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## **DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY**

On 5 July 2011, Skybird, a wholly-owned subsidiary of the Company, and the Purchaser entered into:

- (1) the Agreement pursuant to which Skybird agreed to transfer the Sale Interest to the Purchaser at the consideration of RMB45,000,000; and
- (2) the Memorandum in relation to the payment of earnest money by the Purchaser to Skybird to guarantee the performance by the Purchaser of the Agreement.

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

On 5 July 2011, Skybird, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement pursuant to which Skybird agreed to transfer the Sale Interest to the Purchaser on and subject to the terms and conditions of the Agreement.

### **THE AGREEMENT**

#### **Date**

5 July 2011

## **Parties**

- (a) Skybird as the transferor; and
- (b) the Purchaser as the transferee;

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

## **Assets to be disposed of**

Pursuant to the Agreement, Skybird has agreed to transfer the Sale Interest, representing the entire issued share capital of Focus Smart, to the Purchaser.

Focus Smart is a company incorporated in the British Virgin Islands with limited liability on 20 September 2010. The principal activity of Focus Smart is the holding of the Focus Smart Property, which is currently leased to an independent third party. The Focus Smart Property consists of a portion of the first floor and a portion of the second floor of a property located at No. 339-1 Zhongshan Road, Wuxi City, Jiangsu, the PRC, with a gross floor area of 1,876.98 square metres. The Focus Smart Property was formerly part of a property owned by Luxland Limited, a former subsidiary of the Company, and was dissected from such property owned by Luxland Limited and transferred to Focus Smart prior to the completion of the Previous Disposal. The arrangement to dissect and transfer the Focus Smart Property was disclosed in the announcement of the Company dated 28 December 2010 relating to the Previous Disposal.

The unaudited net assets value of Focus Smart as at 31 May 2011 was approximately RMB44,934,000. The unaudited net profits both before and after tax of Focus Smart for the period from 20 September 2010 (the date of incorporation) to 31 May 2011 were approximately RMB44,934,000.

Focus Smart is currently a wholly-owned subsidiary of the Company. After Completion, the Company will no longer have any interests in Focus Smart and Focus Smart will cease to be a subsidiary of the Company.

Pursuant to the Agreement, Skybird shall bear all tax liabilities of Focus Smart incurred as a consequence of any event which occurred before the Completion Date and shall be responsible for the relevant tax payment, provided that the Purchaser shall produce valid and relevant tax payment notices issued by the tax authorities within 12 months from the Completion Date.

## **Consideration**

The consideration for the Sale Interest is RMB45,000,000, which was arrived at after arm's length negotiations between Skybird and the Purchaser with reference to the current economic climate and property market in the PRC.

The Consideration is payable by the Purchaser to Skybird on the Completion Date by the Purchaser transferring RMB45,000,000 to Skybird's bank account in Hong Kong.

## **Completion**

Completion shall take place on the Completion Date, being the date when the Purchaser has completed the registration of the transfer of the Sale Interest.

## **Termination**

In the event that the relevant procedures relating to the transfer of the Sale Interest are not completed within 3 months after the execution of the Agreement due to external obstacles not attributable to Skybird or the Purchaser, the parties may further negotiate to enter into another agreement regarding the transaction under the Agreement, and if that such external obstacles are not resolved and a new agreement is not entered into within 2 months, the Agreement will automatically terminate.

## **THE MEMORANDUM**

Skybird and the Purchaser had also simultaneously with the signing of the Agreement signed the Memorandum in relation to the payment of earnest money by the Purchaser to Skybird to guarantee the performance by the Purchaser of the Agreement. Pursuant to the Memorandum:

- (a) the Purchaser shall transfer RMB13,500,000 (the "**Earnest Money**") to a bank account in the PRC designated by Skybird within 10 business days after the signing of the Memorandum;
- (b) Skybird shall refund the Earnest Money (after deduction of relevant bank handling charges (if any) and without interest) in full to the Purchaser within 10 business days after the Purchaser has fully paid the Consideration in accordance with the terms of the Agreement;
- (c) in the event that the Agreement is terminated due to the reason set out in the section headed "Termination" above, Skybird shall refund the Earnest Money (after deduction of relevant bank handling charges (if any) and without interest) in full to the Purchaser

within 10 business days after the termination of the Agreement;

- (d) other than in the circumstances set out in the section headed “Termination” above, if Skybird terminates the Agreement on its own accord, Skybird shall pay an amount equal to twice the amount of the Earnest Money to the Purchaser; and if the Purchaser terminates the Agreement on its own accord, the Earnest Money shall be forfeited by Skybird; and
- (e) if the procedures for the transfer of the Sale Interest are not completed within 3 months after the execution of the Agreement due to factors attributable to Skybird, Skybird shall pay an amount equal to twice the amount of the Earnest Money to the Purchaser; and if such procedures are not completed within the said 3 months period due to factors attributable to the Purchaser, the Earnest Money shall be forfeited by Skybird.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

It is estimated that the Group will record an unaudited gain, before taking into account relevant tax expenses in relation to the Disposal, of approximately RMB38,000,000 from the Disposal, being the difference between (i) the Consideration, and (ii) the aggregate of the estimated book carrying value of Focus Smart attributable to the Group. The actual gain arising out of the Disposal is subject to the final tax expenses to be charged on the Disposal and accordingly may be different from the estimated unaudited gain of approximately RMB38,000,000.

The Directors consider that the Disposal represents a good opportunity for the Group to realize its investment in property owned by Focus Smart and the proceeds from the Disposal shall be applied towards the Group’s working capital.

The terms of the Agreement were negotiated on an arm’s length basis. The Directors are of the view that the Agreement and the Memorandum are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole.

### **GENERAL INFORMATION**

The principal activity of Skybird is investment holding and the principal activity of the Group is the operation of department stores in the PRC.

The principal activity of the Purchaser is investment holding.

## LISTING RULES IMPLICATIONS

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the agreement dated 5 July 2011 entered into between Skybird as transferor and the Purchaser as transferee pursuant to which Skybird has agreed to transfer the Sale Interest to the Purchaser
“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 of Hong Kong Limited
“Completion”	the completion of the transfer of the Sale Interest under the Agreement pursuant to the terms and conditions thereof
“Completion Date”	the date of Completion of the Agreement, being the date when the Purchaser has completed the registration of the transfer of the Sale Interest
“Consideration”	the sum of RMB45,000,000, being the consideration for the transfer of the Sale Interest
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Interest by Skybird to the Purchaser pursuant to the Agreement
“Focus Smart”	Focus Smart Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Skybird
“Focus Smart Property”	a portion of the first floor and a portion of the second floor of a property located at No. 339-1 Zhongshan Road, Wuxi City, Jiangsu, the PRC, with a gross floor area of 1,876.98 square metres, which is currently owned by Focus Smart
“Group”	the Company and/or its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock

Exchange of Hong Kong Limited

“Memorandum”	the memorandum of understanding dated 5 July 2011 entered into between Skybird and the Purchaser in relation to the payment of earnest money by the Purchaser to Skybird to guarantee performance of the Agreement
“PRC”	The People’s Republic of China
“Previous Disposal”	the disposal of Luxland Limited by the Group pursuant to an agreement dated 28 December 2010, details of which are disclosed in the announcement of the Company on the same date
“Purchaser”	無錫市安健投資有限公司(Wuxi An Jian Investment Company Limited), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire issued share capital in Focus Smart
“Skybird”	Skybird International Limited (天鵬國際有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“subsidiary(ies)”	any entity which falls within the definition of “subsidiary” under the Listing Rules or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“%”	per cent.

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

Hong Kong, 5 July 2011

*As at the date of this announcement, the non-executive Directors are Dr. Cheng Kar-shun, Henry and Mr. Au Tak-cheong; the executive Directors are Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip, Mr. Lin Tsai-tan, David, Mr. Wong Kwok-kan, Kenneth and Ms. Ngan Man-ying, Lynda; 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 name of the PRC established company in this announcement is only translation of its official Chinese name. In case of inconsistency, the Chinese name prevails.*