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新創建集團有限公司*
NWS Holdings Limited

(incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS DISPOSAL OF INTERESTS IN THE TOLL ROAD PROJECTS

Independent Financial Adviser to the Independent Board Committee



SOMERLEY LIMITED

A letter from the NWSH Board is set out on pages 3 to 10 of this circular and a letter from the Independent Board Committee is set out on page 11 of this circular. In addition, a letter from Somerley Limited containing its advice to the Independent Board Committee is set out on pages 12 to 19 of this circular.

8 December 2003

* For identification purposes only

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DEFINITIONS

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

“Agreements”	collectively, the 13 separate agreements, all dated 13 November 2003 for the disposal of NWSH Group’s interests in the Toll Road Projects as more particularly described in the paragraph headed “Background” in this circular and the term “Agreement” shall be construed accordingly
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the NWSH Board, comprising Mr. Kwong Che Keung, Gordon, Mr. Cheng Wai Chee, Christopher and Mr. Dominic Lai, all being independent non-executive directors of NWSH
“Independent Financial Adviser”	Somerley Limited, a licensed corporation registered under the SFO
“Latest Practicable Date”	3 December 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“NWSH” or “Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“NWSH Board”	the board of directors of NWSH
“NWSH Group”	collectively, NWSH and its subsidiaries
“NWTMT”	New World TMT Limited, formerly known as New World Infrastructure Limited
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Toll Road Projects”	13 Sino-foreign co-operative joint ventures in the PRC engaging in the development and operation of certain toll roads and a toll bridge in the PRC, details of which are described in the paragraph headed “Background” in this circular
“ZHD”	肇慶市公路發展總公司 (unofficial translation being Zhaoqing Highway Development Ltd.), a state-owned commercial enterprise established under the direct supervision of the Zhaoqing City Roadways Bureau, the purchaser named in the Agreements
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States Dollars, the lawful currency of the United States
“%”	per cent.

For the purposes of this circular and for illustration purposes only, amounts denominated in RMB have been translated into HK\$ using the following rate:

$$HK\$1 = RMB1.07$$

No representation is made that any amount in RMB or HK\$ could have been or could be converted at the above rate or at any other rates at all.

English translations of the Chinese names of the Toll Road Projects in this circular are for identification purposes only.

LETTER FROM THE NWSH BOARD



新創建集團有限公司* NWS Holdings Limited

(incorporated in Bermuda with limited liability)

Directors:

Dr. Cheng Kar Shun, Henry (*Chairman*)
Mr. Doo Wai Hoi, William (*Deputy Chairman*)
Mr. Chan Kam Ling
Mr. Wong Kwok Kin, Andrew
Mr. Lam Wai Hon, Patrick
Mr. Cheung Chin Cheung

Non-executive Directors:

Mr. Wilfried Ernst Kaffenberger
Mr. To Hin Tsun, Gerald
Mr. Yeung Kun Wah, David
(*Alternate director to Mr. Wilfried Ernst Kaffenberger*)

Independent Non-executive Directors:

Mr. Kwong Che Keung, Gordon
Mr. Cheng Wai Chee, Christopher
Mr. Dominic Lai

To the shareholders of NWSH

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

17th Floor, New World Tower 2
18 Queen's Road Central
Hong Kong

8 December 2003

Dear Sir or Madam,

CONNECTED TRANSACTIONS DISPOSAL OF INTERESTS IN THE TOLL ROAD PROJECTS

INTRODUCTION

On 14 November 2003, the NWSH Board announced that certain members of the NWSH Group, all being indirect wholly owned subsidiaries of NWSH, had entered into Agreements for the disposal of interests in the Toll Road Projects to ZHD.

* For identification purposes only

LETTER FROM THE NWSH BOARD

The disposal as contemplated under the Agreements constitutes a connected transaction for each of NWD and NWSH under the Listing Rules. Given that the aggregate consideration involved is more than the higher of HK\$10,000,000 or 3% of the last published audited net tangible asset value of the NWSH Group, the connected transactions as contemplated under the Agreements are normally subject to approval by shareholders of NWSH in general meeting.

NWSH has obtained the written certificate from NWD together with various of its related companies, holding, in aggregate, approximately 58% of the issued share capital of NWSH as at the Latest Practicable Date, of their approval of the transactions as contemplated under the Agreements. In view of the fact that only the relevant member of the NWSH Group referred to below and ZHD are parties to the Agreements and that no connected person of NWSH (other than ZHD) are interested in the disposal as contemplated under the Agreements, NWSH has made an application to the Stock Exchange for, and the Stock Exchange has granted to NWSH, a waiver from strict compliance with Rule 14.26 of the Listing Rules in respect of the requirement to obtain independent shareholders' approval for the Agreements in a general meeting of NWSH.

The purpose of this circular is to give you further information regarding the Agreements and the transactions contemplated thereby. This circular also contains a letter from the Independent Board Committee and a letter from the Independent Financial Adviser to the Independent Board Committee in relation to the Agreements.

BACKGROUND

Certain members of the NWSH Group have established, together with various PRC joint venture partners, and are currently operating the Toll Road Projects. Basic particulars of these Toll Road Projects are as follows:

1. **肇慶新德大橋有限公司 Zhaoqing Xinde Bridge Limited**
 - (a) member of NWSH Group participating in this project: Skyling Profits Limited
 - (b) nature of business: operation of toll bridge
 - (c) location of this project: Deqing County, Zhaoqing, Guangdong
2. **肇慶新高公路有限公司 Zhaoqing Xingao Highways Company, Limited**
 - (a) member of NWSH Group participating in this project: Moscan Developments Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Links major cities in Guangxi Autonomous Region and Guangdong
3. **廣東新肇高速公路有限公司 Guangdong Xinzhao Highways Company, Limited**
 - (a) member of NWSH Group participating in this project: Ankan Developments Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Links Zhuhai and Zhaoqing via Jiangmen

LETTER FROM THE NWSH BOARD

4. **肇慶高要新活公路有限公司 Zhaoqing Gaoyao Xinhua Highways Limited**
 - (a) member of NWSH Group participating in this project: Right Ease Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Links Zhaoqing with Gaoming, Heshan, Jiangmen and Zhuhai

5. **廣東高要新駿公路有限公司 Guangdong Gaoyao Xinjun Highways Limited**
 - (a) member of NWSH Group participating in this project: Hong Kong Gain Fortune Industries Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Links Zhaoqing in Guangdong with Guangxi Autonomous Region

6. **廣東高要新威公路有限公司 Guangdong Gaoyao Xinwei Highways Limited**
 - (a) member of NWSH Group participating in this project: Boswell Investments Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Links Gaoyao City to Guangning County in Zhaoqing

7. **肇慶高要新雙金公路有限公司 Zhaoqing Gaoyao Xinshuang Jin Highways Limited**
 - (a) member of NWSH Group participating in this project: Giant Returns Limited
 - (b) nature of business: operation of toll road
 - (c) location of this project: Links Gaoyao City with Sanshui District in Foshan

8. **肇慶新會公路有限公司 Zhaoqing Xinhui Highways Company, Limited**
 - (a) member of NWSH Group participating in this project: Ever Honest Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Links Sihui City and Guangning County in Guangdong

9. **肇慶新寧公路有限公司 Zhaoqing Xinning Highways Company, Limited**
 - (a) member of NWSH Group participating in this project: Cravat Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Connects highway networks in the Pearl River Delta and the northern part of Guangxi Autonomous Region

10. **肇慶新江公路有限公司 Zhaoqing Xinjiang Highways Limited**
 - (a) member of NWSH Group participating in this project: Attractive Returns Limited
 - (b) nature of business: development and operation of toll road
 - (c) location of this project: Links Guangning County to Gaoyao City in Zhaoqing

LETTER FROM THE NWSH BOARD

11. 肇慶新德公路有限公司 **Zhaoqing Xinde Highways Company, Limited**

- (a) member of NWSH Group participating in this project: Cemac Developments Limited
- (b) nature of business: development and operation of toll road
- (c) location of this project: Deqing County, Zhaoqing, Guangdong

12. 肇慶新封公路有限公司 **Zhaoqing Xinfeng Highways Company, Limited**

- (a) member of NWSH Group participating in this project: Trefoil Developments Limited
- (b) nature of business: development and operation of toll road
- (c) location of this project: Fengkai County, Zhaoqing, Guangdong

13. 肇慶德慶新悅公路有限公司 **Zhaoqing Deqing Xinyue Highways Limited**

- (a) member of NWSH Group participating in this project: Profit Union Limited
- (b) nature of business: development and operation of toll road
- (c) location of this project: Deqing County, Zhaoqing, Guangdong

Given that the NWSH Group controls the board of directors of each of the Toll Road Projects, each Toll Road Project is considered as a subsidiary of NWSH.

AGREEMENTS

Each of the members of the NWSH Group participating in the Toll Road Projects as referred to in the paragraph headed “Background” above has entered into a sale and purchase agreement with ZHD for the transfer of such company’s interests in the relevant Toll Road Project to ZHD. Save as otherwise indicated below, the terms and conditions of each of the Agreements are substantially the same. The principal terms of the Agreements are as follows:

Date

Date of the Agreements: 13 November 2003

Parties

The parties to the Agreements are:

Vendor: the relevant member of the NWSH Group as referred to in the paragraph headed “Background” above

Purchaser: ZHD, whose relationship with NWSH is more particularly described in the paragraph headed “Relationship between the parties and connected transactions” below

LETTER FROM THE NWSH BOARD

Condition precedent

Completion of the transfer of interest in each of the Toll Road Projects as contemplated under the relevant Agreement is conditional on the approval of such transfer by the relevant PRC approving authorities.

Consideration

The disposal of the Toll Road Projects as contemplated under the Agreements are part and parcel of an entire transaction. The aggregate consideration for the disposal of all the Toll Road Projects is approximately HK\$1.168 billion and is payable by ZHD in cash by three installments: the first installment of HK\$958 million is payable before 1 January 2004, the second installment of HK\$90 million is payable before 1 March 2004 and the last installment of HK\$120 million is payable before 1 June 2004. In the event that the consideration or any part thereof is not paid by the relevant due date, interest penalty will be imposed against ZHD.

Payment for the consideration shall be made principally in Hong Kong dollars.

The consideration for each Toll Road Project is arrived at after arm's length negotiations between ZHD and the management of the NWSH Group with reference to an independent valuation of the Toll Road Projects as at 30 September 2003 conducted by Sallmanns (Far East) Limited, an independent valuer.

The net proceeds from the disposal of the Toll Road Projects are estimated to be approximately HK\$974.2 million, which is arriving at after providing for the estimated PRC capital gains tax and expenses incidental to the disposal of the Toll Road Projects.

Completion

Completion of the relevant Agreement will take place on the later of (i) 31 December 2003 or (ii) such date when the transfer of interest in the relevant Toll Road Project has been approved by the relevant PRC approving authorities.

Assets being realised

The assets being realised under the Agreements are the NWSH Group's interests in the Toll Road Projects, the nature of business and the location of which are more particularly described in the paragraph headed "Background" above.

Based on the unaudited management accounts of the Toll Road Projects for the year ended 30 June 2003 (prepared in accordance with the generally accepted accounting principles in Hong Kong), the aggregate net asset value of the Toll Road Projects as at 30 June 2003 amounted to RMB724,202,753 (approximately HK\$676,825,003). For the year ended 30 June 2002, the unaudited aggregate net profits after taxation and extraordinary items attributable to the Toll Road Projects amounted to RMB3,091,229 (approximately HK\$2,888,999) and for the year ended 30 June 2003, the unaudited aggregate net loss attributable to the Toll Road Projects amounted to RMB2,845,977 (approximately HK\$2,659,792).

LETTER FROM THE NWSH BOARD

REASONS FOR AND EFFECTS OF THE TRANSACTIONS

In accordance with the No. 43 Notice issued by the State Council of the PRC in September 2002, local governments of the PRC are required to settle properly with foreign investors in relation to projects with guaranteed returns by 31 December 2002. The NWSH Board confirms that having made reasonable enquiry, it is not aware of any consequences for failing to settle the Toll Road Projects in accordance with No. 43 Notice. NWSH Group has carried out negotiations with the PRC joint venture partners after the publication of the said No. 43 Notice and finally resolves to sell all of the NWSH's interests in the Toll Road Projects to ZHD.

The NWSH Group had reached an agreement with ZHD, being a state-owned commercial enterprise established under the direct supervision of the Zhaoqing City Roadways Bureau, to settle the Toll Road Projects, all of which are situated in Zhaoqing, Guangdong, the PRC, properly in accordance with the No. 43 Notice, the Agreements were signed on 13 November 2003. All the NWSH Group's roads and bridge in Zhaoqing had been disposed of under such transactions.

NWSH intends to apply the proceeds to be received from the disposal of the Toll Road Projects to repay certain of its bank borrowings, to settle certain sums due to the relevant Toll Road Projects, to explore new investment opportunities and as general working capital of the NWSH Group. As at the Latest Practicable Date, the NWSH Group has not yet determined in which proportion the net proceeds from the disposal should be applied towards such intended uses. To the extent the net proceeds received by the NWSH Group are not immediately applied for the above purposes, it is the present intention of the NWSH Board that they will be deposited with licensed banks in Hong Kong.

As at the Latest Practicable Date, the NWSH Board has not yet committed to any investment opportunities which will require the use of proceeds to be received from the disposal of the Toll Road Projects. Should such investment opportunities materialise, NWSH will comply with the applicable publication and shareholders' approval requirements under the Listing Rules.

The repayment of debt referred to above is expected to enhance the financial position of the NWSH Group and reduce the finance costs of the NWSH Group in the future.

RELATIONSHIPS BETWEEN THE PARTIES AND CONNECTED TRANSACTIONS

Each of the members of the NWSH Group participating in the Toll Road Projects as referred to in the paragraph headed "Background" above is an indirect wholly owned subsidiary of NWSH and each of the Toll Road Projects is a subsidiary of NWSH.

ZHD is one of the PRC joint venture partners to certain of the Toll Road Projects. By virtue of its substantial interests in Zhaoqing Xingao Highways Company, Limited, Guangdong Xinzhaogao Highways Company, Limited, Zhaoqing Xinhui Highways Company, Limited and Zhaoqing Xinning Highways Company, Limited, all being non-wholly owned subsidiaries of NWSH, ZHD is a connected person of NWSH. NWSH does not have any interest in, or board representation to, ZHD.

LETTER FROM THE NWSH BOARD

Save for its substantial interests in the above Toll Road Projects and its minority interests in each of Zhaoqing Xinde Bridge Limited, Guangdong Gaoyao Xinjun Highways Limited, Zhaoqing Xinde Highways Company, Limited and Zhaoqing Xinfeng Highways Company, Limited, ZHD is not interested in any other members of the NWSH Group.

Connected transactions for NWSH

By virtue of the relationships between ZHD and NWSH as detailed above, the disposal of the Toll Road Projects as contemplated under the Agreements constitute connected transactions for NWSH. Given that the aggregate consideration involved is more than the higher of HK\$10,000,000 or 3% of the last published audited net tangible asset value of the NWSH Group, the connected transactions as contemplated under the Agreements will normally be subject to approval by shareholders in general meeting of NWSH.

To the best knowledge of the NWSH Board after making reasonable enquiry, none of ZHD and its associates (within the meaning of the Listing Rules) held any shares in NWSH as at the Latest Practicable Date. Accordingly, none of the shareholders of NWSH is required to abstain from voting if a general meeting of the shareholders of NWSH is convened in accordance with Rule 14.26 of the Listing Rules for the purposes of approving the Agreements. NWSH has obtained the written certificate from NWD together with various of its related companies, namely Financial Concepts Investment Limited, Mombasa Limited, Citiplus Investment Limited, Hing Loong Limited, Fine Reputation Incorporated and Chow Tai Fook Enterprises Limited, holding, in aggregate, approximately 58% of the issued share capital of NWSH as at the Latest Practicable Date, of their approval of the transactions as contemplated under the Agreements.

Given that only the relevant members of the NWSH Group and ZHD are parties to the Agreements, no connected person of NWSH (other than ZHD) are interested in the disposal as contemplated under the Agreements.

Accordingly, NWSH has applied for a waiver from strict compliance with Rule 14.26 of the Listing Rules in respect of the requirement to obtain independent shareholders' approval in a general meeting for the Agreements based on the following reasons:

1. the connected person under this transaction is not a shareholder of NWSH;
2. none of the shareholders of NWSH is required to abstain from voting if a general meeting of the shareholders of NWSH is convened to approve the Agreements; and
3. NWD together with various of its related companies, namely Financial Concepts Investment Limited, Mombasa Limited, Citiplus Investment Limited, Hing Loong Limited, Fine Reputation Incorporated and Chow Tai Fook Enterprises Limited, holding, in aggregate, approximately 58% of the issued share capital of NWSH as at the date of the announcement dated 14 November 2003 relating to the Toll Road Projects, have given their written approval to the transactions as contemplated under the Agreements and confirmed that:
 - (a) they have no material interests in the Agreements; and

LETTER FROM THE NWSH BOARD

- (b) they are not required to abstain from voting if a general meeting of the shareholders of NWSH had been convened to approve the Agreements.

The Stock Exchange has granted a waiver to the Company from strict compliance with Rule 14.26 of the Listing Rules in respect of the requirement to obtain independent shareholders' approval for the Agreements in a general meeting of NWSH.

FURTHER INFORMATION

The NWSH Group's businesses include: (i) facilities, contracting, transport, financial and environmental services businesses; (ii) the development, investment, operation and/or management of and in toll roads, expressways, bridges and tunnel, power plants, water treatment and waste management plants and (iii) the development, investment, operation and management container handling, logistics and warehousing businesses. Upon completion of the disposal of the Toll Road Projects, the NWSH Group will still have interests in 23 toll roads and bridges projects in the PRC and Hong Kong. The NWSH Group is in the process of ascertaining with the relevant PRC parties as to whether any of the remaining toll road projects is subject to the direction as set out in the No. 43 Notice. As at the Latest Practicable Date, the NWSH Board was not in a position to speculate when conclusion as to whether any of the remaining toll road projects was subject to the direction as set out in the No. 43 Notice could be made.

GENERAL

The NWSH Board considers that the terms and conditions of the Agreements are on normal commercial terms and are fair and reasonable as far as the shareholders of NWSH are concerned in view of the requirements set out in the No. 43 Notice.

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the information set out in the appendix to this circular.

Yours faithfully
By Order of the NWSH Board
Dr. Cheng Kar Shun, Henry
Chairman



新創建集團有限公司*
NWS Holdings Limited

(incorporated in Bermuda with limited liability)

To the shareholders of NWSH

8 December 2003

Dear Sir or Madam,

**CONNECTED TRANSACTIONS
DISPOSAL OF INTERESTS IN THE TOLL ROAD PROJECTS**

We refer to the circular of the Company dated 8 December 2003 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to give you as to whether, in our opinion, the terms and conditions of the Agreements and the transactions contemplated thereby are fair and reasonable so far as the independent shareholders of NWSH are concerned. Somerley Limited has been appointed as the Independent Financial Adviser to advise us in this respect. Background and details of the Agreements are contained in the letter from the NWSH Board set out on pages 3 to 10 of the Circular.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 12 to 19 of the Circular. We have considered the terms and the conditions of the Agreements, the transactions contemplated thereby, the advice of the Independent Financial Adviser and the various factors contained in the letter from the NWSH Board set out on pages 3 to 10 of the Circular. In our opinion, the terms and conditions of the Agreements and the transactions contemplated thereby are fair and reasonable so far as the independent shareholders of NWSH are concerned.

Your attention is also drawn to the letter from the NWSH Board as set out in the Circular and the additional information set out in the appendix to the Circular.

Yours faithfully
Independent Board Committee
**Kwong Che Keung, Gordon,
Cheng Wai Chee, Christopher and
Dominic Lai**
Independent Non-executive Directors

* For identification purposes only

LETTER FROM SOMERLEY LIMITED



Somerley Limited
Suite 3108, One Exchange Square
8 Connaught Place
Central
Hong Kong

8 December 2003

The Independent Board Committee
NWS Holdings Limited
17th Floor, New World Tower 2
18 Queen's Road Central
Hong Kong

Dear Sirs,

CONNECTED TRANSACTIONS DISPOSAL OF INTERESTS IN THE TOLL ROAD PROJECTS

We refer to our appointment to advise the Independent Board Committee in relation to the NWSH Group's disposals (the "Disposals") of interests in 13 sino-foreign co-operative PRC joint ventures engaged in the development and operation of toll roads or toll bridge in Guangdong Province, the PRC. Details of the Disposals are set out in the letter from the NWSH Board contained in the circular to the shareholders of NWSH dated 8 December 2003 (the "Circular") of which this letter forms part. Unless otherwise defined herein, terms used in this letter shall have the same meanings as defined in the Circular.

ZHD is one of the PRC joint venture partners to certain Toll Road Projects. By virtue of its substantial interests in the Toll Road Projects which are non wholly-owned subsidiaries of the NWSH Group, ZHD is a connected person of the Company as defined in the Listing Rules. Accordingly, the Disposals constitute connected transactions for the Company under the Listing Rules. Consequently, the Independent Board Committee, consisting of all the Company's independent non-executive directors, being Messrs. Kwong Che Keung, Gordon, Cheng Wai Chee, Christopher and Dominic Lai, has been formed to consider the terms of the Agreements and express an opinion to the shareholders of the Company (the "Shareholders") as to whether such terms are fair and reasonable. We, Somerley Limited, have been appointed to advise the Independent Board Committee in this regard.

To the best knowledge of the NWSH Board after making reasonable enquiry, ZHD and its associates did not hold any shares in NWSH as at the Latest Practicable Date. In addition, neither NWD nor its related companies has any different interest as regards the Disposals than other Shareholders. Accordingly, none of the Shareholders would be required under the Listing Rules to abstain from voting at a general meeting of Shareholders if one were convened to consider the Disposals. In these circumstances, the Disposals have already been approved by way of written consent from NWD together with its related companies which as at the Latest Practicable Date held approximately 58% of the issued share capital of the Company. Therefore, no meeting of

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Shareholders will be convened for the purpose of approving the Disposals. However, the Listing Rules do require an opinion from an independent financial adviser as to whether the Disposals are fair and reasonable so far as the Shareholders are concerned.

In formulating our opinion, we have reviewed, inter alia, the Agreements, the joint venture contracts and the articles of association for the Toll Road Projects, the valuation report on the NWSH Group's interests in the Toll Road Projects as at 30 September 2003 (the "Valuation") prepared by Sallmans (Far East) Limited (the "Valuer"), the unaudited financial statements of each of the Toll Road Projects for the 12-month periods ended 30 June 2002 and 30 June 2003 respectively (prepared in accordance with the generally accepted accounting principles in Hong Kong) and the audited financial statements of the enlarged NWSH Group after the Reorganisation (as defined below) for the year ended 30 June 2003.

The directors of the Company (the "Directors") have confirmed that the information and facts supplied to us are true, complete and accurate and that no material facts have been omitted from the information supplied and opinions expressed. We have assumed that all statements and representations made to us by the Directors or made or referred to in the Circular are true and accurate at the time they were made and as at the date of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information provided, and representations made, to us by the Directors. We have relied on such information and consider that the information that we have received is sufficient for us to reach an informed view on the terms of the Agreement and provides us with a reasonable basis for our opinion. We have no reason to believe that any material information has been withheld. We have not, however, conducted an independent investigation into the affairs of the NWSH Group or of the Toll Road Projects.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Reasons for the Disposals

(a) To comply with the directives of the State Council

The Disposals will bring a satisfactory conclusion to the guaranteed return arrangements in respect of the Toll Road Projects as required by the terms of the No.43 Notice issued by the State Council in September 2002 on guaranteed returns given in favour of foreign joint venture partners.

The NWSH Group acquired the interests in the Toll Road Projects from NWTMT as part of the reorganisation (the "Reorganisation") of the New World group completed on 29 January 2003. Through the Reorganisation, the NWSH Group developed from a port management company into an integrated service company with three business divisions in the services, infrastructure and port sectors. The joint venture contracts relating to the Toll Road Projects (the "Joint Venture Contracts") contain guaranteed return arrangements provided by the PRC joint venture partners. Under the Joint Venture Contracts, the foreign joint venture partners of the Toll Road Projects are

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entitled to return of the aggregate sum of investment cost and interest on that part of investment contributed by the foreign joint venture partners to the Toll Road Projects in the form of shareholder's loans (the "Foreign JV Partner's Return on Investment") in priority to the PRC joint venture partners. In the event that cash generated from the Toll Road Project is insufficient to repay the Foreign JV Partner's Return on Investment within certain years (the "Payback Period"), the PRC joint venture partners agreed to inject funds into the Toll Road Projects to enable them to pay the Foreign JV Partner's Return on Investment within the Payback Period.

In September 2002, the State Council issued the No.43 Notice which requires proper settlement of the guaranteed return arrangements with foreign investors. Consequently, the NWSH Group reached agreement with ZHD on the terms of the Disposals with a view to arriving at an amicable settlement on the guaranteed return arrangements as contained in the Joint Venture Contracts.

(b) To reduce borrowings

The NWSH Group changed from a net cash position to a net debt position as a result of the Reorganisation. Based on the unaudited balance sheet of the enlarged NWSH Group as at completion of the Reorganisation, the NWSH Group had an unaudited net debt of approximately HK\$8,642 million (being the aggregate of bank loans, other loans, overdraft and finance leases less cash and bank balances (the "Net Debt")) upon completion of the Reorganisation.

It is the NWSH Group's policy, as set out in the Reorganisation circular, that the enlarged NWSH Group after the Reorganisation should bring its gearing ratio in line with a targeted ratio. The NWSH Board anticipated at that time that this target would be achieved through cashflows generated from operations and, to a lesser extent, selective sales of less promising projects.

The Toll Road Projects which are subject of the Disposals are mainly of "highway" status in the PRC and are performing in general less well than expressways which are of higher grade. The disposal of the NWSH Group's interests in less well performing PRC infrastructure projects is in line with the NWSH Group's policy. The cash consideration of approximately HK\$1,168 million, part of which will be used to repay bank borrowings, will reduce gearing and enhance the financial strength of the NWSH Group.

2. Terms of the Disposals

Pursuant to the Agreements, the NWSH Group agreed to dispose of its interests in the Toll Road Projects at an aggregate cash consideration of approximately HK\$1,168 million. As a term of the Agreements, the NWSH Group shall settle certain sums due to the Toll Road Projects out of the cash proceeds from the Disposals. These amounts represent surplus cash generated by the Toll Road Projects which have been temporarily advanced to the NWSH Group and the aggregate sum is expected to be approximately HK\$120 million upon

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completion of the Disposals. Having taken into account such amounts due to the Toll Road Projects that the NWSH Group shall settle upon completion of the Disposals, the value of the consideration solely for the NWSH Group's interests in the Toll Road Projects (the "Adjusted Consideration") is approximately HK\$1,048 million.

Out of the approximately HK\$1,048 million, the NWSH Group will set aside a sum for the estimated PRC capital gains tax that would arise from the Disposals and pay the expenses incidental to the Disposals. The net proceeds from the Disposals is estimated to be approximately HK\$974 million (the "Net Consideration").

3. Consideration

(a) *Comparison with Valuation*

The Adjusted Consideration of approximately HK\$1,048 million for the NWSH Group's interests in the Toll Road Projects represents a surplus of approximately HK\$133 million over the Valuation of the Toll Road Projects of approximately HK\$915 million as at 30 September 2003. The Valuation makes no allowance for any capital gains tax or other expenses payable.

We have been provided with a copy of the full report of the Valuation and have reviewed and discussed with the management of the NWSH Group and the Valuer the methodology of, and basis and assumptions for, the Valuation. For the purpose of the Valuation, the Valuer has adopted the discounted cash flow method. The projected future free cash flows of the Toll Road Projects have been discounted at a rate of approximately 14% based on the well-established capital asset pricing model and with reference to the risk premium applicable to market comparables. We agree with the Valuer that this methodology is the more appropriate approach to establish the value of an on-going toll road or toll bridge business than the other generally accepted valuation methodologies including the cost approach and the direct comparison approach in the context of an asset sale and when there are insufficient comparable transactions.

However, Shareholders should be aware that projections of revenue and profits cannot be made with complete accuracy and are dependent on certain assumptions made. Based on our review and discussion with the management of the NWSH Group and the Valuer, we are of the view that the assumptions have been made with due care and the Valuation provides a valid benchmark for the Directors to assess the fairness and reasonableness of the consideration.

(b) *Comparison with carrying value*

The estimated Net Consideration of approximately HK\$974 million for the NWSH Group's interests in the Toll Road Projects represents approximately 1.2 times of their unaudited combined carrying value in the NWSH Group's consolidated balance sheet as at 30 June 2003.

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(c) *Financial performance*

The Toll Road Projects have financial years ended on 31 December and their accounts are prepared in accordance with accounting principles generally accepted in the PRC. For the purpose of preparing the audited consolidated accounts of the NWSH Group (or NWTMT prior to the Reorganisation), unaudited management accounts of the Toll Road Projects for the 12-month period ended 30 June have been prepared under accounting principles generally accepted in Hong Kong. We have reviewed the individual management accounts for the 12-month periods ended 30 June 2002 and 30 June 2003 respectively of each of the Toll Road Projects. However, as the sale of the NWSH Group's interests in the Toll Road Projects is a package deal, we consider the combined performance of the Toll Road Projects for the said financial periods more useful to the Shareholders. Set out below is a summary of the key unaudited combined financial information of the Toll Road Projects for the 12-month periods ended 30 June 2002 and 30 June 2003 respectively:

	2001/2002	2002/2003
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Toll revenue (net of business tax)	258,526	249,678
Net profit/(loss)	2,889	(2,660)
<i>After charging/(crediting)</i>		
Interest to the NWSH Group	43,288	29,624
Interest to PRC joint venture partners	77,103	81,706
Interest to bank (net)	(395)	4,529
Taxation	8,270	4,168
Depreciation and amortisation	82,585	88,749
EBITDA	213,740	206,116
EBITDA attributable to the NWSH Group	106,574	102,534

As shown in the above table, the net profits of the Toll Road Projects were depressed by heavy interest payments on shareholders' loans and depreciation charges resulting from the capital intensive nature of the Toll Road Projects. The Toll Road Projects recorded unaudited net profits after taxation and extraordinary items for the 12-month period ended 30 June 2002 of approximately HK\$2.9 million. The Toll Road Projects turned into an unaudited net loss of approximately HK\$2.7 million in the 12-month period ended 30 June 2003. As book profit/loss for the last two years has not been material, we consider it more useful to assess the Disposals by reference to EBITDA attributable to the NWSH Group rather than the net earnings/loss attributable to the Toll Road Projects. The unaudited EBITDA attributable to the NWSH Group from the Toll Road Projects for the 12-month period ended 30 June 2003 amounted to approximately HK\$102.5 million. On this basis, the Adjusted Consideration of approximately HK\$1,048.0 million represents a price/EBITDA attributable to the NWSH Group multiple of approximately 10.2 times.

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We have identified ten Hong Kong listed companies whose principal activities are operation of toll roads or bridges in the PRC (“Infrastructure Companies”). Of the ten Infrastructure Companies, five are H share companies for which total market capitalisation is substantially larger than the value of the Toll Road Projects. In addition, it is difficult to establish a valid Enterprise Value (defined as market capitalisation as at the Latest Practicable Date plus Net Debt as at the latest audited financial year end) for the purpose of calculating the Enterprise Value/EBITDA multiple, as a high percentage of the issued shares are illiquid shares which do not have an open market price.

Of the remaining five Infrastructure Companies, Hopewell Highway Infrastructure Limited (“Hopewell Infrastructure”) has been listed on the Stock Exchange only since 6 August 2003. Its published accounts cover the financial year ended prior to listing. Since the financial position of a listed issuer, including number of issued shares and cash position, changes quite significantly subsequent to listing and its market capitalisation is much larger than the value of the Toll Road Projects, we have not included Hopewell Infrastructure as a comparable company.

Two other infrastructure companies have a market capitalisation of around HK\$100 million which is significantly smaller than the Toll Road Projects and therefore we do not consider them suitable to be used as comparable companies.

As a result, we have identified GZI Transport Limited and Road King Infrastructure Limited as the closest comparable companies (the “Comparable Companies”):

Company name	Enterprise Value (HK\$'m)	EBITDA (HK\$'m)	Enterprise Value/EBITDA multiple
GZI Transport Limited	3,058.7	304.8	10.0
Road King Infrastructure Limited (“Road King”) (Note)	3,496.0	398.8	8.8
NWSH Group’s interest in the Toll Road Projects	1,048.0 (Adjusted Consideration)	102.5	10.2

Note: In the case of Road King, significant toll road interests are held through non-consolidated joint ventures. As the depreciation, interest and taxation attributable to Road King’s interests in those joint ventures are not separately disclosed, EBITDA of approximately HK\$398.8 million as shown above has not included those items. Had such items been included, the Enterprise Value/EBITDA multiple of Road King is likely to have been lower than 8.8 times.

The price/EBITDA attributable to the NWSH Group multiple represented by the value of the Adjusted Consideration is approximately 10.2 times, which is at the higher end of a market range as assessed by the above procedure.

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4. Effect on gearing

Based on the NWSH Group's audited consolidated balance sheet as at 30 June 2003, the NWSH Group had a gearing ratio of approximately 62%. This figure is calculated by dividing the Net Debt as at 30 June 2003 of approximately HK\$6,893 million by the shareholders' funds plus minority interests and loans of approximately HK\$11,124 million.

Based on the audited consolidated accounts of the Group for the year ended 30 June 2003 and assuming completion of the Disposals, the NWSH Group's proforma Net Debt position will be decreased to approximately HK\$6,127 million and the proforma shareholders' funds plus minority interests and loans would be approximately HK\$10,655 million (after adjusting for the net proceeds from the Disposals and non-consolidation of the Toll Road Projects). On this basis, upon completion of the Disposals, the proforma gearing ratio of the NWSH Group would be reduced to approximately 57%.

5. Effect on annual earnings

Upon completion of the Disposals, the profit or loss attributable to the NWSH Group's interests in the Toll Road Projects will no longer be consolidated into the accounts of the NWSH Group. According to the unaudited management accounts of the Toll Road Projects for the 12-month period ended 30 June 2003 (prepared in accordance with accounting principles generally accepted in Hong Kong), the Toll Road Projects recorded an unaudited net loss of approximately HK\$2.7 million. After making the necessary consolidation adjustment (including the elimination of interests payable by the Toll Road Projects to the NWSH Group), for the financial year ended 30 June 2003, the Toll Road Projects made a profit contribution to the NWSH Group since completion of the Reorganisation on 29 January 2003 up to and including 30 June 2003. However, the profit contribution from the Toll Road Projects, even on an annualised basis, would have been immaterial when compared to the consolidated profits of the NWSH Group for the financial year ended 30 June 2003.

As mentioned in the "Letter from the NWSH Board", the NWSH Group intends to apply all or part of the proceeds from the Disposals to repay bank borrowings. Based on the annual interest rate of 1.75% for the NWSH Group's bridging loan which was taken out for the purpose of the Reorganisation between January 2003 and November 2003, the annualised interest savings would be not more than approximately HK\$17 million, depending on the actual amount of Net Consideration of approximately HK\$974 million applied to repay bank loans.

CONCLUSION AND OPINION

Because of the directives issued by the State Council of the PRC, the NWSH Group and its joint venture partners need to arrive at a satisfactory conclusion to the guaranteed return arrangements relating to the Toll Road Projects. These projects are in any case some of the less well performing projects acquired by the NWSH Group at the time of the Reorganisation and the NWSH Board has a stated policy to reduce borrowings through asset sales. Accordingly, we consider that the Disposals represent a good opportunity to move towards both these objectives at

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the same time. In addition, the consideration in respect of the Disposals is payable wholly in cash and is at a premium both to the independent professional valuation carried out by the Valuer and to the NWSH Group's unaudited combined carrying value.

Upon completion of the Disposals, the NWSH Group will no longer be able to enjoy any profit contribution from the Toll Road Projects. However, this negative impact would be off-set by the annual savings in the interest cost. Overall, we consider the immediate impact of the Disposals on the NWSH Group's recurring profits will not be material, though it is not practical for us to comment on the impact of the Disposals on the NWSH Group's recurring profits over the entire terms of the thirteen joint ventures, most of which have over fifteen years to expiry.

Based on the above principal factors and reasons, we are of the opinion that the terms of the Disposals are fair and reasonable so far as the Shareholders are concerned.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M.N. Sabine
Chairman

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been 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 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 referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares of HK\$1 each in the share capital of the Company ("Shares") and underlying Shares

Name	Nature of interest	Number of Shares held	Number of underlying Shares held (Note 1)	Aggregate interest	
				Number of Shares and underlying Shares held	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date
Dr. Cheng Kar Shun, Henry	Beneficial owner Interest of spouse	– 587,000	3,000,000 –	3,587,000	0.20%
Mr. Doo Wai Hoi, William	Beneficial owner Interest of a controlled corporation	– 492,000	2,000,000 –	2,492,000	0.14%
Mr. Chan Kam Ling	Beneficial owner Interest of a controlled corporation	3,991 10,254,321	2,000,000 –	12,258,312	0.69%
Mr. Wong Kwok Kin, Andrew	Beneficial owner Interest of spouse	3,135,015 2,650,051	1,400,000 –	7,185,066	0.40%

Name	Nature of interest	Number of Shares held	Number of underlying Shares held (Note 1)	Aggregate interest	
				Number of Shares and underlying Shares held	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date
Mr. Lam Wai Hon, Patrick	Beneficial owner Interest of a controlled corporation	35,800 265,139	1,400,000 –	1,700,939	0.10%
Mr. Cheung Chin Cheung	Beneficial owner	58,700	900,000	958,700	0.05%
Mr. Wilfried Ernst Kaffenberger	Beneficial owner	–	600,000	600,000	0.03%
Mr. To Hin Tsun, Gerald	Beneficial owner	–	600,000	600,000	0.03%
Mr. Kwong Che Keung, Gordon	Beneficial owner	–	600,000	600,000	0.03%
Mr. Cheng Wai Chee, Christopher	Beneficial owner	–	600,000	600,000	0.03%
Mr. Dominic Lai	Beneficial owner	–	600,000	600,000	0.03%
Mr. Cheng Chi Pang*	Beneficial owner	176,759	300,000	476,759	0.03%

* *Chief Executive*

Note 1: Underlying Shares refer to the Shares underlying the share options granted under the share option schemes of the Company. Details of such share options are set out in the following table:

Name	Date of grant of share options	Number of Shares underlying the share options as at the Latest Practicable Date	Exercisable period of share options (Notes)	Exercise price per Share HK\$
Dr. Cheng Kar Shun, Henry	21 July 2003	3,000,000	(a)	3.725
Mr. Doo Wai Hoi, William	21 July 2003	2,000,000	(a)	3.725
Mr. Chan Kam Ling	21 July 2003	2,000,000	(a)	3.725
Mr. Wong Kwok Kin, Andrew	21 July 2003	1,400,000	(a)	3.725
Mr. Lam Wai Hon, Patrick	21 July 2003	1,400,000	(a)	3.725
Mr. Cheung Chin Cheung	11 May 1999	300,000	(b)	6.930
	21 July 2003	600,000	(a)	3.725
Mr. Wilfried Ernst Kaffenberger	21 July 2003	600,000	(a)	3.725
Mr. To Hin Tsun, Gerald	21 July 2003	600,000	(a)	3.725
Mr. Kwong Che Keung, Gordon	21 July 2003	600,000	(a)	3.725
Mr. Cheng Wai Chee, Christopher	21 July 2003	600,000	(a)	3.725
Mr. Dominic Lai	21 July 2003	600,000	(a)	3.725
Mr. Cheng Chi Pang*	21 July 2003	300,000	(a)	3.725

* *Chief Executive*

Notes:

- (a) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (b) Divided into 4 tranches exercisable from 5 November 1999, 5 May 2001, 5 May 2002 and 5 May 2003 respectively to 4 November 2004, both dates inclusive.

Long positions in the shares and underlying shares in the associated corporations of the Company

Name	Name of associated corporation	Nature of interest	Number of shares/amount of registered capital held	Number of underlying shares held	Aggregate interest	
					Number of shares/Amount of registered capital held	Approximate percentage of the issued share/registered capital of associated corporation as at the Latest Practicable Date
Dr. Cheng Kar Shun, Henry	NWTMT	Beneficial owner	-	3,000,000		
		Interest of spouse	1,000,000	-	4,000,000	0.42%
	New World China Land Limited ("NWCL")	Beneficial owner	-	5,000,000	5,000,000	0.34%
Mr. Doo Wai Hoi, William	NWTMT	Interest of a controlled corporation	12,000,000	-	12,000,000	1.26%
	NWCL	Beneficial owner	700,000	2,800,000	3,500,000	0.24%
	Fung Seng Estate Development (Shanghai) Co., Ltd.	Interest of a controlled corporation	US\$3,000,000	-	US\$3,000,000	30.00%
	Nanjing New World Chang Jiang Equipment Co. Ltd.	Interest of a controlled corporation	RMB5,357,275	-	RMB5,357,275	21.18%
	Nanjing Xinlidao Property Development Limited	Interest of a controlled corporation	HK\$21,000,000	-	HK\$21,000,000	35.00%
	Ramada Property Ltd.	Interest of a controlled corporation	200	-	200	20.00%
	Shanghai Juyi Real Estate Development Co., Ltd.	Interest of a controlled corporation	US\$105,000,000	-	US\$105,000,000	30.00%
Mr. Chan Kam Ling	NWD	Beneficial owner	96,669	-	96,669	0.00%
	NWTMT	Beneficial owner	6,800	-	6,800	0.00%
	NWCL	Beneficial owner	100,000	400,000	500,000	0.03%
	HH Holdings Corporation	Beneficial owner	15,000	-	15,000	2.50%
	Master Services Limited	Beneficial owner	16,335	-	16,335	1.63%

Name	Name of associated corporation	Nature of interest	Number of shares/amount of registered capital held	Number of underlying shares held (Note 1)	Aggregate interest	
					Number of shares/amount of registered capital held	Approximate percentage of the issued share/registered capital of associated corporation as at the Latest Practicable Date
Mr. Wong Kwok Kin, Andrew	Master Services Limited Tai Fook Securities Group Limited	Beneficial owner Beneficial owner	44,915 390,000	– –	44,915 390,000	4.49% 0.08%
Mr. Lam Wai Hon, Patrick	NWCL Wai Kee Holdings Limited ("Wai Kee")	Beneficial owner Beneficial owner	30,000 –	– 500,000	30,000 500,000	0.00% 0.06%
Mr. Cheung Chin Cheung	NWD NWTMT	Beneficial owner Beneficial owner	43,323 100,000	– –	43,323 100,000	0.00% 0.01%
Mr. Kwong Che Keung, Gordon	NWD	Beneficial owner	30,000	–	30,000	0.00%
Mr. Cheng Chi Pang*	NWD NWTMT Wai Kee	Beneficial owner Beneficial owner Beneficial owner	1,000 200 –	– – 500,000	1,000 200 500,000	0.00% 0.00% 0.06%

* *Chief Executive*

Note 1: Underlying shares refer to shares underlying the share options granted under the share option schemes of associated corporations of the Company as follows:

- (i) Under the share option scheme adopted by NWTMT, a fellow subsidiary of the Company, on 3 October 1997, the following Director of the Company, who is also a Director of NWTMT, has personal interest in options to subscribe for shares in NWTMT which has been granted to him as follows:

Name	Date of grant of share options	Number of shares underlying the share options as at the Latest Practicable Date with exercise price per share of HK\$10.20 (Note 1)	Number of shares underlying the share options as at the Latest Practicable Date with exercise price per share of HK\$12.00 (Note 2)
Dr. Cheng Kar Shun, Henry	2 December 1998	600,000	2,400,000

Notes:

- Exercisable from 1 July 1999 to 1 June 2004.
- Divided into 3 tranches exercisable from 1 July 2000, 1 July 2001 and 1 July 2002 respectively to 1 June 2004.

- (ii) Under the share option scheme of NWCL, a fellow subsidiary of the Company, the following Directors of the Company, who are also Directors of NWCL, have personal interests in options to subscribe for shares in NWCL which have been granted to them as follows:

Name	Date of grant of share options	Exercisable period of share options	Number of shares underlying the share options as at the Latest Practicable Date with exercise price per share of HK\$1.955
Dr. Cheng Kar Shun, Henry	7 February 2001	8 March 2001 to 7 March 2006 (Note 1)	5,000,000
Mr. Doo Wai Hoi, William	8 February 2001	9 March 2002 to 8 March 2006 (Note 2)	2,800,000
Mr. Chan Kam Ling	9 February 2001	10 March 2002 to 9 March 2006 (Note 2)	400,000

Notes:

- The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of each grant when the offers of the share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the shares options granted together with any unexercised share options carried forward from the previous year(s).
 - The share options are exercisable during the remaining exercisable period of four years, provided that the maximum number of share options that can be exercised during a year is 25% of the outstanding balance of the share options held on the respective commencement dates of the exercisable periods.
- (iii) Under the share option scheme of Wai Kee, an associated company of the Company, the following Director and Chief Executive of the Company, who are also Directors of Wai Kee, have personal interests in options to subscribe for shares in Wai Kee which have been granted to them as follows:

Name	Date of grant of share options	Exercisable period of share options	Number of shares underlying the share options as at the Latest Practicable Date with exercise price per share of HK\$0.34
Mr. Lam Wai Hon, Patrick	29 November 2000	29 November 2001 to 28 November 2004	500,000
Mr. Cheng Chi Pang*	29 November 2000	29 November 2001 to 28 November 2004	500,000

* *Chief Executive*

Long positions in debentures of associated corporation of the Company

Name	Name of associated corporation	Amount of debentures		Total US\$	Percentage to the total debentures in issue as at Latest Practicable Date
		Interests as founder of discretionary trust US\$ (Note 1)	Family interests US\$ (Note 2)		
Mr. Cheng Wai Chee, Christopher	New World Capital Finance Limited	9,200,000	200,000	9,400,000	2.69%

Notes:

1. The debentures are convertible into 2,898,522 shares of HK\$1 each of NWD, representing 0.13% of its issued share capital as at the Latest Practicable Date, for the period from 10 June 1999 to 9 August 2004.
 2. The debentures are convertible into 63,010 shares of HK\$1 each of NWD, representing 0.002% of its issued share capital as at the Latest Practicable Date, for the period from 10 June 1999 to 9 August 2004. The interests are held by the spouse of Mr. Cheng Wai Chee, Christopher.
- (b) save as disclosed herein, as at the Latest Practicable Date, none of the Directors or Chief Executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein;
- (c) Save as disclosed herein, as at the Latest Practicable Date:
- (i) none of the Directors and the Chief Executive of the Company has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by and leased to any member of the Group since 30 June 2003 (being the date to which the latest published audited financial statements of the Group were made up); and
 - (ii) none of the Directors and the Chief Executive of the Company is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

- (a) As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors of the Company, the following persons had an interest or short position in the shares and 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 shareholder	Nature of interest	Number of Shares held	Aggregate interest	
			Total number of Shares held	Approximate percentage of interests
Chow Tai Fook Enterprises Limited ("CTF")	Beneficial owner	59,831,893		
	Interest of controlled corporations (<i>Note 1</i>)	969,779,643	1,029,611,536	57.82%
NWD	Beneficial owner	664,587,141		
	Interest of controlled corporations (<i>Note 2</i>)	305,192,502	969,779,643	54.46%
Mombasa Limited ("Mombasa")	Beneficial owner	303,221,591	303,221,591	17.03%

Notes:

- CTF and its subsidiaries have interest in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the Shares deemed to be interested by NWD. CTF is also directly interested in 59,831,893 Shares.
- NWD holds 100% indirect interests in Mombasa. Mombasa's interests in the Company is deemed to be held by NWD. NWD also has deemed interest in 1,970,911 Shares which are held by Financial Concepts Investment Limited, being a non-wholly owned subsidiary of NWD.

- (b) So far as is known to the directors of the Company, as at the Latest Practicable Date, the following persons and entities were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the subsidiaries of the Company:

Name of subsidiary	Name of shareholder	Number of shares/ Approximate amount of registered capital held	Approximate percentage of interest
Architectural Precast GRC Limited	Architectural Precast Limited	2,100,000	35.00%
Barbican-New Concepts Joint Venture	New Concepts Foundation Limited	N/A	40.00%
Beijing Kiu Lok Property Management Services Co., Ltd.	北京市萬勝全物業管理中心	US\$200,000	40.00%
BioEnviroLink Technologies Limited	Bioforte (Hong Kong) Environmental Engineering & Technology Ltd	30	30.00%
Cinabel (Singapore) Pte Limited	Cinagro Pte Limited	2,000	20.00%
Espora Company Limited	Miramar Hotel & Investment Company Limited	1	50.00%
Gaoming Xinming Bridge Co., Ltd.	Foshan City Gaoming District Traffic Development Co.	RMB29,400,000	49.00%
Guangdong Gaoyao Xinjun Highways Limited	Guangdong Highway-Bridge Construction Development Co. Ltd.	RMB19,332,000	27.00%
Guangdong Gaoyao Xinwei Highways Limited	Gaoyao City Highway Development Co.	RMB11,550,000	30.00%
Guangdong Xinzhaogao Highways Company, Limited	Zhaoqing Highway Development Ltd.	RMB8,000,000	10.00%
	Gaoyao City Highway Development Co.	RMB8,000,000	10.00%
Guangxi Beiliu Xinbei Highways Limited	Guangxi Beiliu Gaote Co. Ltd.	RMB39,680,000	40.00%
Guangxi Cangwu Xincang Highways Limited	Guangxi Cangwu County Electric Power Co. Ltd.	RMB19,200,000	30.00%
Guangxi Rongxian Xinrong Highways Limited	Guangxi Rongxian Road & Bridge Construction Co. Ltd.	RMB24,720,000	30.00%
Guangxi Yulin Xintong Highways Limited	Guangxi Yulin City Heng Tong Ltd.	RMB25,600,000	40.00%
Guangxi Yulin Xinye Highways Limited	Guangxi Yulin City Heng Tong Ltd.	RMB25,520,000	40.00%
Guangxi Yulin Xinyu Highways Limited	Guangxi Yulin Yu Shieh Ltd.	RMB38,400,000	40.00%
Guangzhou Northring Freeway Company Limited	Guangzhou Yongtong Freeway Company Limited	N/A	10.41%
	Asian East Worldwide Limited	N/A	24.30%
Hip Hing-Taisei Joint Venture	Taisei Corporation	N/A	40.00%
Hong Kong Ticketing Holdings Limited	Hong Kong Ticketing Alliance Limited	736,146	38.32%
JungleSoft Net Limited	Junglesoft Inc.	200,000	20.00%
Nanjing Huining Wharfs Co., Ltd.	Nanjing Port Authority	US\$5,310,000	45.00%
Qingyuan Xinqing Highways Limited	Qingxin County Communications Construction Development Co.	RMB8,560,000	21.10%

Name of subsidiary	Name of shareholder	Number of shares/ Approximate amount of registered capital held	Approximate percentage of interest
Shanxi Xinda Highways Limited	Changzhi City Changda Highway Development Company	RMB19,600,000	40.00%
Shanxi Xinhuang Highways Limited	Changzhi City Changda Highway Development Company	RMB22,400,000	40.00%
Shunde De Sheng Power Plant Company Limited	Shunde Electric Development Corporation Ltd.	US\$34,492,000	40.00%
Shunde Xiexing Construction Engineering Company Limited	順德市誠業建築集團公司	US\$150,000	15.00%
Sichuan Qianwei Dali Power Company Limited	Sichuan Qianwei Power (Group) Share Co., Ltd.	US\$12,000,000	40.00%
Suzhou Huisu International Container Freight Wharfs Co., Ltd.	蘇州通港港口有限公司	US\$937,500	25.00%
Taiyuan Xintai Highways Limited	Taiyuan Tongtai Industry & Commerce General Company	RMB28,848,000	40.00%
Taiyuan Xinyuan Highways Limited	Gujiao Highway-Bridge Development & Construction Company	RMB34,352,000	40.00%
Tali Group Limited	Smart Concept Trading Limited	7,500,000	30.00%
Tianjin Xindi Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB31,273,054	33.38%
Tianjin Xinlong Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB33,179,720	33.38%
Tianjin Xinlu Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB33,076,910	33.38%
Tianjin Xinming Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB28,529,218	33.38%
Tianjin Xinqing Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB33,169,038	33.38%
Tianjin Xinquan Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB30,714,941	33.38%
Tianjin Xinsen Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB29,140,740	33.38%
Tianjin Xinshi Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB33,175,714	33.38%
Tianjin Xinsi Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB32,253,091	33.38%
Tianjin Xintong Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB33,195,742	33.38%

APPENDIX
GENERAL INFORMATION

Name of subsidiary	Name of shareholder	Number of shares/ Approximate amount of registered capital held	Approximate percentage of interest
Tianjin Xintuo Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB33,151,681	33.38%
Tianjin Xinxiang Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB30,199,554	33.38%
Tianjin Xinyan Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB29,717,546	33.38%
Tianjin Xinzhan Expressway Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB29,839,050	33.38%
Tianjin Yongfa Highway and Bridge Construction Development Company Limited	Tianjin Expressway Investment & Construction Development Corporation	RMB4,000,000	10.00%
Tridant Engineering (Thailand) Company Limited	Krisdamahanakorn Publics	30,600	30.60%
Triguang Engineering (Guang Zhou) Company Limited	廣州市機電安裝公司	RMB1,715,000	49.00%
Trihan Engineering (Wuhan) Co., Ltd.	武漢市工業設備安裝公司	RMB2,450,000	49.00%
True Success Hong Kong Limited	Island Smart Holdings Limited	500	20.00%
	Gold Cycle Limited	250	10.00%
Urban Parking Meter Management Enterprises	Forehap Tech Limited	N/A	21.00%
	Time Exchange Holdings Limited	N/A	28.00%
Urban-WellBorn Property Management Limited	Well Born Real Estate Management Limited	5,000	50.00%
Wuhan Airport Road Development Ltd.	Wuhan Airport Road Industrial Development Co. Ltd.	RMB20,000,000	33.33%
Wuhan Bridge Construction Co., Ltd	Wuhan San Zhen Industry Holding Co. Ltd.	257,140,000	51.14%
Wuzhou Xinwu Highways Limited	Guangxi Wuzhou Heng Tong Development Ltd.	RMB28,800,000	40.00%
Xiamen Xinyuan Container Terminal Co., Ltd.	Xiamen COSCO International Container Freight Station & Transportation Co., Ltd.	RMB5,100,000	30.00%
Zhaoqing Deqing Xinyue Highways Limited	Guangdong Highway-Bridge Construction Development Co., Ltd.	RMB6,800,000	20.00%
	Guangdong Province Deqing Highway Development Co.	RMB5,100,000	15.00%
Zhaoqing Gaoyao Xinhua Highways Limited	Gaoyao City Highway Development Co.	RMB12,450,000	30.00%
Zhaoqing Gaoyao Xinshuang Jin Highways Limited	Gaoyao City Highway Development Co.	RMB7,000,000	35.00%
Zhaoqing Xinde Bridge Limited	Guangdong Highway-Bridge Construction Development Co., Ltd.	RMB13,500,000	25.00%
Zhaoqing Xinde Highways Company, Limited	Guangdong Highway-Bridge Construction Development Co., Ltd.	RMB53,077,500	32.00%
	Guangdong Province Deqing Highway Development Co.	RMB18,245,500	11.00%

Name of subsidiary	Name of shareholder	Number of shares/ Approximate amount of registered capital held	Approximate percentage of interest
Zhaoqing Xinfeng Highways Company, Limited	Guangdong Highway-Bridge Construction Development Co., Ltd.	RMB31,819,000	33.85%
Zhaoqing Xingao Highways Company, Limited	Zhaoqing Highway Development Ltd. Gaoyao City Highway Development Co.	RMB14,774,400 RMB11,145,600	27.36% 20.64%
Zhaoqing Xinhui Highways Company, Limited	Zhaoqing Highway Development Ltd. Sihui Highway Development Co.	RMB14,490,000 RMB18,229,455	14.00% 17.61%
Zhaoqing Xinjiang Highways Limited	Guangning Highway Development Co.	RMB13,200,000	40.00%
Zhaoqing Xinning Highways Company, Limited	Guangdong Highway-Bridge Construction Development Co., Ltd. Zhaoqing Highway Development Ltd.	RMB11,331,000 RMB16,002,000	12.59% 17.78%
珠海市景福工程有限公司	珠海國際經濟技術合作公司	HK\$1,000,000	20.00%
深圳香島園花卉有限公司	珠海市萬泉河科技發展有限公司	RMB1,000,000	20.00%
湖北洪福建築裝飾安裝工程有限公司	中國建築第三工程局	RMB907,382	50.00%
廣州市富城物業管理有限公司	廣州城建開發物業管理集團有限公司	RMB400,000	50.00%
廣州銳萊停車場設備有限公司	廣州市新運行汽車運輸有限公司	150,000	10.00%
襄樊高戍達停車場管理有限公司	深圳市高戍達機械電子有限公司	HK\$875,000	35.00%

- (c) Save as disclosed herein, so far as is known to the Directors of the Company, there is no other person who had an interest or short position in the shares and 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, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

4. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>	<i>HK\$</i>
2,400,000,000 Shares	2,400,000,000.00
<i>Issued and fully paid or credited as fully paid:</i>	
1,780,759,001 Shares	1,780,759,001.00

5. MATERIAL ADVERSE CHANGES

The Directors of the Company are not aware of any material adverse changes in the financial or trading position of the Group since 30 June 2003 (being the date to which the last published audited financial statements of the Group were made up).

6. LITIGATION

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

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors of the Company had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

8. EXPERT

- (a) The following is the qualification of the expert who has given its opinion or advice which are contained in this circular:

Name	Qualifications	Date of opinion	Nature of opinion or advice
Somerley Limited	Deemed licensed corporation under the SFO	8 December 2003	Letter of advice to the Independent Board Committee

- (b) Somerley Limited does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Somerley Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.
- (d) The letter and recommendation given by Somerley Limited are given as of the date of this circular for incorporation herein.
- (e) Somerley Limited has, or has had, no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 30 June 2003 (being the date to which the latest published audited financial statements of the Group were made up).

9. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 17th Floor, New World Tower 2, 18 Queen's Road Central, Hong Kong.
- (c) The Company Secretary of the Company is Mr. Lam Wai Hon, Patrick, a Fellow Chartered Accountant.
- (d) The branch share registrars of the Company in Hong Kong is Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours up to and including 22 December 2003 at the Company's head office and principal place of business in Hong Kong:

- (a) the Agreements;
- (b) the letter from the Independent Board Committee dated 8 December 2003, the text of which is set out on page 11 of this circular;
- (c) the letter from the Independent Financial Adviser dated 8 December 2003, the text of which is set out on pages 12 to 19 of this circular; and
- (d) the written consent referred to in the paragraph headed "Expert" in this appendix.