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PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The board (the “**Board**”) of directors (the “**Directors**”) of New World Department Store China Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) proposes to adopt a new share option scheme (the “**New Share Option Scheme**”) in accordance with Chapter 17 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), as the share option scheme adopted by the Company on 12 June 2007 has expired on 12 June 2017.

Conditions for the Proposed Adoption of the New Share Option Scheme

The effectiveness of the New Share Option Scheme is subject to:

- (i) the approval of the shareholders of the Company (the “**Shareholders**”) by ordinary resolution in a general meeting; and
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the shares of the Company (the “**Share(s)**”) which may fall to be issued and allotted by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the New Share Option Scheme (the “**Share Option(s)**”).

The Company will present the New Share Option Scheme to the Shareholders for approval at the forthcoming extraordinary general meeting (the “**EGM**”) to be held by the Company on 26 June 2023. An application will be made to the Stock Exchange for the approval of the listing of, and the permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of any Share Option.

Key Terms of the New Share Option Scheme

The key terms of the New Share Option Scheme are set out below:

Purpose : The purpose of the New Share Option Scheme is designed primarily as a means of rewarding performance, providing incentive, motivation or reward to certain eligible participants (the “**Eligible Participant(s)**”) for optimizing their performance or

making contribution to the Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to the Group; and fostering a sense of corporate identity and allowing the Eligible Participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.

Adoption Date : The date on which the New Share Option Scheme is adopted by the Shareholders at the EGM (the “**Adoption Date**”).

Duration : The New Share Option Scheme shall be valid and effective for a period of ten years commencing from the Adoption Date, unless otherwise terminated by way of a resolution of the Shareholders in general meeting.

After expiry or termination of the New Share Option Scheme, no further share options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Share Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Share Options (to the extent not already exercised) granted prior to such expiration or termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

Eligible Participants : Any director (including any executive director, non-executive director or independent non-executive director) and employee (whether full time or part time) of the Company or any of its holding companies, subsidiaries, fellow subsidiaries, associated companies or members of the Group.

Exercise price : The price per Share payable on the exercise of a Share Option as determined by the Directors which must be at least the higher of: (i) the closing price of the Share as stated in the Stock Exchange’s daily quotations sheet on the date of grant of such share option (the “**Date of Grant**”), which must be a dealing day; (ii) the average closing price of the Share as stated in the Stock Exchange’s daily quotations sheets for the five dealing days immediately preceding the Date of Grant or (where applicable) such price as from time to time adjusted pursuant to the New Share Option Scheme; and (iii) the nominal value of the Share.

Maximum number of Shares available for exercise : The maximum number of Shares which may be issued upon exercise of all Share Options to be granted under the New Share Option Scheme, together with all options and awards granted under any other schemes of the Company, must not in aggregate exceed 10% of the ordinary share capital of the Company in issue as at Adoption Date.

The Company may seek approval by the Shareholders in general meeting for refreshing the 10% limit in accordance with the relevant requirements of the Listing Rules and the New Share Option Scheme, provided that the total number of Shares which may be issued upon exercise of all options and awards to be granted under the New Share Option Scheme and any other schemes of the Company under the limit as refreshed must not exceed 10% of the ordinary share capital of the Company in issue as at the date of approval of the refreshed limit.

The Company may seek separate approval by the Shareholders in a general meeting for granting Share Options under the New Share Option Scheme beyond such limit, provided the Share Options in excess of such limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the information required under the Listing Rules and the relevant approval must be obtained in the manner prescribed by the Listing Rules.

Maximum entitlement of each Eligible Participant : The total number of Shares issued and to be issued upon the exercise of the Share Options granted to each Eligible Participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the ordinary share capital of the Company in issue.

Where any grant of Share Options to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant pursuant to the New Share Option Scheme or any other schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the New Share Option Scheme or any other schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the

ordinary share capital of the Company in issue, such grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. In such event, for the purpose of convening the general meeting of the Company, the Company must send a circular to the Shareholders disclosing the identity of such Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant in the 12-month period), and all other information required under the Listing Rules.

Exercise period : Subject to the vesting period as set out below, a Share Option may be exercised in accordance with the terms of the New Share Option Scheme during the option period (being not more than ten years from the Date of Grant) as specified and notified by the Directors to the grantee for the whole or such parcel(s) of the Shares subject to the Share Option at the time of making an offer.

Vesting period : Save for the following circumstances, the Share Options must be held for at least 12 months after the Date of Grant before it is vested and exercisable by the grantee:

For Eligible Participants who are the director(s) and employee(s) of the Company and its subsidiaries, a shorter vesting period of less than 12 months may be adopted under any of the circumstances below:

- (a) Grants of “make-whole” Share Options to new joiners to replace the share option or awards they forfeited when leaving the previous employers;
- (b) Grants of Share Options to a participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) Grants of Share Options that are made in batches during a year for administrative and compliance reasons;
- (d) Grants of Share Options with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months;
- (e) Grants of Share Options with a total vesting and holding period of more than 12 months; or

- (f) In other appropriate circumstances provided always that such grants of options align with the purpose of the New Share Option Scheme.

CIRCULAR

As it is intended that the New Share Option Scheme will be put forward for consideration and, if thought fit, be approved by the Shareholders at the EGM, further details and related matters of the New Share Option Scheme will be included in the circular that will be despatched to the Shareholders for the purpose of convening the EGM in accordance with the requirements of the Listing Rules on or before 7 June 2023.

As at the date of this announcement, the adoption of the New Share Option Scheme remains subject to the conditions of the New Share Option Scheme being fulfilled. Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

By order of the board of
New World Department Store China Limited
Cheng Chi-kong, Adrian
Chairman

Hong Kong, 28 April 2023

As at the date of this announcement, the non-executive Directors are Dr. Cheng Chi-kong, Adrian and Ms. Chiu Wai-han, Jenny; the executive Directors are Mr. Cheung Fai-yet, Philip and Ms. Xie Hui-fang, Mandy; and the independent non-executive Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai.