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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **New World Department Store China Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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DISCLOSEABLE AND CONNECTED TRANSACTION

COOPERATION AGREEMENT

**Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders**

VEDA | CAPITAL
智 略 資 本

A letter from the Independent Board Committee containing its recommendations in respect of the Cooperation Agreement and the Cooperation to the Independent Shareholders is set out on page 12 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 20 of this circular.

A notice convening an extraordinary general meeting of New World Department Store China Limited to be held at Meeting Room N101B (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 28 March 2013 at 2:30 p.m. is set out on pages 28 to 29 of this circular. If you are unable to attend the meeting, please complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong at Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, 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 meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

Hong Kong, 6 March 2013

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DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this circular shall have the following meanings:

“Actual Area”	the floor area stipulated in the building ownership right certificate (房屋所有權證) of the New NWDS Property to be issued by the relevant governmental authority
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building”	New World Shenyang Hotel located on the Land which was owned by SYNWH (as to lower ground level 3 to upper ground level 23, other than upper ground level 1 to level 4) and Shenyang Trendy (as to upper ground level 1 to level 4) and where the Shenyang Store is located
“Company”	New World Department Store China Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is a subsidiary of NWD
“connected person”	has the meaning ascribed to it under the Listing Rules
“Cooperation”	cooperation of Shenyang Trendy and SYNWH in the Cooperative Project
“Cooperation Agreement”	the agreement in relation to the Cooperation entered into between Shenyang Trendy and SYNWH on 8 February 2013
“Cooperative Project”	certain parts of the Property Project involving the demolition of the Building and the erection of the Redeveloped Building that is or will be attributable to Shenyang Trendy
“Directors”	the directors of the Company
“Effective Date”	the date on which the Cooperation Agreement becomes unconditional pursuant to the terms thereof and as set out in the sub-paragraph headed “Conditionality” under the paragraph headed “The Cooperation Agreement” in this circular

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at Meeting Room N101B (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 28 March 2013 at 2:30 p.m. for the purpose of considering and, if thought fit, approving the Cooperation Agreement and the Cooperation
“Estimated Area”	the estimated floor area of the New NWDS Property of approximately 26,353 sq.m.
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholders”	Shareholders other than NWD and its associates
“Land”	a parcel of land of approximately 7,847 sq.m. located at 2 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC, which was owned by Shenyang Trendy (as to approximately 3,109 sq.m.) and SYNWH (as to approximately 4,738 sq.m.), on which the Building is located
“Latest Practicable Date”	1 March 2013, being the latest practicable date prior to the bulk printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“New NWDS Property”	lower ground level 1 to upper ground level 5 of the Redeveloped Building, which is expected to occupy a floor area of approximately 26,353 sq.m.
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and is a subsidiary of NWD
“NWCL Group”	NWCL and its subsidiaries from time to time
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is the holding company of NWCL and the Company
“PRC”	the People’s Republic of China
“Property Project”	the project to re-develop the Land, pursuant to which the Land is to be re-developed, the Building will be demolished and the Redeveloped Building will be erected on the Land
“Redeveloped Building”	the new building with a floor area of approximately 97,371 sq.m. to be erected on the Land
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the shares of the Company
“Shenyang Store”	the Shenyang New World Department Store – Nanjing Street Branch Store operated by the Group, which is located on the upper ground level 1 to level 4 of the Building
“Shenyang Trendy”	瀋陽時尚物業有限公司 (Shenyang Trendy Property Company Limited), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“sq.m.”	square metres

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“SYNWH”	瀋陽新世界酒店有限公司 (Shenyang New World Hotel Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of NWCL
“%”	per cent.

LETTER FROM THE BOARD



新世界百貨中國有限公司

New World Department Store China Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

Non-executive Directors:

Dr. Cheng Kar-shun, Henry

Mr. Au Tak-cheong

Ms. Ngan Man-ying, Lynda

Executive Directors:

Mr. Cheng Chi-kong, Adrian

Mr. Cheung Fai-yet, Philip

Mr. Wong Kwok-kan, Kenneth

Independent non-executive Directors:

Mr. Cheong Ying-chew, Henry

Mr. Chan Yiu-tong, Ivan

Mr. Tong Hang-chan, Peter

Mr. Yu Chun-fai

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business in Hong Kong:

7th Floor, 88 Hing Fat Street

Causeway Bay, Hong Kong

6 March 2013

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

COOPERATION AGREEMENT

1. INTRODUCTION

The Board refers to the joint announcement of the Company and NWCL dated 8 February 2013 in relation to the Cooperation Agreement and the Cooperation.

The purposes of this circular are, among others: (i) to provide you with further details of the Cooperation Agreement and the Cooperation; (ii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the matters set out in (i); (iii) to set out the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after taking into consideration of the advice of the Independent Financial Adviser in relation to the matters set out in (i); and (iv) to give you the notice of the EGM at which an ordinary resolution will be proposed to approve the matters set out in (i).

LETTER FROM THE BOARD

2. THE COOPERATION AGREEMENT

Date

8 February 2013

Parties

- (i) Shenyang Trendy; and
- (ii) SYNWH.

Subject matter

Pursuant to the Cooperation Agreement, Shenyang Trendy and SYNWH agreed to cooperate in the Cooperative Project.

Conditionality

The Cooperation Agreement shall be conditional on the passing of the resolution at the EGM by the Independent Shareholders to approve the Cooperation Agreement and the Cooperation.

Powers and duties of Shenyang Trendy and SYNWH

Shenyang Trendy shall, in relation to the Cooperative Project, among others, cooperate with SYNWH to enable SYNWH to discharge its duties under the Cooperation Agreement, surrender the portion of the Building it owns for demolition, respond promptly to reasonable requests made by SYNWH for approvals, instructions, information or assistance, and make contribution as set out in the sub-paragraph headed "Cost contribution" below.

SYNWH shall, in relation to the Cooperative Project, among others, be responsible for project planning and supervision, cost budgeting management, material procurement and management, selection and appointment of sub-contractors, liaising and co-ordinating with the relevant parties, including but not limited to the relevant governmental authority, and submission of all necessary applications and obtaining all necessary approvals, licences and consents from the relevant governmental authority. It shall also prepare and provide a periodic report to Shenyang Trendy on the progress of the Cooperative Project.

SYNWH shall procure that the filing procedures of completion of construction works in respect of the New NWDS Property be completed and a valid certificate of compliance confirming completion of all construction works (建築工程竣工驗收備案表) in respect of the New NWDS Property be obtained on or before 31 December 2016.

LETTER FROM THE BOARD

SYNWH shall procure that the building ownership right and the land use right of the New NWDS Property be duly transferred to Shenyang Trendy within a reasonably practicable period of time after the issue of certificate of compliance confirming completion of all construction works (建築工程竣工驗收備案表) in respect of the New NWDS Property.

Cost contribution

Shenyang Trendy shall contribute a sum of RMB527,060,000 (subject to adjustment as set out in the sub-paragraph headed "Adjustment" below) and settle with SYNWH in the following manner unless otherwise agreed by both parties in writing:

- (a) RMB105,412,000, being 20% of the contribution, shall be paid within 10 business days after the Effective Date;
- (b) RMB105,412,000, being 20% of the contribution, shall be paid within 180 business days after the Effective Date;
- (c) RMB263,530,000, being 50% of the contribution, shall be paid within 10 business days of the signing of confirmation by Shenyang Trendy acknowledging the completion of the main structure (房屋主體結構封頂) of the New NWDS Property, such acknowledgement shall be made, or failing which, deemed to have been made, by Shenyang Trendy no later than 10 business days of the receipt of a confirmation from the supervising body of the New NWDS Property appointed by SYNWH regarding such completion; and
- (d) RMB52,706,000, being 10% of the contribution, shall be paid within 10 business days of the signing of confirmation on handover (房屋交接確認書) of the New NWDS Property by Shenyang Trendy and SYNWH confirming the delivery of the New NWDS Property which is up to the standard satisfactory to Shenyang Trendy after inspection and satisfaction of all conditions relating to the handover, such confirmation shall be made, or failing which, deemed to have been made, by Shenyang Trendy no later than 10 business days of the receipt of a notification given by SYNWH of the handover of the New NWDS Property with the issue of a valid certificate of compliance confirming completion of all construction works (建築工程竣工驗收備案表) in respect of the New NWDS Property by the relevant governmental authority.

The sum of RMB527,060,000 to be contributed by Shenyang Trendy represents approximately RMB20,000 per sq.m. with reference to the Estimated Area. The sum to be contributed by Shenyang Trendy and the adjustment mechanism set out in the sub-paragraph headed "Adjustment" below were determined after arm's length negotiations between Shenyang Trendy and SYNWH, taking into account of, among others, all of the related costs of demolition of upper ground level 1 to level 4 of the Building and design, construction and payment of any relevant land grant premium of the New NWDS Property.

LETTER FROM THE BOARD

Adjustment

The contribution by Shenyang Trendy as set out above shall be adjusted, after the issue of the state-owned land use right certificate (國有土地使用權證) and the building ownership right certificate (房屋所有權證) of the New NWDS Property by the relevant governmental authority, in accordance with the increase or decrease (if any) of the Actual Area as compared with the Estimated Area at the rate of RMB20,000 per sq.m.

In the event that the Actual Area is larger than the Estimated Area, Shenyang Trendy shall pay the difference at the rate of RMB20,000 per sq.m. to SYNWH. In the event that the Estimated Area is larger than the Actual Area, SYNWH shall refund the difference at the rate of RMB20,000 per sq.m. to Shenyang Trendy. Such payment or refund shall be made within 10 business days after the issue of the state-owned land use right certificate (國有土地使用權證) and the building ownership right certificate (房屋所有權證) in respect of the New NWDS Property by the relevant governmental authority. The Directors expect that there will not be a material difference between the Estimated Area and the Actual Area.

Reasons for and benefits of the Cooperation

According to the relevant PRC regulations and requirements of the local governmental authorities, the Property Project is to be carried out on a unified-planning basis, under which Shenyang Trendy and SYNWH will receive a compensation of RMB250,012,000 and RMB316,864,000, respectively, from the local governmental authority. SYNWH holds the necessary business licence to carry on property development works.

The Group has built its reputation in Shenyang through its operation of the Shenyang Store for over 17 years. The New NWDS Property will have a larger floor area of approximately 12,463 sq.m. than the existing Shenyang Store at the Building and the Directors intend to use the New NWDS Property as department store. With an enlarged floor area, the Group can provide full range of department store services to its customers in Shenyang. The Directors believe that the Cooperation will further enhance the business of the Group and enrich the revenue stream of the Group.

The total cost contribution from Shenyang Trendy represents approximately RMB20,000 per sq.m. for the New NWDS Property which is comparable to the market price of the retail properties in the proximity of the Building and with reference to the gross development value of the New NWDS Property of approximately RMB527,060,000 according to a valuation report prepared by an independent valuer.

The Directors consider that the terms of the Cooperation Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

3. GENERAL

Shenyang Trendy is principally engaged in property investment in the PRC. The Group is principally engaged in the business of operating department stores in the PRC.

To the best knowledge of the Directors, SYNWH is principally engaged in property investment and development in the PRC. The NWCL Group is principally engaged in the business of property development, property investment, rental and hotel operation in the PRC.

4. LISTING RULES IMPLICATIONS

Since the Company and NWCL are both subsidiaries of NWD, NWCL is a connected person of the Company and the Cooperation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Cooperation are more than 5% and the amount to be contributed by Shenyang Trendy exceeds HK\$10,000,000, the Cooperation is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. In addition, based on the applicable percentage ratios, the Cooperation also constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

The Independent Board Committee has been established to consider the terms of the Cooperation Agreement and the Cooperation, and to advise the Independent Shareholders as to whether the Cooperation Agreement and the Cooperation are in the interests of the Group and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

5. APPROVAL BY THE DIRECTORS

None of the Directors has a material interest in the Cooperation. Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda are common directors of the Company and NWCL. It was stated in the prospectus of the Company dated 28 June 2007 that they will abstain from voting on the resolution(s) relating to transaction(s) between the Group and the NWCL Group. Accordingly, they have abstained from voting on the relevant board resolutions. Other than Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda, none of the Directors is required to abstain from voting on the relevant board resolutions.

6. EXTRAORDINARY GENERAL MEETING

Set out on pages 28 to 29 of this circular is the notice convening the EGM at which an ordinary resolution will be proposed to approve the Cooperation Agreement and the Cooperation. At the EGM, the votes of the Independent Shareholders in relation to the Cooperation Agreement and the Cooperation will be taken by poll.

LETTER FROM THE BOARD

NWD and its associates will abstain from voting in respect of the resolution to be proposed at the EGM to approve the Cooperation Agreement and the Cooperation. Other than NWD and its associates, no Shareholders are required to abstain from voting in respect of the resolution to be proposed at the EGM to approve the Cooperation Agreement and the Cooperation.

A proxy form for use at the EGM is enclosed herein. If you are unable to attend the EGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong at Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

An announcement of the poll results of the EGM will be published by the Company.

7. RECOMMENDATIONS

Your attention is drawn to:

- (i) the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders; and
- (ii) the letter from the Independent Financial Adviser set out on pages 13 to 20 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders.

The Independent Board Committee, having considered the terms of the Cooperation Agreement and the Cooperation, and taken into account the advice of the Independent Financial Adviser, considers that the Cooperation Agreement is on normal commercial terms, and that such agreement and the Cooperation are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM as set out in the notice of the EGM.

Taking into account the letter from the Independent Board Committee and all other factors stated above as a whole, the Directors are of the view that the Cooperation Agreement is on normal commercial terms and such agreement and the Cooperation are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors also recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Cooperation Agreement and the Cooperation.

LETTER FROM THE BOARD

8. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
New World Department Store China Limited
Cheng Kar-shun, Henry
Chairman



新世界百貨中國有限公司

New World Department Store China Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

6 March 2013

To the Independent Shareholders

Dear Sir or Madam,

COOPERATION AGREEMENT

We refer to the circular of the Company dated 6 March 2013 (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the Cooperation Agreement and the Cooperation are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Cooperation Agreement and the Cooperation. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter set out on pages 13 to 20 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 11 of the Circular and the general information set out in the appendix to the Circular.

Having considered the Cooperation Agreement and the Cooperation, and taken into account the advice of the Independent Financial Adviser, we consider that the Cooperation Agreement is on normal commercial terms; and that such agreement and the Cooperation are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Cooperation Agreement and the Cooperation.

Yours faithfully,
Cheong Ying-chew, Henry
Chan Yiu-tong, Ivan
Tong Hang-chan, Peter
Yu Chun-fai
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Cooperation and the Cooperation Agreement, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3711, 37/F
Tower II, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

6 March 2013

*To the Independent Board Committee and the Independent Shareholders of
New World Department Store China Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Cooperation and the Cooperation Agreement, details of which are set out in the circular to the Shareholders dated 6 March 2013 (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as those defined in the Circular unless the context requires otherwise.

On 8 February 2013, Shenyang Trendy, an indirect wholly-owned subsidiary of the Company, and SYNWH, an indirect wholly-owned subsidiary of NWCL, entered into the Cooperation Agreement, pursuant to which Shenyang Trendy and SYNWH agreed to cooperate in the Cooperative Project.

Since the Company and NWCL are both subsidiaries of NWD, NWCL is a connected person of the Company and the Cooperation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Cooperation are more than 5% and the amount to be contributed by Shenyang Trendy exceeds HK\$10,000,000, the Cooperation is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules for the Company. In addition, based on the applicable percentage ratios, the Cooperation also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

None of the Directors has a material interest in the Cooperation. Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda are common directors of the Company and NWCL. It was stated in the prospectus of the Company dated 28 June 2007 that they will abstain from voting on the resolution(s) relating to transaction(s) between the Group and the NWCL Group. Accordingly, they have abstained from voting on the relevant board resolutions. Other than Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda, none of the Directors is required to abstain from voting on the relevant board resolutions.

The Independent Board Committee has been established to consider the terms of the Cooperation Agreement and the Cooperation, and to advise the Independent Shareholders as to whether the Cooperation and the Cooperation Agreement are in the interests of the Group and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Cooperation and the Cooperation Agreement, we have taken into consideration the following principal factors and reasons:

Background and reasons for the Cooperation Agreement

The Group is principally engaged in the business of operating department stores in the PRC. Shenyang Trendy, an indirect wholly-owned subsidiary of the Company, is principally engaged in property investment in the PRC.

NWCL Group is principally engaged in the business of property development, property investment, rental and hotel operation in the PRC. SYNWH, an indirect wholly-owned subsidiary of the NWCL, is principally engaged in the property investment and development in the PRC.

As noted from the letter from the Board ("**Board Letter**") as contained in the Circular, according to the relevant PRC regulations and requirements of the local governmental authorities, the Property Project is to be carried out on a unified-planning basis, under which Shenyang Trendy will receive a compensation of RMB250,012,000 from the local government authority (the "**Compensation**"). SYNWH holds the necessary business licence to carry on property development works.

As further noted from the Board Letter, Shenyang Trendy shall, in relation to the Cooperative Project, among others, cooperate with SYNWH to enable SYNWH to discharge its duties under the Cooperation Agreement, surrender the portion of the Building it owns (the "**Existing NWDS Property**") for demolition, respond promptly to reasonable requests made by SYNWH for approvals, instructions, information or assistance, and make contribution pursuant to the Cooperation Agreement.

SYNWH shall, in relation to the Cooperative Project, among others, be responsible for project planning and supervision, cost budgeting management, material procurement and management, selection and appointment of sub-contractors, liaising and co-ordinating with the relevant parties, including but not limited to the relevant governmental authority, and submission of all necessary applications and obtaining all necessary approvals, licences and consents from the relevant governmental authority. SYNWH shall also prepare and provide a periodic report to Shenyang Trendy on the progress of the Cooperative Project.

SYNWH shall procure that (i) the filing procedures of completion of construction works in respect of the New NWDS Property be completed and a valid certificate of compliance confirming completion of all construction works (建築工程竣工驗收備案表) in respect of the New NWDS Property be obtained on or before 31 December 2016; and (ii) the building ownership right and the land use right of the New NWDS Property be duly transferred to Shenyang Trendy within a reasonably practicable period of time after the issue of certificate of compliance confirming completion of all construction works (建築工程竣工驗收備案表) in respect of the New NWDS Property.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group operates the Shenyang Store on the Existing NWDS Property and has built its reputation in Shenyang through its operation of the Shenyang Store for over 17 years. The New NWDS Property will have an estimated gross floor area of approximately 26,353 sq.m., representing a larger gross floor area of approximately 12,463 sq.m. than the Existing NWDS Property and the Directors intend to use the New NWDS Property as department store. With an enlarged gross floor area, the Group can provide full range of department store services to its customers in Shenyang. The Directors believe that the Cooperation will further enhance the business of the Group and enrich the revenue stream of the Group. The Directors consider that the terms of the Cooperation Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

According to data in the “China’s City Winners – Shenyang City Profile” report conducted by Jones Lang LaSalle in 2011, Shenyang is the largest city in the Northeast China and the capital of Liaoning Province. Shenyang is a key city in the Northeast China’s economic development, as it is one of the most important industrial cities in the PRC, and equipped with extensive transport infrastructure. The permanent resident population of Shenyang is currently around 8.1 million, and is the fourth largest population in North China, according to the Government’s Sixth Population Census. According to the 12th Five Year Plan, the city’s population is expected to reach 9 million by 2015.

Also noted from the Shenyang Government Office website (<http://www.shenyang.gov.cn>), in 2011, the city had a total output value (GDP) of RMB591.5 billion, representing an increase of 12.3% on 2010. It is estimated that the GDP of the city will reach approximately RMB670 billion in 2012, accordingly to the Shenyang City People’s Congress which was held in January 2013. The city’s average disposable income has increased dramatically in recent years. Retail sales have been growing rapidly which shows a 17.5% year-on-year improvement. The rapid growth in retail sales and disposable income make Shenyang city an attractive market for retailers to enter.

In June 2012, Shenyang Plan & Land Resources Bureau has released a draft of the overall urban planning for the city from 2011 to 2020, and the outline of the plan has been put into implementation. Under the new city planning, Shenyang is positioned as the capital of Liaoning Province, a central city of the PRC, and an advanced manufacturing base and a historic and cultural city of the PRC. Also, the city will develop an “underground city” with convenient travel for passengers and both business and commercial facilities, expecting the total gross floor area of the underground space will reach 50 million sq.m.. The status of Shenyang has obviously been uplifted, from a central city in Northeastern China to a central city of the PRC.

According to the National Bureau of Statistics of China (www.stats.gov.cn), despite the global financial crisis which had led the global economy into a recession in late 2008, the PRC had experienced positive growth in its nominal GDP, which increased from RMB26,581 billion in 2007 to RMB47,156 billion in 2011, with a compound annual growth rate of 15.4%. In line with its GDP growth, China’s GDP per capita increased from RMB20,169 in 2007 to RMB35,099 in 2011, at a CAGR of 14.9%. According to the preliminary data released by the National Bureau of Statistics of China, the GDP in the 4th

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quarter of 2012 expanded 7.9%, lifted the country's GDP to 7.8% for 2012, which exceeded the PRC Government's target of 7.5%.

Having considered (i) the principal activities of the Company and the NWCL Group; (ii) SYNWH holds the necessary business licence to carry on property development works; (iii) the New NWDS Property will be used as department store and the enlarged floor area of the New NWDS Property can allow the Company to expand the department store and capture more customers and businesses; (iv) the urban planning and the development prospects of Shenyang; and (v) the rapid growth in retail sales and disposable income of Shenyang and the growth of China's GDP, we concur with the view of the Directors that entering into the Cooperation Agreement is in the interests of the Group and the Independent Shareholders as a whole.

Principal terms of the Cooperation Agreement

- Date:** 8 February 2013
- Parties:** Shenyang Trendy and SYNWH
- Conditionality:** The Cooperation Agreement shall be conditional on the passing of the resolution at the EGM by the Independent Shareholders to approve the Cooperation Agreement and the Cooperation.
- Cost contribution:** Shenyang Trendy shall contribute a sum of RMB527,060,000 (subject to adjustment as set out in the sub-paragraph headed "Adjustment" below) (the "**Cost Contribution**") and settle with SYNWH in the following manner unless otherwise agreed by both parties in writing:
- (a) RMB105,412,000, being 20% of the contribution, shall be paid within 10 business days after the Effective Date;
 - (b) RMB105,412,000, being 20% of the contribution, shall be paid within 180 business days after the Effective Date;
 - (c) RMB263,530,000, being 50% of the contribution, shall be paid within 10 business days of the signing of confirmation by Shenyang Trendy acknowledging the completion of the main structure (房屋主體結構封頂) of the New NWDS Property, such acknowledgement shall be made, or failing which, deemed to have been made, by Shenyang Trendy no later 10 business days of the receipt of a confirmation from the supervising body of the New NWDS Property appointed by SYNWH regarding such completion; and

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- (d) RMB52,706,000, being 10% of the contribution, shall be paid within 10 business days of the signing of confirmation on handover (房屋交接確認書) of the New NWDS Property by Shenyang Trendy and SYNWH confirming the delivery of the New NWDS Property which is up to the standard satisfactory to Shenyang Trendy after inspection and satisfaction of all conditions relating to the handover, such confirmation shall be made, or failing which, deemed to have been made, by Shenyang Trendy no later than 10 business days of the receipt of a notification given by SYNWH of the handover of the New NWDS Property with the issue of a valid certificate of compliance confirming completion of all construction works (建築工程竣工驗收備案表) in respect of the New NWDS Property by the relevant governmental authority.

Adjustment:

The Cost Contribution shall be adjusted, after the issue of the state-owned land use right certificate (國有土地使用權證) and the building ownership right certificate (房屋所有權證) of the New NWDS Property by the relevant governmental authority, in accordance with the increase or decrease (if any) of the Actual Area as compared with the Estimated Area at the rate of RMB20,000 per sq.m.

In the event that the Actual Area is larger than the Estimated Area, Shenyang Trendy shall pay the difference at the rate of RMB20,000 per sq.m. to SYNWH. In the event that the Estimated Area is larger than the Actual Area, SYNWH shall refund the difference at the rate of RMB20,000 per sq.m. to Shenyang Trendy. The payment or refund shall be made within 10 business days after the issue of the state-owned land use right certificate (國有土地使用權證) and the building ownership right certificate (房屋所有權證) in respect of the New NWDS Property by the relevant governmental authority. The Directors expect that there will not be a material difference between the Estimated Area and the Actual Area.

As noted from the Board Letter, the Cost Contribution represents approximately RMB20,000 per sq.m. with reference to the Estimated Area, which is comparable to the market price of the retail properties in the proximity of the Building and with reference to the gross development value of the New NWDS Property according to a valuation report prepared by an independent valuer. The sum to be contributed by Shenyang Trendy and the adjustment mechanism set out in the sub-paragraph headed "Adjustment" above were determined after arm's length negotiations between Shenyang Trendy and SYNWH, taking into account of, among others, all of the related costs of demolition of the Existing

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NWDS Property and design, construction and payment of any relevant land grant premium of the New NWDS Property.

As advised by the Company, the abovementioned valuation is just a reference for the determination of the Cost Contribution. The Company has engaged an independent valuer to prepare the valuation report regarding the valuation of the gross development value of the New NWDS Property (the “**Valuation Report**”) and we noted from the Valuation Report that the gross development value of the New NWDS Property as at 24 January 2013 was RMB573,000,000 (the “**GDV**”) assuming that the New NWDS Property will have a total gross floor area of approximately 26,353 sq.m. We also noted from the Valuation Report that the New NWDS Property is valued by direct comparison approach assuming sale of the properties with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

Comparing with the gross floor area of the Existing NWDS Property of approximately 13,890 sq.m., the New NWDS Property will have a larger gross floor area of approximately 12,463 sq.m.

We are given to understand from the Company that, the net book value of the Existing NWDS Property as at 30 June 2012, i.e. the latest financial year ended of the Group, was RMB241,400,000 (the “**NBV**”) which is an amount calculated using the straight-line method in accordance with the Group’s accounting policies. Given the above, we considered that the NBV is the latest information available and the closest estimation of the value of the Existing NWDS Property.

In order to assess the fairness and reasonableness of the Cost Contribution, we have compared the difference between the GDV and the NBV (the “**Enlarged Value**”) with the difference between the Cost Contribution and the Compensation (the “**Cost Upon Compensation**”). We observe that the Cost Upon Compensation represents a discount of approximately 16.45% to the Enlarged Value.

We also noted that the Cost Contribution includes all of the related costs (the “**Property Development Costs**”) of demolition of the Existing NWDS Property and design, construction and payment of any relevant land grant premium of the New NWDS Property. As advised by the Company, the Directors realise that the Property Development Costs are the costs to be incurred in the Cooperative Project. Given the fact that the Company does not engage in any construction or property development related business and all the construction works under the Cooperative Project will be responsible by SYNWH under the Cooperation Agreement, the Directors are satisfied that the Company can obtain the Enlarged Value at a discount of 16.45% without any material future costs or payment incurred for SYNWH to discharge duties under the Cooperation Agreement. Having considered that (i) the principle business of the Group is not construction or property development and all the construction works under the Cooperative Project will be responsible by SYNWH; and (ii) the Company can obtain the Enlarged Value at a discount of 16.45% without any material future costs or payment incurred, we are of the view that the Cost Contribution includes the Property Development Costs is fair and reasonable.

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Having considered the above and given that (i) the Cost Contribution will be paid partially according to the construction progress and major amount will be contributed upon the completion of the main structure and on handover of the New NWDS Property; (ii) the Cost Contribution will be adjusted with reference to the Actual Area and thus the Cost Contribution of RMB20,000 per sq.m. will not be affected by the actual gross floor area of the New NWDS Property; (iii) the Cost Upon Compensation represents a discount of approximately 16.45% to the Enlarged Value; and (iv) the Cost Contribution includes all the related costs of demolition of the Existing NWDS Property and design, construction and payment of any relevant land grant premium of the New NWDS Property, we are of the view that the terms of the Cooperation Agreement including, among others, the Cost Contribution and the Adjustment, are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Independent Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that although the Cooperation is not conducted in the ordinary and usual course of business of the Group, the terms and conditions of the Cooperation Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolution for approving the Cooperation Agreement and the Cooperation.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained in this circular or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As of the Latest Practicable Date, the interests and short positions, if any, of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO); or (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in shares

	Number of shares held			Total	Approximate percentage of shareholding
	Personal interests	Family interests	Corporate interests		
NWCL					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	29,985,826	4,387,500	117,610,200 ⁽¹⁾	151,983,526	1.75
NWD					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	-	450,000	-	450,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	18,349,571	-	12,000,000 ⁽¹⁾	30,349,571	0.83

Note:

- These shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.

(b) Long positions in underlying shares – share options*(i) The Company*

Name	Date of grant	Exercisable period (Notes)	Number of share options held	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	27 November 2007	(1)	1,000,000	8.660
Mr. Au Tak-cheong	27 November 2007	(1)	250,000	8.660
Ms. Ngan Man-ying, Lynda	27 November 2007	(1)	500,000	8.660
Mr. Cheng Chi-kong, Adrian	27 November 2007	(1)	500,000	8.660
Mr. Cheung Fai-yet, Philip	27 November 2007	(1)	1,500,000	8.660
	25 March 2008	(2)	500,000	8.440
Mr. Wong Kwok-kan,	27 November 2007	(1)	501,000	8.660
Kenneth	25 March 2008	(2)	250,000	8.440
Mr. Cheong Ying-chew,	27 November 2007	(1)	250,000	8.660
Henry				
Mr. Chan Yiu-tong, Ivan	27 November 2007	(1)	250,000	8.660
Mr. Tong Hang-chan, Peter	27 November 2007	(1)	250,000	8.660
Mr. Yu Chun-fai	27 November 2007	(1)	250,000	8.660

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012, respectively, to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013, respectively, to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (3) The cash consideration paid by each Director for each grant of the share options is HK\$1.00.

(ii) NWCL

Name	Date of grant	Exercisable period (Note)	Number of share options held	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	18 January 2011	(1)	2,077,922	3.036
Mr. Cheng Chi-kong, Adrian	18 January 2011	(1)	935,066	3.036
Ms. Ngan Man-ying, Lynda	18 January 2011	(1)	1,038,961	3.036

Notes:

- (1) Divided into 5 tranches, exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively, to 18 February 2016.
- (2) The cash consideration paid by each Director for the grant of the share options is HK\$10.00.

(iii) NWD

Name	Date of grant	Exercisable period (Note)	Number of share options held ⁽²⁾	Exercise price per share ⁽²⁾ HK\$
Dr. Cheng Kar-shun, Henry	19 March 2012	(1)	10,006,895	9.764
Mr. Cheng Chi-kong, Adrian	19 March 2012	(1)	3,502,413	9.764
Mr. Au Tak-cheong	19 March 2012	(1)	2,201,723	9.764

Notes:

- (1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015, respectively, to 18 March 2016.
- (2) NWD declared the final dividend for the year ended 30 June 2012 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$9.769 to HK\$9.764 on 31 December 2012.
- (3) The cash consideration paid by each Director for grant of the share options is HK\$10.00.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors and chief executive of the Company had or deemed to have any interest or short position in the shares, underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors were aware, as of the Latest Practicable Date, the following persons (not being Directors or the chief executive of the Company) had an interest or a short position in the shares of the Company or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO, or who (other than a member of the Group was) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

	Number of shares held			Approximate percentage of shareholding (direct or indirect)
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ⁽¹⁾	-	1,218,900,000	1,218,900,000	72.29
Cheng Yu Tung Family (Holdings II) Limited ⁽²⁾	-	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook Capital Limited ("CTF Capital") ⁽³⁾	-	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook (Holding) Limited ("CTFH") ⁽⁴⁾	-	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook Enterprises Limited ("CTFE") ⁽⁵⁾	-	1,218,900,000	1,218,900,000	72.29
NWD	1,218,900,000	-	1,218,900,000	72.29

Notes:

- Cheng Yu Tung Family (Holdings) Limited holds approximately 48.98% direct interest in CTF Capital and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTF Capital.
- Cheng Yu Tung Family (Holdings II) Limited holds approximately 46.65% direct interest in CTF Capital and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTF Capital.
- CTF Capital holds approximately 74.07% direct interest in CTFH and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFH.
- CTFH holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFE.
- CTFE together with its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by NWD.

Save as disclosed herein, the Directors are not aware of any person (not being Directors or the chief executive of the Company) who, as of the Latest Practicable Date, have an interest or a short position in the shares of the Company or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group was) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2012, being the date to which the latest published audited financial statements of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, other than service contracts expiring or terminable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

6. DIRECTORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 30 June 2012, being the date to which the latest published audited financial statements of the Group were made up.

7. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, the following Director had interests in the following businesses which were considered to compete or were likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Businesses") other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

**Businesses which were considered to compete or likely to compete with
the business of the Group**

Name	Name of entity	Description of business	Nature of interest of the Director in the entity
Dr. Cheng Kar-shun, Henry	Lifestyle International Holdings Limited and its subsidiaries	Department store operation	Director

Save as disclosed above, as of the Latest Practicable Date, so far as the Directors were aware, none of the Directors, and their respective associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Company does not rely on any of the Competing Businesses in carrying on the Company's business. The Directors are of the view that the Company is capable of carrying on its business independently of, and at arm's length from the Competing Businesses.

9. EXPERT AND CONSENTS

The following are the qualifications of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Veda Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Veda Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As of the Latest Practicable Date, Veda Capital did not have any direct or indirect interest in any assets which had since 30 June 2012 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group.

As of the Latest Practicable Date, Veda Capital was not beneficially interested in the share capital of any member of the Group, nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. GENERAL

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Cooperation Agreement will be available for inspection during normal business hours on Monday to Friday (other than public holidays) at the head office and principal place of business of the Company in Hong Kong at 7th Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM



新世界百貨中國有限公司

New World Department Store China Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of the shareholders of New World Department Store China Limited (the “Company”) will be held at Meeting Room N101B (Expo Drive Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 28 March 2013 at 2:30 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “THAT:

- (a) the Cooperation Agreement (as defined and described in the circular of the Company dated 6 March 2013 (the “Circular”), a copy of the Circular marked “A” together with a copy of the Cooperation Agreement marked “B” are tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose) and the Cooperation (as defined and described in the Circular) and the implementation thereof be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he/she or they may in his/her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Cooperation Agreement and the Cooperation and all matters incidental to, ancillary or incidental thereto.”

By order of the board of
New World Department Store China Limited
Wu Yuk-kwai, Catherine
Company Secretary

Hong Kong, 6 March 2013

Notes:

- (1) Any member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and to vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof.

NOTICE OF EGM

- (3) A form of proxy for use at the Meeting is enclosed.
- (4) To be valid, the proxy form, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong at Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude members from attending and voting in person at the Meeting.
- (5) The ordinary resolution as set out above will be determined by way of a poll.
- (6) In the event of any inconsistency, the English language text of this notice shall prevail over the Chinese language text.
- (7) As of the date of this notice, the non-executive directors of the Company are Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong and Ms. Ngan Man-ying, Lynda; the executive directors of the Company are Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip and Mr. Wong Kwok-kan, Kenneth; and the independent non-executive directors of the Company are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai.