

**If you are in any doubt** as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in **New World Department Store China Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**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: 0825)**

**NOTICE OF ANNUAL GENERAL MEETING  
RE-ELECTION OF THE RETIRING DIRECTORS  
GENERAL MANDATE TO ISSUE SHARES AND  
TO REPURCHASE SHARES**

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A notice convening the annual general meeting of New World Department Store China Limited to be held at Meeting Room 201A (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 26 November 2007 at 9:30 a.m. is set out on pages 14 to 16 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

31 October 2007

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# CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE CHAIRMAN</b>	
Introduction .....	2
Re-election of the retiring directors .....	2
General mandate and repurchase mandate .....	3
Procedures by which a poll may be demanded .....	3
Proxy .....	4
Recommendation .....	4
<b>APPENDIX I — Information on the directors proposed for re-election</b> .....	5
<b>APPENDIX II — Explanatory statement for the repurchase mandate</b> .....	12
<b>Notice of annual general meeting</b> .....	14

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## DEFINITIONS

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

“AGM”	The annual general meeting of the Company convened to be held on Monday, 26 November 2007 at 9:30 a.m.
“Articles”	the articles of association of the Company as amended from time to time
“Associates”	has the meaning subscribed thereto in the Listing Rules
“Company”	New World Department Store China Limited, a company incorporated in the Cayman Islands and listed on the Stock Exchange
“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 resolution no. 4(1) in the notice of the AGM
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 October 2007, 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
“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 resolution no. 4(2) in the notice of the AGM
“Share(s)”	share(s) of HK\$0.10 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 Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

The English text of this circular shall prevail over the Chinese text.



**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: 0825)

*Non-executive Director:*

Dr. Cheng Kar-shun, Henry (*Chairman*)  
Mr. Au Tak-cheong

*Executive Directors:*

Mr. Cheng Chi-kong, Adrian  
Mr. Cheung Fai-yet, Philip (*Managing Director*)  
Mr. Lin Tsai-tan, David  
Mr. Wong Kwok-kan, Kenneth  
Ms. Ngan Man-ying, Lynda

*Independent non-executive Directors:*

Mr. Cheong Ying-chew, Henry  
Mr. Chan Yiu-tong, Ivan  
Mr. Tong Hang-chan, Peter  
Mr. Yu Chun-fai, Henry

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*

Room 1403, 14th Floor  
West Wing, Office Building  
New World Centre  
20 Salisbury Road  
Tsimshatsui, Kowloon  
Hong Kong

31 October 2007

*To the Shareholders*

Dear Sir/Madam,

**NOTICE OF ANNUAL GENERAL MEETING  
RE-ELECTION OF THE RETIRING DIRECTORS  
GENERAL MANDATE TO ISSUE SHARES AND  
TO REPURCHASE SHARES**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the forthcoming AGM in relation to (i) the re-election of the retiring directors and (ii) granting of the General Mandate, the Repurchase Mandate, extension of the General Mandate. A notice of the AGM is set out on pages 14 to 16 of this circular.

**RE-ELECTION OF THE RETIRING DIRECTORS**

In accordance with Articles 86(3) & 87(1) of the Articles, Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong, Mr. Cheng Chi-Kong, Adrian, Mr. Cheung Fai-yet, Philip, Mr. Lin Tsai-tan, David, Mr. Wong Kwok-kan, Kenneth, Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan,

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## LETTER FROM THE CHAIRMAN

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Peter and Mr. Yu Chun-fai, Henry will retire at the AGM and being eligible, will offer themselves for re-election at the AGM. Information required to be disclosed under the Listing Rules in relation to the retiring directors is set out in Appendix I to this circular.

### GENERAL MANDATE AND REPURCHASE MANDATE

By written resolutions of the sole shareholder of the Company passed on 12 June 2007, the Directors were granted general mandates to issue Shares and to repurchase Shares. Each of such mandates will expire at the conclusion of the forthcoming AGM and the Directors would like to seek your approval to renew each of the mandates.

An ordinary resolution set out as resolution no. 4(1) in the notice of the AGM will be proposed at the AGM to grant 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 set out as resolution no. 4(3) in the notice of the AGM by adding to the aggregate nominal amount of the Shares to be issued and allotted pursuant to the General Mandate the nominal amount of the 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 AGM, another ordinary resolution set out as resolution no. 4(2) in the notice of the AGM 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. 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 II to this circular.

### PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to Article 66 of the Articles, a resolution put to the vote of the meeting shall be decided on show on hands unless voting by way of a poll is required by the rules of the Stock Exchange or (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 in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to attend and 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 shares conferring that right; or
- (e) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent.(5%) or more of the total voting rights at the meeting.

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## LETTER FROM THE CHAIRMAN

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### PROXY

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the AGM 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 AGM or any adjourned meeting should you so desire.

### RECOMMENDATION

The Directors believe that the re-election of the retiring directors, granting of the General Mandate and the Repurchase Mandate 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 all the ordinary resolutions as set out in the notice of the AGM.

Your attention is drawn to additional information as set out in the Appendices.

Yours faithfully,  
**Cheng Kar-shun, Henry**  
*Chairman*

The particulars of Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong, Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip, Mr. Lin Tsai-tan, David, Mr. Wong Kwok-kan, Kenneth, Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai, Henry, the retiring Directors who offer themselves for re-election at the AGM, disclosed pursuant to Rule 13.74 of the Listing Rules are as follows:

#### **Dr. Cheng Kar-shun, Henry**

Aged 60, was appointed as the chairman of the Company and a non-executive Director in June, 2007. He is also a director of a number of the subsidiaries of the Company. He is responsible for the overall planning, strategic development and major policy making of the Group. He holds offices in various listed public companies, including being managing director of NWD, chairman and managing director of New World China Land Limited, chairman of NWS Holdings Limited, Taifook Securities Group Limited and International Entertainment Corporation, and non-executive director of Lifestyle International Holdings Limited and independent non-executive director of HKR International Limited. He is also the managing director of New World Hotels (Holdings) Limited, director of Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited and Chow Tai Fook Enterprises Limited. Dr. Cheng was a director of New World Mobile Holdings Limited and New World TMT Limited. He acts as 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 PRC. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Hong Kong Government. Dr. Cheng holds an honorary doctorate degree of law from The University of Western Ontario and an honorary doctorate degree of business administration in hospitality management from Johnson & Wales University.

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. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ending 30 June 2008, his proposed emoluments comprise a director's fee of HK\$100,000 from the Company.

Dr. Cheng is the father of Mr. Cheng Chi-kong, Adrian, an executive Director. Except as disclosed, 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 does not have any interest in the Shares within the meaning of Part XV of the SFO.

Except as disclosed, Dr. Cheng did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

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

#### **Mr. Au Tak-cheong**

Aged 55 was appointed as a non-executive Director in June, 2007. He joined the Group in 2007 and is responsible for overseeing compliance of policy and procedures in relation to accounting matters of the Group. He is also the deputy chief financial officer of NWD. Mr. Au possesses over 30 years of experience in the area of finance and accounting.

Except as disclosed, Mr. Au did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Au. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ending 30 June 2008, his proposed emoluments comprise a directors fee of HK\$100,000 from the Company.

Except as disclosed Mr. Au 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. Au does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

#### **Mr. Cheng Chi-kong, Adrian**

Aged 27, was appointed as an executive Director in June, 2007. He joined the Group in 2007 and is responsible for overseeing the corporate affairs of the Group. Mr. Cheng is an executive director of each of NWD and New World China Land Limited, both listed on the Stock Exchange. Mr. Cheng has experience in financial management and worked in a major international bank prior to joining NWD. Mr. Cheng holds a bachelor of arts degree (*Cum Laude*) on East Asian Studies from Harvard University. Except as disclosed, Mr. Cheng did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Cheng. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ending 30 June 2008, his proposed emoluments comprise a director's fee of HK\$150,000 from the Company.

Mr. Cheng is the son of Dr. Cheng Kar-shun, Henry, the chairman of the Company. Except as disclosed, Mr. Cheng does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Cheng has a controlled corporation interest of 920,000 Shares within the meaning of Part XV of the SFO.

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

#### **Mr. Cheung Fai-yet, Philip**

Aged 53, is the managing Director. He is also a member of the remuneration committee of the Company. He is also a director of a number of the subsidiaries of the Company. He joined the Group in 1993 and has been responsible for the overall management of the Group. Mr. Cheung had over 30 years of experience in the retail industry and possesses extensive experience in managing retailing stores in the PRC, Hong Kong and Taiwan.



Prior to joining the Group, Mr. Cheung has held various senior management positions in large retail groups in Hong Kong and Taiwan including worked as a general manager in a large Japanese department store and as a general manager in the retail division of a UK based conglomerate in Hong Kong and as a general manager in a large pharmaceutical retail company in Taiwan.

Except as disclosed, Mr. Cheung did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Cheung. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ending 30 June 2008, his proposed emoluments comprise a director's fee of HK\$150,000 from the Company.

Mr. Cheung 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. Cheung has a personal interest of 660,000 Shares within the meaning of Part XV of the SFO.

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

#### **Mr. Lin Tsai-tan, David**

Aged 56, was appointed as an executive Director in June, 2007 and is the chief operating officer of the Group. He is also a director of a number of the subsidiaries of the Company. He joined the Group in 2001 and has been responsible for the operation and management of the stores. Mr. Lin had over 25 years of experience in the retail industry and possesses substantial experience in the operation and business development of retail chains. Prior to joining the Group, Mr. Lin established and operated a major retail chain in Taiwan. Mr. Lin holds a bachelor of business administration degree from Soochow University.

Except as disclosed, Mr. Lin did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Lin. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments, comprise salary, bonus and benefits in kind in aggregate of approximately HK\$2,031,000 from the Group. For the financial year ending 30 June 2008, his proposed emoluments comprise a directors fee of HK\$150,000 from the Company.

Mr. Lin 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. Lin does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

**Mr. Wong Kwok-kan, Kenneth**

Aged 43, was appointed as Director in January 2007 and designated as executive Director in June 2007. He is also the company secretary of the Company and a director of a number of the subsidiaries of the Company. He joined the Group in 1995 and has been the chief financial officer of the Group. He is responsible for the financial management and corporate finance matters of the Group. Mr. Wong has over 10 years experience in the retail industry in the PRC. Prior to joining the Group, Mr. Wong held a senior position in a large retail group in Hong Kong. He holds a bachelor of business administration degree from Chinese University, a bachelor of law degree from Tsinghua University and a master of business administration degree from Strathclyde University. Mr. Wong is a fellow member of The Association of Chartered Certified Accountants of the United Kingdom and an associate member of The Hong Kong Institute of Certified Public Accountants.

Except as disclosed, Mr. Wong did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

There is no service contract between the Company and Mr. Wong. He is not appointed for a specific term except that he is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. For the financial year ended 30 June 2007, his emoluments, comprise salary, bonus and benefits in kind in aggregate of approximately HK\$1,226,000 from the Group. For the financial year ending 30 June 2008, his proposed emoluments comprise a directors fee of HK\$150,000 from the Company.

Mr. Wong 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. Wong does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

**Mr. Cheong Ying-chew, Henry**

Aged 59, was appointed as an independent non-executive Director in June, 2007. He is also a member of the audit committee and the remuneration committee of the Company. Mr. Cheong has over 30 years' experience in the securities industry. He has been a director of the Worldsec Group of companies which he founded in 1991 together with the Mitsubishi Bank in Japan. Mr. Cheong currently serves as a director and deputy chairman of Worldsec Limited, a company listed on the London Stock Exchange. Prior to setting up the Worldsec Group in 1991, he was a director of James Capel (Far East) Limited for 5 years with overall responsibility of Far East sales. His earlier professional experience includes 11 years with Vickers da Costa Limited in Hong Kong, latterly as managing director.

Mr. Cheong holds a Bachelor of Science (Mathematics) degree from Chelsea College, University of London and a Master of Science (Operational Research and Management) degree from Imperial College, University of London.

Mr. Cheong is an independent non-executive director of each of Cheung Kong (Holdings) Limited, Cheung Kong Infrastructure Holdings Limited, Excel Technology International Holdings Limited, SPG Land (Holdings) Limited and TOM Group Limited, all being listed companies in Hong Kong, and FPP Golden Asia Fund Inc. (formerly known as "Jade Asia Pacific Fund Inc."), a company listed in Ireland. He was an independent non-executive director of Forefront International Holdings Limited and Hutchison Global Communications Holdings Limited which are both listed on the Stock Exchange. He is also a member of the Corporate Advisory Council of

the Hong Kong Securities Institute and also a member of Disciplinary Panel A of Hong Kong Institute of Certified Public Accountants.

Except as disclosed, Mr. Cheong did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

Mr. Cheong has entered a service contract with Company for a term of three years commencing on 12 July 2007 and continuing thereafter unless terminated by either party by one months prior written notice or any other period mutually agreed with the board of Directors provided that such mutually agreed period shall not exceed 12 months or automatically terminated immediately upon ceasing to be a director of the Company in accordance with the Articles. He is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. Under the service contract, Mr. Cheong is entitled to receive an annual director's fee of HK\$200,000 from the Company.

Mr. Cheong 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. Cheong does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

**Mr. Chan Yiu-tong, Ivan**

Aged 53, was appointed as an independent non-executive Director in June 2007. He is also the chairman of the audit committee and the remuneration committee of the Company. He has more than 17 years of audit and consulting experience with multinational and PRC corporations. He was the audit engagement partner for many of the B-share and H-share listings in the early 90s. In addition, Mr. Chan had been with a leading British merchant bank and an international accounting firm, specializing in mergers and acquisitions in the PRC. Mr. Chan graduated from the London School of Economics with a Bachelor of Science degree in Economics.

Except as disclosed, Mr. Chan did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

Mr. Chan has entered a service contract with Company for a term of three years commencing on 12 July 2007 and continuing thereafter unless terminated by either party by one months prior written notice or any other period mutually agreed with the board of Directors provided that such mutually agreed period shall not exceed 12 months or automatically terminated immediately upon ceasing to be a director of the Company in accordance with the Articles. He is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. Under the service contract, Mr. Chan is entitled to receive an annual director's fee of HK\$200,000 from the Company.

Mr. Chan 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. Chan does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

**Mr. Tong Hang-chan, Peter**

Aged 63, was appointed as an independent non-executive Director in June 2007. He is also a member of the audit committee and the remuneration committee of the Company. He is currently the managing director of Global Corporate Services Limited. Mr. Tong has more than 40 years of management experience with leading international retail chains and high-tech companies in Hong Kong and South East Asia, specializing in high-fashion and accessories brand management as well as in establishing sales and distribution networks through joint ventures and franchises. He was the chief operating officer of New World CyberBase Limited (now known as Mongolia Energy Corporation Limited) (listed on the Stock Exchange), an executive director of Sa Sa International Holdings Limited (listed on the Stock Exchange), a vice president of Tiger Enterprises Limited and the president of Giordano Japan Limited (both subsidiaries of Giordano International Limited (listed on the Stock Exchange)), managing director of Longchamp Company Limited, an executive director of Dickson Development Company Limited, and managing director of Christabel Trading Company Limited and Verwin Company Limited (both affiliates of The Swank Shop). Mr. Tong has been appointed as Chairman of Staff Panel, a member of Scout Supply Services Committee and a member of executive committee of Scout Association of Hong Kong.

Except as disclosed, Mr. Tong did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

Mr. Tong has entered a service contract with Company for a term of three years commencing on 12 July 2007 and continuing thereafter unless terminated by either party by one months prior written notice or any other period mutually agreed with the board of Directors provided that such mutually agreed period shall not exceed 12 months or automatically terminated immediately upon ceasing to be a director of the Company in accordance with the Articles. He is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. Under the service contract, Mr. Tong is entitled to receive an annual director's fee of HK\$200,000 from the Company.

Mr. Tong 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. Tong does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

**Mr. Yu Chun-fai, Henry**

Aged 45, was appointed as an independent non-executive Director in June 2007. He is also a member of the audit committee and the remuneration committee of the Company. Mr. Yu has over 12 years' experience in the securities industry and he is currently the director and the chief executive officer of Oriental City Group plc., a company listed on PLUS market in London, United Kingdom. Prior to joining Oriental City Group plc., Mr. Yu was a vice president in the International Private Wealth Division of Morgan Stanley (Asia) Ltd., a vice president and marketing director of AIG Asset Management (Asia) Ltd. and the Head of Unit Trust Marketing of Dresdner RCM Global Investors Asia Ltd./Thornton Management Asia Ltd. He holds a Bachelor of Business Administration degree from University of North Texas, USA and he is a candidate of Master of Business Administration degree of Golden Gate University, USA.

Except as disclosed, Mr. Yu did not hold directorship in other listed public companies in the past three years or any position with the Company or other members of the Group.

Mr. Yu has entered a service contract with Company for a term of three years commencing on 12 July 2007 and continuing thereafter unless terminated by either party by one months prior written notice or any other period mutually agreed with the board of Directors provided that such mutually agreed period shall not exceed 12 months or automatically terminated immediately upon ceasing to be a director of the Company in accordance with the Articles. He is subject to retirement by rotation in accordance with the Articles. His emoluments comprise a director's fee to be reviewed and determined by the Board of Directors annually with the authorization granted by the Shareholders at an annual general meeting of the Company annually and with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition. Under the service contract, Mr. Yu is entitled to receive an annual director's fee of HK\$200,000 from the Company.

Mr. Yu 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. Yu does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

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 1,686,145,000 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 AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 168,614,500 Shares.

## **REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders that they should have a general authority from the Shareholders to enable the Company to repurchase Shares in the market at any appropriate time. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such repurchase 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 Hong Kong and the Cayman Islands. The laws of Cayman Islands provide that the purchase of Shares may only be paid from the profits of the Company and/or out of the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can immediately following such payment, pay its debt as they fall due in the ordinary course of business.

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 2007) in the event that the Repurchase mandate is to be exercised 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 Company or its gearing levels which, in each case and in the opinion of the Directors, are from time to time appropriate for the Company.

## **GENERAL**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applied, they will exercise the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their Associates have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

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

As at the Latest Practicable Date, NWD directly held 1,218,900,000 Shares, representing an effective interest of 72.29% in the issued share capital of the Company. Chow Tai Fook Enterprises Limited (“CTF”), by virtue of its interest in NWD, was deemed to be interested in the said 1,218,900,000 Shares. CTF is wholly-owned by Centennial Success Limited (“CSL”) which in turn is 51% owned by Cheng Yu Tung Family (Holdings) Limited (“CYT”). Accordingly, CSL and CYT are deemed to be interested in the said 1,218,900,000 Shares. In the event that the Directors should exercise in full the Repurchase Mandate, the effective interests of NWD, CTF, CSL and CYT in the issued share capital of the Company would be increased to approximately 80.32%. The Directors do not intend to repurchase Shares to such an extent that the public float will fall below 25%. 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.

### SHARE PRICES

The listing of Shares on the Stock Exchange commenced on 12 July 2007. The highest and lowest traded prices for Shares recorded on the Stock Exchange in each of the previous months prior to the Latest Practicable Date were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2007</b>		
July	6.85	5.77
August	6.40	4.13
September	7.45	5.90
October (up to and including the Latest Practicable Date)	8.39	6.70

### SHARE PURCHASES MADE BY THE COMPANY

The listing of Shares on the Stock Exchange commenced on 12 July 2007. No purchase of Shares has been made by the Company in the previous six months preceding the date of this circular (whether on the Stock Exchange or otherwise).



## 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: 0825)

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the shareholders of New World Department Store China Limited (the “Company”) will be held at Meeting Room 201A (New Wing), Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Monday, 26 November 2007 at 9:30 a.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and the Directors’ Report and Independent Auditor’s Report for the year ended 30 June 2007.
2. To re-elect the retiring Directors and to authorize the Board of Directors to fix their remuneration.
3. To re-appoint Auditors and to authorize the Board of Directors to fix their remuneration.
4. 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 (including bonds, warrants and debentures convertible into shares of the Company) 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 authorise the Directors of the Company during the Relevant Period 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 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); or (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) the exercise of any options under any share option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or right to acquire shares of the Company; or (iv) the exercise of any rights under the bonds, warrants and debentures convertible into Shares 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;



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## NOTICE OF ANNUAL GENERAL MEETING

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- (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 having regard to any legal or practical problems or 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).”

(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 (“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 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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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(3) “**THAT:**

conditional upon the passing of Ordinary Resolutions Nos. 4(1) and 4(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. 4(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. 4(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.”

By order of the Board  
**Wong Kwok-kan, Kenneth**  
*Company Secretary*

Hong Kong, 31 October 2007

*Notes:*

1. The register of members of the Company will be closed from Thursday, 22 November 2007 to Monday, 26 November 2007, both days inclusive, during which period no share transfers will be effected. In order to determine the identity of the shareholders who are entitled to attend the Company’s forthcoming Annual General Meetings, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 21 November 2007.
2. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, vote instead of him. A proxy need not be a member of the Company.
3. 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 certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. In accordance with articles 86(3) & 87(1) of the Company’s articles of association, Messrs. Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong, Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip, Mr. Lin Tsai-tan, David, Mr. Wong Kwok-kan, Kenneth, Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai, Henry will retire as Directors at the above meeting and being eligible, all the retiring Directors will offer themselves for re-election. Particulars of the said retiring Directors are set out in the Appendix I to the circular to the shareholders of the Company dated 31 October 2007.
5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
6. As at the date of this notice, the non-executive Directors are Dr. Cheng Kar-shun, Henry and Mr. Au Tak-cheong; the executive Directors are Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip, Mr. Lin Tsai-tan, David, Mr. Wong Kwok-kan, Kenneth, 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.