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)

DISCLOSEABLE TRANSACTION

LETTER OF INTENT IN RELATION TO THE PROPOSED ACQUISITION

On 2 April 2013, NWDSI, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into a legally-binding LOI in relation to the Proposed Acquisition of the Target which owns and operates Hongxin Trendy Plaza in Shanghai, the PRC.

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

Further announcement in respect of the Proposed Acquisition will be made by the Company when NWDSI and the Vendors enter into any Formal Agreement.

INTRODUCTION

On 2 April 2013, NWDSI, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into a legally-binding LOI in relation to the Proposed Acquisition of the Target which owns and operates Hongxin Trendy Plaza in Shanghai, the PRC.

THE LOI

Date

2 April 2013

Parties

(a) NWDSI

(b) Hongshan; and

(c) Dahu

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Hongshan, Dahu and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as defined under the Listing Rules.

The subject matter

Under the LOI, it is agreed that NWDSI will acquire the entire equity interest in the Target from the Vendors.

Legality of the LOI and the Formal Agreement

The LOI constitutes a legally-binding commitment of NWDSI and the Vendors in respect of the Proposed Acquisition, and sets out certain key matters relating to the Proposed Acquisition. The Proposed Acquisition is subject to, among other matters, the determination of payment terms, the further negotiation, finalisation and execution of a Formal Agreement and the Company's compliance with the Listing Rules. Further announcement in respect of the Proposed Acquisition will be made by the Company when NWDSI and the Vendors enter into any Formal Agreement.

NWDSI will commence due diligence exercise on the Target after the signing of the LOI. If NWDSI decides to proceed with the Proposed Acquisition after the due diligence exercise, the parties to the LOI shall enter into a Formal Agreement within 15 days after the completion of such due diligence exercise. However, if NWDSI decides not to proceed with the Proposed Acquisition after the due diligence exercise on the basis that, among other matters, there is any material inconsistency between the disclosed and the actual position of the Target (including its assets and liabilities); or if there is any inaccuracy of material facts relating to the Target; or any title defect in the Vendors' equity interest in the Target; or if the Proposed Acquisition may have a material adverse effect or give rise to operational or financial risk of NWDSI, it shall issue a Termination Notice to the Vendors.

Consideration

Under the LOI, it is currently contemplated that the consideration for the entire equity interest in the Target shall not be less than RMB1.22 billion and not more than RMB1.25 billion less the principal amount owed by the Target to Ping An bank as at the date of completion of the Proposed Acquisition, which is expected to be no later than 30 June 2013. It is currently intended that the consideration will be financed by the Group's internal resources.

The consideration was arrived at after arm's length negotiations between the Vendors and NWDSI after taking into account the development potential of Hongxin Trendy Plaza and the market price for premises in the area similar to Hongxin Trendy Plaza.

Deposit

Under the LOI, NWDSI and the Vendors shall open the Co-managed Accounts immediately after the signing of the LOI. The Deposit shall be deposited by NWDSI into the Co-managed Accounts within 7 working days after the opening of such accounts. The Deposit will be financed by the Group's internal resources. NWDSI shall be entitled to the interest accrued on the Deposit for the period it remains in the Co-managed Accounts.

After the Formal Agreement is executed by NWDSI and the Vendors, the Deposit shall be applied towards satisfying the consideration for the Proposed Acquisition.

In the event that NWDSI decides not to proceed with the Proposed Acquisition without a reasonable basis, the Deposit shall be forfeited by the Vendors.

In the event that NWDSI decides not to proceed with the Proposed Acquisition after the due diligence exercise by serving a Termination Notice to the Vendors, the Deposit shall be refunded to NWDSI within 7 days after the issue of the Termination Notice.

In the event that NWDSI wishes to proceed with the Proposed Acquisition after the due diligence exercise but the Vendors refuse to transfer their interests in the Target to NWDSI, a sum which equals to twice the amount of the Deposit shall be compensated by the Vendors to NWDSI within 7 days after the date of NWDSI's written demand.

Further, if the Proposed Acquisition cannot proceed due to reasons other than the faults of NWDSI or the Vendors, the Deposit shall be refunded to NWDSI within 7 days after the date of NWDSI's written demand.

Completion

Completion of the Proposed Acquisition is expected to be no later than 30 June 2013.

Exclusivity period

Under the LOI, it is agreed that the Vendors shall not, for three months from the date of the LOI unless a Termination Notice is received from NWDSI, contact, negotiate and/or enter into any agreement or letter of intent in relation to the Proposed Acquisition with any other party.

INFORMATION OF THE TARGET

As of the date of this announcement, the Target is owned as to 51.08% by Hongshan and as to 48.92% by Dahu.

The Target owns and operates Hongxin Trendy Plaza in Shanghai, the PRC. Hongxin Trendy Plaza has a floor area of approximately 43,660 square metres and has six upper ground floors and three lower ground floors. It is a complex comprising department store, restaurants and entertainment facilities. According to a valuation report prepared by an independent valuer, the market value of Hongxin Trendy Plaza was not less than RMB1.25 billion. Such market value was valued by making reference to the comparable transactions available in the market. The Target will dispose of the equity interests it owns in other companies before the reference date which is expected to be on 31 March 2013 as contemplated under the LOI.

According to the management accounts of the Target provided by the Vendors, the net asset value of the Target as of 31 December 2012 was approximately RMB113,366,000. The Target's net profits before and after taxation for the year ended 31 December 2011 were approximately RMB448,000; and those for the year ended 31 December 2012 were approximately RMB6,177,000.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOI

The Group is principally engaged in the business of operating department stores in the PRC.

To the best knowledge of the Directors, Hongshan is principally engaged in the business of investment holding and Dahu is principally engaged in the business of freshwater fish breeding and sales.

The Group is deploying the expansion strategy of "multiple presences in a single city" to achieve greater market shares and enjoy cost-effectiveness. Shanghai is a core city which the Group has designated for development in the south eastern China region. Subject to the results of the due diligence exercise to be conducted on the Target, the Directors consider that Hongxin Trendy Plaza is of outstanding development potential, and the holding and development of Hongxin Trendy Plaza through the Target will enable the Group to further expand its business presence in Shanghai.

The Directors consider that the terms of the LOI are fair and reasonable, the transactions under the LOI are on normal commercial terms and the entering into of the LOI is in the interests of the Group and the Shareholders as a whole.

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 Proposed Acquisition exceed 5% and all of the percentage ratios are less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

Further announcement in respect of the Proposed Acquisition will be made by the Company when NWDSI and the Vendors enter into any Formal Agreement.

DEFINITIONS

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

"Co-managed Accounts"	the accounts to be opened in the name of the Vendors for keeping the Deposit, which will be co-managed by NWDSI and the Vendors
"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

"Dahu"	大湖水殖股份有限公司 (Dahu Aquaculture Company Limited, being its unofficial English translation), a company established in the PRC and listed on the Shanghai Stock Exchange, which owns 48.92% of the entire equity interest in the Target
"Deposit"	RMB50 million, being the deposit to be paid by NWDSI to the Vendors
"Directors"	the directors of the Company
"Formal Agreement"	the formal sale and purchase agreement which may or may not be entered into in relation to the Proposed Acquisition
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Hongshan"	西藏泓杉科技發展有限公司 (Xizang Hongshan Technology Development Company Limited, being its unofficial English translation), a company established in the PRC, which owns 51.08% of the entire equity interest in the Target
"Hongxin Trendy Plaza"	泓鑫時尚廣場 (Hongxin Trendy Plaza, being its unofficial English translation) which is located at No. 762, Tianshan Road, Changning District, Shanghai, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LOI"	the legally-binding letter of intent in relation to the Proposed Acquisition entered into between NWDSI and the Vendors on 2 April 2013
"NWDSI"	新世界百貨投資（中國）集團有限公司(New World Department Stores Investment (China) Co., Ltd., being its unofficial English translation), an indirect wholly-owned subsidiary of the Company

"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
"Proposed Acquisition"	the proposed acquisition by NWDSI from the Vendors of the entire equity interest in the Target as contemplated under the LOI
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	上海泓鑫置業有限公司 (Shanghai Hongxin Properties Company Limited, being its unofficial English translation), a company established in the PRC
"Termination Notice"	the termination notice to be issued by NWDSI to notify the Vendors that it will not proceed with the Proposed Acquisition
"Vendors"	collectively, Hongshan and Dahu
"%"	per cent.

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

Hong Kong, 2 April 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.