%	Property investment and development
Rosewood Hotels & Resorts (Shanghai) Limited	RMB500,000	—	—	100%	100%	Hotel management consultancy services
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	100%	100%	Property investment and hotel operation
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	100%	100%	Property investment
Shenyang New World Xin Hui Properties Co., Ltd.	RMB501,520,000	—	—	100%	100%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$150,000,000	—	—	100%	100%	Property development
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$294,000,000	—	—	100%	100%	Property development
Taiding Trading (Shanghai) Co., Ltd.	US\$7,800,000	—	—	100%	100%	Property investment
Tang Shan New World Property Development Co., Ltd.	US\$117,000,000	—	—	100%	100%	Property development

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Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2015	2014	2015	2014	
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	—	100%	100%	Property development
Tianjin New World Properties Development Co., Ltd.	US\$91,000,000	—	—	100%	100%	Property development
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	—	100%	100%	Property investment
Wuhan New Eagle Enterprises Co., Limited	US\$2,830,000	—	—	100%	100%	Property investment
Wuhan Xinhan Development Co., Ltd.	US\$16,000,000	—	—	100%	100%	Property development (note 3)
Zhaoqing New World Property Development Limited	US\$16,500,000	—	—	100%	100%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
Associated company						
<i>Incorporated and operating in Hong Kong</i>						
Sun Legend Investments Limited	HK\$1,000 1,000 ordinary shares	—	—	50%	50%	Investment holding
Joint ventures						
<i>Incorporated and operating in Hong Kong</i>						
Eminent Elite Limited	HK\$1 1 ordinary share	—	—	49%	49%	Investment holding
Ferguson Hotel Management Limited	HK\$2 2 ordinary shares	—	—	50%	50%	Hotel management
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares	—	—	50%	50%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 ordinary shares of US\$1 each	—	—	40%	40%	Investment holding
Silvery Yield Development Limited	US\$100 100 ordinary shares of US\$1 each	—	—	49%	49%	Investment holding
<i>Incorporated and operating in the PRC</i>						
<i>(i) Co-operative joint ventures</i>						
Beijing Chong Wen — New World Properties Development Co., Ltd.	US\$225,400,000	—	—	70%	70%	Property investment and development and hotel operation (note 4)

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Company name	Issued and fully paid up share capital/paid up registered capital	Attributable interest held (note 1)				Principal activities
		By the Company 2015	2014	By the Group 2015	2014	
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$171,840,000	—	—	70% (note 4)	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	—	—	70% (note 4)	70%	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55% (note 4)	55%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70% (note 4)	70%	Property Investment and development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5% (note 4)	62.5%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60% (note 4)	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$49,750,000	—	—	60% (note 4)	60%	Hotel operation
<i>(ii) Wholly foreign owned enterprises</i>						
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	—	—	62.5% (note 4)	62.5%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5% (note 4)	62.5%	Property development
Ningbo Gong Tai Properties Co., Ltd.	RMB235,000,000	—	—	49%	—	Property development
Ningbo Xin Li Real Estate Co. Ltd.	US\$802,335,000	—	—	49%	49%	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	50%	50%	Property investment
Wuhan New World Hotel Properties Co., Ltd.	RMB83,507,110	—	—	60% (note 4)	60%	Property investment

Notes:

1. Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.
2. Represent equity interest of the Group in these companies. Pursuant to the participation agreement dated 11 September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly owned subsidiary of NWD, Solar Leader has a participating interest, representing 50% of the total interest of the Group in certain property projects undertaken by these companies.
3. Represent profit sharing ratio of the Group in accordance with the contractual arrangement between the shareholders.
4. The Group does not control these companies even though the attributable interest held by the Group is more than 50% as the decisions about the relevant activities require the unanimous consent of the parties sharing the control in accordance with the contractual arrangement.

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(B) UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Income Statement***For the six months ended 31 December 2015*

	Note	Unaudited	
		6 months ended 31 December	
		2015	2014
		HK\$'000	HK\$'000
Continuing operations			
Revenues	2	7,300,446	8,434,173
Cost of sales		<u>(4,931,422)</u>	<u>(5,407,620)</u>
Gross profit		2,369,024	3,026,553
Other income	3	234,641	366,447
Other losses, net	4	(1,228,867)	(123)
Changes in fair value of investment properties		588,454	630,439
Selling expenses		(451,795)	(419,463)
Administrative and other operating expenses		<u>(795,533)</u>	<u>(754,928)</u>
Operating profit before finance costs	5	715,924	2,848,925
Finance costs		(145,777)	(147,800)
Share of results of associated company and joint ventures		<u>(24,507)</u>	<u>179,227</u>
Profit before taxation		545,640	2,880,352
Taxation charge	6	<u>(857,327)</u>	<u>(1,306,695)</u>
(Loss)/profit for the period from continuing operations		----- (311,687) -----	----- 1,573,657 -----
Discontinued operation			
Gain on disposal of discontinued operation		768,894	—
Loss for the period from discontinued operation	12	<u>(19,603)</u>	<u>(94,103)</u>
		<u>749,291</u>	<u>(94,103)</u>
Profit for the period		<u>437,604</u>	<u>1,479,554</u>

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		Unaudited	
		6 months ended 31 December	
		2015	2014
	Note	HK\$'000	HK\$'000
Profit attributable to:			
Equity holders of the Company			
From continuing operations		(207,084)	1,609,328
From discontinued operation		<u>749,291</u>	<u>(94,103)</u>
		542,207	1,515,225
Non-controlling interests		<u>(104,603)</u>	<u>(35,671)</u>
		<u>437,604</u>	<u>1,479,554</u>
Earnings per share			
	7		
Basic (loss)/earnings per share			
From continuing operations		(2.38) cents	18.53 cents
From discontinued operation		<u>8.62 cents</u>	<u>(1.08) cents</u>
		<u>6.24 cents</u>	<u>17.45 cents</u>
Diluted (loss)/earnings per share			
From continuing operations		(2.38) cents	18.51 cents
From discontinued operation		<u>8.61 cents</u>	<u>(1.08) cents</u>
		<u>6.23 cents</u>	<u>17.43 cents</u>

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Condensed Consolidated Statement of Comprehensive Income*For the six months ended 31 December 2015*

	Unaudited	
	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	437,604	1,479,554
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Translation differences	(1,757,278)	740,647
Share of other comprehensive income of associated company and joint ventures	(184,846)	22,039
Release of reserves upon disposal of subsidiaries	(6,110)	—
Other comprehensive income for the period	<u>(1,948,234)</u>	<u>762,686</u>
Total comprehensive income for the period	<u>(1,510,630)</u>	<u>2,242,240</u>
Total comprehensive income attributable to:		
Equity holders of the Company	(1,374,891)	2,280,610
Non-controlling interests	<u>(135,739)</u>	<u>(38,370)</u>
	<u>(1,510,630)</u>	<u>2,242,240</u>
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	(2,134,006)	2,376,940
Discontinued operation	<u>759,115</u>	<u>(96,330)</u>
	<u>(1,374,891)</u>	<u>2,280,610</u>

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Condensed Consolidated Statement of Financial Position*As at 31 December 2015*

	<i>Note</i>	Unaudited As at 31 December 2015 HK\$'000	Audited As at 30 June 2015 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	5,241,850	5,831,924
Investment properties	9	22,677,651	24,684,353
Land use rights	9	577,501	720,144
Intangible assets		123,417	91,030
Properties held for development		13,751,920	19,741,250
Associated company and joint ventures		14,700,228	15,598,108
Available-for-sale financial assets	10	<u>4,004,215</u>	<u>735,860</u>
		<u>61,076,782</u>	<u>67,402,669</u>
Current assets			
Properties under development		16,387,630	17,671,570
Completed properties held for sale		14,408,004	19,885,358
Hotel inventories, at cost		3,915	4,102
Prepayments, debtors and other receivables	11	6,948,748	11,275,453
Amounts due from related companies		212,227	301,943
Cash and bank balances, unrestricted		<u>18,130,524</u>	<u>15,773,665</u>
		56,091,048	64,912,091
Assets of disposal groups classified as held for sale	12(a)	22,343,211	2,112,780
Non-current assets reclassified as held for sale	12(b)	<u>1,262,217</u>	<u>—</u>
		<u>79,696,476</u>	<u>67,024,871</u>
Total assets		<u>140,773,258</u>	<u>134,427,540</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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	Unaudited As at 31 December 2015	Audited As at 30 June 2015
Note	HK\$'000	HK\$'000
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	13 869,360	868,877
Reserves	58,300,325	59,652,293
Proposed final dividend	<u>—</u>	<u>260,681</u>
	59,169,685	60,781,851
Non-controlling interests	<u>3,794,445</u>	<u>3,836,900</u>
Total equity	<u>62,964,130</u>	<u>64,618,751</u>
LIABILITIES		
Non-current liabilities		
Long term borrowings	14 42,192,270	34,388,409
Deferred tax liabilities	<u>3,157,875</u>	<u>3,522,327</u>
	<u>45,350,145</u>	<u>37,910,736</u>
Current liabilities		
Creditors and accruals	15 7,985,189	8,890,122
Deposits received on sale of properties	6,243,425	6,045,122
Amounts due to related companies	942,691	723,334
Short term loans	—	1,001,250
Current portion of long term borrowings	14 6,553,940	9,775,255
Amounts due to non-controlling interests	16 101,313	102,756
Taxes payable	<u>4,381,837</u>	<u>4,432,361</u>
	26,208,395	30,970,200
Liabilities of disposal groups classified as held for sale	12(a) <u>6,250,588</u>	<u>927,853</u>
	<u>32,458,983</u>	<u>31,898,053</u>
Total liabilities	<u>77,809,128</u>	<u>69,808,789</u>
Total equity and liabilities	<u>140,773,258</u>	<u>134,427,540</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Condensed Consolidated Cash Flow Statement*For the six months ended 31 December 2015*

	Unaudited	
	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from/(used in) operating activities	1,671,504	(2,007,913)
Net cash used in investing activities		
— Additions to property, plant and equipment, land use rights and investment properties	(2,486,562)	(1,525,165)
— Additions to an available-for-sale financial asset	(3,496,500)	—
— Net increase in investments in associated company and joint ventures	(180,667)	(790,079)
— Proceed from disposal of subsidiaries, net of cash and cash equivalents disposed of	2,613,431	—
— Others	568,561	250,694
	(2,981,737)	(2,064,550)
Net cash from financing activities		
— Net increase of borrowings	5,801,102	8,256,260
— Dividend paid	(260,702)	(260,554)
— Finance costs and others	(1,060,035)	(1,018,978)
	4,480,365	6,976,728
Net increase in cash and cash equivalents	3,170,132	2,904,265
Cash and cash equivalents at beginning of the period	15,938,686	17,351,595
Exchange differences on cash and cash equivalents	(130,185)	210,649
Cash and cash equivalents at end of the period	18,978,633	20,466,509
Analysis of cash and cash equivalents:		
Unrestricted cash and bank balances	18,130,524	20,466,509
Unrestricted cash and bank balances attributable to disposal groups classified as held for sale	848,109	—
	18,978,633	20,466,509

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Condensed Consolidated Statement of Changes in Equity*For the six months ended 31 December 2015*

	Attributable to equity holders of the Company		Non- controlling interests	Total equity	
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Shareholders' funds <i>HK\$'000</i>	<i>HK\$'000</i>	
Balance at 1 July 2015	868,877	59,912,974	60,781,851	3,836,900	64,618,751
Translation differences	—	(1,726,142)	(1,726,142)	(31,136)	(1,757,278)
Share of other comprehensive income of associated company and joint ventures	—	(184,846)	(184,846)	—	(184,846)
Release of reserves upon disposal of subsidiaries	—	(6,110)	(6,110)	—	(6,110)
Other comprehensive income for the period	—	(1,917,098)	(1,917,098)	(31,136)	(1,948,234)
Profit/(loss) for the period	—	542,207	542,207	(104,603)	437,604
Total comprehensive income for the period	—	(1,374,891)	(1,374,891)	(135,739)	(1,510,630)
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	483	16,037	16,520	—	16,520
Capital contribution from non-controlling interests	—	—	—	93,284	93,284
Share-based payments	—	6,907	6,907	—	6,907
Dividend paid	—	(260,702)	(260,702)	—	(260,702)
Total transactions with owners	483	(237,758)	(237,275)	93,284	(143,991)
Balance at 31 December 2015	869,360	58,300,325	59,169,685	3,794,445	62,964,130

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP			
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	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Shareholders' funds	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 July 2014	868,335	56,884,182	57,752,517	3,566,137	61,318,654
Translation differences	—	743,346	743,346	(2,699)	740,647
Share of other comprehensive income of associated company and joint ventures	—	22,039	22,039	—	22,039
Other comprehensive income for the period	—	765,385	765,385	(2,699)	762,686
Profit/(loss) for the period	—	1,515,225	1,515,225	(35,671)	1,479,554
Total comprehensive income for the period	—	2,280,610	2,280,610	(38,370)	2,242,240
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	185	5,616	5,801	—	5,801
Capital contribution from non-controlling interests	—	—	—	103,278	103,278
Share-based payments	—	4,623	4,623	—	4,623
Dividend paid	—	(260,554)	(260,554)	—	(260,554)
Total transactions with owners	185	(250,315)	(250,130)	103,278	(146,852)
Balance at 31 December 2014	868,520	58,914,477	59,782,997	3,631,045	63,414,042

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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NOTES TO THE INTERIM FINANCIAL STATEMENTS**1. BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements (the “interim financial statements”) for the six months ended 31 December 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies applied in the preparation of these interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2015 as there are no new or revised accounting standards effective for the year ending 30 June 2016.

The following new or revised standards and amendments to standards are mandatory for the accounting periods beginning on or after 1 July 2016 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2017

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (Revised 2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements Project	Annual Improvements 2012–2014 Cycle

Effective for the year ending 30 June 2019 or after

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The Group has already commenced an assessment of the impact of these new or revised standards and amendments to standards, certain of which may be relevant to the Group’s operation and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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2. REVENUES AND SEGMENT INFORMATION

- (a) The Group is principally engaged in investment in and development of property projects in the People's Republic of China (the "PRC"). Revenues comprise turnover which include gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income, project management fee income and contracting services income.

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of properties	6,310,673	7,136,245
Rental income	428,181	414,830
Income from hotel operation	211,790	205,892
Property management services fee income	264,842	261,863
Project management fee income	58,701	73,873
Contracting services income	26,259	341,470
	<u>7,300,446</u>	<u>8,434,173</u>

- (b) The chief operating decision-maker has been identified as the executive committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation, property management services operations and hotel management services operations. Other operations include contracting services and ancillary services in property projects.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit ("AOP") before finance costs and after taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, net foreign exchange (losses)/gains, amortisation and impairment of intangible assets acquired from business combinations, income and expenses at corporate office and deferred tax charge on undistributed profits. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

Sales between segments are carried out in accordance with terms agreed by the parties involved. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the condensed consolidated income statement.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, intangible assets, prepayments, debtors and other receivables, amounts due from related companies and completed properties held for sale. They exclude cash and bank balances, available-for-sale financial assets and prepayment for proposed development projects held and managed at corporate office. These are part of the reconciliation to total assets on the condensed consolidated statement of financial position.

Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to related companies. They exclude bank and other borrowings, deferred tax liabilities, taxes payable, other creditors and accruals at corporate office. These are part of the reconciliation to total liabilities on the condensed consolidated statement of financial position.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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During the period ended 31 December 2015, the condensed consolidated results of the hotel management services are presented as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Prior period comparative segment information has been re-presented to conform with the current period presentation accordingly.

The majority of the assets and operations of the Group are located in the PRC. Revenues are mainly derived from the PRC. Non-current assets other than financial instruments are mainly located in the PRC.

6 months ended 31 December 2015	Continuing operations						Discontinued operation		
	Property sales	Rental operation	Hotel operation	Property management services		Other operations	Sub-total	Hotel management services	Total
				HK\$'000	HK\$'000			HK\$'000	
Segment revenues									
Company and subsidiaries									
Total revenues	6,369,374	447,309	211,790	320,003	28,657	7,377,133	335,260	7,712,393	
Inter-segment revenues	—	(19,128)	—	(55,161)	(2,398)	(76,687)	(17,324)	(94,011)	
External revenues	6,369,374	428,181	211,790	264,842	26,259	7,300,446	317,936	7,618,382	
Associated company and joint ventures — attributable to the Group	<u>226,865</u>	<u>238,641</u>	<u>94,107</u>	<u>56,291</u>	<u>—</u>	<u>615,904</u>	<u>—</u>	<u>615,904</u>	
	<u>6,596,239</u>	<u>666,822</u>	<u>305,897</u>	<u>321,133</u>	<u>26,259</u>	<u>7,916,350</u>	<u>317,936</u>	<u>8,234,286</u>	
Segment bank and other interest income	<u>34,282</u>	<u>6,907</u>	<u>664</u>	<u>909</u>	<u>244</u>	<u>43,006</u>	<u>42</u>	<u>43,048</u>	
AOP before finance costs and after taxation charge									
Company and subsidiaries	815,849	171,875	(54,836)	(67,608)	(13,927)	851,353	762,622	1,613,975	
Associated company and joint ventures	<u>(13,937)</u>	<u>111,932</u>	<u>(62,299)</u>	<u>(673)</u>	<u>6,569</u>	<u>41,592</u>	<u>—</u>	<u>41,592</u>	
	<u>801,912</u>	<u>283,807</u>	<u>(117,135)</u>	<u>(68,281)</u>	<u>(7,358)</u>	<u>892,945</u>	<u>762,622</u>	<u>1,655,567</u>	
Additions to non-current assets other than financial instruments	6,208,577	1,552,338	490,631	1,582	412,133	8,665,261	6,047	8,671,308	
Depreciation and amortisation	42,233	3,654	106,774	1,849	767	155,277	3,971	159,248	
Share of results of associated company and joint ventures	<u>(134,073)</u>	<u>176,221</u>	<u>(67,626)</u>	<u>(673)</u>	<u>1,644</u>	<u>(24,507)</u>	<u>—</u>	<u>(24,507)</u>	

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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As at 31 December 2015	Property sales <i>HK\$'000</i>	Rental operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Property management services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	62,527,036	25,583,152	3,305,014	320,183	1,874,577	93,609,962
Associated company and joint ventures	5,871,811	8,735,895	115,993	(26,540)	3,069	14,700,228
Available-for-sale financial assets						4,004,215
Property, plant and equipment at corporate office						9,618
Prepayments, debtors, and other receivables at corporate office						17,420
Cash and bank balances at corporate office						4,826,387
Assets of disposal groups classified as held for sale						22,343,211
Non-current assets reclassified as held for sale						<u>1,262,217</u>
Total assets						<u>140,773,258</u>
Segment liabilities	13,727,510	906,657	85,925	303,188	80,402	15,103,682
Creditors and accruals at corporate office						256,379
Amounts due to related companies at corporate office						51,787
Taxes payable						4,242,607
Borrowings						48,746,210
Deferred tax liabilities						3,157,875
Liabilities of disposal groups classified as held for sale						<u>6,250,588</u>
Total liabilities						<u>77,809,128</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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6 months ended 31 December 2014	Continuing operations					Discontinued operation		Total
	Property sales <i>HK\$'000</i>	Rental operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Property management services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Hotel management services <i>HK\$'000</i>	
Segment revenues								
Company and subsidiaries								
Total revenues	7,210,118	439,480	205,892	313,289	343,370	8,512,149	277,661	8,789,810
Inter-segment revenues	—	(24,650)	—	(51,426)	(1,900)	(77,976)	(13,041)	(91,017)
External revenues	7,210,118	414,830	205,892	261,863	341,470	8,434,173	264,620	8,698,793
Associated company and joint ventures — attributable to the Group	<u>794,836</u>	<u>252,146</u>	<u>91,837</u>	<u>58,454</u>	—	<u>1,197,273</u>	—	<u>1,197,273</u>
	<u>8,004,954</u>	<u>666,976</u>	<u>297,729</u>	<u>320,317</u>	<u>341,470</u>	<u>9,631,446</u>	<u>264,620</u>	<u>9,896,066</u>
Segment bank and other interest income	<u>38,070</u>	<u>10,722</u>	<u>511</u>	<u>1,037</u>	<u>411</u>	<u>50,751</u>	<u>757</u>	<u>51,508</u>
AOP before finance costs and after taxation charge								
Company and subsidiaries	1,107,767	188,226	(61,233)	(60,455)	(11,307)	1,162,998	5,617	1,168,615
Associated company and joint ventures	<u>189,585</u>	<u>117,445</u>	<u>(63,153)</u>	<u>(751)</u>	<u>6,781</u>	<u>249,907</u>	—	<u>249,907</u>
	<u>1,297,352</u>	<u>305,671</u>	<u>(124,386)</u>	<u>(61,206)</u>	<u>(4,526)</u>	<u>1,412,905</u>	<u>5,617</u>	<u>1,418,522</u>
Additions to non-current assets other than financial instruments	2,205,270	951,221	319,527	3,116	232,732	3,711,866	2,592	3,714,458
Depreciation and amortisation	43,624	2,785	104,893	2,295	646	154,243	30,674	184,917
Impairment of intangible assets	—	—	—	—	—	—	56,375	56,375
Share of results of associated company and joint ventures	<u>89,369</u>	<u>158,078</u>	<u>(69,929)</u>	<u>(751)</u>	<u>2,460</u>	<u>179,227</u>	—	<u>179,227</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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As at 30 June 2015	Property sales <i>HK\$'000</i>	Rental operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Property management services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	79,064,918	26,638,864	3,974,571	333,206	1,493,800	111,505,359
Associated company and joint ventures	6,516,546	9,006,784	156,800	(84,424)	2,402	15,598,108
Available-for-sale financial assets						735,860
Property, plant and equipment at corporate office						8,868
Prepayments, debtors and other receivables at corporate office						13,708
Amounts due from related companies at corporate office						202,793
Cash and bank balances at corporate office						4,250,064
Assets of disposal groups classified as held for sale						<u>2,112,780</u>
Total assets						<u>134,427,540</u>
Segment liabilities	14,944,497	298,539	105,387	298,141	91,789	15,738,353
Creditors and accruals at corporate office						212,814
Taxes payable						4,242,528
Borrowings						45,164,914
Deferred tax liabilities						3,522,327
Liabilities of disposal groups classified as held for sale						<u>927,853</u>
Total liabilities						<u>69,808,789</u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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Reconciliations of reportable segment revenues to revenues of the Group and reportable AOP before finance costs and after taxation charge to profit before taxation:

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Revenues		
Total segment revenues	7,916,350	9,631,446
Less:		
Revenues of associated company and joint ventures, attributable to the Group	<u>(615,904)</u>	<u>(1,197,273)</u>
Revenues as presented in condensed consolidated income statement	<u>7,300,446</u>	<u>8,434,173</u>
(ii) Profit before taxation		
Total AOP before finance costs and after taxation charge	1,655,567	1,418,522
AOP from discontinued operation	<u>(762,622)</u>	<u>(5,617)</u>
AOP before finance costs and after taxation charge	892,945	1,412,905
Bank and other interest income — corporate	81,758	61,570
Deferred tax charge on undistributed profits	(35,754)	(10,280)
Corporate administrative expenses	(153,051)	(141,598)
Finance costs	<u>(152,086)</u>	<u>(193,999)</u>
AOP after corporate items	<u>633,812</u>	<u>1,128,598</u>
Changes in fair value of investment properties, net of deferred taxation	453,653	470,341
Net foreign exchange (losses)/gains	<u>(1,294,549)</u>	<u>10,389</u>
	<u>(840,896)</u>	<u>480,730</u>
(Loss)/profit attributable to equity holders of the Company	(207,084)	1,609,328
Taxation charge	857,327	1,306,695
Loss attributable to non-controlling interests	<u>(104,603)</u>	<u>(35,671)</u>
Profit before taxation	<u>545,640</u>	<u>2,880,352</u>

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3. OTHER INCOME

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax indemnity from the ultimate holding company (<i>note 6</i>)	112,868	223,759
Bank and other interest income	86,489	110,301
Interest income from joint ventures, net of withholding tax (<i>note</i>)	319	32,387
Others	<u>34,965</u>	<u>—</u>
	<u><u>234,641</u></u>	<u><u>366,447</u></u>

Note: The property projects of the Group's joint ventures have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances. The interest income from joint ventures is recognised when the payment of interest has been approved by the Group's joint ventures. The Group's attributable share of shareholders' loan interest expenses of joint ventures is included in the share of results of joint ventures as follows:

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of shareholders' loan interest expenses of joint ventures	<u>(248)</u>	<u>(25,589)</u>

4. OTHER LOSSES, NET

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net foreign exchange (losses)/gains	(1,246,574)	6,433
Gain/(loss) on disposal of investment properties	25,688	(6,556)
Loss on remeasuring previously held equity interests of a joint venture at fair value upon further acquisition as a subsidiary	<u>(7,981)</u>	<u>—</u>
	<u><u>(1,228,867)</u></u>	<u><u>(123)</u></u>

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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5. OPERATING PROFIT BEFORE FINANCE COSTS

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	<u>401,762</u>	<u>395,703</u>
and after charging:		
Cost of properties sold	4,198,884	4,405,813
Staff costs	340,693	300,198
Outgoings in respect of investment properties	179,600	168,668
Depreciation of property, plant and equipment	143,190	141,905
Rental for leased premises	19,564	21,991
Amortisation of land use rights	12,087	12,338
Loss on disposal of property, plant and equipment	<u>4,088</u>	<u>11</u>

6. TAXATION CHARGE

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation		
PRC corporate income tax and withholding tax	527,598	421,668
PRC land appreciation tax	213,158	698,728
Deferred taxation	<u>116,571</u>	<u>186,299</u>
	<u>857,327</u>	<u>1,306,695</u>

Share of taxation of associated company and joint ventures for the six months ended 31 December 2015 of HK\$113,726,000 (2014: HK\$264,236,000) is included in the condensed consolidated income statement as share of results of associated company and joint ventures.

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits in Hong Kong for the period (2014: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated company and joint ventures operating in the PRC at 25% (2014: 25%). PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

In July 1999, a deed of tax indemnity was entered into between New World Development Company Limited, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, *inter alia*, certain PRC CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the period, tax indemnity amounting to HK\$112,868,000 (2014: HK\$223,759,000) was effected (note 3).

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7. EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share for the period is based on the following:

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit attributable to equity holders of the Company arising from:		
Continuing operations	(207,084)	1,609,328
Discontinued operation	<u>749,291</u>	<u>(94,103)</u>
	<u>542,207</u>	<u>1,515,225</u>
	Number of shares	
	6 months ended 31 December	
	2015	2014
Weighted average number of shares for calculating basic earnings per share	8,689,885,752	8,684,803,683
Effect of dilutive potential shares:		
Share options	<u>8,962,348</u>	<u>6,596,148</u>
Weighted average number of shares for calculating diluted earnings per share	<u>8,698,848,100</u>	<u>8,691,399,831</u>

8. INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the six months ended 31 December 2015 (2014: Nil).

9. CAPITAL EXPENDITURE

For the six months ended 31 December 2015, the Group's additions to property, plant and equipment, investment properties and land use rights amounted to HK\$2,487,207,000 (2014: HK\$1,525,908,000).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 31 December 2015, the balance included perpetual equity securities in the principal amount of US\$450 million.

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11. PREPAYMENTS, DEBTORS AND OTHER RECEIVABLES

	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2015 <i>HK\$'000</i>
Trade debtors (<i>note</i>)	1,866,702	2,634,329
Prepaid land preparatory cost	2,295,084	2,227,043
Deposits for purchase of land	237,991	3,111,177
Prepayment for proposed development projects	214,272	214,272
Prepaid taxes	1,115,659	1,677,003
Other prepayments, deposits and receivables	1,219,040	1,411,629
	6,948,748	11,275,453

Note: Trade debtors mainly include sales proceed receivables, rental receivables and property management fee receivables. Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sales and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements. The ageing analysis of trade debtors based on invoice date is as follows:

	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2015 <i>HK\$'000</i>
0 to 30 days	728,631	723,946
31 to 60 days	30,595	541,948
61 to 90 days	63,695	285,012
Over 90 days	1,043,781	1,083,423
	1,866,702	2,634,329

12. (a) Discontinued operation and disposal groups classified as held for sale

On 3 July 2015, the Group entered into the sales and purchase agreement with Chow Tai Fook Enterprises Limited, the substantial shareholder of New World Development Company Limited, the immediate and ultimate holding company of the Group, to sell its entire interest in New World Hotel Management (BVI) Limited, its subsidiaries and a joint venture (collectively referred to as the "Disposal Hotel Group") and to assign and transfer of the shareholder's loan. The Disposal Hotel Group is engaged in the provision of worldwide hotel management services, which is not the core business of the Group. The disposal of Disposal Hotel Group was completed on 29 December 2015 for an aggregate consideration of HK\$2,753,000,000 with a gain on disposal of HK\$768,894,000.

The Group entered into sales and purchase agreements with a wholly owned subsidiary of Evergrande Real Estate Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, on 2 December 2015 and 29 December 2015, to sell its entire interest in Hinto Developments Limited, Dragon Joy (China) Limited, White Heron Limited, Superb Capital Enterprises Limited, Best Wealth Investments Limited, Triumph Hero International Limited, Rise Eagle Worldwide Limited and their subsidiaries and joint ventures (collectively referred to as the "Disposal Property Group") and to

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assign and transfer of the shareholders' loan for an aggregate consideration of RMB20,800,000,000 (equivalent to HK\$24,910,180,000). The Disposal Property Group is engaged in the provision of property sale and investment in Wuhan, Huiyang, Haikou, Guiyang and Chengdu.

As at 31 December 2015, the assets and liabilities related to the Disposal Property Group have been presented as held for sale and the condensed consolidated results of the Disposal Hotel Group for the six months then ended are presented as discontinued operation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The condensed consolidated income statement and condensed consolidated statement of comprehensive income and condensed consolidated cash flow statement distinguish the discontinued operation from continuing operations. Comparative figures have been re-presented.

An analysis of the results, cash flows and assets and liabilities of the Disposal Hotel Group and Disposal Property Group is as follows:

(i) *Results of Disposal Hotel Group*

	Unaudited	
	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	317,936	264,620
Cost of sales	<u>(187,911)</u>	<u>(169,023)</u>
Gross profit	130,025	95,597
Other income	42	757
Other gains/(losses), net	96	(56,983)
Administrative and other operating expenses	<u>(115,301)</u>	<u>(100,041)</u>
Operating profit/(loss) before finance costs	14,862	(60,670)
Finance costs	<u>(13,426)</u>	<u>(14,768)</u>
Profit/(loss) before taxation	1,436	(75,348)
Taxation charge	<u>(21,039)</u>	<u>(18,665)</u>
Loss for the period from discontinued operation	<u><u>(19,603)</u></u>	<u><u>(94,103)</u></u>

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(ii) *Assets of Disposal Hotel Group and Disposal Property Group classified as held for sale*

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Property, plant and equipment	1,333,225	13,729
Investment properties	2,694,135	—
Land use rights	100,780	—
Intangible assets	—	1,693,855
Properties held for development	10,080,707	—
Associated company and joint ventures	1,049,727	—
Properties under development	4,255,189	—
Completed properties held for sale	1,352,011	—
Hotel inventories, at cost	3,025	—
Prepayments, debtors and other receivables	626,303	149,925
Cash and bank balances	848,109	165,021
Deferred tax assets	—	34,000
Other assets	—	56,250
	<u>22,343,211</u>	<u>2,112,780</u>

(iii) *Liabilities of Disposal Hotel Group and Disposal Property Group classified as held for sale*

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Long term borrowings	2,338,525	818,072
Creditors and accruals	936,976	92,846
Deposits received on sale of properties	2,489,405	—
Amounts due to related companies	22,358	—
Taxes payables	100,181	16,935
Deferred tax liabilities	363,143	—
	<u>6,250,588</u>	<u>927,853</u>

(iv) *Cumulative (income)/loss recognised in other comprehensive income relating to Disposal Hotel Group and Disposal Property Group classified as held for sale*

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Translation differences	<u>(953,410)</u>	<u>3,714</u>

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(v) *Cash flows of Disposal Hotel Group*

	Unaudited	
	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flows	11,657	84,469
Investing cash flows	(6,022)	(1,830)
Financing cash flows	<u>(831,497)</u>	<u>(42,577)</u>
Net cash used in discontinued operation	<u><u>(825,862)</u></u>	<u><u>(40,062)</u></u>

(b) **Non-current assets reclassified as held for sale**

The Group entered into an agreement in October 2015 to sell a portion of the investment properties to a third party at a consideration of RMB1,200,028,000 (equivalent to HK\$1,437,159,000) and accordingly, the respective portion of the investment properties are classified as held for sale.

13. SHARE CAPITAL

	As at	As at
	31 December	30 June
	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
30,000,000,000 shares of HK\$0.10 each	<u>3,000,000</u>	<u>3,000,000</u>
Issued and fully paid:		
8,693,601,081 (30 June 2015: 8,688,769,557) shares of HK\$0.10 each	<u>869,360</u>	<u>868,877</u>

Details of the movement in the issued and fully paid share capital of the Company are summarised as follows:

	Number of	
	shares of	
	HK\$0.10 each	<i>HK\$'000</i>
At 1 July 2014	8,683,350,475	868,335
Exercise of share options (<i>note</i>)	<u>5,419,082</u>	<u>542</u>
At 30 June 2015	8,688,769,557	868,877
Exercise of share options (<i>note</i>)	<u>4,831,524</u>	<u>483</u>
At 31 December 2015	<u><u>8,693,601,081</u></u>	<u><u>869,360</u></u>

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Note:

Pursuant to the share option scheme adopted on 26 November 2002 (“2002 Share Option Scheme”) and the share option scheme adopted on 22 November 2011 (“2011 Share Option Scheme”), the Company may grant options to directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. The movements in the number of share options granted during the period and the balance outstanding at 31 December 2015 are as follows:

(a) Movement of share options under the 2002 Share Option Scheme

Date of offer to grant	Exercise price per share <i>HK\$</i>	Number of share options			Number of share options exercisable	
		At 1 July 2015	Granted during the period	Exercised during the period	Lapsed during the period	At 31 December 2015
31 May 2010	2.349 ¹	39,480	(39,480)	—	—	—
10 November 2010	3.013 ¹	593,278	(581,936)	(11,342)	—	—
18 January 2011	3.036 ¹	8,088,930	(1,053,249)	—	7,035,681	7,035,681
26 July 2011	2.705 ¹	517,242	(290,362)	—	226,880	226,880
		<u>9,238,930</u>	<u>(1,965,027)</u>	<u>(11,342)</u>	<u>7,262,561</u>	<u>7,282,561</u>

(b) Movement of share options under the 2011 Share Option Scheme

Date of offer to grant	Exercise price per share <i>HK\$</i>	Number of share options				Number of share options exercisable	
		At 1 July 2015	Granted during the period	Exercised during the period	Lapsed during the period	At 31 December 2015	At 31 December 2015
3 May 2012	2.450 ¹	2,798,400	—	(609,640)	(120,000)	2,068,760	867,640
22 October 2012	3.370 ¹	199,100	—	(77,600)	—	121,500	32,300
7 January 2013	3.880 ¹	2,738,560	—	(225,580)	—	2,512,980	938,460
2 April 2013	3.350 ¹	1,791,990	—	(108,000)	—	1,683,990	828,790
24 June 2013	2.762 ¹	892,400	—	(149,200)	(99,200)	644,000	297,600
15 October 2013	4.010 ¹	1,475,100	—	(616,000)	—	859,100	222,300
9 January 2014	3.970 ¹	3,371,020	—	(334,477)	(34,800)	3,001,743	546,303
10 July 2014	4.720 ¹	874,000	—	(34,000)	—	840,000	295,200
23 October 2014	4.420 ¹	802,000	—	(320,800)	—	481,200	—
11 March 2015	4.968 ¹	10,852,400	—	(319,600)	(172,000)	10,360,800	1,781,280
8 May 2015	5.420 ¹	914,000	—	—	—	914,000	182,800
23 July 2015	4.504 ¹	—	3,206,000	(71,600)	—	3,134,400	569,600
		<u>26,708,970</u>	<u>3,206,000</u>	<u>(2,866,497)</u>	<u>(426,000)</u>	<u>26,622,473</u>	<u>6,562,273</u>

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Notes:

1. On dates of grant, the share options are divided into five tranches and exercisable within a period of five years commencing on the expiry of one month after the dates on which the options were accepted.
2. The weighted average share price under the 2002 Share Option Scheme and the 2011 Share Option Scheme at the time of exercise during the six months ended 31 December 2015 was HK\$5.296 per share (year ended 30 June 2015: HK\$4.931 per share) and HK\$5.578 per share (year ended 30 June 2015: HK\$5.166 per share), respectively.

14. LONG TERM BORROWINGS

	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Bank loans (<i>note i</i>)		
Secured	6,357,879	8,294,212
Unsecured	23,988,861	18,356,558
Loans from fellow subsidiaries (<i>note ii</i>)	2,650,886	2,646,438
Loans from non-controlling interests (<i>note iii</i>)	52,449	238,894
Advances from participating interest (<i>note iv</i>)	958,002	1,896,704
Fixed rate bonds and notes payable (<i>note v</i>)	11,696,217	11,668,358
Loans from other financial institutions (<i>note i</i>)		
Secured	1,365,269	—
Unsecured	<u>1,676,647</u>	<u>1,062,500</u>
	48,746,210	44,163,664
Current portion included in current liabilities	<u>(6,553,940)</u>	<u>(9,775,255)</u>
	<u><u>42,192,270</u></u>	<u><u>34,388,409</u></u>

Notes:

- (i) The loans from banks and other financial institutions are repayable as follows:

	Secured		Unsecured		Total	
	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000	As at 31 December 2015 HK\$'000	As at 30 June 2015 HK\$'000
Within one year	1,611,470	2,535,759	4,942,470	7,239,496	6,553,940	9,775,255
Between one and two years	1,966,640	2,291,554	5,079,110	3,446,545	7,045,750	5,738,099
Between two and five years	3,533,876	2,185,499	15,643,928	8,733,017	19,177,804	10,918,516
After five years	<u>611,162</u>	<u>1,281,400</u>	<u>—</u>	<u>—</u>	<u>611,162</u>	<u>1,281,400</u>
	<u><u>7,723,148</u></u>	<u><u>8,294,212</u></u>	<u><u>25,665,508</u></u>	<u><u>19,419,058</u></u>	<u><u>33,388,656</u></u>	<u><u>27,713,270</u></u>

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- (ii) The loans from fellow subsidiaries are repayable between one and two years (30 June 2015: one and two years). The loans from fellow subsidiaries are unsecured and bear interest at three months Hong Kong Interbank Offered Rate (“HIBOR”) (30 June 2015: three months HIBOR) per annum.
- (iii) The loans from non-controlling interests are unsecured, have repayment terms as specified in the loan agreement and interest free (30 June 2015: interest free except for HK\$186,445,000 which bears interest at 6.15% per annum).
- (iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.
- (v) On 6 February 2013, the Company issued 5.5% bonds in the aggregate amounts of RMB3,000 million (equivalent to approximately HK\$3,797 million). The bonds were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5.5% per annum, payable semi-annually in arrears on 6 February and 6 August each year. The bonds are listed on The Stock Exchange of Hong Kong Limited. The bonds will be redeemed on the maturity date on 6 February 2018 at the principal amount.

On 6 November 2014, the Company issued 5.375% notes in the aggregation amounts of USD900 million (equivalent to approximately HK\$6,993 million). The notes were issued at a price of 99.676 per cent of the principal amount, bear interest at a coupon rate of 5.375% per annum, payable semi-annually in arrears on 6 November and 6 May each year. The notes are listed on The Stock Exchange of Hong Kong Limited. The notes will be redeemed on the maturity date on 6 November 2019 at the principal amount.

On 28 January 2015, the Company issued 5% notes in the aggregation amounts of HK\$800 million. The notes were issued at a price of 100 per cent of the principal amount, bear interest at a coupon rate of 5% per annum, payable semi-annually in arrears on 28 January and 28 July each year. The notes will be redeemed on the maturity date on 28 January 2022 at the principal amount.

On 30 March 2015, the Company issued 4.75% notes in the aggregation amounts of HK\$271 million. The notes were issued at a price of 98.839 per cent of the principal amount, bear interest at a coupon rate of 4.75% per annum, payable annually in arrears on 30 March each year. The notes will be redeemed on the maturity date on 30 March 2022 at the principal amount.

15. CREDITORS AND ACCRUALS

	As at	As at
	31 December	30 June
	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors (<i>note i</i>)	5,879,560	7,519,797
Other creditors and accruals (<i>note ii</i>)	<u>2,105,629</u>	<u>1,370,325</u>
	<u>7,985,189</u>	<u>8,890,122</u>

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Notes:

- (i) The ageing analysis of trade creditors is as follows:

	As at	As at
	31 December	30 June
	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	5,229,473	6,582,749
31 to 60 days	11,562	14,445
61 to 90 days	19,127	70,172
Over 90 days	<u>619,398</u>	<u>852,431</u>
	<u>5,879,560</u>	<u>7,519,797</u>

- (ii) Other creditors and accruals include retention payables of construction costs, other payables and various accruals.

16. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, interest free and repayable on demand.

17. GUARANTEES

(i) Corporate guarantees for banking facilities

The Group has corporate guarantees of approximately HK\$2,990,525,000 (30 June 2015: HK\$3,202,816,000) given in respect of bank loan facilities extended to certain joint ventures. As at 31 December 2015, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures was approximately HK\$2,536,800,000 (30 June 2015: HK\$2,683,191,000).

(ii) Guarantees in respect of mortgage facilities

As at 31 December 2015, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$2,595,758,000 (30 June 2015: HK\$2,239,958,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

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18. COMMITMENTS**Capital expenditure commitments**

The capital expenditure commitments of the Group are as follows:

	As at 31 December 2015	As at 30 June 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for		
Property, plant and equipment	1,038,195	1,436,170
Investment properties	<u>2,696,396</u>	<u>3,174,963</u>
	<u><u>3,734,591</u></u>	<u><u>4,611,133</u></u>

19. RELATED PARTY TRANSACTIONS**(i) Transactions with related parties**

The following is a summary of significant related party transactions carried out by the Group during the period in the normal course of its business:

	6 months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on loans from fellow subsidiaries	4,448	4,278
Rental expense for leased premises to fellow subsidiaries	14,251	11,808
Property agency fee paid to fellow subsidiaries	906	3,526
Purchase of goods from fellow subsidiaries and a related company	18,079	59,554
Interest income from joint ventures	354	37,324
Property management services fee income from fellow subsidiaries, joint ventures and related companies	22,947	19,801
Rental income from fellow subsidiaries and a related company	105,702	57,378
Hotel management services fee income from fellow subsidiaries, joint ventures and related companies	67,388	47,602
Project management fee income from joint ventures and related companies	26,864	52,932
Contracting service income from related companies	<u>8,611</u>	<u>203,229</u>

These related party transactions were in accordance with the terms as disclosed in the 2015 annual financial statements.

- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries and related companies for the period amounted to HK\$170,439,000 (2014: HK\$306,980,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.

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- (iii) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31 March 1999. During the period, tax indemnity amounting to HK\$112,868,000 (2014: HK\$223,759,000) was effected (note 6).
- (iv) During the period ended 31 December 2014, the Group paid a sum of RMB21,128,000 (equivalent to HK\$26,744,000) to Hubei New World Department Store Co., Ltd., a fellow subsidiary of the Group, as compensation for the early termination of the lease agreement.
- (v) During the period ended 31 December 2015, the Group paid a sum of RMB 25,000,000 (equivalent to HK\$29,940,000) to Beijing Shishang New World Department Store Co., Ltd., a fellow subsidiary of the Group, as compensation for the early termination of the lease agreement.
- (vi) On 3 July 2015, New World Development (China) Limited (“NWDC”), a wholly owned subsidiary of the Group, entered into the sales and purchase agreement with Chow Tai Fook Enterprises Limited to sell its entire equity interest in New World Hotel Management (BVI) Limited (“NWHM”) together with related outstanding shareholder’s loan and accrued interest due and owing by NWHM to NWDC. The disposal was completed on 29 December 2015 for an aggregate cash consideration of HK\$2,753,000,000 (note 12(a)).

20. EVENT AFTER REPORTING PERIOD

On 2 December 2015 and 29 December 2015, the Group entered into sales and purchase agreements with a wholly owned subsidiary of Evergrande Real Estate Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, to sell the Disposal Property Group, together with related outstanding shareholders’ loans for an aggregate cash consideration of RMB20,800,000,000 (equivalent to HK\$24,910,180,000) (note 12(a)). The completion of disposal of most of the Disposal Property Group has been duly executed as at the date of this report.

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III. INDEBTEDNESS, CONTINGENCIES AND COMMITMENTS**Borrowings**

As at the close of business on 31 December 2015, being the latest practicable date for this indebtedness statement, the details of the NWCL Group's outstanding borrowings were as follows:

	<i>HK\$'000</i>
Long term bank loans	
Secured	6,357,879
Unsecured	23,988,861
Loans from fellow subsidiaries, unsecured	2,650,886
Loans from non-controlling interests, unsecured	52,449
Advances from participating interest, unsecured	958,002
Fixed rate bonds and notes payable, unsecured	11,696,217
Loans from other financial institutions	
Secured	1,365,269
Unsecured	<u>1,676,647</u>
	<u>48,746,210</u>
Liabilities of disposal groups classified as held for sale	
Long term bank loans	
Secured	883,353
Unsecured	648,503
Advances from participating interest, unsecured	<u>806,669</u>
	<u>2,338,525</u>
Total	<u><u>51,084,735</u></u>

As at the close of business on 31 December 2015, the NWCL Group's bank borrowings and loans from other financial institutions of approximately HK\$8,606,501,000 was secured by the pledges of certain investment properties, property, plant and equipment, land use rights, properties under development and properties held for development.

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP**Contingent liabilities**(i) *Corporate guarantees for banking facilities*

As at the close of business on 31 December 2015, the NWCL Group has corporate guarantees of approximately HK\$2,990.5 million given in respect of bank loan facilities extended to certain joint ventures. As at 31 December 2015, the NWCL Group's attributable portion of the outstanding amount under these bank loan facilities granted to the joint ventures was approximately HK\$2,536.8 million.

(ii) *Guarantees in respect of mortgage facilities*

As at the close of business on 31 December 2015, the NWCL Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the NWCL Group and the NWCL Group's attributable portion of outstanding mortgage loans under these guarantees amounted to HK\$2,595.8 million. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the NWCL Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the NWCL Group is entitled to take over the legal title and possession of the related properties.

Save as aforesaid and apart from intra-group liabilities, the NWCL Group on a consolidated basis did not have any material debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing or acceptances or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

Saved as disclosed above, as at 31 December 2015, the NWCL Group did not have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

IV. MATERIAL CHANGES

The NWCL Directors confirm that, save as disclosed in the interim results announcement of the NWCL Group for the six months ended 31 December 2015, in particular, the decrease in completion of properties, the increase in contracted sales and the recorded exchange losses owing to the depreciation of the Renminbi, and except for the anticipated recording of gains on the disposals as disclosed in Note 4 of the next section of this Appendix II headed "*Property Interests and Adjusted Net Asset Value*", as well as possible further exchange gains/losses arising from currency fluctuations since 31 December 2015, as at the Latest Practicable Date, there had been no material change to the financial and trading position or outlook of the NWCL Group since 30 June 2015, the date on which the latest published audited consolidated financial statements of the NWCL Group were made up.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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V. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE

The valuation of property interests of the NWCL Group as at 31 December 2015 (excluding property interests held by the Disposed Groups (as defined in Note 4 of this section), the disposal of most of which had been duly completed as at the Latest Practicable Date) have been conducted by Knight Frank, the independent professional valuer appointed by NWCL. The market value of the aforesaid property interests attributable to the NWCL Group as at 31 December 2015 was approximately HK\$125,297,344,000 (RMB104,623,282,000) in respect of the following categories of property interests:

	<i>HK\$'000</i>	<i>RMB'000</i>
Completed investment properties	24,629,889	20,565,957
Investment properties under development	5,881,677	4,911,200
Hotel properties	3,961,736	3,308,050
Completed properties for sale/properties under and held for development	75,924,986	63,397,363
Land and buildings	687,918	574,412
Assets under construction	3,800,000	3,173,000
Contracted properties held	<u>10,411,138</u>	<u>8,693,300</u>
	<u>125,297,344</u>	<u>104,623,282</u>

Further details of the aforementioned property interests and the corresponding summary of valuation report prepared by Knight Frank are set out in “Appendix III — Summary of Property Valuation of the NWCL Group” to this Composite Document.

APPENDIX II	FINANCIAL INFORMATION OF THE NWCL GROUP
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By taking into account the effect of revaluation surplus arising from the valuation of all the above properties interests, set out below is the calculation of the adjusted unaudited consolidated net asset value ("Adjusted NAV") of the NWCL Group as at 31 December 2015:

	<i>HK\$'000</i>
Unaudited consolidated NAV of the NWCL Group as at 31 December 2015 (<i>Note 1</i>)	59,169,685
<i>Adjustments:</i>	
— Revaluation surplus arising from valuation of the property interests attributable to the NWCL Group as at 31 December 2015 (<i>Note 2</i>)	39,704,564
— Deferred taxes on attributable revaluation surplus, net of tax indemnity (<i>Notes 3 and 5</i>)	<u>(9,866,224)</u>
	89,008,025
Estimated pro forma gain on disposal of subsidiaries and joint venture (<i>Note 4</i>)	<u>7,115,983</u>
Adjusted NAV	<u><u>96,124,008</u></u>
Adjusted NAV per NWCL Share (<i>Note 5</i>)	<u><u>HK\$11.05</u></u>

Notes:

1. The amount is extracted from the unaudited condensed consolidated statement of financial position as at 31 December 2015 of section II of this Appendix II to this Composite Document.
2. The revaluation surplus represents the excess of market value of the property interests as at 31 December 2015 over their corresponding book values as at 31 December 2015 (after adjusting for the relevant interest not attributable to the NWCL Group).
3. Relevant PRC taxes on property interests included corporate income tax and land appreciation tax. Deferred taxes on revaluation surplus is estimated on the basis that surplus on all categories of property interests shall be subject to corporate income tax ("CIT") and estimation of land appreciation taxes ("LAT") was only determined for the surplus of completed properties for sales and property held for and under development. In July 1999, a deed of tax indemnity was entered into between NWD and the NWCL whereby NWD undertakes to keep indemnified the NWCL Group in respect of relevant CIT and LAT payable in consequence of sales of certain properties held by the NWCL Group as at 31 March 1999. The outstanding tax indemnity payable by NWD as at 31 December 2015 was approximately HK\$4,330.0 million which is included to deduct from the deferred tax on attributable revaluation surplus as at that date amounting to HK\$14,196.2 million to arrive at the net deferred tax on revaluation surplus of property interests of HK\$9,866.2 million.
4. As disclosed in the joint announcements dated 2 December 2015 and 29 December 2015 issued by NWD and NWCL, the circulars of NWCL dated 23 December 2015 and 19 January 2016, the NWCL Group entered into agreements to dispose of certain subsidiaries and joint ventures (the "Disposed Groups"), the disposal of most of which had been duly completed as at the Latest Practicable Date. The aforementioned property interests

APPENDIX II FINANCIAL INFORMATION OF THE NWCL GROUP

and their corresponding valuation report prepared by Knight Frank have not included the relevant property interests held by the Disposed Groups since these property interests have been classified as assets held for sale in the interim financial statement as at 31 December 2015. For the purposes of calculation of the Adjusted NAV as at 31 December 2015, the impact from the gain on these disposals has to be incorporated in the calculation to duly reflect the effect of revaluation surplus of these disposed property interests. The estimated pro forma gain on these disposals is arrived at based on the consideration (being adjusted for certain estimated contingent costs in accordance with terms of the sales and purchase agreements) of these disposals after deducting the estimated attributable consolidated net assets values of the Disposed Group as at the corresponding completion dates and after taking into account the estimated tax payable, being calculated at a rate of 10% on the difference between the relevant considerations and the cost of investment of the Disposed Groups in accordance with the relevant tax laws in the PRC.

5. The Adjusted NAV per NWCL Share is arrived at on the basis of 8,701,671,754 Shares in issue as at the Latest Practicable Date.

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

The following is a text of the letter and summary of values prepared for the purpose of incorporation into this Composite Document received from Knight Frank Petty Limited, an independent valuer, in connection with the valuation as at 31 December 2015 of the market values of the property interests of the NWCL Group. The property interests of NWCL Group, as confirmed by the Company, are all located in the PRC.



Knight Frank Petty Ltd
4/F Shui On Centre
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Board of Directors of New World China Land Limited (新世界中國地產有限公司)
9th Floor
New World Tower 1
18 Queen's Road Central
Hong Kong

Board of Directors of New World Development Company Limited (新世界發展有限公司)
30th Floor
New World Tower
18 Queen's Road Central
Hong Kong

27 February 2016

Dear Sirs

VALUATION OF VARIOUS PROPERTIES IN THE PEOPLE'S REPUBLIC OF CHINA

In accordance with your instructions for us to value various property interests held by New World China Land Limited (新世界中國地產有限公司) (the "Company"), its subsidiaries, its associated company and its joint ventures (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of these property interests as at 31 December 2015 (excluding the property interests held by certain subsidiaries and joint ventures of the Group which the Group had entered into agreements to dispose of in December 2015 (see the announcements dated 2 December 2015 and 29 December 2015, and circulars dated 23 December

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

2015 and 19 January 2016 issued by the Company) and the disposal of most of which had been completed as at 24 February 2016) for the purpose of incorporation into the composite document issued by the Group.

BASIS OF VALUATION

Our valuation is our opinion of a market value of a property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

In valuing properties nos. 1 to 47, commercial portion of no. 48, 49 to 85 of Group I and no. 147 of Group V, we have valued the properties with reference to sales evidence as available in the market and where appropriate, on the basis of capitalization of the net income shown on the documents handed to us. We have allowed for outgoings and, in appropriate cases, made provisions for reversory income potential.

In valuing the car parking portion of property no. 48 of Group I, we have valued the property with reference to its lease term interest and its rights in sub-letting and/or transferring the lease term interests of the property.

In valuing properties of Group II, IV, VI and VII, we have valued each of these property interests on the basis that these properties will be developed and completed in accordance with the Group’s latest development proposals provided to us. We have assumed that approvals for the proposals will be granted without onerous conditions. In arriving at our opinion of value, we have adopted the Direct Comparison Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

In valuing properties of Group III, we have valued each of these property interests on a going concern basis, and we have adopted the income approach by making reference to its historical performance over the past years. During the course of the valuation, we have relied on the gross operating profit generated from the hotel operation during corresponding periods and made reference to the required rate of return of similar forms of investment.

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

In valuing property no. 146 of Group V, due to the specific purpose for which the buildings have been constructed, market transactions of comparable properties cannot be readily identified in the market. We have therefore adopted the Depreciated Replacement Cost approach in valuing the property. The Depreciated Replacement Cost is the current cost of replacement (reproduction) of a property less deduction for physical deterioration and all relevant forms of obsolescence and optimization. It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. We must state that cessation of the existing business (if any) would have significant impact on the market value of the property as derived by the Depreciated Replacement Cost approach.

In valuing properties nos. 148 to 155 of Group V, we have adopted the Direct Comparison Approach with reference to market comparable sales evidence available in the market.

Set out below are the key assumptions used in our valuation:

Market unit price for

- (i) Residential: RMB15,214 to RMB35,623 per sq.m. on GFA basis
- (ii) Office: RMB4,435 to RMB51,950 per sq.m. on GFA basis
- (iii) Commercial: RMB3,700 to RMB40,750 per sq.m. on GFA basis
- (iv) Carpark: RMB65,000 to RMB385,000 per lot
- (v) Land: RMB803 to RMB46,057 per sq.m. (accommodation value)

Market monthly unit rent for

- (i) Residential: RMB110 to RMB161 per sq.m. on GFA basis
- (ii) Office: RMB48 to RMB271 per sq.m. on GFA basis
- (iii) Commercial: RMB7 to RMB550 per sq.m. on GFA basis

Capitalisation rate for

- (i) Residential: 5% to 6.5%
- (ii) Office: 5.5% to 8%
- (iii) Commercial: 3% to 9.25%

Discount rate for

- (i) Hotel: 6% to 7.5%

Terminal capitalisation rate for

- (i) Hotel: 2.5% to 4%

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

As advised by the Company, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Company at the amounts valued by us mainly comprise the following:

- Business tax at 5% on the transaction amount (which will be replaced by value added tax in the future with detailed rules and regulations to be promulgated)
- Enterprise income tax at 25% on the gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property value
- Stamp duty at 0.05% on the transaction amount
- Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies)
- Other surcharge at approximately 11% of business tax

In respect of the properties held by the Company for investment and owner-occupation/operation, the likelihood of the relevant tax liabilities crystallising is remote as the Company has no plans for the disposal of such properties yet. In respect of the completed properties held for sale and the properties under development, it is likely that the relevant tax liabilities will crystallise upon sale.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with extracts of documents in relation to the titles to the property interests. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information provided by the Group and its PRC legal advisor, Jun He Law Office, regarding the title of the properties.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property interests nor for any expenses or taxation which may be incurred in affecting a sale.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and the legal opinion of the Group's PRC legal advisors. We have no reason to doubt the truth and the accuracy of the information provided by the Group which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, completion date of the buildings, particulars of occupancy, joint-venture agreements/contracts, development schemes, construction costs and development costs expended, estimated development costs and site and floor areas. Dimension, measurements and areas included in the attached summary of valuation report are based on the information provided to us and are

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected the exteriors and, where possible, the interiors of the properties valued from July 2015 to February 2016. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc. Our valuation is prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects, we are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

In preparing our valuation report, we have complied with the requirements contained within relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

CURRENCY

All sums stated in our valuation are in Renminbi.

Our summary of valuations is attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MFin MCIREA MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation

Remarks: Clement W M Leung, MFin MCIREA, MHKIS, MRICS, RPS (GP), has been a qualified valuer and has about 22 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific Region and has 19 years' experience in the valuation of properties in the People's Republic of China.

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

SUMMARY OF VALUATIONS

Property Group (Group I — Group VII)	No. of properties	Market value⁽¹⁾ in existing state as at the 31 December 2015 (RMB)	Market value⁽¹⁾ in existing state attributable to the Group as at the 31 December 2015 (RMB)
Group I — Investment properties held by the Group in the PRC	85	25,517,040,000	20,565,956,500
Group II — Investment properties held by the Group under development in the PRC	8	4,911,200,000	4,911,200,000
Group III — Hotels held by the Group in the PRC	7	4,182,000,000	3,308,050,000
Group IV — Completed properties held for sale, Properties held for/ under development by the Group in the PRC	45	70,321,990,000	63,397,363,000
Group V — Land and Buildings held by the Group for owner-occupation/operation in the PRC	10	702,400,000	574,412,000
Group VI — Assets Under Construction held by the Group for owner-occupation/operation in the PRC	4	3,173,000,000	3,173,000,000
Group VII — Contracted property held by the Group in the PRC	<u>1</u>	<u>12,419,000,000</u>	<u>8,693,300,000</u>
Total	<u>160</u>	<u>121,226,630,000</u>	<u>104,623,281,500</u>

Notes:

- The market values stated are approximations.

The valuation summary and all material information of the major parameters in quantifying the valuation of each property from the full valuation report are listed below. In the course of our valuation, we have relied on the information provided by the Group and its PRC legal advisers regarding the title to the properties and, based on the information provided by the Group and its PRC legal advisers, properties with assigned commercial values in this Appendix III have proper legal title.

Group I — Investment properties held by the Group in the PRC

Valuation Summary as at 31 December 2015

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Completion Date (<i>sq m</i>)	No. of Car Parking Spaces	Existing Occupancy Rate	Monthly Parking Fee (<i>RMB million</i>)	Market Value ⁽³⁾ in Existing Share As At 31 December 2015 (<i>RMB million</i>)	Interest Attributable to the Group As At 31 December 2015 (<i>million</i>)	Market Value ⁽³⁾ in Existing State Attributable to the Group As At 31 December 2015 (<i>million</i>)
1	Commercial Podium and Car Parking Centre of various Portion of Tianjin Xin An New World Plaza	Foshan Shunde Shunding Real Estate Development Co., Ltd.	Shunde	Daliang	Commercial	Aug 2066	Commercial, Carpark	48,517 1998	288	97%	3.32	529.00	42.20%	223.24
2	Various Portion of Tianjin Xin An New World Plaza	New World Address Development Company Limited, Tianjin Xin An Gang Development Co., Ltd.	Tianjin	Nankai	Commercial	20 Jul 2045	Commercial, Office, Carpark	108,701 1997	192	92%	3.36	993.00	100.00%	993.00
3	Car Parking Portion of Tianjin New World Garden	Tianjin New World Housing Development Co., Ltd.	Tianjin	Heping	Residential, Commercial	Unspecified	Carpark	7,395 2004	125	N/A	—	16.30	100.00%	16.30
4	Retail Portion of Tianjin Qianxun Place	Tianjin New World Properties Development Co., Ltd.	Tianjin	Heping	Residential, Commercial, Serviced Apartment	17 Dec 2046 to 17 Dec 2076	Commercial	25,647 2014	—	34%	1.06	338.00	100.00%	338.00
5	Office Portion of Wuhan New World International Trade Tower I	New World Development (Wuhan) Co., Ltd.	Wuhan	Jianghan	Commercial	9 Jan 2044	Office	100,314 2006	—	86%	9.80	1,553.30	100.00%	1,553.30
6	Car Parking Portion of Wuhan New World Office Portion of Wuhan New World International Trade Tower II	New World Development (Wuhan) Co., Ltd.	Wuhan	Jianghan	Mixed Residential	9 Jan 2044	Carpark	17,272 2006	422	N/A	—	67.50	100.00%	67.50
7	Office Portion of Wuhan New World International Trade Tower II	Wuhan New Eagle Enterprises Co., Ltd.	Wuhan	Jianghan	Commercial	6 Nov 2042	Office	10,005 1994	—	92%	1.10	143.10	100.00%	143.10
8	Retail Portion of Wuhan New World Centre	New World Development (Wuhan) Co., Ltd.	Wuhan	Hankou	Commercial	18 Jul 2041 to 18 Jul 2071	Commercial	39,600 2007	—	12%	0.32	481.40	100.00%	481.40
9	Retail Portion — Pedestrian Street Portion of Wuhan New World Centre	New World Development (Wuhan) Co., Ltd.	Wuhan	Hankou	Commercial	18 Jul 2041 to 18 Jul 2071	Commercial	3,392 2007	—	100%	0.60	139.00	100.00%	139.00
10	Car Parking Portion of Wuhan New World Centre	New World Development (Wuhan) Co., Ltd.	Wuhan	Hankou	Residential, Commercial	18 Jul 2041 to 18 Jul 2071	Carpark	27,894 2007	453	N/A	—	79.30	100.00%	79.30
11	Office Portion of Wuhan New World Centre	New World Development (Wuhan) Co., Ltd.	Wuhan	Hankou	Commercial	18 Jul 2041 to 18 Jul 2071	Office	2,504 2007	—	83%	0.24	38.80	100.00%	38.80
12	Office Unit C on Level 6 and Car Parking Portion of Wuhan New World Centre	New World Development (Wuhan) Co., Ltd.	Wuhan	Hankou	Commercial	18 Jul 2041 to 18 Jul 2071	Office, Carpark	5,883 2007	100	0%	—	25.70	60.00%	15.42
13	Access Portion of Wuhan New World Centre	New World Development (Wuhan) Co., Ltd.	Wuhan	Hankou	Residential, Commercial	18 Jul 2041 to 18 Jul 2071	Auxiliary Facilities	2,774 2007	—	0%	—	13.30	100.00%	13.30
14	Retail and Car Parking Portions of Wuhan K11 Gourmet Tower	New World Development (Wuhan) Co., Ltd.	Wuhan	Hankou	Commercial	2 May 2053	Commercial, Carpark	20,946 2010	184	94%	0.59	192.00	100.00%	192.00
15	A Retail Unit of Wuhan Gauguan New World	New World Goodmade (Wuhan) Limited	Wuhan	Hongshan	Residential, Commercial, Composite	19 Apr 2060 to 19 Apr 2080	Commercial, Carpark	362 2012	—	100%	0.03	7.10	100.00%	7.10
16	Various Portions of Beijing New World Centre Phase I	China New World Electronics Co., Ltd., Beijing Cheng Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Commercial, Composite	31 Mar 2044	Commercial, Auxiliary Facilities, Carpark	103,440 1997	502	100%	10.14	2,547.00	70.00%	1,782.90

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	GF ⁽¹⁾⁽²⁾ (sq m)	Completion Date	No. of Car Parking Spaces	Existing Occupancy Rate	Monthly Parking Fee (RMB million)	Market Value ⁽³⁾ in Existing State As At 31 Dec 2015 (RMB million)	Interest Attributable to the Group As At 31 Dec 2015 (RMB million)	Market Value ⁽³⁾ in Existing State Attributable to the Group As At 31 Dec 2015 (RMB million)
17	Various Portions of Beijing New World Centre Phase II	Beijing Chong Yu Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Office	8 Nov 2033 to 8 Nov 2063	Commercial, Ancillary Carpark	75,226	2000	529	100%	2.68	1,195.00	70.00%	836.50
18	Car Parking Portion of Beijing New World Garden Phase I	Beijing Chong Yu Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Office, Storage, Carpark	9 Apr 2038 to 9 Apr 2068	Carpark	9,438	2001	162	N/A	—	40.50	70.00%	28.35
19	Car Parking Portion of Beijing New World Garden Phase II	Beijing Chong Yu Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Office, Storage, Carpark	9 Apr 2038 to 9 Apr 2068	Carpark	25,106	2001	412	N/A	—	103.00	70.00%	72.10
20	Car Parking Portion of Xin Yang Commercial Building	Beijing Chong Yu Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Storage, Carpark	9 Apr 2038 to 9 Apr 2068	Carpark	3,439	2002	83	N/A	—	19.10	70.00%	13.37
21	Residential Car Parking Portion of Beijing Xin Kang Garden Phase III	Beijing Xin Kang Real Estate Development Co., Ltd.	Beijing	Daxing	Residential	29 Apr 2069	Carpark	22,597	2003	696	N/A	—	118.30	70.00%	82.81
22	Commercial Car Parking Portion of Beijing Xin Kang Garden Phase III	Beijing Xin Kang Real Estate Development Co., Ltd.	Beijing	Daxing	Residential	29 Apr 2069	Carpark	5,588	2006	131	N/A	—	22.30	70.00%	15.61
23	Ancillary Commercial Portion of Beijing Xin Kang Garden Phase III	Beijing Xin Kang Real Estate Development Co., Ltd.	Beijing	Daxing	Residential	29 Apr 2069	Commercial	2,594	2006	0	100%	0.06	9.60	70.00%	6.72
24	Portion of Commercial Annex Building of Beijing Xin Kang Garden Phase II	Beijing Xin Kang Real Estate Development Co., Ltd.	Beijing	Daxing	Residential	29 Apr 2069	Commercial, Ancillary Facilities	1,881	2001	0	69%	0.07	11.60	70.00%	8.12
25	Portion of Annex Building of Beijing Xin Kang Garden Phase III	Beijing Xin Kang Real Estate Development Co., Ltd.	Beijing	Daxing	Residential	29 Apr 2069	Commercial	7,536	2006	0	100%	0.30	59.90	70.00%	41.93
26	Car Parking Portion of Beijing New World Garden Phase I	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Carpark	29 Dec 2037 to 29 Dec 2067	Carpark	7,279	2001	189	N/A	—	41.60	70.00%	29.12
27	Car Parking Portion of Beijing New World Garden Phase III #7	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Ancillary Facilities	27 Aug 2044 to 27 Aug 2074	Carpark	4,119	2007	147	N/A	—	29.40	70.00%	20.58
28	Car Parking Portion of Beijing Xin Yu Garden Luanguang Road #2	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Carpark	20 Jun 2043 to 20 Jun 2073	Carpark	10,005	2007	354	N/A	—	70.80	70.00%	49.56
29	Car Parking Portion of Beijing Xin Yu Garden Luanguang Road #5 and #4	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Carpark	24 Jul 2051 to 24 Jul 2071	Carpark	11,192	2004	254	N/A	—	55.90	70.00%	39.13
30	Complex Building of Beijing Xin Yu Garden Luanguang Road #2	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Carpark	20 Jun 2043 to 20 Jun 2073	Carpark	3,603	2007	0	100%	0.14	33.10	70.00%	23.17
31	Car Parking Portion of Beijing Xin Cheng Cultural Building	Beijing Chong Yu Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Ancillary Facilities, Storage, Carpark	9 Mar 2038 to 9 Mar 2068	Carpark	8,051	2005	208	N/A	—	47.80	70.00%	33.46

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	GFY ⁽¹⁾⁽²⁾ (sq m)	Completion Date	No. of Car Parking Spaces	Existing Occupancy Rate	Monthly Parking Fee (RMB million)	Market Value ⁽³⁾ in Existing State As At 31 Dec 2015 (RMB million)	Interest Attributable to the Group	Market Value ⁽³⁾ in Existing State Attributable to the Group As At 31 Dec 2015 (RMB million)
32	Car Parking Portion of Zhaogren Commercial Building	Beijing Chong Ya Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Ancillary Facilities, Storage, Carpark	9 Mar 2038 to 9 Mar 2068	Carpark	16,415	2002	384	N/A	—	88.20	70.00%	61.81
33	Car Parking Portion of Beijing Xin Yi Garden Phases I to V	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Ancillary Facilities, Carpark	13 Jul 2014 to 13 Jul 2014	Carpark	43,708	2005-2008	1,066	N/A	—	213.20	70.00%	149.24
34	Car Parking Portion of Beijing Xin Yi Garden West Ancillary Portion	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Ancillary Facilities, Carpark	13 Jul 2014 to 13 Jul 2014	Carpark	8,651	2013	99	N/A	—	24.80	70.00%	17.36
35	Retail Portion of Langfang New World Centre District B1	Lang Fang New World Properties Development Co., Ltd.	Langfang	Guangyang	Residential, Commercial, Office, Entertainment	27 Oct 2050 to 27 Oct 2080	Commercial	6,450	2013	0	88%	0.29	111.00	100.00%	111.00
36	Car Parking Portion of Shenyang New World Garden Phase 1A and 1B	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Carpark	5,500	2000	117	N/A	—	18.70	100.00%	18.70
37	Car Parking Portion of Shenyang New World Garden Phase 1D	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Carpark	10,372	2004	305	N/A	—	48.80	100.00%	48.80
38	Retail, Kindergarten and Car Parking Portion of Shenyang New World Garden Phase 1E	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Commercial, Kindergarten, Carpark	28,202	2008	480	100%	0.16	104.00	100.00%	104.00
39	Retail and Kindergarten Portions of Shenyang New World Garden Phase 2A	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Commercial, Kindergarten, Carpark	4,912	2010	0	100%	0.14	34.50	100.00%	34.50
40	Car Parking Portion of Shenyang New World Garden Phase 2B	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Carpark	16,132	2010	3,496	N/A	—	629.00	100.00%	629.00
41	Car Parking Portion of Shenyang New World Garden Phase 2C	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Carpark	90,558	2013	2,225	N/A	—	401.00	100.00%	401.00
42	Car Parking Portion of Shenyang New World Commercial Centre Phase 1	Shenyang New World Xin Hui Properties Co., Ltd.	Shenyang	Heping	Commercial	29 Jun 2049 to 29 Jun 2053	Carpark	8,710	2012	73	N/A	—	13.87	100.00%	13.87
43	Shanghai Rehydere Service Apartment and Car Parking Portions of Shanghai Ramsai Plaza	Shanghai Ramsai Plaza Ltd.	Shanghai	Changning	Composite	20 Apr 2048	Residential	35,861	2002	0	78%	3.38	1,066.00	100.00%	1,066.00
44	Commercial and Car Parking Portions of Shanghai Ramsai Plaza	Shanghai Ramsai Plaza Ltd.	Shanghai	Changning	Composite	20 Apr 2048	Commercial	33,382	2003	260	100%	1.95	682.00	100.00%	682.00
45	Shanghai Hong New World Tower	Shanghai New World Hui Hai Property Development Co., Ltd.	Shanghai	Huangpu	Composite	1 Dec 2044	Commercial, Office	136,680	2002	286	87%	29.46	5,518.00	50.00%	2,759.00
46	Ancillary Building No. 4 and Block Nos. 22, 27 and 33 and Car Parking Portions of Jinn Sunshine Garden	Jinn New World Sunshine Development Ltd.	Jinan	Haiyjin	Residential, Ancillary Facilities	6 Jun 2041 to 6 Jun 2071	Commercial, Carpark	23,613	2008-2014	248	80%	0.27	88.50	100.00%	88.50
47	Retail and Car Parking Portions of Dalian New World Plaza	Dalian New World Plaza International Co., Ltd.	Dalian	Zhongshan	Commercial	28 Jul 2044	Commercial, Office, Carpark	69,196	2002	391	99%	1.64	602.00	88.00%	529.76
48	Commercial and Lease Term Interests of Car Parking Portion of Dalian New World Tower	Dalian New World Tower Co., Ltd.	Dalian	Zhongshan	Residential, Catering	15 Sep 2048 to 25 Mar 2064	Commercial, Carpark	48,982	2009	444	57%	1.24	432.00 ⁽⁴⁾	100.00%	432.00 ⁽⁴⁾
49	Retail Portion of Guangzhou Central Park-view	Guangzhou Xin Yi Development Limited	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment	7 Jun 2039 to 7 Jun 2069	Commercial	17,408	2006	0	53%	2.35	495.00	90.50%	447.98
50	Residential Portion of Guangzhou Central Park-view	Guangzhou Xin Yi Development Limited	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment	7 Jun 2039 to 7 Jun 2069	Residential	29,869	2006	0	75%	3.61	1,064.00	90.50%	962.92
51	Car Parking Portion of Guangzhou Central Park-view	Guangzhou Xin Yi Development Limited	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment	7 Jun 2039 to 7 Jun 2069	Carpark	19,911	2004-2012	1,612	N/A	—	620.60	90.50%	561.64
52	Retail Portion of Guangzhou New World Oriental Garden Phase 1	Guangzhou Xin Hui Real Estate Co., Ltd.	Guangzhou	Tianhe	Others	1 Jun 2039 to 1 Jun 2069	Commercial	17,937	2004	0	100%	1.24	248.00	100.00%	248.00

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expire Date of Land Use Term	Type of Property	GFY ⁽¹⁾⁽²⁾ (sq m)	Completion Date	No. of Car Parking Spaces	Existing Occupancy Rate	Monthly Passing Rate (RMB million)	Market Value ⁽³⁾ in Existing Share As At 31 Dec 2015 (RMB million)	Interest Attributable to the Group As At 31 Dec 2015 (RMB million)	Market Value ⁽³⁾ in Existing Share As At 31 Dec 2015 (RMB million)	Interest Attributable to the Group As At 31 Dec 2015 (RMB million)
53	Sales Centre of Guangzhou New World Oriental Garden	Guangzhou Xin Hua Jian Real Estate Co., Ltd.	Guangzhou	Tianhe	Residential, Commercial, Other	1 Jun 2039 to 1 Jun 2069	Commercial, Ancillary Facilities	3,615	2004	0	40%	0.15	38.30	100.00%	38.30	38.30
54	Car Parking Portion of Guangzhou New World Oriental Garden Phases I, II and III	Guangzhou Xin Hua Jian Real Estate Co., Ltd.	Guangzhou	Tianhe	Residential, Commercial, Other	1 Jun 2039 to 1 Jun 2069	Carpark	8,207	2004-2013	661	N/A	—	244.50	100.00%	244.50	244.50
55	Retail Portion and Ancillary Portions of Guangzhou New World Oriental Garden	Guangzhou Xin Hua Jian Real Estate Co., Ltd.	Guangzhou	Tianhe	Residential, Commercial, Other	1 Jun 2039 to 1 Jun 2069	Commercial, Ancillary Facilities	660	2010	0	69%	0.06	9.70	100.00%	9.70	9.70
56	Kindergarten Portion of Guangzhou Ximang New World Garden Phase III	Guangzhou Hensell Real Estate Development Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2063 to 29 Dec 2074	Kindergarten	3,099	2005	0	100%	0.05	8.70	62.50%	8.70	5.44
57	Retail Portion of Guangzhou Ximang New World Garden	Guangzhou Hensell Real Estate Development Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2063 to 29 Dec 2074	Commercial	10,955	2008	0	0%	—	51.00	62.50%	51.00	31.88
58	Car Parking Portion of Northern District of Guangzhou Ximang New World Garden	Guangzhou Bosson Real Estate Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2063 to 29 Dec 2074	Carpark	9,180	2009	285	N/A	—	37.90	62.50%	37.90	23.69
59	Car Parking Portion of Southern District of Guangzhou Ximang New World Garden	Guangzhou Bosson Real Estate Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2063 to 29 Dec 2074	Carpark	42,838	2011	860	N/A	—	122.52	62.50%	122.52	76.58
60	Agricultural Market of Guangzhou Ximang New World Garden	Guangzhou Bosson Real Estate Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2063 to 29 Dec 2074	Commercial	2,161	2010	0	100%	0.02	11.20	62.50%	11.20	7.00
61	Commercial Podium of Guangzhou Ximang New World Garden	Guangzhou Bosson Real Estate Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2063 to 29 Dec 2074	Commercial	6,637	2010	0	24%	0.09	36.30	62.50%	36.30	22.69
62	Car Parking Portion of Guangzhou Dong Yi Garden Phases II to IV	Guangzhou Xin Hua Chen Real Estate Co., Ltd.	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment, Other	31 Dec 2035 to 29 May 2068	Carpark	5,395	2002-2007	450	N/A	—	148.50	100.00%	148.50	148.50
63	Commercial Podium of Guangzhou Dong Yi Garden Phase II	Guangzhou Xin Hua Chen Real Estate Co., Ltd.	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment, Other	31 Oct 2035 to 31 Oct 2065	Commercial	7,443	2002	0	100%	0.51	79.70	100.00%	79.70	79.70
64	Commercial Podium of Guangzhou Dong Yi Garden Phase IV	Guangzhou Xin Hua Chen Real Estate Co., Ltd.	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment, Other	29 May 2038 to 29 May 2068	Commercial	778	2007	0	57%	0.03	10.00	100.00%	10.00	10.00
65	Commercial Podium and Ancillary Facilities of Phase 2A Guangzhou Park Paradise	Guangzhou Jixian Zhuang New World City Garden Development Limited	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Commercial, Ancillary Facilities	1,641	2002	0	100%	0.17	14.30	100.00%	14.30	14.30
66	Commercial Podium of Phase 2C1 to 2C3, Guangzhou Park Paradise	Guangzhou Jixian Zhuang New World City Garden Development Limited	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Commercial	4,935	2006	0	60%	0.37	97.90	100.00%	97.90	97.90
67	Commercial Podium of Phase 2D1, Guangzhou Park Paradise	Guangzhou Jixian Zhuang New World City Garden Development Limited	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Commercial	1,346	2007	0	87%	0.04	11.70	100.00%	11.70	11.70
68	Commercial Podium of Phase 2E1, Guangzhou Park Paradise	Guangzhou Jixian Zhuang New World City Garden Development Limited	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Commercial	1,218	2009	0	100%	0.13	19.60	100.00%	19.60	19.60
69	Car Parking Portion of Phase 4, Guangzhou Park Paradise	Guangzhou Xin Sui Tourism Centre Ltd.	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Carpark	22,536	2012	1,824	N/A	—	355.70	100.00%	355.70	355.70

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	GFY ⁽¹⁾⁽²⁾ (sq m)	Completion Date	No. of Car Parking Spaces	Existing Occupancy Rate	Monthly Parking Fee (RMB million)	Market Value ⁽³⁾ in Existing State As At 31 Dec 2015 (RMB million)	Interest Attributable to the Group	Market Value ⁽³⁾ in Existing State Attributable to the Group As At 31 Dec 2015 (RMB million)
70	Car Parking Portion of Area 6, Guangzhou Park Paradise	Guangzhou Yibo Real Estate Development Co., Ltd.	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Carpark	22,621	2014-2015	1,097	N/A	—	214.00	100.00%	214.00
71	Dining Building and Car Parking Portion of Guangzhou Jishi Zhantou New World City Garden Development Limited	Guangzhou Jishi Zhantou New World City Garden Development Limited	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Commercial	13,514	2014	193	100%	0.24	113.20	100.00%	113.20
72	Student Hotel of Lingnan Middle School, Guangzhou Park Paradise	Guangzhou Xin Sun Tourism Centre Ltd.	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	School	14,400	2002	—	100%	0.76	42.00	100.00%	42.00
73	Commercial, Ancillary Facilities and Car Parking Portions of Guangzhou Covent Garden	Guangzhou Fong Chuen New World Property Development Co., Limited	Guangzhou	Lianan	Residential, Commercial, Other	20 Jun 2039 to 29 Dec 2079	Commercial, Ancillary Facilities, Carpark	26,000	2005-2013	290	79%	0.24	206.00	100.00%	206.00
74	Commercial and Car Parking Portions of Huizhou Changhuyuan	Huizhou New World Housing Development Limited	Huizhou	Huicheng	Residential, Commercial, Other	2 Mar 2045 to 11 Mar 2079	Commercial, Other	30,653	1999-2013	826	0%	—	69.20	63.50%	43.25
75	Commercial and Car Parking Portions of Xueyuan D and E, Zhaoqing New World Garden	Zhaoqing New World Property Development Limited	Zhaoqing	Duanzhou	Residential, Commercial	24 Dec 2038 to 24 Dec 2068	Commercial, Carpark	15,902	2014	30	83%	0.30	62.90	100.00%	62.90
76	Car Parking Portion of Canton First Estate, CF19A	Foshan Da Hao Hu Real Estate Development Co., Ltd.	Foshan	Nanhai	Residential, Golf course and ancillary services	30 Jul 2070	Carpark	13,867	2014	451	N/A	—	63.00	84.80%	53.42
77	Residential Portion of Canton First Estate, CF19A	Foshan Da Hao Hu Real Estate Development Co., Ltd.	Foshan	Nanhai	Residential, Golf course and ancillary services	30 Jul 2070	Residential	11,043	2014	—	15%	0.18	168.00	84.80%	142.46
78	Retail Portion of Nanjing New World Centre	Nanjing New World Real Estate Co., Ltd.	Nanjing	Xuanwu	Commercial, Finance	30 May 2043 to 30 May 2043	Commercial Carpark	4,713	2008	143	100%	0.37	369.00	100.00%	369.00
79	Car Parking Portion of Nanjing New World Centre	Shaping New World Real Estate Co., Ltd.	Nanjing	Xuanwu	Commercial, Finance	30 May 2043 to 30 May 2043	Commercial, Carpark	5,262	2008	—	N/A	—	18.60	100.00%	18.60
80	Retail and Car Parking Portions of Changsha La Ville New World	Hunan Success New Century Investment Company Limited	Changsha	Yuhua	Residential, Commercial, Finance, Composite	16 Feb 2044 to 16 Feb 2074	Commercial, Carpark	6,840	2009-2010	183	39%	0.01	30.40 ⁽⁵⁾	47.50%	14.44 ⁽⁵⁾
81	Retail and Car Parking Portions of Anshan New World Garden Phases IA	New World (Anshan) Property Development Co., Ltd.	Anshan	Gaoshan	Residential, Commercial	5 Jun 2048 to 7 Mar 2084	Commercial, Carpark	56,477	2011-2013	1,258	97%	0.11	190.00	100.00%	190.00
82	Car Parking Portion of Phase III of Hailou New World Garden	Hailou New World Housing Development Ltd.	Hailou	Melina	Residential, Commercial	20 Sep 2013 to 13 Sep 2071	Carpark	4,731	2013	415	N/A	—	27.00	100.00%	27.00
83	Car Parking Portion of Shenzhen New World Garden Topping Real Estate	Shenzhen Topping Real Estate Development Co., Ltd.	Shenzhen	Yantian	Residential, Commercial	1 Aug 2069	Carpark	29,699	2015	845	N/A	—	160.55	100.00%	160.55
84	Car Parking Portion of Shenzhen New World Garden Phase III, Shenzhen Hill, Straitsville Hill	Shenzhen Topping Real Estate Development Co., Ltd.	Shenzhen	Boson	Residential, Commercial	16 Sep 2067	Carpark	6,314	2014	135	N/A	—	25.70	100.00%	25.70
85	Various Portions of Tangshan New World Centre	Tang Shan New World Property Development Co., Ltd.	Tangshan	Lanan	Residential, Commercial	4 Oct 2050 to 4 Oct 2080	Commercial, Office	84,682	2015	—	4%	0.07	935.00	100.00%	935.00
							2,045,170			26,843		83.64	20,865,97 ⁽⁶⁾		20,865,97 ⁽⁶⁾

Notes:

- (1) All areas stated are approximations.
- (2) All GFA has included the gross floor area of car parking portion of the property, if any.
- (3) All values stated are approximations.
- (4) The valuation of the car parking portion of the property was arrived by making reference to its lease term interest and its rights in sub-letting and/or transferring the lease term interests of such portion of the property. In addition, according to the Group's specific terms of instruction, we have taken into account the outstanding land costs of the property of approximately RMB1,301,000 in our valuation.
- (5) Pursuant to a participation agreement dated 11 September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly owned subsidiary of New World Development Limited, Solar Leader has a participating interest representing 50% of the total interest in this property project.
- (6) The sub-total of the properties in Group I includes the value of car parking portion of the property no. 48. During the course of valuation, we have made reference to its lease term interest and its rights in sub-letting and/or transferring the lease term interests of the aforesaid can parking portion.

Group II — Investment properties held by the Group under development in the PRC
Valuation Summary as at 31 December 2015

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽¹⁾⁽²⁾ (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Construction Incurred (RMB million)	Outstanding Construction Cost (RMB million)	Gross Development Value ⁽³⁾ As At 31 December 2015 (RMB million)		Interest Attributable to the Group	Market Value ⁽⁴⁾ in Existing State At 31 December 2015 (RMB million)	Market Value ⁽⁴⁾ in Existing State At 31 December 2015 (RMB million)
														503.40	418.40			
86	Car Parking Portion of Guangzhou Covent Garden Zone 1	Guangzhou Fong Chuen New World Property Development Co., Limited	Guangzhou	Liwan	Residential, Commercial, Other	20 Jun 2039 to 29 Dec 2079	Capark	311,652 ⁽⁵⁾	102,919	2016	2,517	228.93	46.16	503.40	418.40	100.00%	418.40	418.40
87	Car Parking Portion of Shenyang New World Centre	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Capark	196,462 ⁽⁵⁾	114,267	2016	2,833	281.46	58.50	538.27	427.00	100.00%	427.00	427.00
88	K11 of Shenyang New World Centre	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Commercial	196,462 ⁽⁵⁾	327,201	2016	0	2,313.28	1,331.92	4,849.80	2,990.00	100.00%	2,990.00	2,990.00
89	Car Parking Portion of Shenyang New World Garden Phase 2D	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Capark	1,742,000 ⁽⁵⁾	179,442	2018	3,550	252.22	378.90	745.50	234.70	100.00%	234.70	234.70
90	Commercial Portion of Phase 5A of Guangzhou Park Paradise	Guangzhou Jixian Zhuang New World City Garden Development Limited, Guangzhou Xin Shi Tourism Centre Ltd.	Guangzhou	Bayun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Commercial	409,801	88,346	2017	0	227.65	649.72	1,611.00	597.00	100.00%	597.00	597.00
91	Car Parking Portion of Phase 5A of Guangzhou Park Paradise	Guangzhou Jixian Zhuang New World City Garden Development Limited, Guangzhou Xin Shi Tourism Centre Ltd.	Guangzhou	Bayun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Capark	409,801	78,895	2017	1,994	43.67	185.80	388.83	145.30	100.00%	145.30	145.30
92	Car Parking Portion of Anshan New World Garden Phase 3A	New World (Anshan) Property Development Co., Ltd.	Anshan	Gaoxin	Residential, Commercial	15 Jun 2078 to 7 May 2084	Capark	658,356 ⁽⁵⁾	45,725	2016	992	51.09	35.81	128.96	80.30	100.00%	80.30	80.30
93	Car Parking Portion of Anshan New World Garden Phase 3B	New World (Anshan) Property Development Co., Ltd.	Anshan	Gaoxin	Residential, Commercial	15 Jun 2078 to 7 May 2084	Capark	658,356 ⁽⁵⁾	19,591	2017	402	9.33	26.17	52.26	18.50	100.00%	18.50	18.50
											12,288	8,838.02	4,911.20	4,911.20				

Notes:

- (1) All areas stated are approximations.
- (2) The GFA has included the gross floor area of car parking portion of the property, if any.
- (3) The site area mentioned refers to the total site area of the whole development of the property.
- (4) All values stated are approximations.

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Group III — Hotels held by the Group in the PRC
Valuation Summary as at 31 December 2015

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Completion Date (sq m)	No. of Rooms	Market Value ⁽²⁾ in Existing State As At 31 December 2015 (RMB million)	Interest Attributable to the Group	Market Value ⁽²⁾ in Existing State Attributable to the Group As At 31 December 2015 (RMB million)
94	New World Wuhan Hotel	Wuhan New World Hotel Properties Co., Ltd.	Wuhan	Hankou	Commercial	18 Jul 2041	Hotel	29,411	327	656.00	60.00%	393.60
95	New World Dalian Hotel	Dalian New World Tower Co., Ltd.	Dalian	Zhongshan	Residential, Catering	15 Sep 2048 to 25 Mar 2064	Hotel	53,248	420	812.00	100.00%	812.00
96	New World Shanghai Hotel pentahotel Shanghai	Shanghai Ramada Plaza Ltd. Shanghai	Shanghai	Changning	Composite	20 Apr 2048	Hotel	46,942	558	825.00	100.00%	825.00
97	pentahotel Shanghai	Shanghai Ramada Plaza Ltd. Shanghai	Shanghai	Changning	Composite	20 Apr 2048	Hotel	13,353	258	247.00	100.00%	247.00
98	pentahotel Beijing	Beijing Xin Lian Hotel Co., Ltd.	Beijing	Dongcheng	Composite	31 Mar 2044	Hotel	23,988	307	313.00	55.00%	172.15
99	New World Beijing Hotel	Beijing Cheng Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Commercial, Financing, Office, Hotel, Catering, Carpark, Other	30 Aug 2054	Hotel	53,998	309	1,137.00	70.00%	795.90
100	New World Shunde Hotel	Foshan Shunde Bao Xing Hotel Company Limited	Shunde	Daliang	Commercial	Aug 2066	Hotel	36,524	370	192.00	32.50%	62.40
								257,464	2,549	4,182.00		3,308.05

Notes:

- (1) All areas stated are approximations.
(2) All values stated are approximations.

Group IV — Completed properties held for sale, Properties held for/under development by the Group in the PRC

Valuation Summary as at 31 December 2015

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expire Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽¹⁾⁽²⁾ (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Pre-sale Consideration (RMB million)	Construction Cost Incurred (RMB million)	Outstanding Construction Cost (RMB million)	Gross Development Value ⁽³⁾ As At 31 December 2015 (RMB million)	Market Value ⁽⁴⁾ in Existing State As At 31 December 2015 (RMB million)	Market Value ⁽⁵⁾ in Existing State to the Group As At 31 December 2015 (RMB million)	
101	Beijing Xia Yi Garden	Beijing Chong Wan New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Ancillary Facilities, Carpark	13 Jul 2014 to 13 Jul 2014	Office, Commercial, Carpark	—	10,727	2005-2013	0	—	—	—	—	113,000 ⁽⁶⁾	70,100 ⁽⁶⁾	
102	Beijing New View Garden	Beijing Chong Wan New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Ancillary Facilities, Carpark	27 Aug 2014 to 27 Aug 2014	Residential, Commercial, Ancillary Facilities, Carpark	58,275 ⁽⁶⁾	22,651	2001-2013	154	—	17,60	105.28	494.55	253,500	177,10	
103	Beijing New View Commercial Centre	Beijing Chong Wan New World Properties Development Co., Ltd.	Beijing	Dongcheng	Commercial, Office	30 Aug 2014 to 30 Aug 2014	Commercial, Office, Carpark	7,348	3,0653	2017	159	—	59.99	138.48	770.85	468,800	327,60	
104	Beijing Xin Ya Commercial Centre	Beijing Chong Wan New World Properties Development Co., Ltd.	Beijing	Dongcheng	Commercial, Office	30 Aug 2014 to 30 Aug 2014	Commercial, Ancillary Facilities, Carpark	24,574	113,295	2017	550	—	449.85	123.04	3,523.83	2,806,000	1,994.20	
105	Beijing Zheqian Commercial Building	Beijing Chong Wan Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office, Ancillary Facilities, Storage, Carpark	9 Apr 2018 to 9 Apr 2018	Office	—	5,552	2002	0	—	—	—	—	107,700	74.90	
106	Various Positions of Beijing World Centre Phase I	Beijing Chong Wan Real Estate Development Co., Ltd.	Beijing	Dongcheng	Composite	31 Mar 2014	Residential	—	592	2000	0	—	—	—	15.40	70,000 ⁽⁶⁾	10.78	
107	Beijing Taha Apartment	Beijing Chong Wan Real Estate Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial, Office	8 Nov 2003 to 8 Nov 2003	Residential, Office	—	1,978	2002	0	—	—	—	—	47,900	33.53	
108	Beijing Yuhang Project	Beijing New World Hantai Real Estate Development Co., Ltd.	Beijing	Shunyi	Residential, Commercial, Composite	2 Dec 2010 to 2 Dec 2010	Residential, Commercial, Office, Carpark	120,702 ⁽⁶⁾	136,229	1997-2017	0	6,584	179.85	378.30	419.80	2,353.46	2,467.84	2,000.88

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ^(a) (sq m)	GFA ^{(a)(b)} (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Pre-sale GFV ^(c) (RMB million)	Pre-sale Construction Cost Incurred (RMB million)	Outstanding Construction Cost (RMB million)	Development Value ^(d) As At 31 December 2015 (RMB million)	Market Value ^(e) in Existing State to the Group As At 31 December 2015 (RMB million)	Interest Attributable to the Group (RMB million)	
109	Commercial and Car Parking Porons of Beijing Yanying Building	Beijing Cheng Wan New World Properties Development Co., Ltd.	Beijing	Dongcheng	Commercial, Carpark	30 Aug 2014 to 30 Aug 2034	Commercial, Ancillary, Carpark	—	32,414	2013	176	—	—	—	66,200	70,000%	463,40	
110	Tangshan New World Centre	Tang Shan New World Property Development Co., Ltd.	Tangshan	Lunan	Residential, Commercial	4 Oct 2010 to 4 Oct 2080	Residential, Commercial, Ancillary Facilities, Carpark	—	210,638	2015	1,107	—	—	—	89,640	100.00%	896,00	
111	Langfang New World Centre	Lang Fang New World Properties Development Co., Ltd.	Langfang	Guangzhang	Residential, Commercial, Financial	27 Oct 2010 to 27 Oct 2080	Residential, Commercial, Office, Hotel, Ancillary Facilities, Carpark	93,598	300,048	2013-2016	1,053	30,216	260,536	456,72	1,580,16	1,972,00	100.00%	1,972,00
112	Car Parking Poron of Langfang New World Centre District B2	Lang Fang New World Properties Development Co., Ltd.	Langfang	Guangzhang	Residential, Commercial, Financial	27 Oct 2010 to 27 Oct 2080	Carpark	—	1,751	2014	127	—	—	—	10,80	100.00%	10,80	
113	Car Parking Poron of Langfang New World Centre District C1	Lang Fang New World Properties Development Co., Ltd.	Langfang	Guangzhang	Residential, Commercial, Financial	27 Oct 2010 to 27 Oct 2080	Carpark	—	24,888	2015	1,020	—	—	—	86,70	100.00%	86,70	
114	Langfang New World Garden	Lang Fang Xin Zhong Properties Development Co., Ltd.	Langfang	Guangzhang	Residential	27 Oct 2010 to 27 Oct 2080	Residential, Commercial, Ancillary Facilities, Carpark	133,816 ^(b)	367,200	2017	1,730	28,395	22,402	449,78	2,306,54	1,286,00	100.00%	1,286,00
115	Tianjin Gierous Place	Tianjin New World Properties Development Co., Ltd.	Tianjin	Heping	Residential, Commercial, Serviced Apartment	17 Dec 2016 to 17 Dec 2076	Residential	—	100,016	2014	0	2,681	59,21	—	19,120	100.00%	191,20	
116	Tianjin Jin Mao Plaza	Tianjin New World Properties Development Co., Ltd.	Tianjin	Heping	Commercial	25 Oct 2014	Commercial	—	2,117	2009	0	—	—	—	44,900	100.00%	44,90	
117	Wuhan Tazui Lake Mengbu Garden	Wuhan Xinhua Development Co., Ltd.	Wuhan	Jiangnan	Residential	19 Dec 2015	Residential, Commercial	332,311 ^(b)	53,607	2016-2017	0	18,821	19,421	106,14	634,14	529,000	100.00%	529,00
118	Wuhan Guangxin New World	New World Cosubank (Wuhan) Limited	Wuhan	Hongshan	Residential, Commercial, Finance	19 Apr 2010	Residential, Commercial, Office, Hotel, Carpark	132,937 ^(b)	397,707	2017	2,847	256	393	825,78	2,671,11	1,888,000	100.00%	1,888,00
119	Unsold portion of Wuhan New World Centre	New World Development (Wuhan) Co., Ltd.	Wuhan	Hanou	Residential, Commercial	18 Jul 2011 to 18 Jul 2071	Office	—	52,819	2007-2008	0	21,657	40,066	—	92,980	100.00%	929,80	

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽²⁾ (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Pre-sale GF ⁽³⁾ (RMB million)	Pre-sale Construction Cost Incurred (RMB million)	Outstanding Construction Cost (RMB million)	Development Value ⁽⁴⁾ As At 31 December 2015 (RMB million)	Market Value ⁽⁵⁾ in Existing State to the Group As At 31 December 2015 (RMB million)	Interest Attributable to the Group (RMB million)	
120	Wuhan New World Centre Phase III	New World Development (Wuhan) Co., Ltd.	Wuhan	Haidou	Commercial	2 May 2013	Commercial, Office, Carpark	18,812	140,969	2018	907	—	331.50	233.45	1,183.00	1,183.00	100.00%	
121	Wuhan New World • Times	New World Real Estate (Wuhan) Co., Ltd	Wuhan	Qiankou	Residential, Commercial, Educational	29 Jun 2015 to 29 Jun 2015	Residential, Commercial, Carpark	133,547 ⁽⁶⁾	669,446	2017-2018	5,375	—	66.73	3,397.50	10,273.13	3,906.00	100.00%	
122	Changsha La Vie New World	Hunan Success New Century Investment Company Limited	Changsha	Yuhua	Residential, Commercial, Kindergarten, Composite	16 Feb 2014	Residential, Commercial, Carpark	375,510 ⁽⁶⁾	710,136	2009-2019	5,539	—	294.89	1,427.04	4,063.24	1,701,000 ⁽⁶⁾	47.50%	
123	Guangzhou Dong Yi Garden	Guangzhou Xin Hui Chen Real Estate Co., Ltd.	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment, Other	29 May 2018 to 29 Sep 2018	Residential, Commercial, Office, Carpark	61,784 ⁽⁶⁾	412,366	2017	243	—	113.23	78.11	653.12	454.70	100.00%	
124	Guangzhou Central Park-view	Guangzhou Xin Yi Development Limited	Guangzhou	Tianhe	Residential, Commercial, Tourism, Entertainment, Other	7 Jun 2019 to 7 Jun 2019	Residential	—	30,200	2011-2012	0	2.05	143.67	—	2,059.00	98.50%		
125	Guangzhou Covent Garden	Guangzhou Feng Chen New World Property Development Co., Limited	Guangzhou	Lwan	Residential, Commercial, Other	20 Jun 2019 to 29 Dec 2019	Residential, Commercial, Ancillary Facilities, Carpark	311,652 ⁽⁶⁾	800,416	2011-2017	505	110,622	2,450.08	13,135.30	3,211.12	14,943.17	8,121.00	100.00%
126	Guangzhou Concord New World Garden	Concord Properties Holding (Guangzhou) Limited	Guangzhou	Tianhe	Composite	12 Apr 2019 to 12 Apr 2019	Carpark	—	25	2016	2	—	—	—	0.40	40.00%	0.16	
127	Guangzhou Park Paradise Phase 2, 4 and remaining phases	Guangzhou Jitan Zhong New World City Garden Management Co., Ltd., Guangzhou Yan Sai Tourism Centre Ltd.	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2019 to 22 Jun 2019	Residential, Commercial, Office, Carpark	90,846 ⁽⁶⁾	353,666	2002-2019	2,442	3,619	82.59	199.28	1,245.71	5,238.10	3,137.60	100.00%
128	Guangzhou Xiazang New World Garden	Guangzhou Hemei Real Estate Development Co., Ltd., Guangzhou Huiyuan Real Estate Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2015 to 29 Dec 2014	Residential	—	31,604	2005-2015	0	5.95	69.25	—	34.300	62.50%	214.38	
129	Guangzhou Park Paradise Area 6	Guangzhou Yoo Real Estate Development Co., Ltd.	Guangzhou	Baiyun	Residential, Commercial, Other	22 Jun 2019 to 22 Jun 2019	Residential	—	65,599	2014-2015	0	18,290	526.60	—	1,709.00	1,709.00	100.00%	
130	Shenzhen New World Signature Hill	Shenzhen Top One Real Estate Development Co., Ltd.	Shenzhen	Baoan	Residential	16 Sep 2017	Residential	—	44,452	2014	0	39,256	2,801.52	—	3,500.00	100.00%	3,500.00	
131	Shenzhen New World Yee Shan Garden	Shenzhen Jopping Real Estate Development Co., Ltd.	Shenzhen	Yuanan	Residential, Commercial	1 Aug 2019	Residential, Ancillary Facilities	—	94,988	2003-2015	0	87.674	3,872.47	—	4,215.00	4,215.00	100.00%	

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽²⁾ (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Pre-sale GF ⁽³⁾ (RMB million)	Pre-sale Construction Cost Incurred (RMB million)	Outstanding Construction Cost (RMB million)	Value ⁽⁴⁾ As At 31 December 2015 (RMB million)	Market Value ⁽⁵⁾ in Existing State to the Group As At 31 December 2015 (RMB million)	Interest Attributable to the Group (RMB million)	
132	Zhaogang New World Garden	Zhaogang New World Property Development Limited	Zhaogang	Duanzhou	Residential, Commercial	24 Dec 2038 to 24 Dec 2068	Residential, Commercial	131,347 ⁽⁶⁾	93,978	2005-2016	363	25,209	43032	16916	53188	61900	100.00%	
133	Portion of Canton First Estate	Foshan Da Hui Real Estate Development Co., Ltd., Guangzhou Country Club Development Co., Ltd., Foshan Country Club Co., Ltd.	Foshan	Nanhai Gaotian	Residential	26 Jun 2004 to 30 Jul 2010	Residential, Commercial, Carpark, Hotel	1,115,811	1,403,025	2014-2018	1,637	47,731	59094	1,954,09	4,298,64	12,072,66	5,157,00 ⁽⁷⁾	84,80%
134	Huzhou Changshiyuan	Huzhou New World Housing Development Limited	Huzhou	Huicong	Residential	2 Mar 2045 to 10 Jun 2016	Residential, Commercial	212,705	93,900	2020	690	—	1,26	251,40	524,82	5600	62,50%	
135	Car Parking Portion of Shanghai Zhongshan Square	Shanghai Trio Property Development Co., Ltd.	Shanghai	Changyang	Residential	22 Jun 2064	Carpark	—	24,889	1999	413	—	—	—	103,25	100.00%		
136	Shenyang New World Garden	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Residential, Commercial, Office, Carpark, Ancillary facilities	1,742,000 ⁽⁸⁾	1,509,466	2006-2018	5,428	16,547	19,574	4,267,93	12,021,34	5,183,800	100.00%	
137	Shenyang New World Commercial Centre	Shenyang New World Yin Hai Properties Co., Ltd.	Shenyang	Heping	Commercial	9 Jun 2049 to 26 Jun 2053	Residential, Commercial, Office, Carpark, Ancillary facilities	14,470 ⁽⁹⁾	130,680	2012-2018	268	—	67,95	354,11	1,509,56	1,248,800	100.00%	
138	Residential and Office Portion of Shenyang New World Centre	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Residential, Office	196,462 ⁽¹⁰⁾	588,857	2016-2020	0	—	2,281,13	2,548,77	8,532,06	3,494,000	100.00%	
139	Dalian New World Plaza	Dalian New World Plaza International Co., Ltd.	Dalian	Zhongshan	Residential	26 Jul 2004	Office	—	479	2004	0	—	—	—	550	88,00%		
140	Dalian New World Tower	Dalian New World Tower Co., Ltd.	Dalian	Zhongshan	Commercial, Residential	15 Sep 2048 to 25 Mar 2064	Residential	—	44,701	2015	0	—	—	—	754,000	100.00%		
141	Shunde New World Centre	Foshan Shunde Shanyang Real Estate Company Limited	Shunde	Daling	Residential, Commercial	Aug 2006	Residential	—	9618	2010	0	—	—	—	71,000	42,20%		
142	Zhuhai Jia Hui New World	Zhuhai New World Housing Development Limited	Zhuhai	Jiawan	Residential, Commercial	3 Mar 2042 to 3 Mar 2072	Commercial, Carpark	—	61,83	2013	346	—	—	—	42,000	100.00%		
143	Aoshan New World Garden	New World (Aoshan) Property Development Co., Ltd.	Aoshan	Gaotian	Residential, Commercial	5 Jun 2078 to 7 May 2084	Residential, Commercial, Carpark, Ancillary facilities	134,275 ⁽¹¹⁾	920,637	2016-2024	4,532	18,729	10,139	1,944,18	5,252,78	1,821,000	100.00%	

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽²⁾ (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Pre-sale GFA ⁽¹⁾ (sq m)	Pre-sale Construction Cost Incurred (RMB million)	Outstanding Construction Cost (RMB million)	Development Value ⁽³⁾ As At 31 December 2015 (RMB million)	Market Value ⁽⁴⁾ in Existing State As At 31 December 2015 (RMB million)	Interest Attributable to the Group (RMB million)	Market Value ⁽⁴⁾ in Existing State Attributable to the Group (RMB million)
144	Jinan Sunshine Garden	Jinan New World Sunshine Development Ltd.	Jinan	Huangyan	Residential, Public Facilities	Residential, Office, Hotel, Carpark, Auxiliary facilities	13,668	114,722	2008-2016	832	—	237,24	79,59	736,43	852,00	100,00%	852,00
145	Ningbo New World Ningbo Xinyi Real Estate Plaza	Ningbo Xinyi Real Estate Co. Ltd., Ningbo Gongtu Properties Co. Ltd	Ningbo	Jiangdong	Residential, Commercial, Cultural and Entertainment	Residential, Commercial, Office, Hotel, Carpark, Auxiliary facilities	79,081 ⁽²⁾	826,977	2020	3,894	—	339,50	4,001,06	14,149,39	5,992,00	49%	2,740,08
							10,545,006			42,100	539,587	12,566,11	107,664,50	70,521,109			63,972,56

Notes:

- (1) All areas stated are approximations.
- (2) The GFA has included the gross floor area of car parking portion of the property, if any.
- (3) The site area mentioned refers to the total site area of the whole development of the property.
- (4) All values stated are approximations.
- (5) Portion of the property with a gross floor area of approximately 8,116.00 sq m is erected on allocated land and we have roughly estimated the land premium required of RMB104,000,000 for converting the land use rights from allocated to granted. During the course of our valuation, we have valued such portion of the property by assuming that the aforesaid conversion of land use rights to granted has been completed and have taken into account of the land premium in our valuation.
- (6) Pursuant to a participation agreement dated 11 September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly owned subsidiary of New World Development Limited. Solar Leader has a participating interest representing 50% of the total interest in this property project.
- (7) According to the Group's specific terms of instruction, we have taken into account the outstanding land costs of the property of approximately RMB83,901,000 in our valuation.

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Group V — Land and Buildings held by the Group for owner-occupation/operation in the PRC
Valuation Summary as at 31 December 2015

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽¹⁾⁽²⁾ (sq m)	Completion Date	No. of Car Parking Spaces	Market Value ⁽³⁾ in Existing State As At 31 December 2015 (RMB million)	Interest Attributable to the Group 31 December 2015 (RMB million)	Market Value ⁽³⁾ in Existing State Attributable to the Group As At 31 December 2015 (RMB million)
146	Golf Course Portion of Canton First Estate	Foshan Country Club Co., Ltd.	Foshan	Nanhai Gaotai	Golf Course and Ancillary service	17 Mar 2033 to 27 Jan 2034	Golf Course	1,833,421	5,543	1997	0	194.00	84.80%	164.51
147	Various Portions of Tianjin Xin An New World Plaza	New World Anderson Development Company Limited, Tianjin Xin Gang Development Co., Ltd.	Tianjin	Nankai	Commercial	20 Jul 2045	Commercial, Office	—	3,643	1997	0	33.00	100.00%	33.00
148	Office Portion of Wuhan New World International Trade Tower 1	New World Development (Wuhan) Co., Ltd.	Wuhan	Jianghan	Commercial	6 Nov 2042	Office	—	4,242	2006	0	62.20	100.00%	62.20
149	Office Portion of Shanghai Hong Kong New World Tower	Shanghai New World Hai Property Development Co., Ltd.	Shanghai	Huangpu	Composite	1 Dec 2044	Office	—	3,704	2002	0	189.50	50.00%	94.75
150	Office Portion of Guangzhou Xintang New World Garden	Guangzhou Hemsell Real Estate Development Co., Ltd.	Guangzhou	Zengcheng	Residential, Commercial	9 Apr 2063 to 29 Dec 2074	Office	—	1,326	2007	0	10.00	62.50%	6.25
151	Office Portion of Jinan Sunshine Garden	Jinan New World Sunshine Development Ltd.	Jinan	Huaiyin	Public facilities, Residential	6 Jun 2041 to 6 Jun 2071	Office	—	2,806	2008	0	25.50	100.00%	25.50
152	Office and Car Parking Portion of Shenyang New World Garden	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Office, Carpark	—	24,792	2000-2010	25	137.00	100.00%	137.00
153	Retail Portion of Anshan New World Garden	New World (Anshan) Property Development Co., Ltd.	Anshan	Gaoxin	Residential, Commercial	5 Jun 2048 to 7 May 2084	Office	—	3,264	2011-2013	0	16.00	100.00%	16.00

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽¹⁾⁽²⁾ (sq m)	Completion Date	No. of Parking Spaces	Market Value ⁽³⁾ in Existing State As At 31 December 2015 (RMB million)	Interest Attributable to the Group	Market Value ⁽³⁾ in Existing State Attributable to the Group As At 31 December 2015 (RMB million)
154	Office Portion of Langfang New World Centre	Lang Fang New World Properties Development Co., Ltd.	Langfang	Guangyang	Commercial, Financial, Residential	27 Oct 2050 to 27 Oct 2080	Office	—	2,102	2015	0	18.90	100.00%	18.90
155	Office and Retail Portion of Tangshan New World Centre	Tang Shan New World Property Development Co., Ltd.	Tangshan	Lanan	Residential, Commercial	4 Oct 2050 to 4 Oct 2080	Commercial, Office	—	1,533	2015	0	16.30	100.00%	16.30
								52,955			25	702.40		574.41

Notes:

- (1) All areas stated are approximations.
- (2) The GFA has included the gross floor area of car parking portion of the property, if any.
- (3) All values stated are approximations.

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Group VI — Assets Under Construction held by the Group in the PRC
Valuation Summary as at 31 December 2015

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽¹⁾⁽²⁾ (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Construction Incurred Cost (RMB million)	Outstanding Construction Cost (RMB million)	Gross Development Value ⁽³⁾ As at 31 December 2015 (RMB million)	Market Value ⁽⁴⁾ in Existing State Attributable to the Group as at 31 December 2015 (RMB million)	Interest Attributable to the Group as at 31 December 2015 (RMB million)
156	New World Guangzhou Hotel	Guangzhou Jitian Zhang New World City Garden Development Limited, Guangzhou Xin Sui Tourism Centre Ltd.	Guangzhou	Baiyun	Residential, Commercial, Tourism, Entertainment, Other	22 Jun 2039 to 22 Jun 2069	Hotel	90,844 ⁽¹⁾	80,798	2017	279	101.37	782.46	1,352.05	175.00	100.00%
157	Convention Centre Shenyang New World Centre	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Convention Centre	196,462 ⁽¹⁾	119,475	2016	0	1,203.11	230.59	2,007.18	1,468.00	100.00%
158	New World Shenyang Hotel	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Hotel	196,462 ⁽¹⁾	93,412	2016	0	1,006.47	67.76	1,494.59	1,201.00	100.00%
159	pentahotel Shenyang	New World (Shenyang) Property Development Limited	Shenyang	Heping	Composite	8 Jun 2048	Hotel	196,462 ⁽¹⁾	40,225	2016	0	261.68	19.90	402.25	329.00	100.00%
								<u>333,910</u>			<u>279</u>		<u>5,256.07</u>	<u>3,173.00</u>		

Notes:

- (1) All areas stated are approximations.
- (2) The GFA has included the gross floor area of car parking portion of the property, if any.
- (3) The site area mentioned refers to the total site area of the whole development of property.
- (4) All values stated are approximations.

APPENDIX III SUMMARY OF PROPERTY VALUATION OF THE NWCL GROUP

Group VII — Contracted properties held by the Group in the PRC
Valuation Summary as at 31 December 2015

Property No.	Property Name	Holding Entity	City	District	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area ⁽¹⁾ (sq m)	GFA ⁽¹⁾⁽²⁾ (sq m)	Date of Completion of Construction	No. of Car Parking Spaces	Construction Cost Incurred (RMB million)	Outstanding Construction Cost (RMB million)	Gross Development Value ⁽³⁾ As At 31 December 2015 (RMB million)	Market Value ⁽⁴⁾ in Existing State As At 31 December 2015 (RMB million)	Interest Attributable to the Group (RMB million)	Market Value ⁽⁴⁾ in Existing State Attributable to the Group As At 31 December 2015 (RMB million)
160	Beijing Xin Yu Garden	Beijing Chong Wen-New World Properties Development Co., Ltd.	Beijing	Dongcheng	Residential, Commercial	7 Jul 2046 to 7 Jul 2076	Commercial	443,239 ⁽¹⁾	799,987	N/A	2,394	244.15	4,173.80	35,878.63	12,419.00 ⁽⁵⁾	70.00%	8,693.30 ⁽⁵⁾
								799,987			2,394			35,878.63	12,419.00		8,693.30

Notes:

- (1) All areas stated are approximations.
- (2) The GFA has included the gross floor area of car parking portion of the property, if any.
- (3) The site area mentioned refers to the total site area of the whole property development.
- (4) All values stated are approximations.
- (5) According to the Group's specific terms of instruction, we have taken into account the outstanding demolition, relocation and compensation costs of the property of approximately RMB7,686,433,000 in our valuation.

APPENDIX IV GENERAL INFORMATION OF NWD AND THE OFFEROR**1. RESPONSIBILITY STATEMENT**

The issue of this Composite Document has been approved by the directors of NWD, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the NWCL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the NWCL Group or the NWCL Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The issue of this Composite Document has been approved by the directors of the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the NWCL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the NWCL Group or the NWCL Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS IN NWCL'S SECURITIES

For the purpose of paragraphs 2 and 3 in this Appendix IV to this Composite Document, "interested" has the same meaning as ascribed to that term in Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed in the section headed "*Shareholding Structure of NWCL and the Offers*" in "Letter from HSBC" in this Composite Document:

- (a) the Offeror did not own any NWCL Shares, NWCL Options or convertible securities, warrants, options or derivatives in respect of NWCL Shares;
- (b) no director of the Offeror was interested in any NWCL Shares, NWCL Options or convertible securities, warrants, options or derivatives in respect of NWCL Shares; and
- (c) no Offeror Concert Party owned or controlled any NWCL Shares, NWCL Options or convertible securities, warrants, options or derivatives in respect of NWCL Shares.

3. DEALINGS IN NWCL'S SECURITIES

During the Relevant Period, neither NWD nor the Offeror had dealt for value in any NWCL Shares, NWCL Options or convertible securities, warrants, options or derivatives in respect of NWCL Shares.

APPENDIX IV GENERAL INFORMATION OF NWD AND THE OFFEROR

During the Relevant Period, certain Offeror Concert Parties had dealt for value in NWCL Options, the particulars of which are as follows:

Dealings in NWCL Options

Name	Date of grant	Exercisable period	Number of NWCL Options	Number of NWCL Shares under the NWCL Options	Exercise price per NWCL Option (HK\$)	Date of exercise of NWCL Options	Total exercise price paid (HK\$)
Dr. Cheng Kar-Shun, Henry	18 January 2011	19 February 2011 to 18 February 2016	2,077,922	2,077,922	3.036	15 January 2016	6,308,571.19
Mr. Cheng Kar-Shing, Peter	18 January 2011	19 February 2011 to 18 February 2016	831,169	831,169	3.036	15 January 2016	2,523,429.08
Dr. Cheng Chi-Kong, Adrian	18 January 2011	19 February 2013 to 18 February 2016	935,066	935,066	3.036	15 January 2016	2,838,860.38
Mr. Lee Luen-Wai, John	18 January 2011	19 February 2011 to 18 February 2016	311,688	311,688	3.036	15 January 2016	946,284.77

Save for the above, during the Relevant Period, none of the Offeror Concert Parties had dealt for value in any NWCL Shares, NWCL Options or convertible securities, warrants, options or derivatives in respect of NWCL Shares.

APPENDIX IV GENERAL INFORMATION OF NWD AND THE OFFEROR**4. ARRANGEMENTS IN CONNECTION WITH THE OFFERS**

As at the Latest Practicable Date,

- (a) none of the existing NWCL Directors had been given any benefit as compensation for loss of office or otherwise in connection with the Offers;
- (b) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any Offeror Concert Parties and any of the NWCL Directors or recent NWCL Directors, NWCL Shareholders or recent NWCL Shareholders having any connection with or was dependent upon the outcome of the Offers (except for any Deed of Undertaking executed by any of such persons who were also NWCL Optionholders);
- (c) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between the Offeror or any Offeror Concert Parties and any other person;
- (d) no person who owned or controlled NWCL Shares, NWCL Options or convertible securities, warrants, options or derivatives in respect of NWCL Shares had irrevocably committed themselves to the Offeror or NWD to accept or reject the Offers;
- (e) there were no NWCL Shares, NWCL Options or convertible securities, warrants, options or derivatives in respect of NWCL Shares which the Offeror or any Offeror Concert Parties had borrowed or lent, save for borrowed securities (if any) which have been either on-lent or sold;
- (f) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Offers; and
- (g) the Offeror had no intention to transfer, charge or pledge any NWCL Shares acquired pursuant to the Offers to any other persons and had no agreement, arrangement or understanding with any third party to do so.

5. MISCELLANEOUS

- (a) The Offeror is a company incorporated in Hong Kong with limited liability on 6 October 1970 and is a wholly owned subsidiary of NWD. The registered office of the Offeror is 30th Floor, New World Tower, 16–18 Queen's Road Central, Hong Kong.

APPENDIX IV GENERAL INFORMATION OF NWD AND THE OFFEROR

- (b) The directors of the Offeror are:

Dr. Cheng Kar-Shun, Henry
Mr. Chen Guanzhan
Mr. Au Tak-Cheong

- (c) NWD is a company incorporated in Hong Kong with limited liability on 29 May 1970. The registered office of NWD is 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong. The ultimate controlling shareholders of NWD and the Offeror are Cheng Yu Tung Family (Holdings) Limited ("CYTF") and Cheng Yu Tung Family (Holdings II) Limited ("CYTFII"). The directors of both CYTF and CYTFII are Dato' Dr. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry, Mrs. Sun Cheng Lai-Ha, Cecilia, Mrs. Doo Cheng Sau-Ha, Amy and Mr. Cheng Kar-Shing, Peter. The registered offices of CYTF and CYTFII are both located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

- (d) The directors of NWD are:

Executive Directors:

Dr. Cheng Kar-Shun, Henry
Dr. Cheng Chi-Kong, Adrian
Mr. Chen Guanzhan
Ms. Ki Man-Fung, Leonie
Mr. Cheng Chi-Heng
Ms. Cheng Chi-Man, Sonia
Mr. Au Tak-Cheong

Non-executive Directors:

Mr. Doo Wai-Hoi, William
Mr. Cheng Kar-Shing, Peter

Independent Non-executive Directors:

Mr. Yeung Ping-Leung, Howard
Mr. Cha Mou-Sing, Payson
(alternate director to Mr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor)
Mr. Ho Hau-Hay, Hamilton
Mr. Lee Luen-Wai, John
Mr. Liang Cheung-Biu, Thomas

- (e) The registered office of HSBC is situated at 1 Queen's Road Central, Hong Kong.

APPENDIX V

GENERAL INFORMATION OF NWCL

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the NWCL Group.

The information contained in this Composite Document relating to the NWCL Group has been supplied by NWCL. The NWCL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the NWD Group and the Offeror Concert Parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the NWD Group and the Offeror Concert Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF NWCL

As at the Latest Practicable Date:

- (a) the authorised share capital of NWCL was HK\$3,000,000,000.00 divided into 30,000,000,000 NWCL Shares;
- (b) the issued share capital of NWCL was approximately HK\$870,167,175.40 divided into 8,701,671,754 NWCL Shares;
- (c) NWCL had issued 12,902,197 new NWCL Shares pursuant to the exercise of the NWCL Options since 30 June 2015, being the end of the last financial year of NWCL;
- (d) all of the NWCL Shares ranked *pari passu* in all respects as regards rights to capital, dividends and voting;
- (e) there were 25,544,661 NWCL Options. As set out in the table setting out the exercise price applicable to each NWCL Option in the section headed “*Option Offer*” in the “Letter from HSBC” in this Composite Document, if any NWCL Option is vested and is exercised in accordance with the terms of the NWCL Share Option Schemes prior to the Closing Date, any NWCL Shares issued as a result of the exercise of such NWCL Options prior to the Closing Date will be subject to and eligible to participate in the Share Offer. Pursuant to the terms of the NWCL Share Option Schemes, if the Share Offer becomes or is declared unconditional in all respects, the NWCL Optionholders shall be entitled to exercise the NWCL Options in full (to the extent not already exercised) at any time within 14 days following the date on which the Share Offer becomes or is declared unconditional in all respects. NWCL Options not exercised at the expiry of such 14-day period shall lapse; and
- (f) other than the NWCL Options, there are no other options, derivatives, warrants or other securities convertible or exchangeable into NWCL Shares which were issued by NWD, the Offeror or NWCL.

APPENDIX V

GENERAL INFORMATION OF NWCL

3. MARKET PRICES

The table below sets out the closing price of the NWCL Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing price for each NWCL Share (HK\$)
31 July 2015	4.78
31 August 2015	4.70
30 September 2015	4.59
30 October 2015	5.15
30 November 2015	5.32
31 December 2015 (Last Trading Day)	6.21
29 January 2016	7.51
24 February 2016 (Latest Practicable Date)	7.47

The lowest and highest closing market prices of NWCL Shares as quoted on the Stock Exchange during the Relevant Period were HK\$3.89 per NWCL Share on 8 July 2015 and HK\$7.66 per NWCL Share on 13 January 2016, respectively.

APPENDIX V

GENERAL INFORMATION OF NWCL

4. DISCLOSURE OF INTERESTS

For the purpose of this paragraph, “interested” and “interests” have the same meanings as ascribed to those terms in Part XV of the SFO.

(a) Long position in shares

As at the Latest Practicable Date, certain NWCL Directors had interests in NWCL Shares and/or NWD Shares, the particulars of which are as follow:

	Number of shares			Total	Percentage of the relevant issued share capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
NWCL Shares					
Dr. Cheng Kar-Shun, Henry	2,077,922	—	—	2,077,922	0.02
Mr. Cheng Kar-Shing, Peter	1,587,130	—	—	1,587,130	0.02
Dr. Cheng Chi-Kong, Adrian	935,066	—	—	935,066	0.01
Mr. Fong Shing-Kwong, Michael	2,134,376	—	—	2,134,376	0.02
Ms. Ngan Man-Ying, Lynda	1,038,961	—	—	1,038,961	0.01
Dr. Cheng Wai-Chee, Christopher	699,136	—	—	699,136	0.01
Hon. Tien Pei-Chun, James	699,136	—	—	699,136	0.01
Mr. Lee Luen-Wai, John	699,136	—	—	699,136	0.01
NWD Shares					
Dr. Cheng Kar-Shun, Henry	—	600,000	—	600,000	0.01
Mr. Cheng Kar-Shing, Peter	—	506,545	—	506,545	0.01
Mr. Fong Shing-Kwong, Michael	213,182	—	—	213,182	0.00

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GENERAL INFORMATION OF NWCL

(b) Long position in underlying shares

NWD

As at the Latest Practicable Date, certain NWCL Directors had personal interests in share options to subscribe for NWD Shares under the share option scheme of NWD, and are accordingly regarded as interested in the underlying NWD Shares, the particulars of which are as follows:

Name	Date of grant	Exercisable period <i>note</i>	Number of share options	Exercise price per share <i>HK\$</i>
Dr. Cheng Kar-Shun, Henry	19 March 2012	1	10,675,637	9.152
Mr. Cheng Kar-Shing, Peter	19 March 2012	1	533,779	9.152
Dr. Cheng Chi-Kong, Adrian	19 March 2012	1	3,736,471	9.152
Ms. Cheng Chi-Man, Sonia	19 March 2012	1	3,202,688	9.152
Mr. Fong Shing-Kwong, Michael	19 March 2012	2	919,680	9.152
Mr. Lee Luen-Wai, John	19 March 2012	1	533,779	9.152

Notes:

- Divided into 4 tranches, exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015, respectively to 18 March 2016.
- Divided into 2 tranches, exercisable from 19 March 2014 and 19 March 2015, respectively to 18 March 2016.

(c) Long position in debentures

NWCL

As at the Latest Practicable Date, certain NWCL Directors had interests in the debentures issued by NWCL, the particulars of which are as follows:

Name	Amount of debentures issued by NWCL				Percentage of the total debentures in issue as at the Latest Practicable Date
	Personal interests <i>RMB</i>	Family interests <i>RMB</i>	Corporate interests <i>RMB</i>	Total <i>RMB</i>	
Mr. Cheng Kar-Shing, Peter	—	12,256,000 ¹	16,000,000 ²	28,256,000	0.30
Mr. Fong Shing- Kwong, Michael	12,256,000 ¹	—	—	12,256,000	0.13
Mr. Ip Yuk-Keung, Albert	—	3,064,000 ¹	—	3,064,000	0.03

APPENDIX V

GENERAL INFORMATION OF NWCL

Notes:

1. These debentures were issued in USD and have been translated into RMB using the rate of USD1=RMB6.128.
2. These debentures are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.

(d) Short position in NWCL Shares

As at the Latest Practicable Date, MLAP (together with any entity that is controlling, controlled by, or under the same control as MLAP, but excluding exempt principal traders) had interests in NWCL Shares, the particulars of which are as follows:

<u>Name</u>	<u>Number of NWCL Shares</u>	<u>Percentage of the relevant issued share capital as at the Latest Practicable Date</u>
Bank of America, N.A.	544,000	0.006%

Notes:

1. Prior to commencement of the Offer Period, Bank of America, N.A., entered into an equity swap through an ISDA Master Agreement with a US-based client. The shares underlying the swap are 544,000 NWCL Shares. To hedge its exposure under the swap, Bank of America, N.A. entered into a back-to-back equity swap arrangement with Merrill Lynch International which has an exempt principal trader status, referencing the 544,000 NWCL Shares, and Merrill Lynch International has purchased the equivalent number of NWCL Shares, which it holds as beneficial owner.
2. The maturity date of the equity swap between Bank of America, N.A. and the US-based client is 19 June 2017. The swap agreements involve 9 further derivative positions.
3. The reference prices for the 9 derivative positions (and the relevant quantity of NWCL Shares referenced) are set out in the table below:

<u>Ticker</u>	<u>Quantity</u>	<u>Reference Price HK\$</u>
0917.HK	456,000	5.7
0917.HK	8,000	5.636627
0917.HK	12,000	5.967015
0917.HK	16,000	5.859388
0917.HK	16,000	6.197286
0917.HK	20,000	5.995048
0917.HK	20,000	5.946991
0917.HK	2,000	6.217309
0917.HK	-6,000	6.182714

4. For clarity, the “-6,000” in the last line of the table at note 3 above represents a reduction in the overall derivative position by 6,000 NWCL Shares.

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GENERAL INFORMATION OF NWCL

Confirmations

Except as disclosed in this section headed “*Disclosure of Interests*” in this Appendix V, as at the Latest Practicable Date:

- (a) neither NWCL nor any of the NWCL Directors was interested in any NWD Shares or the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of NWD Shares or shares of the Offeror;
- (b) none of the NWCL Directors was interested in any NWCL Shares or any convertible securities, warrants, options or derivatives in respect of NWCL Shares;
- (c) no subsidiary of NWCL, or any pension fund of NWCL or of any other member of the NWCL Group or any adviser to NWCL as specified in class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders) owned or controlled any NWCL Shares or any convertible securities, warrants, options or derivatives in respect of NWCL Shares;
- (d) neither NWCL nor any person who is its associate by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;
- (e) none of the non-exempt discretionary fund managers and principal traders connected with NWCL owned or controlled any NWCL Shares or any convertible securities, warrants, options or derivatives in respect of NWCL Shares; and
- (f) neither NWCL nor any of the NWCL Directors had borrowed or lent any NWCL Shares or any convertible securities, warrants, options or derivatives in respect of NWCL Shares.

Each of the NWCL Directors who had a beneficial holding in NWCL Shares had indicated that he/she intended to accept the Share Offer in respect of his/her own beneficial ownership in such NWCL Shares.

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GENERAL INFORMATION OF NWCL

5. DEALINGS IN NWD SHARES, SHARES OF THE OFFEROR, NWCL SHARES AND NWCL OPTIONS

During the Relevant Period, certain NWCL Directors had dealt for value in NWCL Options, the particulars of which are as follows:

Dealings in NWCL Options

Name	Date of grant	Exercisable period	Number of NWCL Options	Number of NWCL Shares under the NWCL Options	Exercise price per NWCL Option (HK\$)	Date of exercise of NWCL Options	Total exercise price paid (HK\$)
Dr. Cheng Kar-Shun, Henry	18 January 2011	19 February 2011 to 18 February 2016	2,077,922	2,077,922	3.036	15 January 2016	6,308,571.19
Mr. Cheng Kar-Shing, Peter	18 January 2011	19 February 2011 to 18 February 2016	831,169	831,169	3.036	15 January 2016	2,523,429.08
Dr. Cheng Chi-Kong, Adrian	18 January 2011	19 February 2013 to 18 February 2016	935,066	935,066	3.036	15 January 2016	2,838,860.38
Mr. Fong Shing-Kwong, Michael	18 January 2011	19 February 2013 to 18 February 2016	277,481	277,481	3.036	15 January 2016	842,432.32
Ms. Ngan Man-Ying, Lynda	18 January 2011	19 February 2011 to 18 February 2016	1,038,961	1,038,961	3.036	15 January 2016	3,154,285.60
Dr. Cheng Wai-Chee, Christopher	18 January 2011	19 February 2011 to 18 February 2016	311,688	311,688	3.036	15 January 2016	946,284.77
Hon. Tien Pei-Chun, James	18 January 2011	19 February 2011 to 18 February 2016	311,688	311,688	3.036	15 January 2016	946,284.77
Mr. Lee Luen-Wai, John	18 January 2011	19 February 2011 to 18 February 2016	311,688	311,688	3.036	15 January 2016	946,284.77

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GENERAL INFORMATION OF NWCL

Confirmations

During the Relevant Period, except as disclosed in this section headed “*Dealings in NWD Shares, Shares of the Offeror, NWCL Shares and NWCL Options*”:

- (a) neither NWCL nor any NWCL Director had dealt for value in any NWD Shares or the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of NWD Shares or shares of the Offeror; and
- (b) none of the NWCL Directors had dealt for value in any NWCL Shares or any convertible securities, warrants, options or derivatives in respect of NWCL Shares.

During the Offer Period and up to the Latest Practicable Date, except as disclosed in this section headed “*Dealings in NWD Shares, Shares of the Offeror, NWCL Shares and NWCL Options*”:

- (a) no subsidiary of NWCL, or any pension fund of NWCL or of any other member of the NWCL Group or any adviser to NWCL as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) had dealt for value in any NWCL Shares or any convertible securities, warrants, options or derivatives in respect of NWCL Shares; and
- (b) none of the non-exempt discretionary fund managers and principal traders connected with NWCL had dealt for value in any NWCL Shares or any convertible securities, warrants, options or derivatives in respect of NWCL Shares.

6. NWCL DIRECTORS’ SERVICE CONTRACTS

Save as disclosed in this section headed “*NWCL Directors’ Service Contracts*”, as at the Latest Practicable Date, none of the NWCL Directors had entered into any service contracts with NWCL or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of notice period, which has been entered into and amended within six months before the commencement of the Offer Period, or which are continuous contracts with a notice period of 12 months or more.

Name	Date of service contract	Expiry date of the service contract	Annual remuneration for the financial year ending 30 June 2016 (HK’000)
Dr. Cheng Kar-Shun, Henry	16 March 2015	31 March 2018	223 ⁽²⁾
Mr. Cheng Kar-Shing, Peter	16 March 2015	31 March 2018	2,113 ⁽³⁾

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Name	Date of service contract	Expiry date of the service contract	Annual remuneration for the financial year ending 30 June 2016 (HK'000)
Mr. Cheng Chi-Him, Conrad	1 December 2015	7 January 2019	1,649 ⁽³⁾⁽⁴⁾
Ms. Cheng Chi-Man, Sonia	1 December 2015	7 January 2019	4,117 ⁽³⁾⁽⁵⁾
Mr. Fong Shing-Kwong, Michael	16 March 2015	31 March 2018	2,143 ⁽³⁾
Mr. Ip Yuk-Keung, Albert	1 December 2015	27 December 2018	312 ⁽²⁾⁽⁶⁾

Notes:

- The service contracts of the above NWCL Directors do not contain any fixed or variable amount of remuneration. The remuneration of the above NWCL Directors will be reviewed by the remuneration committee of the NWCL Board and determined by the NWCL Board annually.
- The remuneration of such NWCL Director comprises a director's fee which, subject to authorisation given by the NWCL Shareholders in annual general meeting, is determined by the NWCL Board in December of the relevant financial year of NWCL and payable annually after the end of such financial year.
- The remuneration of such NWCL Director comprises (i) a director's fee which, subject to authorisation given by the NWCL Shareholders in annual general meeting, is payable annually after the end of the relevant financial year; and (ii) annual salary package payable over a 12-month period. Such NWCL Director is also entitled to a discretionary bonus to be determined by the remuneration committee of the NWCL Board. The annual remuneration of such NWCL Director for the financial year ending 30 June 2016 has not included any discretionary bonus which may be payable to such NWCL Director.
- The earlier service contract of this NWCL Director, which expired on 7 January 2016, did not contain any fixed or variable amount of remuneration. Such earlier service contract provided that the remuneration of this NWCL Director comprised an annual salary package (which would be reviewed annually by the remuneration committee of the NWCL Board) and he would be entitled to a discretionary bonus. In addition, subject to authorisation given by the NWCL Shareholders in annual general meeting, his annual director's fee would be determined by the NWCL Board annually. The aggregate annual remuneration paid to this NWCL Director for the financial year ended 30 June 2015 was HK\$1,824,000.
- The earlier service contract of this NWCL Director, which expired on 7 January 2016, did not contain any fixed or variable amount of remuneration. Such earlier service contract provided that the remuneration of this NWCL Director comprised an annual salary package (which would be reviewed annually by the remuneration committee of the NWCL Board) and she would be entitled to a discretionary bonus. In addition, subject to authorisation given by the NWCL Shareholders in annual general meeting, her annual director's fee would be determined by the NWCL Board annually. The aggregate annual remuneration paid to this NWCL Director for the financial year ended 30 June 2015 was HK\$4,950,000.
- The earlier service contract of this NWCL Director, which expired on 27 December 2015, did not contain any fixed or variable amount of remuneration. Such earlier service contract provided that subject to authorisation given by the NWCL Shareholders in annual general meeting, the annual director's fee of this NWCL Director would be determined by the NWCL Board annually. The aggregate annual remuneration paid to this NWCL Director for the financial year ended 30 June 2015 was HK\$297,000.

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GENERAL INFORMATION OF NWCL

7. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the NWCL Group were engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the NWCL Directors to be pending or threatened by or against any member of the NWCL Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) had been entered into by the NWCL Group after the date of two years before the Announcement Date and up to and including the Latest Practicable Date:

- (a) a subscription agreement dated 30 October 2014 among BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, Citigroup Global Markets Limited and Merrill Lynch International and NWCL relating to the establishment by NWCL of an US\$1,500 million medium term note programme and the issue by NWCL of US\$900 million 5.375% notes due 2019;
- (b) a sale and purchase agreement dated 3 July 2015 between NWDCL and Chow Tai Fook Enterprises Limited whereby NWDCL conditionally agreed to sell and Chow Tai Fook Enterprises Limited conditionally agreed to acquire the entire issued share capital of, and the outstanding shareholder's loans owing from, New World Hotel Management (BVI) Limited for a consideration of HK\$1,963 million;
- (c) a sale and purchase agreement dated 2 December 2015 entered into between NWDCL and Shengyu in relation to the disposal of the NWCL Group's interests in the property projects in Hankou, Wuhan city, Hubei province, the PRC for a total consideration of RMB3,800 million (subject to adjustment);
- (d) a sale and purchase agreement dated 2 December 2015 entered into between NWDCL and Shengyu in relation to the disposal of the NWCL Group's interests in the property projects in Huiyang, the PRC for a total consideration of RMB1,100 million (subject to adjustment);
- (e) a sale and purchase agreement dated 2 December 2015 entered into between NWDCL and Shengyu in relation to the disposal of the NWCL Group's interests in the property project in Haikou, the PRC for a total consideration of RMB8,600 million (subject to adjustment);
- (f) a subscription agreement dated 23 December 2015 entered into between (i) Sherson Limited, a wholly owned subsidiary of NWD, and Vivid China Investment Limited, a wholly owned subsidiary of NWCL, as purchasers and (ii) Evergrande as issuer, pursuant to which Sherson Limited and Vivid China Investment Limited agreed to subscribe for the perpetual securities issued by Evergrande in an aggregate principal amount of

APPENDIX V

GENERAL INFORMATION OF NWCL

US\$900 million, for a consideration of US\$450 million and US\$450 million, respectively, the details of which are disclosed in the joint announcements of NWD and NWCL dated 23 December 2015 and 29 December 2015;

- (g) a sale and purchase agreement dated 29 December 2015 entered into between NWDCL and Shengyu in relation to the disposal of the NWCL Group's interests in the property projects in Chengdu, the PRC for a total consideration of RMB2,000 million (subject to adjustment); and
- (h) a sale and purchase agreement dated 29 December 2015 entered into between NWDCL and Shengyu in relation to the disposal of the NWCL Group's interests in the property projects in Guiyang, the PRC for a total consideration of RMB5,300 million (subject to adjustment).

9. QUALIFICATIONS OF EXPERTS

The following are the qualifications of each of the experts who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document:

Name	Qualification
HSBC	a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the laws of Hong Kong)
Somerley	a licensed corporation which is permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Knight Frank	chartered professional surveyors and valuers

10. CONSENTS

Each of experts named in the section headed "*Qualifications of Experts*" above and MLAP as financial adviser to NWCL has given and has not withdrawn its written consents to the issue of this Composite Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

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GENERAL INFORMATION OF NWCL

11. MISCELLANEOUS

- (a) As at the Latest Practicable Date, none of the existing NWCL Directors had been given any benefit as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any NWCL Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers (except for any Deed of Undertaking executed by any of such persons who were also NWCL Optionholders).
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror or NWD in which any of the NWCL Directors has a material personal interest.
- (d) The registered office of NWCL is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The head office and principal place of business of NWCL in Hong Kong is 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong.
- (e) The principal share registrar of NWCL is Royal Bank of Canada Trust Company (Cayman) Limited at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (f) The Hong Kong branch share registrar and transfer office of NWCL is Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) As at the Latest Practicable Date, the board of the NWCL comprised (a) seven executive directors, namely Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia, Mr. Cheng Chi-Him, Conrad, Mr. Fong Shing-Kwong, Michael and Ms. Ngan Man-Ying, Lynda; and (b) four independent non-executive directors, namely Dr. Cheng Wai-Chee, Christopher, Hon. Tien Pei-Chun, James, Mr. Lee Luen-Wai, John and Mr. Ip Yuk-Keung, Albert.
- (h) The company secretary of NWCL is Ms. Ngan Man-Ying, Lynda, who is a Practising Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom.
- (i) The principal place of business of Somerley is 20/F, China Building, 29 Queen's Road Central, Hong Kong.

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GENERAL INFORMATION OF NWCL

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at (i) the office of NWCL located at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public holidays), (ii) on the website of NWCL at www.nwcl.com.hk and (iii) the website of the SFC at www.sfc.hk from 27 February 2016 until the earlier of: (i) the Closing Date; and (ii) the date on which the Offers are withdrawn or lapse, whichever is the earliest:

- (a) the memorandum and articles of association of NWCL;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports of NWCL for the two years ended 30 June 2015;
- (d) the unaudited interim results announcement of NWCL for the six months ended 31 December 2015;
- (e) the "Letter from HSBC", the text of which is set out on pages 13 to 34 of this Composite Document;
- (f) the "Letter from the NWCL Board", the text of which is set out on pages 35 to 39 of this Composite Document;
- (g) the "Letter from the NWCL Independent Board Committee", the text of which is set out on pages 40 and 41 of this Composite Document;
- (h) the "Letter from the NWCL Independent Financial Adviser", the text of which is set out on pages 42 to 78 of this Composite Document;
- (i) NWCL Directors' service contracts referred to the section headed "*NWCL Directors' Service Contracts*" in this Appendix V to this Composite Document;
- (j) the written consents referred to in the section headed "*Consents*" in this Appendix V to this Composite Document;
- (k) a form of the Deed of Undertaking;
- (l) the material contracts referred to in the section headed "*Material Contracts*" in this Appendix V to this Composite Document;
- (m) English and Chinese versions of the full property valuation report of the NWCL Group (including the valuation certificates) prepared by Knight Frank, a summary of which is set out in "Appendix III — Summary of Property Valuation of the NWCL Group" to this Composite Document; and
- (n) the derivative contracts (and associated trade reports) relevant to the Bank of America N.A interest in the NWCL Shares as referred to in the section headed "*Disclosure of Interests — (d) Short position in NWCL Shares*" in this Appendix V to this Composite Document.

APPENDIX VI

FORM OF OPTION OFFER LETTER

The following is the form of the Option Offer letter being sent to the NWCL Optionholders in connection with the Option Offer.



27 February 2016

To the NWCL Optionholders

Dear Sir or Madam,

**OPTION OFFER
IN RELATION TO
VOLUNTARY CONDITIONAL CASH OFFERS
BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
ON BEHALF OF THE OFFEROR,
A WHOLLY OWNED SUBSIDIARY OF
NEW WORLD DEVELOPMENT COMPANY LIMITED,
TO ACQUIRE ALL THE ISSUED SHARES OF NEW WORLD CHINA LAND LIMITED
(OTHER THAN THOSE ALREADY HELD BY THE OFFEROR AND
NEW WORLD DEVELOPMENT COMPANY LIMITED)
AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF
NEW WORLD CHINA LAND LIMITED**

A composite offer and response document dated the same date as this letter jointly issued by New World Development Company Limited (新世界發展有限公司) (“**NWD**”), Easywin Enterprises Corporation Limited (義榮企業有限公司) (the “**Offeror**”) and New World China Land Limited (“**NWCL**”) (the “**Composite Document**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Composite Document. This letter should be read in conjunction with the Composite Document and the **PINK** Form of Option Offer Acceptance.

NWD, the Offeror and NWCL issued a joint announcement dated 6 January 2016 (the “**Joint Announcement**”) which stated that, among others, HSBC, on behalf of the Offeror, a wholly owned subsidiary of NWD, intended to make a voluntary conditional cash offer to acquire all of the Offer Shares. As stated in the Joint Announcement, as part of the Offers, the Offeror would make an appropriate offer, namely the Option Offer, to the NWCL Optionholders for the cancellation of all outstanding NWCL Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

This letter explains the actions you may take in relation to your outstanding NWCL Options. You are advised to refer to the Composite Document and the **PINK** Form of Option Offer Acceptance when considering them.

Your attention is also drawn to the terms and conditions of the NWCL Share Option Schemes.

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TERMS OF THE OPTION OFFER

On behalf of the Offeror, we are making the Option Offer to you pursuant to Rule 13 of the Takeovers Code.

Any outstanding NWCL Options (both vested or unvested), to the extent not exercised within fourteen (14) days after the date on which the Share Offer becomes or is declared unconditional in all respects (the “**Latest Option Exercise Date**”), will lapse automatically. You may accept the Option Offer by lodging a duly completed and signed **PINK** Form of Option Offer Acceptance and the relevant documents by the Closing Date and, if the Offers become unconditional in all respects, you will be entitled to the Option Offer Price.

The Option Offer Price above represents the “see-through” price of the outstanding NWCL Options, being an amount by which the Share Offer Price exceeds the exercise price of the relevant outstanding NWCL Option.

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. The Conditions are set out in the section headed “*Conditions of the Offers*” in “Letter from HSBC” in the Composite Document. In addition, all payments in respect of the Option Offer Price will be made by cheques in Hong Kong dollars.

You are further advised to refer to the sections headed “*Overseas NWCL Offer Shareholders and NWCL Optionholders*” and “*Taxation and Independent Advice*” in the “Letter from HSBC” in the Composite Document, and the section headed “*Nominee Registration*” in “Appendix I — Further Terms of the Offers” to the Composite Document.

Your attention is drawn to the “Letter from the NWCL Independent Board Committee” to the Independent NWCL Shareholders and the NWCL Optionholders set out in the Composite Document and the “Letter from the NWCL Independent Financial Adviser” set out in the Composite Document, which contain the recommendations of the NWCL Independent Board Committee and of the NWCL Independent Financial Adviser, respectively, in relation to the Offers.

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FORM OF OPTION OFFER LETTER

COURSES OF ACTION AVAILABLE TO THE NWCL OPTIONHOLDERS

In summary, the choices available to you in respect of your outstanding NWCL Options are:

- (a) to the extent any of your outstanding NWCL Options (whether vested or unvested) is not exercised on or prior to the Latest Option Exercise Date, you may accept the Option Offer in accordance with its terms (as set out in the Composite Document and the **PINK** Form of Option Offer Acceptance) and receive the Option Offer Price if the Offers become unconditional in all respects, by allowing such unexercised outstanding NWCL Options to remain unexercised on the Latest Option Exercise Date, and returning, duly completed and signed, the **PINK** Form of Option Offer Acceptance enclosed together with the relevant document(s) as soon as possible and in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date;
- (b) subject to the restrictions under the Deed of Undertaking which you have executed (if any), you may in accordance with the terms of the NWCL Share Option Schemes exercise all of your outstanding vested NWCL Options (to the extent not already exercised) or some only of them to the extent specified in your notice of exercise, by submitting a notice of exercise of NWCL Options to the company secretary of NWCL at any time after the date of this letter (being 27 February 2016) and up to the Latest Option Exercise Date. Any NWCL Shares issued as a result of the exercise of such outstanding NWCL Options as mentioned above will be subject to and eligible to participate in the Share Offer. Please refer to the Composite Document for the details of the Offers in this regard; or
- (c) do nothing, in which case, if the Offers become unconditional in all respects, your unexercised outstanding NWCL Options (whether vested or unvested) will lapse automatically after the Latest Option Exercise Date and you will not receive the Option Offer Price.

Each outstanding NWCL Option you hold is independent and you should make a separate decision for each one.

For further details, please refer to the remaining sections of this letter, the Composite Document, the **PINK** Form of Option Offer Acceptance and the terms and conditions of the NWCL Share Option Schemes.

OUTSTANDING NWCL OPTIONS HELD AS AT THE LATEST PRACTICABLE DATE

Information on the outstanding NWCL Options held by you as at the Latest Practicable Date is available from the company secretary of NWCL. If you exercise your outstanding NWCL Options after the Latest Practicable Date, you may accept the Option Offer only in respect of those outstanding NWCL Options which remain unexercised or unvested on the Latest Option Exercise Date.

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LAPSED NWCL OPTIONS

Please note that nothing in this letter or the Composite Document serves to extend the life of a NWCL Option which lapses, will lapse, or has already lapsed, under the terms of the NWCL Share Option Schemes. You cannot exercise or accept the Option Offer in respect of a NWCL Option once it lapses in accordance with its terms.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

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

GENERAL

- (a) All communications, notices, the **PINK** Form of Option Offer Acceptance, cheques, certificates and other documents of any nature, if delivered by or sent to or from you as a NWCL Optionholder or your designated agents by post, shall be posted at your own risk, and none of NWCL, the Offeror, NWCL or HSBC and any of their respective directors, the Registrar and other parties involved in the Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Composite Document and the **PINK** Form of Option Offer Acceptance form part of the terms of the Option Offer.
- (c) The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (d) The due execution of a **PINK** Form of Option Offer Acceptance in respect of the Option Offer will constitute an authority to the Offeror, HSBC or such person(s) as any of them may direct (i) to complete on behalf of the accepting NWCL Optionholder the **PINK** Form of Option Offer Acceptance and any other document(s) and (ii) to do any other act that may be necessary or expedient for the purpose of cancelling all rights of the NWCL Optionholders in respect of the outstanding NWCL Options which are the subject of such acceptance.
- (e) By completing the **PINK** Form of Option Offer Acceptance in respect of a particular outstanding NWCL Option, you irrevocably authorise the Offeror, HSBC and/or their respective agents to send a cheque for collection at the office of NWCL in Hong Kong.

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ACTIONS TO BE TAKEN FOR ACCEPTING THE OPTION OFFER

In order to accept the Option Offer, you must deliver the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the NWCL Options, and/or any other document(s) (if applicable) evidencing the grant of the NWCL Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of NWCL Options for not less than the number of NWCL Options in respect of which you intend to accept the Option Offer, by post or by hand, to the company secretary of NWCL at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong marked "New World China Land Limited — Option Offer" on the envelope so as to reach the company secretary of NWCL as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code. If you do not return a duly completed and signed **PINK** Form of Option Offer Acceptance or exercise your NWCL Options, subject to and conditional upon the Offers becoming unconditional in all respects, your outstanding NWCL Options (whether vested or unvested) will lapse automatically after the Latest Option Exercise Date.

Before delivering the **PINK** Form of Option Offer Acceptance to the company secretary of NWCL, please ensure that you have signed the **PINK** Form of Option Offer Acceptance and that your signature has been witnessed.

Payment of the Option Offer Price is expected to be made within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects; and (ii) the date of receipt of the duly completed **PINK** Form of Option Offer Acceptance and all relevant document(s) by the company secretary of NWCL to render such acceptance, surrender and cancellation under the Option Offer valid.

No acknowledgment of receipt of any **PINK** Form of Option Offer Acceptance and/or NWCL Options relevant certificate(s) (if applicable) and/or any other document(s) evidencing the grant of the outstanding NWCL Options and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

RESPONSIBILITY STATEMENTS

The directors of NWD jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the NWCL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the NWCL Group or the NWCL Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the NWCL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this

APPENDIX VI

FORM OF OPTION OFFER LETTER

letter (other than those expressed by the NWCL Group or the NWCL Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The NWCL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter relating to the NWCL Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter by NWCL have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter relating to the NWCL Group misleading.

Yours faithfully,

For and on behalf of

The Hongkong and Shanghai Banking Corporation Limited

Che Ning Liu

Co-head of Banking, Asia-Pacific

The Hongkong and Shanghai Banking Corporation Limited is a registered institution under the SFO registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and a licensed bank under the Banking Ordinance (Chapter 155 of the laws of Hong Kong).



(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of New World Development Company Limited (新世界發展有限公司) (the “**Company**”) will be held at Meeting Room S421 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 18 March 2016 at 11:15 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (A) the voluntary conditional cash offer made by The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) on behalf of Easywin Enterprises Corporation Limited (the “**Offeror**”), a wholly owned subsidiary of the Company, to acquire all of the ordinary shares of HK\$0.10 each in the issued share capital of New World China Land Limited (“**NWCL Shares**”), other than those already held by the Offeror and the Company, at the price of HK\$7.80 per NWCL Share (“**Share Offer Price**”), subject to and conditional upon the conditions set out, and as described, in the circular (the “**Circular**”, a copy of which has been produced to the meeting marked “A” and initialled by the chairman of the meeting for identification purposes) of the Company dated 29 February 2016 (the “**Share Offer**”), be and is hereby approved, confirmed and ratified;
- (B) the offer made by HSBC on behalf of the Offeror to the holders of the outstanding, vested and unvested, share options, each relating to ordinary shares of HK\$0.10 each of NWCL (the “**NWCL Optionholders**”), granted under the share option schemes adopted by NWCL on 26 November 2002 and 22 November 2011 respectively (the “**NWCL Options**”), to cancel all the outstanding NWCL Options held by the NWCL Optionholders in accordance with Rule 13 of The Codes on Takeovers and Mergers of Hong Kong, at the price being the Share Offer Price minus the relevant exercise price of the NWCL Option (the “**Option Offer Price**”) which is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects, as described in the Circular, (the “**Option Offer**”), be and is hereby approved, confirmed and ratified; and

NOTICE OF EGM

(C) the directors of the Company (the “**Directors**”), acting collectively and individually, be and are hereby authorised, for and on behalf of the Company, (i) to do all such acts and things and to sign, execute, seal (where required) and deliver all such documents and to take all such steps as the Directors in their discretion may consider necessary, appropriate, desirable or expedient to give effect to, to implement or otherwise in connection with or incidental to the Share Offer and the Option Offer and any and all of the transactions contemplated thereunder (including but not limited to the exercise of the right of compulsory acquisition pursuant to section 88 of the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands to compulsorily acquire those NWCL Shares (other than those already held by the Offeror and the Company) not acquired by the Offeror under the Shares Offer), and (ii) to agree to such variation and amendment of the terms of the Share Offer and the Option Offer as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole provided that the Share Offer Price shall not exceed HK\$7.80 and the Option Offer Price shall not exceed the amount of HK\$7.80 minus the relevant exercise price of the relevant NWCL Option.”

By Order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 29 February 2016

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who must be individuals) to attend and speak and, on a poll, vote instead of him at the meeting, and separate proxies may be appointed by a member to represent the respective number of shares held by him as specified in the relevant proxy form. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company’s share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. Delivery of an instrument appointing a proxy will not preclude such member of the Company from attending and voting in person at the above meeting or any adjournment thereof and, in such event, the instrument appointing a proxy will be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote at the above meeting, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto. If more than one of such joint holders are present at the above meeting, whether in person or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. Voting on the above resolution will be taken by poll.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

NOTICE OF EGM

7. As at the date of this notice (a) the executive directors of the Company are Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Au Tak-Cheong; (b) the non-executive directors of the Company are Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter; and (c) the independent non-executive directors of the Company are Mr. Yeung Ping-Leung, Howard, Mr. Cha Mou-Sing, Payson (alternate director to Mr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas.