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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: 17)

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION
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 201B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 30 November 2005, at 3:30 p.m. is set out on pages 10 to 13 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.

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 201B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 30 November 2005 at 3:30 p.m., notice of which is set out on pages 10 to 13 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
“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”	24 October 2005, 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
“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
“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
“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

LETTER FROM THE MANAGING DIRECTOR



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

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

Registered Office:

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

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*

31 October 2005

To the shareholders,

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION,
AND RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

GENERAL MANDATE TO REPURCHASE SHARES

At the extraordinary general meeting of the Company held on 7 December 2004, 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.

LETTER FROM THE MANAGING DIRECTOR

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.

AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION

The Stock Exchange has announced certain amendments to the Listing Rules which, subject to certain transitional arrangements, came into effect on 1 January 2005.

In the circumstances, in order to bring the articles of association of the Company in line with the Listing Rules, the Directors propose to the shareholders to approve a special resolution at the Annual General Meeting to amend the existing articles 94, 103(A), 106 and 109 of the articles of association of the Company requiring every Director to retire by rotation at least once every three years and requiring all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

RE-ELECTION OF THE RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors of the Company are Dato' Dr. CHENG Yu-Tung, Dr. CHENG Kar-Shun, Henry, Dr. SIN Wai-Kin, David, Mr. LIANG Chong-Hou, David and Mr. LEUNG Chi-Kin, Stewart; the non-executive Directors of the Company are Mr. CHENG Yue-Pui, Mr. CHENG Kar-Shing, Peter, Mr. CHOW Kwai-Cheung, Mr. HO Hau-Hay, Hamilton and Mr. LIANG Cheung-Biu, Thomas and the independent non-executive Directors of the Company are Lord SANDBERG, Michael, Mr. YEUNG Ping-Leung, Howard, Dr. CHA Mou-Sing, Payson, JP, Mr. LEE Luen-Wai, John, JP and Mr. CHA Mou-Zing, Victor (as alternate director to Dr. CHA Mou-Sing, Payson).

Pursuant to Article 103(A) of the existing Articles of Association of the Company, the executive Directors Dato' Dr. CHENG Yu-Tung, Dr. SIN Wai-Kin, David and Mr. LIANG Chong-Hou, David and the independent non-executive Director Mr. YEUNG Ping-Leung, Howard shall retire from office and shall be eligible for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II hereto.

ANNUAL GENERAL MEETING

Set out on pages 10 to 13 of this document is the notice convening the Annual General Meeting to be held at Meeting Room 201B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on 30 November 2005 at 3:30 p.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 and the extension of the general mandate to issue new Shares and the Special Resolution proposed to approve the amendments to the existing Articles of Association.

LETTER FROM THE MANAGING DIRECTOR

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.

RIGHT TO DEMAND A POLL

Pursuant to existing 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.

RECOMMENDATION

The Directors believe that the Repurchase Proposal, the proposed general mandate for Directors to issue new Shares, the proposed amendments to the existing Articles of Association 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
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 3,491,565,623 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 349,156,562 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 2005 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 HK\$	Lowest HK\$
October 2004	7.800	6.650
November 2004	9.250	6.800
December 2004	8.800	7.850
January 2005	8.700	7.150
February 2005	8.150	7.300
March 2005	8.100	7.500
April 2005	8.450	7.600
May 2005	8.600	7.900
June 2005	9.700	8.050
July 2005	10.550	8.650
August 2005	10.700	9.350
September 2005	10.500	9.950
October 2005 (up to the Latest Practicable Date)	10.450	9.450

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, Chow Tai Fook Enterprises Limited held on a beneficial basis 1,240,160,658 Shares representing approximately 35.52% 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 shareholdings remains the same) the attributable interest of Chow Tai Fook Enterprises Limited would be increased to approximately 39.47% 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 exercised 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.

Dato' Dr. CHENG Yu-Tung

Dr. CHENG Yu-Tung, aged 80, was appointed as Director in May 1970 and has been Chairman since 1982. Dr. CHENG is also the Chairman of Melbourne Enterprises Limited, whose shares are listed on the Stock Exchange. Dr. CHENG is also the Chairman of a subsidiary of the Company, NWD (Hotels Investments) Limited and the Chairman of a controlling shareholder of the Company, Chow Tai Fook Enterprises Limited. Dr. CHENG is independent non-executive director of Hang Seng Bank Limited, whose shares are listed on the Stock Exchange. He is also non-executive director of two listed companies, Shun Tak Holdings Limited and Lifestyle International Holdings Limited. Except as disclosed above, Dr. CHENG did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Dr. CHENG. He has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to article 103(A) of the articles of association of the Company. There is no agreement on the amount of the remuneration payable to Dr. CHENG. The director's fee of HK\$250,000.00 was paid to him during the year ended 30 June 2005 as determined by the Board of Directors with reference to his duties and responsibilities with the Company under the authority granted by the shareholders at 2004 annual general meeting. Dr. CHENG is the brother of Mr. CHENG Yue Pui and father of Dr. CHENG Kar Shun, Henry and Mr. CHENG Kar Shing, Peter. Save as disclosed above, Dr. Cheng is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. CHENG does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance

Save as disclosed above, Dr. CHENG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Dr. SIN Wai-Kin, David

Dr. SIN Wai-Kin, David, aged 76, was appointed as executive Director of the Company in June 1970. He is the Vice Chairman and independent non-executive director of Miramar Hotel & Investment Company Limited, independent non-executive director of Hang Seng Bank Limited and non-executive director of King Fook Holdings Limited. The shares of the said companies are listed on the Stock Exchange. Except as disclosed above, Dr. SIN did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Dr. SIN. He has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to article 103(A) of the articles of association of the Company. There is no agreement on the amount of the remuneration payable to Dr. SIN. The director's fee of HK\$200,000.00 was paid to him during the year ended 30 June 2005 as determined by the Board of Directors with reference to his duties and responsibilities with the Company under the authority granted by the shareholders at 2004 annual general meeting. Save as disclosed above, Dr. SIN is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. SIN and his spouse are interested in 4,755,806 Shares within the meaning of Part XV of the Securities and Futures Ordinance

Save as disclosed above, Dr. SIN has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Mr. LIANG Chong-Hou, David

Mr. LIANG Chong-Hou, David, aged 60, was appointed as Director in November 1979 and became executive Director of the Company in 1986. Except as disclosed above, Mr. LIANG did not hold any directorship in other listed public companies in the last 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 has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to article 103(A) of the articles of association of the Company. There is no agreement on the amount of the remuneration payable to Mr. LIANG. The director's fee of HK\$200,000.00 was paid to him during the year ended 30 June 2005 as determined by the Board of Directors with reference to his duties and responsibilities with the Company under the authority granted by the shareholders at 2004 annual general meeting. Mr. LIANG is the cousin of Mr. LIANG Cheung-Biu, Thomas. Save as disclosed above, Mr. LIANG is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. LIANG does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. LIANG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Mr. YEUNG Ping-Leung, Howard

Mr. YEUNG Ping-Leung, Howard, aged 48, was appointed as Director in November 1985 and became independent non-executive Director in 1999. Mr. YEUNG is also the Chairman of King Fook Holdings Limited and non-executive director of Miramar Hotel & Investment Company Limited. The shares of the said companies are listed on the Stock Exchange. Except as disclosed above, Mr. YEUNG did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. YEUNG. He has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to article 103(A) of the articles of association of the Company. There is no agreement on the amount of the remuneration payable to Mr. YEUNG. The director's fee of HK\$250,000.00 was paid to him during the year ended 30 June 2005 as determined by the Board of Directors with reference to his duties and responsibilities with the Company under the authority granted by the shareholders at 2004 annual general meeting. Save as disclosed above, Mr. YEUNG is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. YEUNG does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. YEUNG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

NOTICE OF ANNUAL GENERAL MEETING



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 17)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Meeting Room 201B (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 30 November 2005 at 3:30 p.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 2005.
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
- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 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 a special purpose 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

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders 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.”

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

SPECIAL RESOLUTION

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

- (a) Article 94

by deleting the last sentence of the existing Article 94 and substituting therefor the following sentence:

“Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election.”

- (b) Article 103(A)

by deleting the first sentence of Article 103(A) and substituting therefor the words “At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not less than

NOTICE OF ANNUAL GENERAL MEETING

one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.”

(c) Article 106

by deleting the words “, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting” at the end of Article 106.

(d) Article 109

by deleting the words “, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting” at the end of Article 106.”

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

Hong Kong, 31 October 2005

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 Wednesday, 23 November 2005 to Wednesday, 30 November 2005, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to the proposed final dividend, all shares transfers accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 22 November 2005.