
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 GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AMENDMENT TO THE ARTICLES OF ASSOCIATION
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 5 of this circular.

A notice convening the annual general meeting of the Company to be held at Marina Room I, 2/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong on 23 May 2008 at 10:00 a.m. is set out on pages 18 to 21 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 registrar, Tricor Secretaries Limited, at 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 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.

24 April 2008

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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 Marina Room I, 2/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong on 23 May 2008 at 10:00 a.m., notice of which is set out on pages 18 to 21 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”	18 April 2008, 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)

(Stock Code: 984)

Directors:

Akihito TANAKA* (*Chairman*)

LAM Man Tin (*Managing Director*)

Yutaka FUKUMOTO (*Deputy Managing Director*)

WONG Mun Yu

Yutaka AGAWA

Masaaki TOYOSHIMA*

Kazumasa ISHII*

LAM PEI Peggy[#]

SHAM Sui Leung Daniel[#]

CHENG Yin Ching Anna[#]

Registered Office:

G-4th Floor

Kornhill Plaza (South)

2 Kornhill Road

Hong Kong

* *non-executive directors*

independent non-executive directors

24 April 2008

To the Shareholders

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSED GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AMENDMENT TO THE ARTICLES OF ASSOCIATION
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) general mandates to issue Shares and repurchase Shares; (ii) amendment to the Articles of Association; and (iii) re-election of the retiring Directors and to seek your approval of the resolutions relating to these matters at the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting held on 23 May 2007, 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 23 May 2007; and (ii) allot, issue and otherwise deal with Shares not exceeding 20% of the Shares in issue as at 23 May 2007 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(A), 5(B) and 5(C) 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 I 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.

3. AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under the existing Article 83 of the Articles of Association, the Company is permitted to appoint not more than 10 Directors to the Board. The business of the Group has been fast growing over the years with encouraging results. To further such growing pace in the increasingly challenging environment, it is the view of the Directors that the Company needs additional high calibers to join the Board to broaden its skills, experience and business relationship networks. The Board therefore wishes to seek the approval of the Shareholders at the AGM for the proposed amendment to Article 83 to enable the Company to have not more than 12 Directors.

The proposed amendment to Article 83 of the Articles of Association is set out in detail in the notice of the AGM on pages 18 to 21 of this circular.

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 II to this circular.

LETTER FROM THE BOARD

5. AGM

Set out on pages 18 to 21 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) general mandates to issue Shares and repurchase Shares; (ii) amendment to the Articles of Association; 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 registrar, Tricor Secretaries Limited, at 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 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.

6. RIGHT TO DEMAND A POLL

Pursuant to Article 65 of the Articles of Association of the Company, at the AGM, resolutions put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that rights.

7. RECOMMENDATION

The Directors consider that the granting of the general mandates to issue Shares and to repurchase Shares, the amendment to the Articles of Association 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 general mandates to issue Shares and to repurchase Shares, the amendment to the Articles of Association and the re-election of the retiring Directors. The Directors will vote all their Shares in favour of all the resolutions.

LETTER FROM THE BOARD

8. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2008 to 23 May 2008 (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 registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 19 May 2008.

Yours faithfully,
By order of the Board of
AEON Stores (Hong Kong) Co., Limited
Lam Man Tin
Managing Director

APPENDIX I EXPLANATORY STATEMENT OF 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 of 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 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(B) 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 31 December 2007 contained in the annual report for the year ended 31 December 2007) 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.

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.

APPENDIX I EXPLANATORY STATEMENT OF REPURCHASE OF SHARES

As at the Latest Practicable Date, AEON Co., Ltd. (“AEON”), the Directors (namely Mr. Lam Man Tin, Mr. Yutaka Fukumoto, Mr. Wong Mun Yu, Mr. Akihito Tanaka, Mr. Kazumasa Ishii, Mr. Yutaka Agawa and Madam Lam Pei Peggy (collectively the “Relevant Directors”)), and Aberdeen Asset Management Plc and its Associates (together “the Aberdeen Group”) on behalf of Accounts managed by the Aberdeen Group were interested in the following number of Shares set opposite to their respective names:

Shareholder	Number of shares	Approximate percentage of the total issued share capital of the Company
AEON	186,276,000	71.64%
Aberdeen Group	30,532,000	11.74%
Mr. Lam Man Tin (Director)	20,000	0.008%
Mr. Yutaka Fukumoto (Director)	70,000	0.027%
Mr. Wong Mun Yu (Director)	18,000	0.007%
Mr. Akihito Tanaka (Director)	50,000	0.019%
Mr. Kazumasa Ishii (Director)	40,000	0.015%
Mr. Yutaka Agawa (Director)	12,000	0.005%
Madam Lam Pei Peggy (Director)	200,000	0.077%
Public shareholders	42,782,000	16.46%
Total	<u>260,000,000</u>	<u>100%</u>

The interests of AEON, the Relevant Directors and the Aberdeen Group in the Company, when aggregated, are approximately 83.54%, thereby resulting in the public float of the Company below 25% as required under Rule 8.08 of the Listing Rules.

As far as the Company is aware, the Aberdeen Group, save as being a substantial shareholder of the Company, is independent of and is not connected with the Company, AEON and the Relevant Directors. The Company is of the view that the shortfall in the prescribed percentage arose solely from an increase in holding of the Shares by a person who is a connected person by virtue only of it being a substantial shareholder of the Company. Also, the Aberdeen Group is not the controlling or single largest shareholder of the Company, nor does it have any representative on the Board or been involved in the management of the Company at any time. Although the public float of the Company is below 25%, the Shares held by the public represent a market capitalisation of approximately HK\$672,533,040 based on the closing price of HK\$15.72 per share as at the Latest Practicable Date, the Company is of the view that there remains an open market of the Company’s shares. The Company will take appropriate steps to ensure restoration of the minimum percentage of the shares of the Company in the public hands as soon as practicable.

Further, if the repurchase mandate is exercised in full, the interest of AEON, the Relevant Directors and Aberdeen Group would increase to approximately 79.60%, 0.18% and 13.05% of the issued share capital of the Company respectively. Their aggregated interests would become approximately 92.83% of the issued share capital of the Company. 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. However,

APPENDIX I EXPLANATORY STATEMENT OF REPURCHASE OF SHARES

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 15%. If the minimum public float of the Shares falls below 15%, the Company will request that its Shares be suspended from trading. In this connection, Shareholders are reminded to refer to the announcement of the Company dated 15 April 2008 for further details.

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	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2007		
March	10.000	8.600
April	9.900	9.260
May	11.600	9.500
June	12.200	10.340
July	13.160	11.900
August	12.700	10.780
September	22.000	12.460
October	24.500	17.800
November	19.000	15.400
December	18.400	16.000
2008		
January	18.100	15.000
February	15.900	14.200
March	16.000	15.200
April (up to the Practicable Date)	16.160	15.300

The following is the information required to be disclosed by the Listing Rules on the retiring Directors proposed to be re-elected at the AGM.

DIRECTORS**Mr. LAM Man Tin**

Mr. Lam (aged 49) was appointed as Executive Director in May 1999 and became the Managing Director in May 2006. Mr. Lam joined the Company in 1992 and has over 20 years of retail and services experience. He graduated from The University of Hull in the United Kingdom with a master's degree in Strategic Marketing.

As at the Latest Practicable Date, 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 is set out in the Appendix III to this circular.

In addition, there is no service contract between the Company and Mr. Lam. Mr. Lam was entitled to the director's fees and emoluments of HK\$2,123,000 for 2007. 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.

Save as disclosed above, (i) Mr. Lam did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

Mr. Yutaka FUKUMOTO

Mr. Fukumoto (aged 51) was appointed as Executive Director and the Deputy Managing Director in June 2006. He was the Managing Director of Guangdong JUSCO Teem Stores Co., Ltd. from 2002 to 2003 and was the Leader of the Asia Business Strategy team of AEON Co., Ltd. from September 2003 to May 2006. Mr. Fukumoto joined AEON Co., Ltd. in 1979 and has over 10 years of experience in the PRC retail industry. He graduated from Osaka University in Japan with a bachelor's degree in Engineering.

As at the Latest Practicable Date, Mr. Fukumoto's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO is set out in the Appendix III to this circular.

In addition, there is a service agreement between the Company and Mr. Fukumoto. Mr. Fukumoto was entitled to the director's fees and emoluments of HK\$1,585,000 for 2007. 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. 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.

Save as disclosed above, (i) Mr. Fukumoto did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

Mr. WONG Mun Yu

Mr. Wong (aged 50) was appointed as Executive Director in May 1999 and is the Director of Accounts and Finance. Mr. Wong joined the Company in 1988. He is a fellow of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

As at the Latest Practicable Date, 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 is set out in the Appendix III to this circular.

In addition, there is no service contract between the Company and Mr. Wong. Mr. Wong was entitled to the director's fees and emoluments of HK\$1,426,000 for 2007. 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.

Save as disclosed above, (i) Mr. Wong did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

Mr. Yutaka AGAWA

Mr. Agawa (aged 51) was appointed as Executive Director in May 2007 and is the Director of Buying Division of the Company. He joined AEON Co., Ltd. in 1980. He has over 25 years of experience in retail industry. Mr. Agawa graduated from Daito-Bunka University in Japan with a bachelor's degree in Arts.

As at the Latest Practicable Date, Mr. Agawa's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO is set out in the Appendix III to this circular.

In addition, there is a service agreement between the Company and Mr. Agawa. Mr. Agawa was entitled to the director's fees and emoluments of HK\$1,379,000 for 2007 (which will be pro-rata to the period of services in the year of his appointment). 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. 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.

Save as disclosed above, (i) Mr. Agawa did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

NON-EXECUTIVE DIRECTORS

Mr. Akihito TANAKA

Mr. Tanaka (aged 60) was appointed as Non-executive Director in June 2006 and became the Chairman in May 2007. He is also the Chief Representative for China of AEON Co., Ltd. Joining AEON Co., Ltd. in 1970, he was a Director of the Company from 1996 to 2003 and the Managing Director of the Company from 1997 to 1998. Mr. Tanaka graduated from the Kansai University in Japan with a bachelor's degree in Journalism.

As at the Latest Practicable Date, Mr. Tanaka's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO is set out in the Appendix III to this circular.

In addition, there is no service contract between the Company and Mr. Tanaka. Mr. Tanaka was entitled to a director's fee of HK\$286,000 for 2007. 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.

Save as disclosed above, (i) Mr. Tanaka did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

Mr. Masaaki TOYOSHIMA

Mr. Toyoshima (aged 56) was appointed as Non-executive Director in May 2007. He is also an Executive Vice President of AEON Co., Ltd. He joined AEON Co., Ltd. in 1974. Mr. Toyoshima is a graduate of the Nihon University in Japan with a bachelor's degree in Economics.

As at the Latest Practicable Date, Mr. Toyoshima's interest in the share capital of the Company and its associated corporations (if any) within the meaning of Part XV of the SFO is set out in the Appendix III to this circular.

In addition, there is no service contract between the Company and Mr. Toyoshima. Mr. Toyoshima was entitled to a director's fee of HK\$73,000 for 2007 (which will be pro-rata to the period of services in the year of his appointment). 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.

Save as disclosed above, (i) Mr. Toyoshima did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

Mr. Kazumasa ISHII

Mr. Ishii (aged 57) was appointed as Non-executive Director in May 2007. He is also the Assistant Chief Representative for China of AEON Co., Ltd. He joined the Company in 1990 and moved to Guangdong Province of the PRC for the establishment of Guangdong JUSCO Teem Stores Co., Ltd. in 1995 and was appointed as the Managing Director of that subsidiary in the same year. He was the Managing Director of the Company from June 2002 up to June 2005. He graduated from Doshisha University in Japan with a bachelor's degree in Commerce in 1974 and joined AEON Co., Ltd. in the same year.

As at the Latest Practicable Date, Mr. Ishii does not have any interest in the share capital of the Company and its associated corporations within the meaning of Part XV of the SFO.

In addition, there is no service contract between the Company and Mr. Ishii. Mr. Ishii was entitled to a director's fees of HK\$73,000 for 2007 (which will be pro-rata to the period of services in the year of his appointment). 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.

Save as disclosed above, (i) Mr. Ishii did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Prof. Lam (aged 79) was appointed as Independent Non-executive Director since 1994. She is a fellow of the Family Planning of American University, the United States of America. She was the Chairman of the 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 has also served as a Hong Kong Affairs Advisor to the People's Republic of China, a member of the Legislative Council from 1988 to 1995 and a member of the Provisional Legislature of the Hong Kong Special Administrative Region. She was previously a member of the 7th, 8th and 9th Chinese People's Political Consultative Conference. She was appointed as the Justice of Peace in 1981 and also awarded with the Order of the British Empire (O.B.E.) in 1993, the Silver Bauhinia Star (S.B.S.) and the Gold Bauhinia Star (G.B.S.) by the Government of the Hong Kong Special Administrative Region in 1998 and 2003 respectively.

Prof. Lam graduated from The University of Shanghai with a bachelor's 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 in the United States of America. She was also awarded as Honorary Professor by University of Shanghai for Science and Technology in 2006.

As at the Latest Practicable Date, Prof. 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 is set out in the Appendix III to this circular.

In addition, there is no service contract between the Company and Prof. Lam. Prof. Lam was entitled to a director's fee of HK\$170,000 for 2007. 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.

Save as disclosed above, (i) Prof. Lam did not hold any directorship in other public companies in Hong Kong in the last three years, nor she has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and she has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her re-election.

Mr. SHAM Sui Leung Daniel

Mr. Sham (aged 52) was appointed as Independent Non-executive Director in September 2004. He is an associate member of The Institute of Chartered Accountants in England and Wales and also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA). He was a partner with Moores Rowland Mazars from 1988 to 2003. He was a committee member of the Expert Panel on Listing, the Expert Panel on Securities and the Accountants' Report Task Force of the HKICPA. Mr. Sham was also a committee member of the Disciplinary Panel of the HKICPA. A graduate

from Leeds University in England, he holds a bachelor's degree in Economics. Mr. Sham is currently an independent non-executive director of Melco International Development Limited and Value Convergence Holdings Limited, both of which are listed on the Stock Exchange.

As at the Latest Practicable Date, Mr. Sham does not have any interest in the share capital of the Company and its associated corporations within the meaning of Part XV of the SFO.

In addition, there is no service contract between the Company and Mr. Sham. Mr. Sham was entitled to a director's fee of HK\$170,000 for 2007. 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.

Save as disclosed above, (i) Mr. Sham did not hold any directorship in other public companies in Hong Kong in the last three years, nor he has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and he has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election.

Ms. CHENG Yin Ching Anna

Ms. Cheng (aged 38) was appointed as Independent Non-executive Director in June 2006 and she is a fellow of the Association of Chartered Certified Accountants and also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. From 1997 to 2004, she was the Finance Director of Rosedale Hotel Group Limited (now renamed as China Velocity Group Limited), a company listed on the Hong Kong Stock Exchange. She is currently the Chief Financial Officer of Peterson Holdings Company Limited.

As at the Latest Practicable Date, Ms. Cheng does not have any interest in the share capital of the Company and its associated corporations within the meaning of Part XV of the SFO.

In addition, there is no service contract between the Company and Ms. Cheng. Ms. Cheng was entitled to director's fee of HK\$120,000 for 2007. 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.

Save as disclosed above, (i) Ms. Cheng did not hold any directorship in other public companies in Hong Kong in the last three years, nor she has any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, and (ii) there is no information to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules; and she has also confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her re-election.

APPENDIX III INFORMATION ON DIRECTORS' INTERESTS IN SHARES

As at the latest Practicable Date, the interests of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange

(a) Long positions in the Shares of the Company

Name of Directors	Number of held as personal interests	Approximate percentage of interest share capital of the Company %
LAM Man Tin	20,000	0.008
Yutaka FUKUMOTO	70,000	0.027
WONG Mun Yu	18,000	0.007
Akihito TANAKA	50,000	0.019
Kazumasa ISHII	40,000	0.015
Yutaga AGAWA	12,000	0.005
LAM PEI Peggy	200,000	0.077

(b) Long positions in the Shares of AEON Co., Ltd., the Company's ultimate holding company

Name of Directors	Number of shares held as personal interests	Approximate percentage of interest
Akihito TANAKA	13,900	0.0017
Masaaki TOYOSHIMA	9,300	0.0012
Kazumasa ISHII	9,000	0.0011

APPENDIX III INFORMATION ON DIRECTORS' INTERESTS IN SHARES

(c) Long positions in the shares of other associated corporations

	Akihito TANAKA	
	Number of shares held as personal interests	Approximate percentage of interest %
AEON Fantasy Co., Ltd.	3,801	0.021
AEON Thana Sinsap (Thailand) Plc.	20,000	0.008
Aeonmall Co., Ltd.	4,000	0.003
AEON CO. (M) Bhd.	200,000	0.110
Ryukyu JUSCO Co., Ltd.	100	0.018

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)

(Stock Code: 984)

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of AEON Stores (Hong Kong) Co., Limited (the “Company”) will be held at Marina Room I, 2/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong on 23 May 2008 at 10:00 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 31 December 2007.
2. To declare a final dividend for the year ended 31 December 2007.
3. To re-elect Directors and authorise the Board of Directors to fix the remuneration of the Directors.
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 ordinary resolutions and/or special resolution of the Company:

ORDINARY RESOLUTIONS

(A) **“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;

NOTICE OF ANNUAL GENERAL MEETING

(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

(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.”

(B) “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;

NOTICE OF ANNUAL GENERAL MEETING

(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

(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.”

(C) “**THAT** conditional upon the passing of the Ordinary Resolutions 5(A) and 5(B) 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(A) 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(B) 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.”

SPECIAL RESOLUTION

(D) “**THAT** the Articles of Association of the Company be and are hereby amended by deleting the word “ten” in the existing Article 83 and replacing it with the word “twelve”.”

By Order of the Board
Heng Kwo Seng
Company Secretary

Hong Kong, 24 April 2008

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 notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company's share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, 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 20 May 2008 to 23 May 2008 (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend and attending and voting at the annual general meeting, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19 May 2008.
- (4) Further information relating to 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 31 December 2007.
- (5) With reference to the Ordinary Resolutions 5(A) and 5(B) 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(A) and 5(B) above will be sent to all members together with the Annual Report for the year ended 31 December 2007.
- (7) If approved, the proposed final dividend will be payable on or before 18 June 2008.