

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



New World Infrastructure Limited 新世界基建有限公司

(incorporated in the Cayman Islands with limited liability)

Directors:

CHENG Kar-Shun, Henry (*Chairman*)
DOO Wai-Hoi, William (*Vice-Chairman*)
CHAN Wing-Tak, Douglas (*Managing Director*)
CHENG Kar-Shing, Peter
LEUNG Chi-Kin, Stewart
CHAN Kam-Ling
SO Ngok

Registered Office:

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

Non-executive Directors:

LI Kwok-Po, David*
CHENG Wai-Chee, Christopher*
COULL, Gary William John*
KAFFENBERGER, Wilfried Ernst
FU Sze-Shing
YEUNG Kun-Wah, David (*alternate director to
KAFFENBERGER, Wilfried Ernst*)

Principal place of business

in Hong Kong:
9th Floor
New World Tower 2
18 Queen's Road Central
Hong Kong

* *Independent Non-executive Directors*

31st October, 2002

To the shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

At the annual general meeting of New World Infrastructure Limited (the "Company") held on 6th December, 2001, the directors of the Company (the "Directors") were granted a general mandate to repurchase shares of the Company up to an amount not exceeding 10 per cent of the shares of HK\$1.00 each of the Company ("Shares") in issue and such repurchased Shares could be added to the general mandate granted to the Directors to allot and issue additional Shares. Each of such mandates will expire at the conclusion of the 2002 annual general meeting of the Company (the "Annual General Meeting") to be held on 26th November, 2002.

An ordinary resolution will be proposed at the Annual General Meeting to grant a general mandate to the Directors to allot and issue new Shares up to an amount not exceeding 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution (the "General Mandate"). The granting of the General Mandate will provide for flexibility to the Directors to issue Shares when it is in the interest of the Company.

At the Annual General Meeting, another ordinary resolution will be proposed to the shareholders of the Company (the "Shareholders") that the Directors be given a general mandate to repurchase Shares up to 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution subject to the rules set out in this circular (the "Repurchase Mandate"). The General Mandate will be extended by a separate resolution by adding to the aggregate nominal amount of Shares to be issued and allotted pursuant to the General Mandate the nominal amount of Shares repurchased by the Company pursuant to the Repurchase Mandate.

An explanatory statement as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to be sent to the Shareholders in connection with the Repurchase Mandate is set out in the Appendix to this circular.

ANNUAL GENERAL MEETING

A form of proxy for use at the Annual General Meeting is enclosed with the annual report for the year ended 30th June, 2002. Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to 9/F, New World Tower 2, 18 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. The completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting or any adjourned meeting should you so desire.

RECOMMENDATION

The Directors believe that the granting of the General Mandate, the granting of the Repurchase Mandate and the extension of the General Mandate are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the ordinary resolutions as set out in the notice of the Annual General Meeting.

Yours faithfully,
Chan Wing-Tak, Douglas
Managing Director

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

SHARE CAPITAL

As at 24th October, 2002, the latest practicable date before the printing of this circular for ascertaining certain information contained in this circular (the "Latest Practicable Date"), the issued share capital of the Company comprised 952,180,007 Shares.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 95,218,000 Shares.

REASONS FOR REPURCHASES

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

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and articles of association and the applicable laws of the Cayman Islands. The laws of Cayman Islands provide that the purchase of Shares may only be effected out of the capital paid up on the purchased Shares, the profits otherwise available for dividend or out of the proceeds of a new issue of Shares of the Company made for the purpose. Any amount of premium payable on the purchase over the par value of the Shares of the Company to be purchased must be out of either the profits otherwise available for dividend or out of the Company's share premium account or out of contributed surplus.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 30th June, 2002) in the event that the proposed repurchase of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company and all its subsidiaries (the "Group") or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so, in the event that the Company is authorised to make purchases of Shares.

As at the Latest Practicable Date, New World Development Company Limited, directly and indirectly through its subsidiaries, held 519,919,085 Shares, representing approximately 54.60 per cent of the issued share capital of the Company. Chow Tai Fook Enterprises Limited, by virtue of its interest in New World Development Company Limited, was deemed to be interested in the said 519,919,085 Shares. In the event that the Directors should exercise in full the Repurchase Mandate, the deemed interest of Chow Tai Fook Enterprises Limited in the Company would be increased to approximately 60.67 per cent of the issued share capital of the Company. The Directors are not aware of any consequences which will arise under the Hong Kong Code on Takeovers and Merger as a result of any purchases made under the Repurchase Mandate.

MARKET PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2001		
October	3.700	2.600
November	3.425	2.550
December	3.300	2.750
2002		
January	3.250	2.575
February	2.650	2.250
March	2.550	2.050
April	2.200	1.980
May	2.300	2.025
June	2.075	1.730
July	1.840	1.350
August	1.710	1.200
September	1.600	1.250

SHARE PURCHASES MADE BY THE COMPANY

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