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Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the prospectus dated 28 June 2007 (the “Prospectus”) issued by the Company.



New World Department Store China Limited

新世界百貨中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by the Joint Global Coordinators on behalf of the International Placing Underwriters on 2 August 2007 in respect of an aggregate of 60,945,000 Shares, representing 15% of the initial size of the Global Offering.

The 60,945,000 Shares will be issued and allotted by the Company at HK\$5.80 per Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Hong Kong Public Offering and the International Placing.

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by the Joint Global Coordinators on behalf of the International Placing Underwriters on 2 August 2007 in respect of an aggregate of 60,945,000 Shares (the “**Over-allotment Shares**”), representing 15% of the initial size of the Global Offering.

The Over-allotment Shares will be issued and allotted by the Company at HK\$5.80 per Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Hong Kong Public Offering and the International Placing.

Deutsche Bank has borrowed 60,945,000 Shares from NWD pursuant to the Stock Borrowing Agreement solely to cover over-allocations in the International Placing. The Over-allotment Shares will be used to facilitate the return in full to NWD of 60,945,000 borrowed Shares which were used solely to cover over-allocations in the International Placing. Immediately after the issue and allotment of the Over-allotment Shares, approximately 27.71% of the issued share capital of the Company will be held in public hands.

Listing of and permission to deal in the Over-allotment Shares has already been granted by the Listing Committee of the Stock Exchange.

The shareholding structure of the Company immediately before and immediately after the issue by the Company of the Over-allotment Shares is as follows:

	Immediately before the issue of the Over-allotment Shares		Immediately after the issue of the Over-allotment Shares	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's enlarged issued share capital
NWD	1,218,900,000 ⁽¹⁾	75.00%	1,218,900,000 ⁽²⁾	72.29%
Public investors	<u>406,300,000</u>	<u>25.00%</u>	<u>467,245,000</u>	<u>27.71%</u>
Total number of Shares	<u><u>1,625,200,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,686,145,000</u></u>	<u><u>100.00%</u></u>

(1) Including the 60,945,000 Shares lent to Deutsche Bank pursuant to the Stock Borrowing Agreement for settlement of over-allocations in the International Placing.

(2) Including the 60,945,000 Shares to be returned and redelivered to NWD by Deutsche Bank pursuant to the Stock Borrowing Agreement.

The net proceeds of approximately HK\$342.84 million from the issue of the Over-allotment Shares by the Company will be used by the Company for the same purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

By order of the Board
New World Department Store China Limited
Mr. Wong Kwok-kan Kenneth
Company Secretary

Hong Kong, 2 August 2007

As at the date of this announcement, the non-executive Directors are Dr. Cheng Kar-shun, Henry (Chairman) and Mr. Au Tak-cheong; the executive Directors are Mr. Cheung Fai-yet, Philip, Mr. Lin Tsai-tan, David, Mr. Wong Kwok-kan, Kenneth, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda; 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, Henry.

"Please also refer to the published version of this announcement in South China Morning Post."