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If you have sold or transferred all your shares in New World TMT Limited, you should at once hand this circular to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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新世界信息科技有限公司*
New World TMT Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 301)

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

A notice convening the Annual General Meeting of New World TMT Limited to be held at Meeting Room 201A (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 7 December 2004 at 2:30 p.m. is set out on pages 7 to 16 of this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 21/F., Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

* For identification purposes only

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company convened to be held at Meeting Room 201A (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 7 December 2004 at 2:30 p.m.
“Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	New World TMT Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares in the manner as set out in the notice of the Annual General Meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 October 2004 being the latest practicable date before the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWD”	New World Development Company Limited, the Company’s holding company, the shares of which are listed on the Stock Exchange

DEFINITIONS

“PRC”	The People’s Republic of China
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out in the notice of the Annual General Meeting
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



新世界信息科技有限公司*
New World TMT Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 301)

Directors:

Executive Directors:

Dr CHENG Kar-Shun, Henry (*Chairman*)
Mr WONG Chi-Chiu, Albert (*Chief Executive Officer*)
Dr WAI Fung-Man, Norman

Non-executive Directors:

Mr FU Sze-Shing
Mr KAFFENBERGER, Wilfried Ernst
Mr LEE Sean, Sammy
Mr LAI Hing-Chiu, Dominic
Mr YEUNG Kun-Wah, David
(*alternate director to Mr KAFFENBERGER,
Wilfried Ernst*)

Independent Non-executive Directors:

Dr LAM Man-Kit, Dominic
The Honourable SHEK Lai-Him, Abraham
Mr KONG Chi-How, Johnson

Registered Office:

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

Principal place of

business in Hong Kong:

21st Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

29 October 2004

To the shareholders

Dear Sir or Madam,

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to (i) the re-election of retiring Directors, (ii) the granting of the General Mandate, the Repurchase Mandate and the extension of the General Mandate; and (iii) the proposed amendments to the Articles of Association. Notice of the Annual General Meeting is set out in Appendix I to this circular.

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LETTER FROM THE CHIEF EXECUTIVE OFFICER

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Articles 99 and 116 of the Articles of Association, Messrs Cheng Kar-Shun, Henry, Wilfried Ernst Kaffenberger, Shek Lai-Him, Abraham and Kong Chi-How, Johnson shall retire at the Annual General Meeting and, being eligible, offer themselves for re-election at the Annual General Meeting. Information on retiring Directors proposed for re-election as required to be disclosed under the Listing Rules is set out in Appendix II to this circular.

GENERAL MANDATE AND REPURCHASE MANDATE

At the annual general meeting of the Company held on 28 November, 2003, the Directors were granted a general mandate to repurchase Shares up to an amount not exceeding 10% of the Shares in issue and such repurchased Shares could be added to the general mandate granted to the Directors to allot and issue additional Shares. Each of such mandates will expire at the conclusion of the Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to grant the General Mandate to the Directors to allot and issue new Shares up to an amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution. Such General Mandate will be extended by a separate resolution by adding to the aggregate nominal amount of Shares to be issued and allotted pursuant to the General Mandate the nominal amount of Shares repurchased by the Company pursuant to the Repurchase Mandate. The granting of the General Mandate will provide for flexibility to the Directors to issue Shares when it is in the interest of the Company.

At the Annual General Meeting, another ordinary resolution will be proposed to the Shareholders that the Directors be given a Repurchase Mandate to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution subject to the rules set out in this circular. An explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix III to this circular.

AMENDMENTS TO ARTICLES OF ASSOCIATION

In order to conform with the new provisions set out in Appendix 3 to the Listing Rules which came into effect on 31 March 2004 and to bring the Articles of Association up to date, a special resolution will be proposed to amend the Articles of Association including, inter alia, the following:

- (a) To amend the definition of "associates" and update certain other definitions;
- (b) To increase the number of members required to demand a poll at any general meeting from three to five;

LETTER FROM THE CHIEF EXECUTIVE OFFICER

- (c) To exclude the votes cast by a Shareholder in contravention of a requirement or restriction under the Listing Rules;
- (d) To prohibit Directors from voting at and being counted towards the quorum of the board meeting on any matter in which a Director or any of his associates has a material interest, subject to exceptions permitted by the Listing Rules; and
- (e) To require that the minimum seven-day period for lodgment by the Shareholders of notice to nominate a Director shall commence no earlier than the date after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days before the date of such meeting.

The full text of the proposed amendments to the Articles of Association is set out in the notice of the Annual General Meeting, which is set out in Appendix I to this circular.

ACTION TO BE TAKEN

A form of proxy 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 and return the form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 21st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. The completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting or any adjourned meeting should you so desire.

PROCEDURE FOR DEMANDING A POLL

Pursuant to existing Article 80 of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person or by proxy and entitled to vote; or
- (c) any Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or

LETTER FROM THE CHIEF EXECUTIVE OFFICER

- (d) any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATION

The Directors are pleased to recommend retiring Directors for re-election at the Annual General Meeting. The Directors believe that the granting of the General Mandate, the granting of the Repurchase Mandate, and the extension of the General Mandate and the proposed amendments to the Articles of Association are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
WONG Chi-Chiu, Albert
Chief Executive Officer



新世界信息科技有限公司*

New World TMT Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 301)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of New World TMT Limited (the "Company") will be held at Meeting Room 201A (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 7 December 2004 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 30 June 2004.
2. To elect Directors and to fix their remuneration.
3. To appoint Auditors and to fix their remuneration.
4. As special business to consider, and if thought fit, pass (with or without modifications) the following resolutions as Ordinary Resolutions:

(1) **"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers 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) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (iii)

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the exercise of any option under any share option scheme of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) 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 applicable law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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

(2) **“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 issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with Cayman Islands law and all applicable laws and/or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the rules 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 the shares to be repurchased by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) of this resolution 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;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by applicable law or the articles of association of the Company to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(3) “**THAT** conditional upon the passing of Ordinary Resolutions Nos. (1) and (2) as set out in the notice convening this meeting, the general unconditional mandate granted to the Directors of the Company pursuant to Ordinary Resolution No. (1) as set out in the notice convening this meeting be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the shares repurchased by the Company pursuant to the authority to repurchase shares granted pursuant to Ordinary Resolution No. (2) as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of this resolution.”

5. As special business to consider, and if thought fit, pass (with or without modifications) the following resolution as a Special Resolution:

“**THAT** the Articles of Association of the Company be amended as follows:

- (A) By deleting the definition of “Associates” in Article 107(f) and inserting the following new definition of “associates” immediately before the definition of “Auditors” in Article 2:

“associates shall have the meaning as ascribed to it from time to time under the Listing Rules;”

- (B) By deleting the existing definitions of the following expressions in Article 2 and replacing by the following new definitions:

“the Company “the Company” or “this Company” shall mean New World TMT Limited;

the Companies Ordinance “the Companies Ordinance” shall mean the Companies Ordinance Chapter 32 of the Laws of Hong Kong as in force from time to time;

Hong Kong “Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China;

subsidiary and holding company “subsidiary” and “holding company” shall have the meanings attributed to such terms in the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under the Listing Rules;”

- (C) By deleting Article 16 and replacing it with the following:

“16. Every person whose name is entered as a member in the register shall be entitled without payment to receive, within the relevant time limit as prescribed in the Law or as the Exchange may from time to time determine, whichever is shorter, after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide), one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number

of shares in excess of the number for the time being forming an Exchange board lot, upon payment, in the case of a transfer, of a sum equal to the relevant maximum amount as the Exchange may from time to time determine for every certificate after the first or such lesser sum as the Board shall from time to time determine, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the register.”

- (D) By replacing the words “such fee, if any, not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules or” in Article 20 with the words “such maximum fee as may be prescribed by the Exchange from time to time (or”.
- (E) By inserting the words “fully paid-up and” after the words “the share concerned are” in Article 41(e).
- (F) By replacing the words “such fee not exceeding HK\$2.50 (or such higher amount as shall for the time being be approved by the Exchange or” in Article 41(f) with the words “such maximum fee(s) as may be prescribed by the Exchange from time to time (or”.
- (G) By deleting Articles 76 and 77 and replacing them with the following:
 - “76. For all purposes the quorum for a general meeting shall be two members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy provided always that if the Company has only one member of record the quorum shall be that one member present in person (or in the case of a corporation, by its duly authorised representative) or by proxy. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.
 - 77. If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and

place as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy shall be a quorum and may transact the business for which the meeting was called.”

(H) By deleting Articles 80, 81 and 83 and replacing them with the following:

“80. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded by:

- (a) the Chairman of the meeting; or
- (b) at least five members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote; or
- (c) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members 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 attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is so required or demanded and, in the latter case, not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company’s book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

81. (a) If a poll is required or demanded as aforesaid, it shall (subject as provided in Article 82) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time

and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was required or demanded as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was required or demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting at which the poll was demanded or the taking of the poll, whichever is earlier.

- (b) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

83. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is required or demanded, shall be entitled to a second or casting vote.”

- (I) By re-numbering the existing Article 85 as Article 85(a) and adding the following sub-paragraphs after the new Article 85(a):

- “(b) Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

- (c) No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.”

- (J) By deleting Article 107(c) and replacing it with the following:

- “(c) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associates is to his knowledge materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following matters namely:

- (i) the giving of any security or indemnity either:

- (aa) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

- (bb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (aa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; or
 - (bb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company."

(K) By deleting Article 112(c) and replacing it with the following:

“(c) The Company shall not make any loans to Directors and their associates, and shall not contravene any provisions of section 157H (or such other provisions relating to the making of loans to directors generally) of the Companies Ordinance prevailing at the time of adoption of these Articles.”

(L) By deleting Article 120 and replacing it with the following:

“120. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged with the Board at the Company’s principal place of business in Hong Kong provided that the minimum length of period, during which such notices are given, shall be at least seven days and the period for lodgment shall commence no earlier than the day after dispatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such general meeting.”

(M) By replacing the word “if” in line 6 of Article 167(a) with the word “of”.

By Order of the Board
Chow Oi-Wah, Fergus
Company Secretary

Hong Kong, 29 October 2004

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be individuals) to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the principal place of business of the Company in Hong Kong at 21/F., Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. With respect to Ordinary Resolution No. (1) set out in the above notice, approval is being sought from the members as a general mandate for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
4. With respect to Ordinary Resolution No. (2), an explanatory statement containing further details regarding the repurchase by the Company of its own shares will be sent to the shareholders together with the Company’s 2004 Annual Report.

5. The translation into Chinese language of this notice (including the Special Resolution which contains the proposed new Articles) is for reference only. In case of any inconsistency, the English version shall prevail.

6. As at the date of this notice, the directors of the Company comprises (i) three executive directors, namely Dr Cheng Kar-Shun, Henry, Mr Wong Chi-Chiu, Albert and Dr Wai Fung-Man, Norman; (ii) four non-executive directors, namely Mr Wilfried Ernst Kaffenberger (alternate director to Mr Wilfried Ernst Kaffenberger: Mr Yeung Kun-Wah, David), Mr Fu Sze-Shing, Mr Lee Sean, Sammy and Mr Lai Hing-Chiu, Dominic; and (iii) three independent non-executive directors, namely Dr Lam Man-Kit, Dominic, The Honourable Shek Lai-Him, Abraham and Mr Kong Chi-How, Johnson.

The following is the information as required to be disclosed under the Listing Rules on retiring Directors standing for re-election at the Annual General Meeting:

Dr Cheng Kar-Shun, Henry *GBS*

Aged 57, was appointed the chairman of the Company in 1995. Dr Cheng is also the managing director of New World Development Company Limited (stock code: 17), the chairman and managing director of New World China Land Limited (stock code: 917), and the chairman of NWS Holdings Limited (stock code: 659), Tai Fook Securities Group Limited (stock code: 665) and New World Mobile Holdings Limited (stock code: 862). Dr Cheng is the managing director of NWD (Hotels Investments) Limited, and a director of Chow Tai Fook Enterprises Limited, HKR International Limited (stock code: 480) and a number of subsidiaries of the Company. Except as disclosed, Dr Cheng did not hold directorship in other listed public companies in the past three years. Dr Cheng is also the chairman of the Advisory Council for The Better Hong Kong Foundation and a committee member of the Tenth Chinese People's Political Consultative Conference of The People's Republic of China. In 2001, Dr Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region.

There is no service contract between the Company and Dr 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 remuneration is determined by reference to factors including his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions. For the year ended 30 June 2004, a remuneration of HK\$3,650,000 was paid to Dr Cheng.

Save as disclosed above, Dr 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, Dr Cheng has a family interest of 1,000,000 shares in the Company within the meaning of Part XV of the SFO.

Mr Wilfried Ernst Kaffenberger

Aged 60, was appointed a non-executive Director of the Company in October 2001. Mr Kaffenberger holds a Bachelor in Science degree from Princeton University (1966), and an MBA from the Harvard Graduate School of Business Administration (1968). He is chief executive officer of the AIG Asian Infrastructure Fund II, a US\$1.67 billion direct equity investment pool he organized in 1997. The Fund's sponsors are AIG, a major US insurance company, and the Government of Singapore Investment Corporation. A variety of US and Asian financial institutions and pension funds are investors. He is also a managing director of the Emerging Markets Partnership (EMP), a Washington based asset management firm. Prior to joining EMP, Mr Kaffenberger was Vice President, Operations, of the International Finance Corporation (IFC), a World Bank affiliate. His career at the IFC covered 25 years. Mr Kaffenberger is also a non-executive director of

NWS Holdings Limited (stock code: 659) and a director of Hanaro Telecom Inc., a company listed both on the Korean Stock Exchange and the US NASDAQ. Except as disclosed, Mr Kaffenberger did not hold directorship in other listed public companies in the past three years.

There is no service contract between the Company and Mr Kaffenberger. 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 remuneration is determined by reference to factors including his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions. For the year ended 30 June 2004, a remuneration of HK\$100,000 was paid to Mr Kaffenberger.

Save as disclosed above, Mr Kaffenberger 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 Kaffenberger does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

The Honourable Shek Lai-Him, Abraham *JP*

Aged 59, was appointed an independent non-executive Director and a member of the audit committee of the Company in September 2004. Mr Shek graduated from the University of Sydney with a Bachelor of Arts degree. He is a member of the Legislative Council for the HKSAR. He is also an independent non-executive director of NWS Holdings Limited (stock code: 659), Midas International Holdings Limited (stock code: 1172), Paliburg Holdings Limited (stock code: 617), Lifestyle International Holdings Limited (stock code: 1212) and Chuang's Consortium International Limited (stock code: 367). Mr Shek had been an independent non-executive director of M Channel Corporation Limited (stock code: 8036) and Capital Estate Limited (stock code: 193) during the last three years. Except as disclosed, Mr Shek did not hold any directorship in other listed public companies in the last three years. Mr Shek was appointed as a Justice of the Peace in 1995.

There is no service contract between the Company and Mr Shek. 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 remuneration will be determined by reference to factors including his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions.

Mr Shek does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company and as at the Latest Practicable Date, he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr Kong Chi-How, Johnson

Aged 44, was appointed an independent non-executive Director and the chairman of the audit committee of the Company in September 2004. Mr Kong is a member of The

Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Society of Chinese Accountants & Auditors. He is a practising accountant and a senior partner of BDO McCabe Lo & Company, which is the Hong Kong member firm of BDO International, the fifth largest international accounting network with some 600 offices and 23,000 professional personnel worldwide. Besides general audit and taxation work, Mr Kong specializes in corporate finance, restructuring, financial investigation, insolvency and receivership related assignments. He also has extensive experience in provision of PRC foreign investment advisory services. He is a member of his firm's Executive Committee and heads up the Corporate Advisory Services division. He is responsible for his firm's PRC practice development and acts as the chief representative of its office in Xiamen. Mr Kong has not held any directorship in other listed public companies in the last three years.

There is no service contract between the Company and Mr Kong. 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 remuneration will be determined by reference to factors including his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions.

Mr Kong does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company and as at the Latest Practicable Date, he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

The Board is not aware of any matters relating to the re-election of the above four retiring Directors that need to be brought to the attention of the shareholders of the Company.

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

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 952,180,007 Shares.

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

REASONS FOR REPURCHASES

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

FUNDING OF REPURCHASES

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

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 30 June 2004) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

GENERAL

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

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

No connected person has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so, in the event that the Company is authorized to make purchases of Shares.

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

MARKET PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
October	1.800	1.250
November	1.390	1.120
December	1.370	1.120
2004		
January	1.730	1.220
February	1.680	1.480
March	1.550	1.180
April	1.350	0.840
May	0.950	0.600
June	1.000	0.730
July	0.900	0.720
August	0.780	0.620
September	0.810	0.710

SHARE PURCHASES MADE BY THE COMPANY

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