新世界百貨中國有限公司
New World Department Store China Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 825)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

ACQUISITION OF EQUITY INTEREST IN A PRC COMPANY

On 11 October 2013, Shenyang New World, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shanghai Hanxin, pursuant to which Shanghai Hanxin agreed to sell and Shenyang New World agreed to purchase the entire equity interest in the Target Company which owns the Shanghai – Hong Kong New World Department Store – Wujiaochang Branch Store in Shanghai, the PRC, at a consideration of RMB280 million. The consideration will be settled in full by Shenyang New World in cash.

As more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% and all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

Date

11 October 2013

Parties

(a) Shanghai Hanxin as vendor; and

(b) Shenyang New World as purchaser.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Shanghai Hanxin and its ultimate beneficial owners is third party independent of the Company and its connected persons as defined under the Listing Rules.

The subject matter

Under the Equity Transfer Agreement, it is agreed that Shenyang New World will purchase the entire equity interest in the Target Company from Shanghai Hanxin.

Consideration

The consideration is RMB280 million which will be fully settled by Shenyang New World in cash. Such consideration shall be payable within 3 months from the date of the issue of the new business licence of the Target Company showing that the Target Company has been changed into a foreign-owned enterprise and shall be financed by the Group's internal resources.

The consideration was arrived at after arm's length negotiation between Shanghai Hanxin and Shenyang New World having regard to the net profit after taxation of the Target Company for the year ended 31 December 2012, future prospects of the Target Company, the development potential of the Shanghai – Hong Kong New World Department Store – Wujiaochang Branch Store, the synergy effect that it will create alongside the existing retail network of the Group in Shanghai and other potential benefits that will accrue to the Group.

INFORMATION OF THE TARGET COMPANY

To the best knowledge of the Directors, the Target Company is a limited liability company established in the PRC in September 2006 and as at the date of this announcement, is wholly-owned by Shanghai Hanxin. The principal business of the Target Company is a department store operation in the PRC.

The audited financial information of the Target Company prepared in accordance with the generally accepted accounting principles in the PRC for the two financial years ended 31 December 2012 are as follows:

	For the year ended 31 December 2012	**For the year ended 31 December 2011**
	RMB'000	*RMB'000*
Net profit before taxation	3,488	10,631
Net profit after taxation	3,488	10,631

The net liabilities of the Target Company as at 31 December 2012 was approximately RMB53,138,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of department stores in the PRC. To the best knowledge of the Directors, Shanghai Hanxin is an investment holdings company.

The Target Company holds the Shanghai – Hong Kong New World Department Store – Wujiaochang Branch Store located in Yang Pu District, Shanghai, the PRC. The Board considers that the acquisition of the Target Company would further expand the retail network of the Group and increase its market share in Shanghai. The direct investment in the Target Company could create a synergy effect with the Group's existing retail network in Shanghai and complement its growth. Following completion of this acquisition, the Group will be in a better position to further capture the burgeoning potential of the consumer market in the PRC.

The Target Company has some non-recurring expenses in the year ended 31 December 2011 and 2012. Excluding the effect of the non-recurring expenses of the Target Company, the consideration would represent a P/E ratio of 8 based on the net profit of the Target Company for the year ended 31 December 2012. The Board also considers that the consideration is competitive under current market situation.

The Board is of the view that the terms of the Equity Transfer Agreement are fair and reasonable and are in the interests of the Company and its shareholders.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% and all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

"Acquisition"	the acquisition by Shenyang New World from Shanghai Hanxin of the entire equity interest in the Target Company as contemplated under the Equity Transfer Agreement
"Board"	the board of Directors
"Company"	New World Department Store China Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Directors"	the directors of the Company
"Equity Transfer Agreement"	the equity transfer agreement entered into between Shanghai Hanxin as vendor and Shenyang New World as purchaser in relation to the Acquisition

"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rule"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Hanxin"	上海漢新百貨有限公司 (Shanghai Hanxin Department Store Co., Ltd.*), a company established in the PRC
"Shenyang New World"	瀋陽新世界百貨有限公司 (Shenyang New World Department Store Ltd.), an indirect wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	上海匯姿百貨有限公司 (Shanghai Huizi Department Store Co., Ltd.*), a company established in the PRC

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

Hong Kong, 11 October 2013

As at the date of this announcement, the non-executive Directors are Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong and Ms. Ngan Man-ying, Lynda; the executive Directors are Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip and Mr. Wong Kwok-kan, Kenneth; and the independent non-executive Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai.

**English names for identification purpose only*