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**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 ACQUISITION OF THE TARGET COMPANY**

### **THE AGREEMENT**

On 16 January 2015, the Vendor and the Purchaser, a wholly-owned subsidiary of the Company entered into the Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Shares.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement under the Listing Rules.

On 16 January 2015, the Vendor and the Purchaser, a wholly-owned subsidiary of the Company entered into the Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Shares.

The major terms of the Agreement are summarized as follows:

### **THE AGREEMENT**

#### **Date**

16 January 2015

#### **Parties**

- (1) the Vendor
- (2) the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **Subject matter of the Agreement**

The Sale Shares, representing the entire issued share capital in the Target Company

## **Consideration and terms of settlement**

The Consideration of HK\$1,000,000 shall be satisfied in cash within 30 days after Completion (or such time as agreed by the Vendor and the Purchaser).

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the financial position, including, but not limited to, the net asset value of the Target Group and the business prospect of the Target Group. The Directors are of the view that the Consideration is fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

## **Completion**

Completion has taken place simultaneously upon signing of the Agreement. Upon Completion, the Target Company has become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Group have been consolidated into the consolidated financial statements of the Company.

## **Renewal of Brand Agreements**

The Vendor will be responsible for renewal of certain brand agreements of the Target Company (the "**Brand Agreements**") which will expire in 2016 and 2017 and in the event that the Vendor fails to renew the Brand Agreements, the Vendor shall indemnify the Purchaser for all the direct loss (such as shop closing, breach of contract compensation, staffs compensation and inventory loss, etc.), if any, as a direct result of such non-renewal.

## **Other terms**

The Vendor agreed to indemnify the Purchaser for any loss incurred in the ordinary operation of the business for the period up to 31 December 2018, save that the Purchaser shall be responsible for the first RMB5,000,000 only.

The Purchaser has the right to request the Vendor to procure a third party company, which shall be approved by the Purchaser, to guarantee the rights and interests of the Purchaser under the Agreement.

## **INFORMATION OF THE TARGET GROUP**

The Target Group is principally engaged in the distribution and retailing of fashion apparels and accessories in the PRC.

The unaudited consolidated net asset value of the Target Group as at 30 June 2014 was approximately HK\$58,343,000. The audited consolidated loss before and after taxation and extraordinary items of the Target Group for the year ended 31 December 2012 were approximately HK\$206,000 and approximately HK\$533,000 respectively. The audited consolidated loss before and after taxation and extraordinary items of the Target Group for the year ended 31 December 2013 were approximately HK\$33,673,000 and approximately HK\$33,709,000 respectively.

## **INFORMATION OF THE VENDOR, THE PURCHASER AND THE GROUP**

The Vendor is principally engaged in investment holding.

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

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT AND THE ACQUISITION**

The Target Group has the franchise and distribution right in relation to fashion apparels and accessories for certain brand names in the PRC and has a network of retail operation in the PRC. The board of Directors considers that the Acquisition would further expand the retail network and scope of the Group and would enable it to diversify its retail operations, while having immediate synergetic effect with the Group as a whole.

The Directors consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement under the Listing Rules.

## **DEFINITIONS**

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

<b>"Acquisition"</b>	the acquisition of the Sale Shares by the Purchaser from the Vendor under the Agreement
<b>"Agreement"</b>	the share purchase agreement relating to the Acquisition entered into by the Vendor and the Purchaser dated 16 January 2015
<b>"Company"</b>	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

<b>"Completion"</b>	completion of the Acquisition under the Agreement
<b>"Consideration"</b>	HK\$1,000,000, being the consideration payable for the Acquisition under the Agreement
<b>"Directors"</b>	directors of the Company
<b>"Group"</b>	the Company and its subsidiaries from time to time
<b>"HK\$"</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the PRC
<b>"Listing Rules"</b>	Rules Governing the Listing of Securities on the Stock Exchange
<b>"percentage ratio(s)"; and "subsidiary(ies)"</b>	each has the meaning ascribed to it under the Listing Rules
<b>"PRC"</b>	the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>"Purchaser"</b>	Techwise Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
<b>"RMB"</b>	Renminbi, the lawful currency of the PRC
<b>"Sale Shares"</b>	14,000 ordinary shares of US\$1.00 each, being the entire issued capital of the Target Company and held by the Vendor as at the date of this announcement
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited
<b>"Target Company"</b>	Well Metro Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor as at the date of this announcement
<b>"Target Group"</b>	the Target Company and its subsidiaries
<b>"US\$"</b>	United State Dollars, the lawful currency in the United States of America
<b>"Vendor"</b>	Awesome Global Investments Limited, a company incorporated in the British Virgin Islands with limited liability

"%"

Percentage

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

Hong Kong, 16 January 2015

*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 Dr. Cheng Chi-kong, Adrian and Mr. Cheung Fai-yet, Philip; 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.*