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**If you are in any doubt** as to any aspect of this document or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in **NEW WORLD DEVELOPMENT COMPANY LIMITED**, you should at once hand this document and the accompanying proxy form to the purchaser or to the bank, the licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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**新世界發展有限公司**

**New World Development Company Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 0017)**

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
APPROVAL OF SHARE OPTION SCHEME OF  
NEW WORLD DEPARTMENT STORE CHINA LIMITED  
AND RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of New World Development Company Limited (the "Company") to be held at Meeting Room 301B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 27 November 2007, at 11:15 a.m. is set out on pages 24 to 27 of this document. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the registered office of the Company at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude shareholders from attending and voting at the annual general meeting if they so wish.

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Meeting Room 301B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 27 November 2007 at 11:15 a.m., notice of which is set out on pages 24 to 27 of this document
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	16 October 2007, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWDS”	New World Department Store China Limited, 72.29% owned subsidiary of the Company, incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“NWDS Share Option Scheme”	the share option scheme of NWDS conditionally adopted pursuant to an ordinary resolution of NWDS passed on 12 June 2007, a summary of the terms of which is set out in Appendix II to this document
“NWDS Shares”	share(s) of HK\$0.10 each in the share capital of NWDS
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution

## DEFINITIONS

“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.5 of the notice of the Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	fully paid-up share(s) of HK\$1.00 each in the share capital of the Company
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

**Directors:**

*Executive Directors:*

Dato' Dr. CHENG Yu-Tung (*Chairman*)  
Dr. CHENG Kar-Shun, Henry (*Managing Director*)  
Dr. SIN Wai-Kin, David  
LIANG Chong-Hou, David  
LEUNG Chi-Kin, Stewart  
CHENG Chi-Kong, Adrian

*Non-executive Directors:*

Lord SANDBERG, Michael\*  
CHENG Yue-Pui  
YEUNG Ping-Leung, Howard\*  
Dr. CHA Mou-Sing, Payson, JP\*  
CHENG Kar-Shing, Peter  
CHOW Kwai-Cheung  
HO Hau-Hay, Hamilton  
LEE Luen-Wai, John, JP\*  
LIANG Cheung-Biu, Thomas  
CHA Mou-Zing, Victor  
(*alternate director to Dr. CHA Mou-Sing, Payson*)

\* *Independent non-executive director*

**Registered Office:**

30th Floor,  
New World Tower,  
18 Queen's Road Central,  
Hong Kong.

31 October 2007

*To the shareholders and, for information purposes only,  
the holders of the outstanding share options of the Company*

Dear Sir or Madam,

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
APPROVAL OF SHARE OPTION SCHEME OF  
NEW WORLD DEPARTMENT STORE CHINA LIMITED  
AND RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information, and to seek your approval for the proposals involving general mandates to allot, issue and deal with Shares and to repurchase Shares, approval of the NWDS Share Option Scheme and re-election of retiring Directors at the Annual General Meeting.

## LETTER FROM THE MANAGING DIRECTOR

### **2. GENERAL MANDATE TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 24 November 2006, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I hereto.

### **3. GENERAL MANDATE TO ISSUE SHARES**

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of the Repurchase Resolution.

### **4. APPROVAL OF THE NWDS SHARE OPTION SCHEME**

At the Annual General Meeting, an Ordinary Resolution will be proposed for the Company to approve the NWDS Share Option Scheme. A summary of the principal terms of the NWDS Share Option Scheme is set out in Appendix II to this document.

The purpose of the NWDS Share Option Scheme is to permit NWDS to issue options to eligible persons with an aim to attract and retain the best available personnel and to provide additional incentives to employees, directors, consultants, business associates and advisers of NWDS and its subsidiaries and associated companies to promote the success of the group of NWDS.

The maximum number of NWDS Shares which may be issued upon the exercise of all options to be granted under the NWDS Share Option Scheme and any other schemes of NWDS must not in aggregate exceed 10% of the NWDS Shares in issue as at the date on which the NWDS Shares are listed on the Stock Exchange (being 162,520,000 NWDS Shares). Moreover, under the NWDS Share Option Scheme, NWDS may seek for shareholders' approval to renew such 10% limit provided, among other things, that the maximum number of NWDS Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the NWDS Share Option Scheme and any other share option schemes of NWDS must not exceed such number of NWDS Shares as shall represent 30 per cent. of the issued share capital of NWDS from time to time.

Under the rules of the NWDS Share Option Scheme, the board of NWDS has discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the board of NWDS to provide incentive to eligible participants to remain eligible participants and thereby enable the group of NWDS to continue to benefit from the services and contributions of the eligible participants. This discretion, coupled with the power of the board of NWDS to impose any performance target or other

## LETTER FROM THE MANAGING DIRECTOR

restrictions as it considers appropriate before the option can be exercised, enable the group of NWDS to provide incentives to the eligible participants to use their best endeavours in assisting the growth and development of the group of NWDS. Although the NWDS Share Option Scheme does not provide for the granting of options with rights to subscribe for NWDS Shares at a discount to the traded prices of the NWDS Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the board of NWDS in granting options to eligible participants and to impose minimum period for which the options have to be held and performance targets and other conditions that have to be achieved before the options can be exercised, will place the group of NWDS in a better position to attract human resources that are valuable to the growth and development of the group of NWDS as a whole.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the NWDS Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the option have not been determined. Such variables include the exercise price, exercise period, any lock up period, any performance targets set and other variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

According to the Listing Rules, the NWDS Share Option Scheme shall take effect subject to and is conditional on, among other things, the passing an ordinary resolution approving the NWDS Share Option Scheme by the Shareholders in general meeting.

### **5. RE-ELECTION OF THE RETIRING DIRECTORS**

Pursuant to Article 94 and Article 103(A) of the Articles of Association of the Company, Mr. CHENG Chi-Kong, Adrian, Mr. CHENG Yue-Pui, Mr. CHOW Kwai-Cheung, Mr. HO Hau-Hay, Hamilton, Mr. LIANG Cheung-Biu, Thomas and Mr. LEE Luen-Wai, John shall retire from office and being eligible, offer themselves for re-election at the Annual General Meeting. Details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix III hereto.

### **6. ANNUAL GENERAL MEETING**

Set out on pages 24 to 27 of this document is the notice convening the Annual General Meeting to be held at Meeting Room 301B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 27 November 2007 at 11:15 a.m..

At the Annual General Meeting, resolutions will be proposed to the Shareholders in respect of ordinary business to be considered at the Annual General Meeting, including the re-election of Directors, and special business to be considered at the Annual General Meeting, being the Ordinary Resolutions proposed to approve the general mandates to repurchase Shares and to issue new Shares, the extension of the general mandate to issue new Shares and the NWDS Share Option Scheme.

## LETTER FROM THE MANAGING DIRECTOR

### 7. ACTION TO BE TAKEN

A proxy form for use at the Annual General Meeting is enclosed herewith. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the registered office of the Company at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not prevent Shareholders from attending and voting at the Annual General Meeting if they so wish.

### 8. RIGHT TO DEMAND A POLL

Pursuant to Article 74 of the Articles of Association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

### 9. RECOMMENDATION

The Directors believe that the Repurchase Proposal, the proposed general mandate for Directors to issue new Shares, the NWDS Share Option Scheme and the proposed re-election of the retiring Directors are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting to give effect to them.

Yours faithfully,

For and on behalf of

**New World Development Company Limited**

**Dr. CHENG Kar-Shun, Henry**

*Managing Director*



This appendix serves as an 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 Proposal.

This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,713,273,470 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 371,327,347 Shares representing not more than 10% of the issued share capital of the Company at the Latest Practicable Date.

## **2. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

## **3. FUNDING OF REPURCHASE**

In repurchasing any Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares, made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

There might be an 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 30 June 2007 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months before the Latest Practicable Date are as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
October 2006	14.26	13.08
November 2006	15.06	13.14
December 2006	15.80	14.00
January 2007	18.12	15.30
February 2007	18.96	16.84
March 2007	18.78	15.70
April 2007	19.50	17.44
May 2007	21.40	18.30
June 2007	20.90	18.80
July 2007	21.05	19.30
August 2007	19.40	16.02
September 2007	22.00	18.40
October 2007 (up to the Latest Practicable Date)	26.10	20.10

#### 5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders.

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

#### 6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Cheng Yu Tung Family (Holdings) Limited, indirectly through its subsidiaries, held 1,359,586,962 Shares representing approximately 36.61% of the issued share capital of the Company. In the event the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Proposal, then (if the present shareholding remains the same) the deemed interest of Cheng Yu Tung Family (Holdings) Limited would be increased to approximately 40.68% of the issued share capital of the Company.

In the event that the Repurchase Proposal is exercise in full, an obligation to make a general offer to Shareholders under Rules 26 and 32 of the Takeovers Code may arise. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such an extent as to result in takeover obligations. In the event that the Repurchase Proposal is exercise in full, the number of Shares held by the public would not fall below 25%.

## **7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

*The following is a summary of the principal terms of the NWDS Share Option Scheme to be approved at the Annual General Meeting.*

## **1. PURPOSE OF THE NWDS SHARE OPTION SCHEME**

The purpose of the NWDS Share Option Scheme is to permit NWDS to issue options to eligible persons who is (or will be on the date of grant) an employee, a director, a consultant, a business associate or an adviser of NWDS, its subsidiaries and associated companies (the “NWDS Group”) (the “Eligible Person(s)”) with an aim to attract and retain the best available personnel and to provide additional incentives to such employees, directors, consultants, business associates and advisers to promote the success of the NWDS Group.

## **2. GRANT OF OPTIONS**

- 2.1 The board of NWDS may from time to time during the period to be notified by the board of NWDS (such period not to exceed the period of 10 years from 12 June 2007 (the “Scheme Period”)) (at its absolute discretion) offer an option to an Eligible Person (to be selected in each case at the discretion of the board of NWDS) on and pursuant to the terms of the NWDS Share Option Scheme.
- 2.2 Subject to the limitations referred to in the NWDS Share Option Scheme or under the Listing Rules, the board of NWDS shall determine the terms upon which such options shall be offered to a participant including such of those terms as are set out in paragraph 4 below as shall be determined by the board of NWDS (if any) and the number of NWDS Shares in respect of which an option may be exercised. Such terms shall not be inconsistent with the relevant requirements of the NWDS Share Option Scheme or the Listing Rules.
- 2.3 An offer of an option must be made by NWDS in writing on a business day and accepted in writing by the participant in such manner as the board of NWDS may prescribe within 21 calendar days (from and including the date of the offer by NWDS) of the same being made and if not so accepted such offer shall lapse. An offer may be accepted by a participant in part provided that it is accepted in respect of a board lot for dealing in NWDS Shares on the Stock Exchange. An offer may not be accepted unless the participant to whom the offer is made is or remains an Eligible Person on acceptance.
- 2.4 A subsisting option and an offer to grant an option shall be personal to the participant to whom it is granted or to whom it is made and shall not be transferable or assignable. No participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option held by him or any offer relating to the grant of an option made to him.
- 2.5 The amount payable for the acceptance of an option shall be the sum of HK\$1.00 which shall be paid upon acceptance of the offer of such option. This consideration shall not be refundable to the participant and shall not be deemed to be a part payment of the exercise price.

- 2.6 No offer of an option shall be made which is capable of or open for acceptance after the expiry of the Scheme Period.

### **3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- 3.1 The maximum number of NWDS Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the NWDS Share Option Scheme and any other share option schemes of NWDS must not exceed such number of NWDS Shares as shall represent 30 per cent. of the issued share capital of NWDS from time to time (the “Overall Limit”). No options may be granted under the NWDS Share Option Scheme if this will result in the Overall Limit being exceeded.

- 3.2 Subject always to the Overall Limit:

- (A) the board of NWDS may grant options generally and without further authority in respect of such number of NWDS Shares which may be issued upon exercise of all options to be granted under the NWDS Share Option Scheme and all options to be granted under any other share option schemes in aggregate not exceeding 10 per cent. of the issued share capital of NWDS as at the date on which the NWDS Shares are listed on the Stock Exchange (the “Scheme Mandate Limit”) (being 162,520,000 NWDS Shares). For the avoidance of doubt, options that have lapsed in accordance with the NWDS Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;
- (B) the Scheme Mandate Limit may be renewed by obtaining approval of the shareholders of NWDS in general meeting provided that such renewed limit shall not exceed 10 per cent. of the NWDS Shares in issue as at the date of approval of such limit (the “Refreshed Limit”). Options previously granted under the NWDS Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the NWDS Share Option Scheme or exercised) shall not be counted for the purpose of calculating the Refreshed Limit; and
- (C) the board of NWDS may grant options in excess of the Scheme Mandate Limit (as renewed from time to time) if the grant of such options is to specifically identified Eligible Persons and the grant of such options to specifically identified Eligible Persons is first approved by the shareholders of NWDS in general meeting. In obtaining the approval of the shareholders of NWDS, NWDS shall send a circular to the shareholders of NWDS in accordance with and containing such information as is required under Rule 17.03(3) of the Listing Rules.

- 3.3 (A) Unless approved by the shareholders of NWDS in the manner as set out in paragraph 3.3(B), the total number of NWDS Shares issued and to be issued upon the exercise of the options granted to an Eligible Person (including exercised, cancelled and outstanding options) in any 12 month period shall not exceed 1 per cent. of the relevant class of securities of NWDS in issue.

- (B) NWDS may grant further options to an Eligible Person notwithstanding that, if exercised, would result in such Eligible Person becoming entitled to subscribe for NWDS Shares in excess of the limit stated in paragraph 3.3(A) provided that the grant of such options is first approved by the shareholders of NWDS in general meeting at which such Eligible Person and his associates shall abstain from voting. The terms and number of NWDS Shares subject to the options to be granted to such Eligible Person shall be fixed before the relevant shareholders' approval is obtained, and the date of the meeting of the board of NWDS proposing such further grant shall be deemed to be the date of grant for the purpose of determining the exercise price of the relevant options. In obtaining the approval of the shareholders of NWDS, NWDS shall send a circular to the shareholders of NWDS in accordance with and containing such information as is required under Rule 17.03(4) of the Listing Rules.

#### **4. NOTICE OF GRANT**

Each participant will receive a written notice of grant from NWDS specifying the number of options granted, the period during which it may be exercised (such period to commence not less than 1 year and not to exceed 10 years from the date of grant of such option) (the "Exercise Period") and the subscription amount payable in respect of each NWDS Share upon the exercise of such option, being an amount determined by the board of NWDS and notified to the participant, which amount shall be not less than the greater of: (A) the closing price of the NWDS Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant of such option; (B) the average closing price of the NWDS Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of such option; and (C) the nominal value of the NWDS Shares (the "Exercise Price") and specifying any other applicable terms and conditions relating to such options which may include provisions as to any or all of the following matters:

- (A) performance conditions which must be satisfied before the options can be exercised;
- (B) the minimum period for which the options must be held before they can be exercised;
- (C) vesting conditions (if any), which must be satisfied before the options shall become vested;
- (D) lapse conditions which may be different from the general provisions set out in paragraph 8 (but not so as to extend the Exercise Period beyond 10 years from the date of grant); and
- (E) such other provisions as the board of NWDS may determine provided that such provisions are not in contravention of the requirements of the NWDS Share Option Scheme or the Listing Rules.

**5. RESTRICTION ON GRANT OF OPTIONS**

The board of NWDS shall not grant any options under the NWDS Share Option Scheme after a price sensitive development concerning NWDS or any subsidiary has occurred or a price sensitive matter concerning NWDS or any subsidiary has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no option shall be granted during the period of one month immediately preceding the earlier of the respective:

- (A) date of the board meeting of NWDS (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of NWDS's published results for (a) any year and half-year period, and (b) where NWDS has elected to publish them, any quarterly or other interim period; and
- (B) deadline for NWDS to publish an announcement of its results for (a) any year or half-year period in accordance with the Listing Rules, and (b) where NWDS has elected to publish them, any quarterly or any other interim period,

and ending on the date of the announcement of the results for such year, half-year, quarterly or interim period (as the case may be).

**6. OPTIONS GRANTED TO DIRECTORS, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDERS**

- 6.1 Any options granted to a participant who is a director, chief executive or substantial shareholder of NWDS or one of their respective associates must first be approved by the independent non-executive directors of NWDS and in the event the participant is an independent non-executive director of NWDS, the vote of such independent non-executive director shall not be counted for the purpose of approving such grant.
- 6.2 Any options granted to a participant who is a substantial shareholder of NWDS or independent non-executive director of NWDS or one of their respective associates, which will result in the total number of NWDS Shares issued and to be issued upon exercise of all options already granted and to be granted (including options whether exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of such grant:
  - (A) representing in aggregate over 0.1 per cent. of the issued share capital of NWDS; and
  - (B) having an aggregate value, based on the closing price of the NWDS Shares at the date of each grant, in excess of HK\$5,000,000.00,

must first be approved by the shareholders of NWDS in general meeting by poll convened and held in accordance with the articles and at which all connected persons of NWDS shall abstain from voting in favour of the resolution concerning the grant of

such options. In obtaining the approval of the shareholders of NWDS, NWDS shall despatch a circular to the shareholders of NWDS containing such information as is required under Rule 17.04(3) of the Listing Rules.

## **7. EXERCISE OF OPTIONS**

- 7.1 An option may be exercised in whole or in part by the participant at any time during its Exercise Period by delivering to NWDS a notice (“Exercise Notice”) duly signed in a form approved by the board of NWDS (together with payment of the Exercise Price in full in respect of each NWDS Share to be subscribed for) and delivery of the written notice (issued under paragraph 4) for cancellation or amendment (as the case may be), and subject to compliance with the foregoing shall be effective on the date of receipt of the same by NWDS.
- 7.2 The exercise of any option shall be subject to the shareholders of NWDS in general meeting approving any necessary increase in the authorised share capital of NWDS. Subject thereto, NWDS shall make available sufficient authorised but unissued NWDS Shares to meet subsisting requirements on the exercise of any options.
- 7.3 Subject to paragraph 7.2 and any necessary consents and exercise in accordance with the provisions of paragraph 7.1, NWDS shall as soon as reasonably practicable and in any event not later than 30 days after the exercise of an option and, where appropriate, receipt of the valuers’ certificate(s) pursuant to paragraph 11, make an allotment to the participant exercising the option of the number of NWDS Shares specified in the Exercise Notice and shall deliver to the participant a definitive share certificate in respect thereof.
- 7.4 When an option is exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole option and an amended written notice in respect of the subsisting option shall be issued accordingly by NWDS (pursuant to paragraph 4) as soon as reasonably practicable after such partial exercise.

## **8. LAPSE OF OPTIONS**

- 8.1 An option shall lapse forthwith (to the extent not already exercised) on the occurrence of the earliest of the following events:
- (A) the expiry of the Exercise Period;
  - (B) the first anniversary of the death of the participant;



- (C) If the participant is an employee or a director, upon such participant ceasing to be an employee or a director by reason of dismissal from employment or termination of office; or if the participant is a consultant, a business associate or an adviser, by reason of the termination by the relevant NWDS Group company of the contract for the provision of services by such participant, on any of the following grounds:
- (1) his misconduct;
  - (2) his committing an act of bankruptcy;
  - (3) his becoming insolvent or making any arrangements or composition with his creditors generally; or
  - (4) his being convicted of any criminal offence involving his integrity or honesty;
- (D) three months after the participant ceases to be an employee by reason of:
- (1) his retirement on or after attaining normal retirement age;
  - (2) his resignation;
  - (3) his ill health or disability;
  - (4) the company by which he is employed ceasing to be a subsidiary or associated company;
  - (5) the expiry of his contract of employment; or
  - (6) termination of his employment for reasons other than the reasons specified in paragraphs (B) and (C) above;
- (E) three months after the participant ceases to be a director for reasons other than the reasons specified in paragraphs (B) and (C) above;
- (F) the expiry of any period referred to in paragraphs 12.1 to 12.3, provided that in the case of paragraph 12.2 the proposed compromise or arrangement becomes effective;
- (G) save as otherwise provided in paragraph 12.3, the earlier of the close of business on the fifth business day prior to the general meeting referred to in paragraph 12.3 or the date of the commencement of the winding up of NWDS;
- (H) any breach of the provisions of paragraph 2.4; and

- (I) in the case of a participant who is a consultant, a business associate or an adviser, on the date which falls three months after the date on which the participant is notified by the board of NWDS that the board of NWDS has resolved that the participant no longer provides consultancy, business or advisory (as appropriate) services to the NWDS Group and is therefore no longer a consultant, a business associate or an adviser to the NWDS Group.

8.2 The decision of the board of NWDS as to whether an option has lapsed under this paragraph 8 shall be conclusive and binding on the relevant participant.

8.3 If an option shall be determined by the board of NWDS to have lapsed, the board of NWDS shall notify the relevant participant in writing of such lapse and forthwith upon such notification the participant shall be bound to surrender to NWDS the written notice evidencing such option.

## **9. CANCELLATION OF OPTIONS**

9.1 Any cancellation of any subsisting option shall be conditional on the approval by the board of NWDS (including the approval of independent non-executive directors) and the participant(s) concerned.

9.2 In the event that the board of NWDS elects to cancel any subsisting options and issue new options to the participant(s) concerned, the issue of such new options shall be made with available unissued options (excluding the cancelled options) within the Scheme Mandate Limit or the Refreshed Limit, as the case may be.

## **10. RIGHTS**

No dividends shall be payable and no voting rights shall be exercisable in relation to NWDS Shares that are the subject of options that have not been exercised. NWDS Shares issued on the exercise of an option shall rank equally in all respects with the other NWDS Shares of the same class in issue at the date of allotment (including without limitation as to voting, dividend and transfer rights and rights arising on the liquidation of NWDS) and will be subject to all the provisions of the articles. NWDS Shares issued on the exercise of an option shall not rank for any rights attaching to NWDS Shares by reference to a record date preceding the date of allotment. A NWDS Share issued upon the exercise of an option shall not carry voting rights until it shall have been registered in the name of the relevant participant (or its nominee) as the holder thereof.

## **11. REORGANISATION OF CAPITAL STRUCTURE**

Subject to paragraph 3, in the event of a capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of NWDS in accordance with applicable laws and regulatory requirements, corresponding adjustments (if any) shall be made in relation to any subsisting option to:

- (A) the number of NWDS Shares subject to the subsisting option; and/or

(B) the Exercise Price; and/or

(C) in the event of a consolidation and subdivision of the share capital of NWDS and to the extent necessary, the maximum number of NWDS Shares referred to in paragraph 3,

as the valuers shall, at the request of NWDS, certify in writing, either generally or, if applicable, as regards any particular participant, to be in their opinion fair and reasonable, provided that any such adjustment shall give a participant the same proportion of the issued share capital of NWDS as that to which he was previously entitled, but so that no such adjustment shall be made if the effect of which would enable a NWDS Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any subsisting option being increased. Where any such adjustment shall be required for any alteration in the capital structure of NWDS (other than by way of a capitalisation of profits or reserves) such adjustment shall be further conditional on the valuers also certifying in writing that (1) such adjustment shall give a participant the same proportion of the issued share capital of NWDS as that to which he was previously entitled, and (2) such adjustment shall not have the effect of enabling a NWDS Share to be issued at less than its nominal value. The certification of the valuers shall be final and binding on NWDS and the participants. The costs of the valuers in so certifying shall be borne by NWDS. NWDS shall notify participants of any adjustment made under this paragraph.

## **12. TAKEOVER, SCHEMES OF COMPROMISE OR ARRANGEMENT AND LIQUIDATION**

12.1 If during the Exercise Period of any subsisting options an offer is made to acquire all or part of the issued NWDS Shares (other than those held by the offeror and any persons acting in concert with the offeror) and such offer becomes or is declared unconditional, NWDS shall give written notice to all participants then holding subsisting options of the offer becoming unconditional as soon as reasonably practicable after becoming so aware, and such participants may, by notice in writing to NWDS, within 14 calendar days of the date of such notice (and subject to paragraph 7.1 above) exercise any of their subsisting options to their full extent or to the extent specified in such notice. For the purposes of this paragraph, the expression “acting in concert” shall have the same meaning as set out in the Takeovers Code.

12.2 If during the Exercise Period of any subsisting options an application is made to the court (otherwise than where NWDS is being voluntarily wound up) pursuant to sections 166 and 167 of the Companies Ordinance (or any analogous event under any equivalent legislation applicable to NWDS) in connection with a proposed compromise or arrangement between NWDS and its creditors (or any class of them) or between NWDS and its members (or any class of them), a participant holding subsisting options may by notice in writing to NWDS, within the period of 21 calendar days after the date of such application (and subject to paragraph 7.1 above), exercise any of his subsisting options to their full extent or to the extent specified in such notice.

- 12.3 In the event of a notice of a meeting being convened to consider a resolution for the voluntary winding up of NWDS during the Exercise Period of any subsisting options, NWDS shall forthwith upon notice of such meeting being given, give to the participants holding such subsisting options written notice of the convening of such meeting and such participants may thereupon by notice in writing to NWDS exercise any subsisting options at any time not later than five business days prior to the proposed general meeting of NWDS to its full extent or to the extent specified in such notice.
- 12.4 Upon the happening of any of the events referred to in paragraph 12.2 or 12.3, notice of that event and the effect thereof shall be given by NWDS to all participants as soon as reasonably practicable.

### **13. AMENDMENT AND TERMINATION**

- 13.1 Subject to the provisions of paragraph 13.2, the board of NWDS may amend any of the provisions of the NWDS Share Option Scheme or withdraw or otherwise terminate the NWDS Share Option Scheme at any time but no amendments shall be made to the advantage of any participant unless approved by the shareholders of NWDS in general meeting. In addition, no amendment shall operate to affect adversely any rights which have accrued to any participant at that date. In the event that the board of NWDS elects to terminate the operation of the NWDS Share Option Scheme, no further options shall be offered thereunder but the provisions of the NWDS Share Option Scheme shall remain in force in all other respects in respect of any options granted prior to such termination and not then exercised which shall continue to be valid and exercisable subject to and in accordance with the terms of the NWDS Share Option Scheme.
- 13.2 The shareholders of NWDS in general meeting must approve in advance by ordinary resolution any proposed change which relates to the following:
- (A) the category of Eligible Persons to or for whom options may be granted under the NWDS Share Option Scheme;
  - (B) the authority of the board of NWDS in relation to any alteration to the terms of the NWDS Share Option Scheme;
  - (C) the limits as to the number of NWDS Shares which may be issued under the NWDS Share Option Scheme;
  - (D) the individual limits as to the number of options for each participant under the NWDS Share Option Scheme;
  - (E) the determination of the Exercise Price;
  - (F) any rights attaching to the options and the NWDS Shares;

- (G) the terms of any granted options;
- (H) the rights of participants in the event of a capitalisation issue, rights issue, sub-division or consolidation of NWDS Shares or reduction or any other variation of capital of NWDS;
- (I) the terms of this paragraph 13.2;
- (J) any matters set out in Rule 17.03 of the Listing Rules; or
- (K) any amendments to the NWDS Share Option Scheme which is of a material nature.

13.3 Except as described in paragraph 13.2, the board of NWDS need not obtain the approval of the shareholders of NWDS in general meeting for any minor amendments:

- (A) to benefit the administration of the NWDS Share Option Scheme;
- (B) to comply with or take account of the provisions of any proposed or existing legislation;
- (C) to take account of any changes to the legislation; or
- (D) to obtain or maintain favourable tax, exchange control or regulatory treatment of NWDS or any subsidiary or associated company or any present or future participant.

13.4 Any amendment to the terms and conditions of the NWDS Share Option Scheme which is of a material nature shall be subject to the clearance of the Stock Exchange save where the amendment takes effect automatically under the existing terms of the NWDS Share Option Scheme.

13.5 Unless otherwise cleared by the Stock Exchange, the amended terms of the NWDS Share Option Scheme or the options must comply with the relevant requirements of the Listing Rules.

**Mr. Cheng Chi-Kong, Adrian**

Aged 27, was appointed as Executive Director in March 2007. Mr. Cheng is an Executive Director of New World China Land Limited (stock code: 917) and New World Department Store China Limited (stock code: 825). He is a Director of Centennial Success Limited and Chow Tai Fook Enterprises Limited. He also acts as Director of certain subsidiaries of the Company. Mr. Cheng has worked in major international bank prior to joining the New World group in September 2006 and has substantial experience in financial management. Mr. Cheng holds a Bachelor Degree from Harvard University. Except as disclosed, Mr. Cheng did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Cheng. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the articles of association of the Company. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments comprise director's fee of HK\$59,000 from the Company and other emoluments of HK\$1,537,000 from the Group.

Mr. Cheng is the grandson of Dr. Cheng Yu-Tung, the son of Dr. Cheng Kar-Shun, Henry, the grandnephew of Mr. Cheng Yue-Pui and the nephew of Mr. Cheng Kar-Shing, Peter. Except as disclosed, Mr. Cheng does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Cheng does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Cheng is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with his re-election.

**Mr. Cheng Yue-Pui**

Aged 79, was appointed as Director in June 1970. Mr. Cheng is currently a Non-executive Director, a Director of Centennial Success Limited and Chow Tai Fook Enterprises Limited. He also acts as Director of various subsidiaries of the Company. Except as disclosed, Mr. Cheng did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Cheng. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the articles of association of the Company. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and

responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments comprise director's fee of HK\$150,000 from the Company.

Mr. Cheng is the brother of Dr. Cheng Yu-Tung, the uncle of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the granduncle of Mr. Cheng Chi-Kong, Adrian. Except as disclosed, Mr. Cheng does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Cheng does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Cheng is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with his re-election.

#### **Mr. Chow Kwai-Cheung**

Aged 65, was appointed as Director in October 1994. Mr. Chow is currently a Non-executive Director, an Executive Director of New World China Land Limited (stock code: 917) and a Director of Hip Hing Construction Company Limited. He also acts as Director of various subsidiaries of the Company. Except as disclosed, Mr. Chow did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Chow. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the articles of association of the Company. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments comprise director's fee of HK\$150,000 from the Company and other emoluments of HK\$4,236,000 from the Group.

Mr. Chow does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Chow has a personal interest of 44,527 Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Chow is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with his re-election.

#### **Mr. Ho Hau-Hay, Hamilton**

Aged 56, was appointed as Non-executive Director in August 2004. Mr. Ho was an alternate Director of the Company from 7 January 2004 to 30 August 2004. Mr. Ho is an Independent Non-executive Director of CITIC Pacific Limited (stock code: 267), a Non-executive Director of

King Fook Holdings Limited (stock code: 280) and Dah Chong Hong Holdings Limited (stock code: 1828), and an Executive Director of Honorway Investments Limited and Tak Hung (Holding) Company Limited. Except as disclosed, Mr. Ho did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Ho. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the articles of association of the Company. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments comprise director's fee of HK\$150,000 from the Company.

Mr. Ho does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Ho has a corporate interest of 439,177 Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Ho is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with his re-election.

#### **Mr. Liang Cheung-Biu, Thomas**

Aged 60, was appointed as Non-executive Director in August 2004. Mr. Liang is a Non-executive Director of Miramar Hotel and Investment Company, Limited (stock code: 71) and the Group Chief Executive of Wideland Investors Limited. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. Except as disclosed, Mr. Liang did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Liang. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the articles of association of the Company. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments comprise director's fee of HK\$150,000 from the Company.

Mr. Liang is the cousin of Mr. Liang Chong-Hou, David. Except as disclosed, Mr. Liang does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Liang has a personal interest of 5,215 Shares within the meaning of Part XV of the SFO.



Save as disclosed above, Mr. Liang is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with his re-election.

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

Aged 58, was appointed as Independent Non-executive Director in August 2004. Mr. Lee is the Managing Director of Lippo Limited (stock code: 226), Executive Director of Lippo China Resources Limited (stock code: 156) and Hongkong Chinese Limited (stock code: 655) as well as Independent Non-executive Director of New World China Land Limited (stock code: 917). He is a qualified accountant and was a partner of one of the leading international accounting firms in Hong Kong. He has extensive experience in corporate finance and capital markets. Mr. Lee serves as a member on a number of Hong Kong Government Boards and Committees including Hospital Authority, Council of the City University of Hong Kong, Solicitors Disciplinary Tribunal Panel and Non-local Higher and Professional Education Appeal Board. Mr. Lee is also the Chairman of Queen Elizabeth Hospital Governing Committee. Except as disclosed, Mr. Lee did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Lee. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the articles of association of the Company. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments comprise director's fee of HK\$250,000 from the Company and other emoluments of HK\$200,000 from the Group.

Mr. Lee does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lee does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lee is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules in connection with his re-election.



新世界發展有限公司

New World Development Company Limited

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 0017)**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of the Company will be held at Meeting Room 301B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 27 November 2007 at 11:15 a.m. for the following purposes:

1. To consider and adopt the audited Statement of Accounts and the Report of Directors and Auditors for the year ended 30 June 2007.
2. To declare a final dividend.
3. To re-elect Directors and authorise the Directors to fix their remuneration.
4. To re-appoint Joint Auditors and authorise the Directors to fix their remuneration.
5. As special business to consider and, if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution:

**ORDINARY RESOLUTION**

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$1.00 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in connection with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Directors of the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and

## NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this Resolution,

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

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

### ORDINARY RESOLUTION

“**THAT:**

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$1.00 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) an issue of shares upon conversion by the bondholders of their bonds into shares of the Company in accordance with the terms and conditions of an issue of convertible guaranteed bonds by the Company or a special purpose

## NOTICE OF ANNUAL GENERAL MEETING

subsidiary wholly owned by the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution,

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

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

7. As special business to consider and, if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution:

### ORDINARY RESOLUTION

“**THAT** subject to the passing of Resolution Nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to Resolution No. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

## NOTICE OF ANNUAL GENERAL MEETING

8. As special business to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

### ORDINARY RESOLUTION

“**THAT** the share option scheme of New World Department Store China Limited, a non-wholly owned subsidiary of the Company, the rules of which are contained in the document marked “A” and produced to the meeting and for the purpose of identification signed by the Chairman thereof, be and is hereby approved.”

By Order of the Board  
**LEUNG Chi-Kin, Stewart**  
*Company Secretary*

Hong Kong, 31 October 2007

### Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the registered office of the Company at 30th Floor, New World Tower, 18 Queen’s Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be).
3. The register of members of the Company will be closed from Tuesday, 20 November 2007 to Tuesday, 27 November 2007, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the Annual General Meeting, all shares transfers accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrars, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 19 November 2007.