
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
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 6 May 2005 at 10:00 a.m. is set out on pages 16 to 19 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.

29 March 2005

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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 Friday, 6 May 2005 at 10:00 a.m., notice of which is set out on pages 16 to 19 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”	24 March 2005, 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



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:

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#
SHAM Sui Leung Daniel#

Registered Office:

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

* *non-executive directors*

independent non-executive directors

29 March 2005

To the Shareholders

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSED 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) general mandates to issue Shares and repurchase Shares; and (ii) 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 17 June 2004, 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 17 June 2004; and (ii) allot, issue and otherwise deal with Shares not exceeding 20% of the Shares in issue as at 17 June 2004 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. 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.

4. AGM

Set out on pages 16 to 19 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; and (ii) 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

5. 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.

6. RECOMMENDATION

The Directors consider that 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 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 Tuesday, 3 May 2005 to Friday, 6 May 2005 (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, 29 April 2005.

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

APPENDIX I 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 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 10 months ended 31 December 2004 contained in the annual report for the 10 months ended 31 December 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.

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 Commonwealth Bank of Australia were interested in 186,276,000 Shares, 20,266,000 Shares and 13,406,000 Shares, representing approximately 71.64%, 7.79% and 5.16% 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 Commonwealth Bank of Australia will increase to approximately 79.60%, 8.66% and 5.73% 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%.

APPENDIX I 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>
2004		
March	6.350	5.500
April	6.300	5.600
May	5.900	4.650
June	5.850	5.200
July	6.900	5.400
August	7.900	6.150
September	7.800	6.650
October	7.800	6.850
November	8.400	7.400
December	8.500	8.100
2005		
January	9.900	8.300
February	9.500	9.050
March (up to Latest Practicable Date)	9.650	9.000

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. Toshiji TOKIWA*

Mr. Tokiwa, aged 65, 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.

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

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.

Save as disclosed above, Mr. Tokiwa 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 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 54, was appointed as Managing Director of the Company in May 2002. He is also the Legal Representative of Shenzhen Aeon Friendship Co. Ltd., Managing Director of AEON (China) Co., Ltd. and Chairman of Guangdong Jusco Teem Stores Co., Ltd.. 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 since 1990. He became a Director of the Company in 1994. In 1995, he resigned from Director. He 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 2000, he was appointed as Vice-Chairman of Guangdong Chain Operations Association and is the first and only non-Chinese taking up this position.

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

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.

Save as disclosed above, 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 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. Kozo MURATA

Mr. Murata, aged 51, 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.

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

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.

Save as disclosed above, Mr. Murata 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 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 47, was appointed as a Director of the Company in May 1999. He is currently Director of Accounts and Finance of the Company. He 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. 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, 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 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. LAM Man Tin

Mr. Lam, aged 46, was appointed as a Director of the Company in May 1999. He is currently Director of South China Business Development of the Company. 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.

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. 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, 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 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. Motoya OKADA

Mr. Okada, aged 53, 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.

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

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.

Save as disclosed above, Mr. Okada 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 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. Tatsuichi YAMAGUCHI

Mr. Yamaguchi, aged 59, 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 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.

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

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.

Save as disclosed above, Mr. Yamaguchi 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 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

Dr. SHAO You Bao, S.B.S.

Dr. Shao, aged 84, 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 the Chairman of Van Yu Trading Co. Ltd., Van Yu Holding Co. Ltd., and Van Fung Co., Ltd. He is also currently an independent non-executive director of AEON Credit Service (Asia) Company Limited, a company listed on the Stock Exchange. 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.

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

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.

Save as disclosed above, Dr. Shao 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 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.

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

Mrs. Lam, aged 76, 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 Order of British Empire (O.B.E.) in 1993, the Silver Bauhinia Star (S.B.S.) in 1998 and the Gold Bauhinia Star (G.B.S.) in 2003.

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

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.

Save as disclosed above, Mrs. 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 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 49, was appointed as a Director of the Company in September 2004. He graduated from Leeds University in England with a bachelor degree in Economics. Mr. Sham is an associate member of the Institute of Chartered Accountants in England and Wales and he is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants (HKICPA). He was a partner with Moores Rowland Mazars from 1988 to 2003. Mr. Sham had been a committee member of the Expert Panel on Listing, the Expert Panel on Securities and the Accountants' Report Task Force of the HKICPA. He had also been and is a committee member of the Disciplinary Panel of the HKICPA. Mr. Sham is currently an independent non-executive director of Value Convergence Holdings Limited, a company 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 (if any) within the meaning of Part XV of the SFO.

In addition, there is no service contract between the Company and Mr. Sham. 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, 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 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.

**APPENDIX III INFORMATION ON DIRECTORS' INTERESTS IN
SHARES AND DEBENTURES**

As at the latest Practicable Date, the interest of the Directors and their associates in the shares, underlying shares and convertible bonds 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) The Company

Name of Directors	Number of ordinary shares held as personal interests	Approximate percentage of the issued share capital of the Company %
Kazumasa ISHII	80,000	0.031
Kozo MURATA	8,000	0.003
WONG Mun Yu	18,000	0.007
LAM Man Tin	50,000	0.019
Motoya OKADA	100,000	0.038
Tatsuichi YAMAGUCHI	22,000	0.008
SHAO You Bao	200,000	0.077
LAM PEI Peggy	200,000	0.077
	<u>678,000</u>	<u>0.260</u>

(b) AEON Co., Ltd., the Company's ultimate holding company

Name of Directors	Personal interests	Family interests	Total	Approximate percentage of interest %
Kazumasa ISHII	14,000	–	14,000	0.0019
Kozo MURATA	6,000	–	6,000	0.0008
Toshiji TOKIWA	12,000	–	12,000	0.0017
Motoya OKADA (<i>Note</i>)	409,496	8,742	418,238	0.0577
Tatsuichi YAMAGUCHI	23,000	–	23,000	0.0030
	<u>464,496</u>	<u>8,742</u>	<u>473,238</u>	<u>0.0651</u>

Note: The family interest of Mr. Motoya OKADA is held by his spouse. In addition, Mr. Motoya OKADA also has a personal interest in the debentures of AEON Co., Ltd. with a total nominal value of ¥2,000,000.

**APPENDIX III INFORMATION ON DIRECTORS' INTERESTS IN
SHARES AND DEBENTURES**

(c) Other associated corporations

	Kozo MURATA		Toshiji TOKIWA		Motoya OKADA		SHAO You Bao	
	Number of share(s)	Approximate percentage of interest %	Number of share(s)	Approximate percentage of interest %	Number of share(s)	Approximate percentage of interest %	Number of share(s)	Approximate percentage of interest %
AEON Credit Service (Asia) Company Limited	-	-	-	-	110,000	0.026	330,000	0.079
AEON Fantasy Co., Ltd.	-	-	-	-	24,200	0.211	-	-
AEON Forest Co., Ltd.	-	-	-	-	3,000	0.038	-	-
AEON Kyushu Co., Ltd.	-	-	-	-	2,400	0.015	-	-
AEON Techno Service Co., Ltd.	-	-	-	-	15,000	0.139	-	-
AEON Thana Sinsap (Thailand) Plc.	-	-	500,000	0.200	1,500,000	0.600	-	-
Aeonmall Co., Ltd.	-	-	-	-	1,200	0.004	-	-
Certo Co., Ltd.	-	-	-	-	2,000	0.030	-	-
AEON Co. (M) Bhd.	-	-	-	-	150,000	0.085	-	-
Laura Ashley Japan Co., Ltd.	1	0.012	-	-	10	0.119	-	-
Maxvalu Tohoku Co., Ltd.	-	-	-	-	6,000	0.050	-	-
Maxvalu Tokai Co., Ltd.	-	-	5,000	0.043	10,000	0.086	-	-
Reform Studio Co., Ltd.	-	-	-	-	5	0.208	-	-
Ryukyu JUSCO Co., Ltd.	-	-	-	-	500	0.089	-	-
The Talbots, Inc.	-	-	-	-	44,000	0.079	-	-
Zwei Co., Ltd.	-	-	1,000	0.025	4,000	0.103	-	-

Note: All the shares held are personal interests.

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 Friday, 6 May 2005 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 10 months ended 31 December 2004.
2. To declare a final dividend for the 10 months ended 31 December 2004.
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 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.”

NOTICE OF ANNUAL GENERAL MEETING

(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;
- (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

NOTICE OF ANNUAL GENERAL MEETING

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.”

By Order of the Board
Heng Kwo Seng
Company Secretary

Hong Kong, 24 March 2005

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 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 Tuesday, 3 May 2005 to Friday, 6 May 2005 (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, 29 April 2005.
- (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 10 months ended 31 December 2004.
- (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 10 months ended 31 December 2004.
- (7) If approved, the proposed final dividend will be payable on or before 16 June 2005.