
THIS 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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in AEON Stores (Hong Kong) Co., Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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AEON STORES (HONG KONG) CO., LIMITED

永旺(香港)百貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 984)

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS**

A letter from the board of directors of AEON Stores (Hong Kong) Co., Limited (the "Company") is set out on pages 2 to 4 of this circular.

A notice convening the annual general meeting of the Company to be held at Salon 1-3, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 17 June 2004 at 9:00 a.m. is set out on pages 14 to 22 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrars, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or adjourned meeting.

Completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the annual general meeting or any adjourned meeting should they so wish.

21 May 2004

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Salon 1-3, Level 3, JW Marriot Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 17 June 2004 at 9:00 a.m., notice of which is set out on pages 14 to 22 of this circular
“Articles”/“Articles of Association”	the existing articles of association of the Company
“Board”	the board of Directors
“Company”	AEON Stores (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. The Chinese name of the Company is “永旺(香港)百貨有限公司”
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of The Peoples’ Republic of China
“Latest Practicable Date”	14 May 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



AEON STORES (HONG KONG) CO., LIMITED

永旺(香港)百貨有限公司

(Incorporated in Hong Kong with limited liability)

Directors:

Toshiji TOKIWA* (*Chairman*)
Kazumasa ISHII (*Managing Director*)
Kozo MURATA (*Deputy Managing Director*)
WONG Mun Yu
LAM Man Tin
Motoya OKADA*
Tatsuichi YAMAGUCHI*
SHAO You Bao#
LAM PEI Peggy#

Registered Office:

G-4th Floor
Kornhill Plaza (South)
2 Kornhill Road
Hong Kong

* *non-executive directors*

independent non-executive directors

21 May 2004

To the Shareholders

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS**

1. INTRODUCTION

The purpose of this circular is to provide you with the information relating to the proposed (i) amendments to the Articles; (ii) general mandates to issue Shares and repurchase Shares; and (iii) re-election of the retiring Directors and to seek your approval of the resolutions relating to these matters at the AGM.

2. AMENDMENTS TO ARTICLES OF ASSOCIATION

The Companies (Amendment) Ordinance 2003 came into operation on 13 February 2004. In addition, the Stock Exchange has announced certain amendments to the Listing Rules which subject to certain transitional arrangements have come into effect on 31 March 2004.

LETTER FROM THE BOARD

The Board therefore proposes to make certain amendments to the Articles in compliance with the new Listing Rules and at the same time bring the Articles up to date with the Companies (Amendment) Ordinance 2003. The amendments also aim to streamline the internal operation of the Company and achieve necessary refinements to the Articles.

A summary of the proposed amendments to the Articles is set out in Appendix I to this circular.

3. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the AGM held on 19 June 2003, ordinary resolutions were passed to renew the general mandates to the Directors to (i) repurchase Shares on the Stock Exchange up to 10% of the issued share capital of the Company as at 19 June 2003; and (ii) allot, issue and otherwise deal with Shares not exceeding 20% of the Shares in issue as at 19 June 2003 plus the nominal amount of any Shares repurchased by the Company (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital). No Shares have been repurchased, allotted, issued or otherwise dealt with pursuant to these mandates.

Under the terms of the Companies Ordinance and the Listing Rules, these general mandates will lapse at the conclusion of the AGM, unless renewed at that meeting. Resolutions set out as Ordinary Resolutions 5(B), 5(C) and 5(D) in the notice of AGM will be proposed to renew these mandates and the explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate for the repurchase of Shares is set out in the Appendix II to this circular. With reference to these resolutions, the Directors wish to state that they have no immediate plans to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

4. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Articles 85 and 101 of the Company's Articles of Association, all Directors will retire at the AGM and, being eligible, will offer themselves for re-election. Information on such retiring Directors as required to be disclosed under the Listing Rules is set out in Appendix III to this circular.

5. AGM

Set out on pages 14 to 22 of this circular is a notice convening the AGM for the purpose of considering and, if thought fit, passing the relevant resolutions relating to the proposed (i) amendments to the Articles; (ii) general mandates to issue Shares and repurchase Shares; and (iii) re-election of the retiring Directors.

A form of proxy for the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrars, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or adjourned meeting. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the AGM or any adjourned meeting should they so wish.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Directors consider that the amendments to the Articles, the granting of the general mandates to issue Shares and to repurchase Shares and the re-election of the retiring Directors are in the best interests of the Company and its Shareholders and recommend the Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the amendments to the Articles, the general mandates to issue Shares and to repurchase Shares and the re-election of the retiring Directors. The Directors will vote all their Shares in favour of all the resolutions.

7. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 June 2004 to Thursday, 17 June 2004 (both days inclusive) in order to determine entitlements for the proposed final dividend and attending and voting at the AGM. In order to qualify for the proposed final dividend and to qualify for attending and voting at the AGM, all share transfers accompanied by the relevant share certificates, must be lodged for registration with the Company's Share Registrars, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 11 June 2004.

Yours faithfully,
By order of the Board of
AEON Stores (Hong Kong) Co., Limited
Kazumasa Ishii
Managing Director

This Appendix I summarizes the proposed amendments to the Articles.

Article 2

To provide additional definitions for “associates” and “Listing Rules” for the purpose of clarification.

Article 14

To shorten the period within which share certificate shall be issued after lodgement of any duly stamped and valid transfer of Shares, as required by the Companies (Amendment) Ordinance 2003.

Articles 42(v), 106, 107, and 128

To refine the Articles by substituting certain typographical errors with the correct words.

Article 75

To reflect the restriction on voting by shareholders who are restricted from voting, as required by the new Listing Rules.

Article 86

To reflect the change of the method on removal of Director by means of a special resolution and to substitute therefor an ordinary resolution in compliance with the Companies (Amendment) Ordinance 2003.

Article 87

To be consistent with the new Listing Rules which stipulate that the minimum seven day period for lodgement by a shareholder of the notice to nominate a director and the nomination shall commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting.

Article 88

To clarify the liability of Director and his relationship with his alternate Director in the light of the Companies (Amendment) Ordinance 2003.

Articles 95, 96, 97 and 98

To reflect the restriction and exceptions on voting by Directors on the relevant board resolution in respect of such transactions, contracts, arrangements or proposals in which he or any of his associates has a material interest as required by the new Listing Rules.

Article 103

To clarify the status of the managing director, joint managing director, deputy managing director, or other executive director once he ceases to be a Director of the Company.

Article 113

The streamline the internal operation of the Company and to refine the Article by substituting a typographical error with the correct word.

Article 171

To amend the provision for indemnity on the liability of the Director or other officer and to permit the Company to purchase liability insurance for Director or other officer in the light of the Companies (Amendment) Ordinance 2003.

APPENDIX II EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

This is the Explanatory Statement to provide requisite information to you for your consideration of the proposed general mandate for repurchase of shares, as required by the relevant rules set out in the Listing Rules on the Stock Exchange to regulate the repurchase by companies with primary listings on the Stock Exchange of their own shares on the Stock Exchange.

This Explanatory Statement also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

Reference in this Explanatory Statement to “Shares” means fully-paid up ordinary shares of HK\$0.20 each in the capital of the Company.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 260,000,000 Shares. The passing of the Ordinary Resolution 5(C) set out in the notice of AGM will allow the Company to repurchase a maximum of 26,000,000 Shares on the basis that no further Shares will be issued or repurchased prior to the date of the AGM.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

The funds employed by the Company in connection with a repurchase of Shares would be those legally available for such use under the Company’s Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or proceeds of a new issue of Shares made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements for the year ended 29 February 2004 contained in the annual report for the year ended 29 February 2004) in the event that the mandate to repurchase Shares were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intend to sell Shares to the Company or its subsidiaries.

APPENDIX II EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

No repurchase has been made by the Company of its Shares (whether on the Stock Exchange or otherwise) in the six months prior to the date of this document.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised. In accordance with the Listing Rules, the Company shall not knowingly purchase Shares from a connected person on the Stock Exchange.

If, as the result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, AEON Co., Ltd., Aberdeen Asset Management Asia Ltd. and State Street Corporation were interested in 186,276,000 Shares (*Note 1*), 19,960,000 Shares and 15,832,000 Shares (*Note 2*), representing approximately 71.64%, 7.68% and 6.09% of the issue share capital of the Company respectively. If the repurchase mandate is exercised in full, the interest of AEON Co., Ltd., Aberdeen Asset Management Asia Ltd. and State Street Corporation will increase to approximately 79.60%, 8.53% and 6.77% of the issued share capital of the Company respectively. The Directors are not aware of any consequences which would arise under the Code as a consequence of any repurchases pursuant to the repurchase mandate. Any purchase of Shares which would result in the amount of Shares held by the public being reduced to less than 25% could only be implemented with the agreement of the Stock Exchange to waive the dealing restriction regarding the public shareholding referred to above. However, the Directors have no present intention to exercise the power to repurchase Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

Note 1: These Shares are held as to 177,500,000 Shares by AEON Co., Ltd., 7,000,000 Shares by AEON (U.S.A.), Inc. (formerly known as JUSCO (U.S.A.) Inc.), which is a wholly-owned subsidiary of AEON Co., Ltd., and 1,776,000 Shares by AEON Credit Service (Asia) Company Limited ("ACS"). AEON Co., Ltd. beneficially owns 66.22% of ACS and is accordingly deemed by the SFO to be interested in the Shares of the Company beneficially owned by ACS.

Note 2: These Shares are held by State Street Bank & Trust Company, which is a wholly owned subsidiary of State Street Corporation, in a lending pool.

APPENDIX II EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve months and up to Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
May	2.625	1.560
June	2.925	2.450
July	3.000	2.550
August	3.400	2.700
September	3.775	3.125
October	5.100	3.200
November	5.000	3.950
December	5.900	4.350
2004		
January	6.400	5.350
February	6.150	5.650
March	6.350	5.500
April	6.300	5.600
May (up to Latest Practicable Date)	5.750	5.050

The following is the information, as required to be disclosed by the Listing Rules as recently amended by the Stock Exchange, on the retiring Directors proposed to be re-elected at the AGM.

DIRECTORS*Mr. Toshiji TOKIWA*

Mr. Tokiwa, aged 64, was appointed as a Director of the Company in June 2000 and is also the Chairman of the Company. He is also the Chairman of AEON Co., Ltd. He graduated from Keio University with a bachelor degree in Law. He joined AEON Co., Ltd. in 1999.

Details of Mr. Tokiwa's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is no service contract between the Company and Mr. Tokiwa. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr. Kazumasa ISHII

Mr. Ishii, aged 53, was appointed as Managing Director of the Company in May 2002. He joined AEON Co., Ltd. in 1974 after his graduation from the Doshisha University with a bachelor degree in Commerce. Mr. Ishii joined the Company in 1990. He became a Director of the Company in 1994. In 1995, he resigned from this position and moved to Guangdong province of the PRC for the establishment of Guangdong JUSCO Teem Stores Co., Ltd. in the same year and acted as its Managing Director. In 2002, he was appointed as Vice-Chairman of Guangdong Chain Operations Association and is the first and only non-Chinese taking up this position.

Details of Mr. Ishii's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is a service agreement between the Company and Mr. Ishii. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. The service agreement is for a period of one year and renewable automatically for consecutive periods of one year subject to the requirements for retirement and re-election in next annual general meeting of the Company in accordance with the Articles.

Mr. Kozo MURATA

Mr. Murata, aged 50, was appointed as a Director of the Company in June 2002, and is now Deputy Managing Director of the Company. He graduated from Tokyo Institute of Technology with a master degree in Social Technology. He joined AEON Co., Ltd. in 1978.

Details of Mr. Murata's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is a service agreement between the Company and Mr. Murata. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. The service agreement is for a period of one year and renewable automatically for consecutive periods of one year subject to the requirements for retirement and re-election in next annual general meeting of the Company in accordance with the Articles.

Mr. WONG Mun Yu

Mr. Wong, aged 46, was appointed as a Director of the Company in May 1999. He is currently Director of Accounts and Finance. He joined the Company in 1988. He is a fellow of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants.

Details of Mr. Wong's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is no service contract between the Company and Mr. Wong. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr. LAM Man Tin

Mr. Lam, aged 45, was appointed as a Director of the Company in May 1999. He is currently Director of South China Business Development. He graduated from University of Hull with a master degree in Strategic Marketing. He joined the Company in 1992 and had over 20 years of experience in the retail and service industry.

Details of Mr. Lam's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is no service contract between the Company and Mr. Lam. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr. Motoya OKADA

Mr. Okada, aged 52, was appointed as a Director of the Company in February 1992. He is the President of AEON Co., Ltd. He graduated from Waseda University with a bachelor degree in Commerce. He also received a master degree in Business Administration from the Graduate School of Business Administration of Babson College. He joined AEON Co., Ltd. in 1979.

Details of Mr. Okada's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is no service contract between the Company and Mr. Okada. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr. Tatsuichi YAMAGUCHI

Mr. Yamaguchi, aged 58, was appointed as a Director of the Company in 1988 and resigned from Managing Director in 1997. He was re-appointed as a Director of the Company in June 2003. He is also a Senior Vice President of AEON Co., Ltd. He graduated from Meiji University with a bachelor degree in Management. He joined AEON Co., Ltd. in 1969.

Details of Mr. Yamaguchi's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is no service contract between the Company and Mr. Yamaguchi. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

INDEPENDENT NON-EXECUTIVE DIRECTORS*Dr. SHAO You Bao, S.B.S.*

Dr. Shao, aged 83, was appointed as a Director of the Company in July 1993. He graduated from Japan Kobe University with a bachelor degree in Economics and received an Honorary Doctorate of Laws from Ohio University. Dr. Shao is also the Chairman of Van Yu Trading Co. Ltd., Van Yu Holding Co. Ltd., and Van Fung Co., Ltd. He had over 50 years of experience in the banking industry. He had been a Hong Kong Affairs Advisor to the People's Republic of China and a member of the Preparatory Committee for the Hong Kong Special Administrative Region. Dr. Shao was awarded the Silver Bauhinia Star (S.B.S.) by the Government of Hong Kong Special Administrative Region in 1998.

Details of Dr. Shao's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is no service contract between the Company and Dr. Shao. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mrs. LAM PEI Peggy, G.B.S., S.B.S., O.B.E., J.P.

Mrs. Lam, aged 75, was appointed as a Director of the Company in January 1994. She graduated from University of Shanghai with a bachelor degree in Arts. She received a certificate in family planning from the University of Chicago and a certificate in Public Health Administration from the University of Michigan. Mrs. Lam is a fellow in Family Planning of the American University, the United States of America. She was the Chairman of Wan Chai District Council from 1985 to 2003 and was a member of the Preparatory Committee for the Hong Kong Special Administrative Region. She is the founding Chairman of the Hong Kong Federation of Women. She had been a Hong Kong Affairs Advisor to the People's Republic of China, a member of the Legislative Council in 1988-1995 and a member of Provisional Legislature of the Hong Kong Special Administrative Region. She was also a member of the 7th, 8th & 9th Chinese People's Political Consultative Conference. She was awarded the Silver Bauhinia Star (S.B.S.) and the Gold Bauhinia Star (G.B.S.) by the Government of Hong Kong Special Administrative Region in 1998 and 2003 respectively.

Details of Mrs. Lam's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO are set out in the annual report of the Company for the year ended 29 February 2004.

In addition, there is no service contract between the Company and Mrs. Lam. The emoluments of the Directors are determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

NOTICE OF ANNUAL GENERAL MEETING



AEON STORES (HONG KONG) CO., LIMITED

永旺(香港)百貨有限公司

(Incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of AEON Stores (Hong Kong) Co., Limited (the “Company”) will be held at Salon 1-3, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 17 June 2004 at 9:00 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 29 February 2004.
2. To declare a final dividend for the year ended 29 February 2004.
3. To re-elect Directors and authorise the Board of Directors to fix their remuneration.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as special and/or ordinary resolutions of the Company (as the case may be):

SPECIAL RESOLUTION

(A) **“THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

- (1) by adding the following definition in Article 2 before the definition of “Auditors”:

“associate” shall have the meaning ascribed to it under the Listing Rules;

- (2) by adding the following definition in Article 2 before the definition of “month”:

“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and any amendments thereto from time to time being in force;

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- (3) by deleting the words “within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide)” in the 3rd and 4th lines of Article 14 and replacing them with the following:

“within two months after the allotment of any shares or within 10 business days after lodgement of any duly stamped and valid transfer of any shares (or within such other period of time as the conditions of issue shall provide)”.

- (4) by deleting the word “property” in Article 42(v) and replacing it with the word “properly”.

- (5) by renumbering Article 75 as sub-clause (i) of Article 75 and adding the following as sub-clause (ii) of Article 75:

“Where any member, under the Listing Rules, is required to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”.

- (6) by deleting the words “special resolution” in the 1st line of Article 86 and replacing it with the words “ordinary resolution”.

- (7) by deleting the comma and words “, at least seven and not more than twenty-eight clear days before the day appointed for the meeting” in the 2nd and 3rd lines of Article 87 and replacing them with the following:

“during a period of not less than seven days commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date appointed for the meeting”.

- (8) by adding the following immediately after the last sentence “An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.” in the third paragraph of Article 88:

“Without prejudice to the personal liability of an alternate Director for any of his act or omission, the alternate Director shall be deemed to be the agent of or for the Director appointing him. A Director who appoints an alternate Director shall be vicariously liable for any tort committed by the alternate Director while acting in the capacity of alternate Director.”.

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(9) by adding the words “or any of his associates” immediately after the word “he” in the eighth line of Article 95.

(10) by deleting Article 96 in its entirety and replacing it with the following:

“96 Notwithstanding that such disclosure is made as aforesaid, a Director shall not be entitled to vote (nor be counted in the quorum) in respect of any contract, arrangement or proposal in which he or any of his associates is materially interested. If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or any of his associates or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director or any of his associates concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting, such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman or any of his associates as known to such chairman has not been fairly disclosed to the Board.”.

(11) by deleting Article 97 in its entirety and replacing it with the following:

“97 Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which to his knowledge he or any of his associates has a material interest, but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity either:

(a) to the Director or any of his associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iii) any proposal concerning any other company in which the Director or any of his associates is interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or any of his associates is beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
 - (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of a share option scheme under which he or any of his associates may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;
 - (v) any contract or arrangement in which the Director or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company; and
 - (vi) any contract for the purchase or maintenance for any Director or Directors of insurance against liability.”.
- (12) by inserting the words “or any of his associates” before the words “is materially interested” in the 14th line of the first paragraph of Article 98.
- (13) by adding the words “or any of his associates” immediately after the word “he” in the 1st line of the second paragraph of Article 98.

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- (14) by adding the following immediately after the last sentence “Such appointment may be liable to termination at any time by the Board.” of Article 103:

“The appointment of any Director as managing director, joint managing director, deputy managing director, or other executive director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract between him and the Company.”.

- (15) by deleting the word “thin” in the 8th line of Article 106 and replacing it with the word “think”.
- (16) by deleting the word “tit” in the 6th line of Article 107 and replacing it with the word “fit”.
- (17) by deleting the word “thin” in the 3rd line of Article 113 and replacing it with the word “think”.
- (18) by deleting the word “Three” in the 3rd line of Article 113 and replacing it with the word “Two”.
- (19) by deleting the word “mat” appearing twice in the 6th line of Article 128 and replacing them with the word “may”.
- (20) by deleting the words “(including any such liability as is mentioned in paragraph (c) of the proviso to Section 165 of the Ordinance)” in the 2nd and 3rd lines of the first paragraph of Article 171 and renumbering such paragraph as sub-clause (i) of Article 171.
- (21) by renumbering the second paragraph of the Article 171 as sub-clause (ii) of Article 171.
- (22) by adding the following as sub-clauses (iii), (iv) and (v) of Article 171:

“(iii) The Company may indemnify any Director or any officer of the Company against any liability incurred by him in defending any proceedings, civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 358 of the Ordinance in which relief is granted to him by the court.

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- (iv) The Company may purchase and maintain for any Director or any officer of the Company:
 - (a) insurance against any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
 - (b) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.
- (v) For the purpose of this Article 171, “related company” means any company that is the Company’s subsidiary or holding company or a subsidiary of that holding company.”.

ORDINARY RESOLUTIONS

(B) **“THAT**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and otherwise deal with unissued Shares and to issue or grant offers, agreements, options and warrants which will or might require Shares to be allotted, issued or the exercise of any of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to issue or grant offers, agreements, options and warrants which will or might require the exercise of any of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or by law to be held; or
- (iii) the date of the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.

“Rights Issue” means an offer of Shares or offer or issue of warrants or options to subscribe for Shares open for a period fixed by the Directors of the Company to holders of Shares on the Register of Members of the Company or any class thereof on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).

“Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares of the Company.”

(C) **“THAT**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which any Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or by law to be held; or
- (iii) the date of the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.

“Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares of the Company.”

- (D) “**THAT** conditional upon the passing of the Ordinary Resolutions 5(B) and 5(C) set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and otherwise deal with unissued Shares and to issue or grant offers, agreements, options and warrants which will or might require Shares to be allotted, issued or the exercise of any of such powers pursuant to the Ordinary Resolution 5(B) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the Ordinary Resolution 5(C) set out in the notice convening this meeting, provided that such amount of Shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution.”

By Order of the Board

Heng Kwo Seng

Company Secretary

Hong Kong, 14 May 2004

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

G-4th Floor
Kornhill Plaza (South)
2 Kornhill Road
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, form(s) of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power of attorney or authority, must be deposited at the office of the Company's Share Registrars, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the annual general meeting or any adjournment thereof.
- (3) The Register of Members of the Company will be closed from Monday, 14 June 2004 to Thursday, 17 June 2004 (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for attending and voting at the annual general meeting and the proposed final dividend, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's Share Registrars, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Friday, 11 June 2004.
- (4) Further information relating to the proposed amendments to the Articles of Association of the Company and the Directors proposed to be re-elected at the annual general meeting will be provided in a circular of the Company to be sent to all members together with the Annual Report for the year ended 29 February 2004.
- (5) With reference to the Ordinary Resolutions 5(B) and 5(C) above, the Directors of the Company wish to state that they have no immediate plans to issue any new shares or to repurchase any existing shares pursuant to the relevant mandates.
- (6) An explanatory statement containing further details regarding the Ordinary Resolutions 5(B) and 5(C) above will be sent to all members together with the Annual Report for the year ended 29 February 2004.
- (7) If approved, the proposed final dividend will be payable on or before 28 July 2004.
- (8) The Company's Memorandum and Articles of Association is written in the English language and there is no official Chinese translation thereof. In case of any discrepancies between the English version of the proposed amendments to the Company's Articles of Association and its Chinese translation, the English version shall prevail in all circumstances.