

THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 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.

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.



New World Department Store China Limited
新世界百貨中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

DISCLOSEABLE TRANSACTION

A letter from the Board is set out on pages 4 to 10 of this circular.

Hong Kong, 13 August 2008

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
1. INTRODUCTION	4
2. THE AGREEMENTS	5
3. INFORMATION ON THE PROPERTY AND THE CARPARK	10
4. REASONS FOR AND BENEFITS OF THE ACQUISITION	10
5. INFORMATION ON THE VENDOR	10
APPENDIX — GENERAL INFORMATION	11

DEFINITIONS

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

“Acquisition”	the acquisition of the building ownership right and the land use right of the Property and the right of use of the Carpark as contemplated under the Agreements
“Actual Carpark Number”	the total number of carparks as stated on the certification of carpark use right to be obtained by the Purchaser ultimately in respect of the Carpark
“Actual Site Area”	the area of the Property (excluding the carparks) as stipulated on the Building Ownership Certificate in respect of the Property to be granted to the Purchaser
“Agreed Site Area”	the agreed site area of the Property (excluding the carparks) as stipulated in the SP Agreement
“Agreements”	the Co-operation Agreement and the Carpark Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Carpark”	the carpark located at the upper basement of the building to be erected on the Land
“Carpark Agreement”	the 停車場使用權出讓協議 (Agreement for the assignment of the right of use of Carpark) entered into between the Vendor and the Purchaser dated 25 July 2008
“Carpark Consideration”	the consideration for the sale and purchase of the right of use of the Carpark in the sum of approximately RMB5,440,000, subject to adjustments
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“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
“Co-operation Agreement”	房地產項目合作協議 (Co-operation Agreement for Property Project Development) entered into between the Vendor and the Purchaser dated 25 July 2008 pursuant to which, <i>inter alia</i> , the Vendor has agreed to sell and the Purchaser has agreed to acquire the Property
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Escrow Account”	the bank account opened by the Vendor at the Escrow Bank for the safekeeping of the pre-sale proceeds of the development on the Land in accordance with the Escrow Agreement
“Escrow Agreement”	the 資金共管協議 (Capital Escrow Agreement) between the Vendor, the Purchaser and the Escrow Bank in relation to the safekeeping of the pre-sale proceeds of the development on the Land
“Escrow Bank”	the bank engaged by the Vendor to safekeep the pre-sale proceeds of the development on the Land
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	瀋陽市大東區津橋路南側地塊 (land parcel of Jinqiao Road South, Dadong District, Shenyang City)
“Latest Practicable Date”	7 August 2008, 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
“Plan Site Area”	the site area of the Property agreed between the Vendor and the Purchaser and set out in the Co-operation Agreement, being 32,500 square metres
“PRC”	The People’s Republic of China
“Project”	the project to be developed by the Vendor on the Land
“Property”	the prescribed area of Level 1 to Level 7 of the building to be erected on the Land, including the right of use of the outer wall of Level 1 to Level 7 of the Land and the roof of the Property
“Property Consideration”	the consideration for the sale and purchase of the building ownership right and the land use right of the Property in the sum of RMB282,100,000, subject to adjustments
“Purchaser”	瀋陽新世界百貨有限公司 (Shenyang New World Department Store Co., Ltd.), a wholly-foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	shares in the share capital of the Company, with a par value of HK\$0.10 each
“SP Agreements”	商品房買賣合同 (Agreement for Sale and Purchase of Commercial Housing), together with an agreement supplemental thereto, to be entered into between the Vendor and the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Vendor”	瀋陽豐瑞置業有限公司 (Shenyang Fengrui Property Company Limited), a company established in the PRC with limited liability
“%”	per cent

LETTER FROM THE BOARD



New World Department Store China Limited 新世界百貨中國有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

Non-executive Directors:

Dr. Cheng Kar-shun, Henry
Mr. Au Tak-cheong

Executive Directors:

Mr. Cheng Chi-kong, Adrian
Mr. Cheung Fai-yet, Philip
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

13 August 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

1. INTRODUCTION

The Board refers to the announcement of the Company dated 28 July 2008 in relation to the acquisition of the building ownership right and the land use right of the Property and the right of use of the Carpark on 25 July 2008.

As one of the applicable percentage ratios exceed 5% but are all below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and this document constitutes a circular which the Company is required to send to you in respect thereof pursuant to Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

2. THE AGREEMENTS

Date

25 July 2008

Parties

Vendor: 瀋陽豐瑞置業有限公司 (Shenyang Fengrui Property Company Limited)

Purchaser: 瀋陽新世界百貨有限公司 (Shenyang New World Department Store Co., Ltd.)

The Purchaser is a wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company as at the Latest Practicable Date.

Subject matter

The Property

Subject to the terms of the Co-operation Agreement and the SP Agreements, the Vendor has agreed to sell and the Purchaser has agreed to acquire the building ownership right and the land use right of the Property.

The Purchaser shall have the right to terminate the Co-operation Agreement if, *inter alia*:

- (1) the absolute value of the percentage deviation of the site area of the Property as determined by the following formula is greater than 2%:

$$\text{Actual/Agreed Area Percentage Deviation} = \left| \frac{\text{Actual Site Area} - \text{Agreed Site Area}}{\text{Agreed Site Area}} \times 100\% \right|$$

; or

- (2) the absolute value of the percentage deviation of the site area of the Property as determined by the following formula is greater than 4%:

$$\text{Agreed/Plan Area Percentage Deviation} = \left| \frac{\text{Agreed Site Area} - \text{Plan Site Area}}{\text{Plan Site Area}} \times 100\% \right|$$

The Vendor undertakes to handover the completed Property together with the prescribed facilities and electrical and mechanical systems to the Purchaser on or before 30 December 2009.

LETTER FROM THE BOARD

The Carpark

Subject to the terms of the Carpark Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the right of use of the Carpark. The Purchaser shall have the right to terminate the Carpark Agreement if, *inter alia*, the Actual Carpark Number is less than 50.

Termination of either of the Agreements will result in the termination of the other at the same time.

Consideration

The aggregate consideration for the acquisition of the building ownership right and land use right of the Property and the right of use of the Carpark is RMB287,540,000, of which RMB282,100,000 is the Property Consideration and RMB5,440,000 is the Carpark Consideration, payable in cash. The Property Consideration and the Carpark Consideration will be funded by internal resources of the Group.

The Property Consideration

The Property Consideration shall be adjusted in the following manner:

If the absolute value of the Actual/Agreed Area Percentage Deviation is within (and including) 2%, the Property Consideration shall be adjusted accordingly at RMB8,680 per square metre.

If the absolute value of the Actual/Agreed Area Percentage Deviation is greater than 2% and the Actual Site Area is greater than the Agreed Site Area, the Purchaser shall make additional payment for the part of the area falling within (and including) 2% of the Actual/Agreed Area Percentage Deviation calculated at RMB8,680 per square metre. The Vendor shall be responsible for the part of the area exceeding 2% of the Actual/Agreed Area Percentage Deviation. The Purchaser needs not make additional payment for such part while all the rights of such part shall belong to the Purchaser.

If the absolute value of the Actual/Agreed Area Percentage Deviation is greater than 2% and the Actual Site Area is smaller than the Agreed Site Area, the Vendor shall refund the Consideration in respect of the part of the area falling within (and including) 2% of the Actual/Agreed Area Percentage Deviation to the Purchaser. The Vendor shall refund to the Purchaser two times the amount of the Consideration in respect of the part of the area exceeding 2% of the Actual/Agreed Area Percentage Deviation.

If the absolute value of the Agreed/Plan Area Percentage Deviation is within (and including) 4%, the Property Consideration shall be adjusted accordingly at RMB8,680 per square metre.

LETTER FROM THE BOARD

If the absolute value of the Agreed/Plan Area Percentage Deviation is greater than 4% and the Agreed Site Area is greater than the Plan Site Area, the part of the area falling within (and including) 4% of the Agreed/Plan Area Percentage Deviation shall be calculated at RMB8,680 per square metre. The Purchaser needs not pay for the part of the Agreed Site Area exceeding 4% of the Agreed/Plan Area Percentage Deviation while all the rights of such part shall belong to the Purchaser.

The absolute value of Actual/Plan Area Percentage Deviation shall be less than or equal to 6%, i.e. the maximum Property Consideration of approximately RMB299,026,000 to be paid by the Purchaser shall be calculated based on the area of 34,450 square metres. If the Actual Site Area is smaller than the Plan Site Area, the Vendor shall refund to the Purchaser two times the amount of the Property Consideration in respect of the part of the area exceeding 6% of the Actual/Plan Area Percentage Deviation.

The Property Consideration shall be payable by the Purchaser in the following manner:

- (1) a deposit in the sum of RMB28,210,000 (the “**Deposit**”), representing 10% of the Property Consideration, shall be paid by the Purchaser to the Vendor within five working days after (a) the Vendor has provided certain documents as prescribed in the Co-operation Agreement; and (b) completion of the notarization procedure of the Co-operation Agreement together with all annexures. The Deposit shall be placed by the Purchaser in a bank account operated jointly by the Vendor and the Purchaser;
- (2) the following payments shall be made after the Vendor, the Purchaser and the Escrow Bank have signed the Escrow Agreement and after the Escrow Agreement has been annexed to the SP Agreements:
 - (a) the Vendor shall transfer the Deposit into the Escrow Account and the Purchaser shall deposit RMB28,210,000, representing 10% of the Property Consideration (together with the Deposit, the “**First Installment**”), into the Escrow Account within five working days after the occurrence of the following events:
 - (i) the Vendor has been granted the 商品房預售許可證 (permit for the pre-sale of commercial housing) from the relevant property development management authority of Shenyang City on or before 25 August 2008;
 - (ii) signing of the SP Agreements by the Vendor and the Purchaser within two working days after the grant of the permit for the pre-sale of commercial housing. Unless agreed otherwise between the Vendor and the Purchaser, the terms of the Co-operation Agreement shall form the main terms of the SP Agreements. The rights and obligations of the parties under the Co-operation Agreement shall be determined based on the terms of the SP Agreements upon the registration of the SP Agreements with the relevant authority;

LETTER FROM THE BOARD

- (iii) completion of the registration procedure for the pre-sale of commercial housing as contemplated under the SP Agreements; and
- (iv) the completion of the notarization procedure of the SP Agreements;
- (b) RMB28,210,000, representing 10% of the Property Consideration, shall be paid by the Purchaser into the Escrow Account within five working days after completion of the construction of the podium building (which shall be completed on or before 30 August 2008) to the satisfaction of the Purchaser and the signing of a confirmation by the Purchaser and the Vendor acknowledging the same;
- (c) RMB42,315,000, representing 15% of the Property Consideration, shall be paid by the Purchaser into the Escrow Account within five working days after completion of the construction of the 19th floor of the Property or above (which shall be completed on or before 30 November 2008) to the satisfaction of the Purchaser and the signing of a confirmation by the Purchaser and the Vendor acknowledging the same;
- (d) RMB42,315,000, representing 15% of the Property Consideration, shall be paid by the Purchaser into the Escrow Account within five working days after the completion of the construction of the main structure and certain prescribed facilities of the Property (which shall be completed on or before 20 November 2009) to the satisfaction of the Purchaser and the signing of a confirmation by the Purchaser and the Vendor acknowledging the same;
- (e) RMB28,210,000, representing 10% of the Property Consideration, shall be paid by the Purchaser into the Vendor's account within five working days after the Vendor has been granted (i) the 建築工程竣工驗收備案書 (Memorandum on Completion of Construction Work) of the Property (which shall be granted on or before 10 December 2009); (ii) the 房屋所有權證 (Building Ownership Certificate) of the Project (which shall be granted on or before 30 December 2009); and (iii) certification on cancellation of pledges, if any;
- (f) RMB56,420,000, representing 20% of the Property Consideration, shall be paid by the Purchaser into the Vendor's account within five working days after the handover of the Property in accordance with the Co-operation Agreement and the signing of a confirmation on the handover by the Vendor and the Purchaser; and
- (g) the balance of the Property Consideration, after taking into account any adjustments (the "**Remaining Balance**"), shall be paid by the Purchaser to the Vendor within five working days after the Vendor has applied for the 房屋所有權證 (Building Ownership Certificate) and the 國有土地使用證 (State-owned Land Use Right Certificate) of the Property (which shall be applied on or before 10 March 2010), both of which the Purchaser is the owner.

LETTER FROM THE BOARD

The Carpark Consideration

The Carpark Consideration shall be adjusted in the following manner:

- (1) if the Actual Carpark Number is not less than 68, no adjustments to the Carpark Consideration shall be made; and
- (2) if the Actual Carpark Number is less than 68, the Carpark Consideration shall be reduced by the amount equal to the difference between 68 and the Actual Carpark Number times RMB80,000.

The Carpark Consideration shall be paid by the Purchaser in the following manner:

- (1) RMB2,176,000, representing 40% of the Carpark Consideration, shall be paid by the Purchaser into the Escrow Account within five working days after (a) the Vendor has obtained documents from relevant authority in Shenyang City on the development cost of the Carpark not being included in the development cost of the commercial housing of the Project on or before 10 December 2009; and (b) the payment of the First Installment by the Purchaser; and
- (2) RMB3,264,000, representing 60% of the Carpark Consideration, shall be paid by the Purchaser into the Vendor's account within five working days after the occurrence of the following events:
 - (a) the grant of Memorandum on Completion of Construction Work in relation to the Carpark to the Vendor on or before 10 December 2009;
 - (b) the handover of the Carpark in accordance with the Carpark Agreement and the signing of a confirmation on the handover by the Vendor and the Purchaser;
 - (c) the grant of a certification on the rights of the Carpark to the Vendor on or before 30 December 2009;
 - (d) the application for the 停車場許可證 (carpark permit) by the Vendor for the Purchaser from relevant authority in Shenyang City on or before 10 March 2010; and
 - (e) the payment of the Remaining Balance by the Purchaser in accordance with the Co-operation Agreement.

The Property Consideration and the Carpark Consideration were determined after arm's length negotiations between the Purchaser and the Vendor with the Purchaser's reference to the market price of other properties in the vicinity of the Property, economic factors and the potential of the Property. As at the Latest Practicable Date, a sum in the amount of RMB28,210,000, being the Deposit, had been paid by the Purchaser to the Vendor.

LETTER FROM THE BOARD

3. INFORMATION ON THE PROPERTY AND THE CARPARK

The Property is situated at Level 1 to Level 7 of the building to be erected on 大東區津橋路南側地塊 (land parcel of Jinqiao Road South, Dadong District), Shenyang City, Liaoning Province, the PRC. The building area of the Property is approximately 32,500 square meters. The designated use of the Land is commercial and the term for the grant of the land use right of the Land is from 28 April 2006 to 28 April 2046. The Carpark is located at the upper basement of the building to be erected on the Land.

4. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the operation of department stores in the PRC. The Board believes that the Acquisition will further enhance the Company's influence in the Shenyang market. The Board also believes that the Acquisition will provide an opportunity for the Company to increase its interests in department store business in the north-eastern part of the PRC. The Directors do not expect the Acquisition will have any material impact on the Group's asset and liabilities upon completion of the Acquisition. Upon having obtained the legal titles of the Property, the Property will be used in the normal business operation of the Group. The Directors believe that the earnings of the Group will be enhanced.

The Board believes that the terms of the Agreements are fair and reasonable and are in the interests of the Shareholders as a whole.

5. INFORMATION ON THE VENDOR

To the best knowledge of the Board, the principal activities of the Vendor are property development and sale of properties.

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

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares and debentures of the Company or the shares and debentures of any associated corporation of the Company (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; 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, to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in shares

	Number of shares			Total	Approximate percentage of shareholding
	Beneficial interests	Family interests	Interests of controlled corporation		
The Company					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 ⁽¹⁾	1,107,000	0.07
Mr. Cheung Fai-yet, Philip	660,000	—	—	660,000	0.04
New World Development Company Limited (“NWD”)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.01
NWS Holdings Limited (“NWS”)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 ⁽²⁾	17,179,199	0.83
Mega Choice Holdings					
Dr. Cheng Kar-shun, Henry	—	—	3,710 ⁽³⁾	3,710	34.61
New World China Land Limited (“NWCL”)					
Dr. Cheng Kar-shun, Henry	12,500,000	1,950,000	52,271,200 ⁽²⁾	66,721,200	1.74
Mr. Cheng Chi-kong, Adrian	—	—	760,000 ⁽¹⁾	760,000	0.02
Ms. Ngan Man-ying, Lynda	100,000	—	—	100,000	negligible

Notes:

- (1) These shares are beneficially-owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
- (2) These shares are beneficially-owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
- (3) These shares are beneficially-owned by certain companies wholly-owned by Dr. Cheng Kar-shun, Henry.

(II) Long position in underlying shares

(i) *The Company*

Name of Director	Date of grant	Exercisable period	Number of share options held	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	27/11/2007	27/11/2008 to 26/11/2013 ⁽¹⁾	1,000,000	8.660
Mr. Au Tak-cheong	27/11/2007	27/11/2008 to 26/11/2013 ⁽¹⁾	250,000	8.660
Mr. Cheng Chi-kong, Adrian	27/11/2007	27/11/2008 to 26/11/2013 ⁽¹⁾	500,000	8.660
Mr. Cheung Fai-yet, Philip	27/11/2007 25/3/2008	27/11/2008 to 26/11/2013 ⁽¹⁾ 25/3/2009 to 24/3/2014 ⁽²⁾	1,500,000 500,000	8.660 8.440
Mr. Lin Tsai-tan, David	27/11/2007 25/3/2008	27/11/2008 to 26/11/2013 ⁽¹⁾ 25/3/2009 to 24/3/2014 ⁽²⁾	459,000 230,000	8.660 8.440
Mr. Wong Kwok-kan, Kenneth	27/11/2007 25/3/2008	27/11/2008 to 26/11/2013 ⁽¹⁾ 25/3/2009 to 24/3/2014 ⁽²⁾	501,000 250,000	8.660 8.440
Ms. Ngan Man-ying, Lynda	27/11/2007	27/11/2008 to 26/11/2013 ⁽¹⁾	500,000	8.660
Mr. Cheong Ying-chew, Henry	27/11/2007	27/11/2008 to 26/11/2013 ⁽¹⁾	250,000	8.660
Mr. Chan Yiu-tong, Ivan	27/11/2007	27/11/2008 to 26/11/2013 ⁽¹⁾	250,000	8.660
Mr. Tong Hang-chan, Peter	27/11/2007	27/11/2008 to 26/11/2013 ⁽¹⁾	250,000	8.660
Mr. Yu Chun-fai, Henry	27/11/2007	27/11/2008 to 26/11/2013 ⁽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) *NWD*

Name of Director	Date of grant	Exercisable period ^(Note)	Number of share options held	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	19/3/2007	19/3/2007 to 18/3/2012	36,500,000	17.756
Mr. Cheng Chi-kong, Adrian	19/3/2007	19/3/2007 to 18/3/2012	500,000	17.756
Mr. Au Tak-cheong	19/3/2007	19/3/2007 to 18/3/2012	1,200,000	17.756

Note: Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011, respectively, to 18 March 2012.

(iii) *NWCL*

Name of Director	Date of grant	Exercisable period	Number of share options held	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	7/1/2008	8/2/2008 to 7/2/2011	2,000,000 ⁽¹⁾	6.972
Mr. Cheng Chi-kong, Adrian	25/7/2006	26/8/2006 to 25/8/2011	331,600 ⁽²⁾	2.865
	7/1/2008	8/2/2008 to 7/2/2011	1,500,000 ⁽¹⁾	6.972
Ms. Ngan Man-ying	7/1/2008	8/2/2008 to 7/2/2011	1,000,000 ⁽¹⁾	6.972

Notes:

- (1) Divided into 3 tranches, exercisable from 8 February 2008, 8 February 2009 and 8 February 2010, respectively, to 7 February 2011.
- (2) Divided into 5 tranches, exercisable from 26 August 2006, 26 August 2007, 26 August 2008, 26 August 2009 and 26 August 2010, respectively, to 25 August 2011.

(iv) *NWS*

Name of Director	Date of grant	Exercisable period	Number of share options held	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	21/8/2007	21/8/2008 to 20/8/2012 ⁽¹⁾	3,001,277 ⁽²⁾	16.193 ⁽²⁾

Notes:

- (1) 40% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011, respectively, to 20 August 2012.
- (2) Pursuant to the share option scheme of NWS, the number of unexercised share options and exercise price may subject to adjustment in case of alteration in the capital structure of NWS. NWS declared the interim dividend for the year ended 30 June 2008 in scrip form (with cash option) on 17 March 2008 which gave rise to an adjustment to the number of unexercised share options and the exercise price in accordance with the said scheme. The number of share options was adjusted from 3,000,000 to 3,001,277 and the exercise price per share was adjusted from HK\$16.200 to HK\$16.193 both with effect from 18 June 2008.

(III) Short position in underlying shares*The Company*

Name of Director	Number of shares			Total	Approximate percentage of shareholding
	Beneficial interests	Family interests	Interests of controlled corporation		
Mr. Cheng Chi-kong, Adrian	—	—	447,000 ^(Note)	447,000	0.03

Note: Such underlying shares are beneficially held by virtue of a call option, being exercisable on 23 January 2009, granted by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.

Save as disclosed above, as at the Latest Practicable Date, there was no outstanding share options or derivative instruments in respect of the Shares granted to the Directors and none of the Directors and the chief executives of the Company had any interest or short position in the shares or underlying shares or interest in debentures of the Company or 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 for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, the following persons (not being Directors) had an interest or a short position in the Shares or underlying Shares 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 who (other than a member of the Group) 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:

Name	Number of Shares held			Approximate percentage of shareholding (direct or indirect)
	Beneficial interests	Corporate interest	Total	
Cheng Yu Tung Family (Holdings) Limited (“CYTFH”) ⁽¹⁾	—	1,218,900,000	1,218,900,000	72.29
Centennial Success Limited (“Centennial”) ⁽²⁾	—	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook Enterprises Limited (“CTF”) ⁽³⁾	—	1,218,900,000	1,218,900,000	72.29
NWD	1,218,900,000	—	1,218,900,000	72.29

Notes:

- (1) CYTFH holds 51% direct interest in Centennial and is accordingly deemed to have an interest in the Shares deemed to be interested by Centennial.
- (2) Centennial holds 100% direct interest in CTF and is accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF.
- (3) CTF together with its subsidiaries hold an aggregate of approximately 37.16% interest in NWD and is accordingly deemed to have an interest in the Shares interested by NWD.

Save as disclosed herein, the Directors are not aware of any person (who are not Directors) who had an interest or a short position in the shares 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 who (other than a member of the Group) 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. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries are engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors 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 other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group pursuant to the Listing Rules:

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

<u>Name of Director</u>	<u>Name of entity</u>	<u>Description of business</u>	<u>Nature of interest of the Director in the entity</u>
Dr. Cheng Kar-shun, Henry	NWD	Department store operations	Director and shareholder
	Lifestyle International Holdings Ltd. group of companies	Department store operations	Director
Mr. Cheng Chi-kong, Adrian	NWD	Department store operations	Director

Further details on the competing interests of the Directors and their associates are set out in the section headed "Relationship with NWD" of the prospectus of the Company dated 28 June 2007.

7. GENERAL

- (a) The company secretary and qualified accountant of the Company is Mr. Wong Kwok-kan, Kenneth, who 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.

- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is situated at Room 1403, 14th Floor, West Wing Office Building, New World Centre, 20 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.