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## JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION BY WAY OF VOLUNTARY  
CONDITIONAL CASH OFFER BY UBS AG HONG KONG BRANCH ON  
BEHALF OF NEW WORLD DEVELOPMENT COMPANY LIMITED TO  
ACQUIRE ALL THE ISSUED SHARES OF NEW WORLD DEPARTMENT  
STORE CHINA LIMITED (OTHER THAN THOSE ALREADY HELD BY  
NEW WORLD DEVELOPMENT COMPANY LIMITED); AND**

**(2) RESUMPTION OF TRADING IN NWDSC SHARES**

Sole Financial Adviser to the Offeror



UBS AG Hong Kong Branch

### INTRODUCTION

The Offeror Board and the NWDSC Board jointly announce that UBS, on behalf of the Offeror, intends to make a voluntary conditional cash offer to acquire all of the Offer Shares. As at the Announcement Date, no NWDSC Option has been granted or is outstanding under the NWDSC Share Option Scheme.

### THE OFFER

The Offer will be made by UBS on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

#### Offer:

**For each Offer Share . . . . . HK\$2.00 in cash**

The Offer will be extended to all NWDSC Shareholders except the Offeror.

## **VALUE OF THE OFFER**

As at the Last Trading Day, there were 1,686,145,000 NWDSC Shares in issue, of which 1,218,900,000 NWDSC Shares, representing approximately 72.29% of the total number of issued NWDSC Shares, were held by the Offeror. The Offer is valued at approximately HK\$934.5 million.

## **CONFIRMATION OF FINANCIAL RESOURCES**

The Offeror intends to finance the cash required for the Offer from its own cash reserves.

UBS, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

## **CONDITIONS OF THE OFFER**

The Offer is subject to the following Conditions:

- (i) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may decide, subject to the rules of the Takeovers Code) in respect of such number of NWDSC Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested NWDSC Shares;
- (ii) no event having occurred which would (a) make the Offer or the acquisition of the Offer Shares void, unenforceable or illegal; or (b) prohibit the implementation of the Offer; or (c) would impose any additional material conditions or obligations with respect to the Offer;
- (iii) all necessary consents (including consents from the relevant lenders) in connection with the Offer and in connection with the withdrawal of listing of the NWDSC Shares from the Stock Exchange which may be required under any existing contractual obligations of NWDSC being obtained and remaining in effect;
- (iv) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms); and
- (v) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the NWDSC Group (to an extent which is material in the context of the NWDSC Group taken as a whole).

As at the Announcement Date, the Offeror was not aware of any consent required under Condition (iii). The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (i)).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions (other than Condition (i)) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional in all respects. NWDSC Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

#### **WARNING**

**Shareholders, holders of securities and potential investors of the Offeror and NWDSC should be aware that the Offer is subject to the satisfaction and/or waiver (where applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders, holders of securities and potential investors of the Offeror and NWDSC should therefore exercise caution when dealing in the securities of the Offeror and NWDSC. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

#### **POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING**

Subject to compliance with the relevant requirements under section 88 of the Cayman Islands Companies Law, if the Offeror, before the close of the Offer, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWDSC Shares, the Offeror may privatise NWDSC by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, NWDSC will become a direct wholly owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the NWDSC Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

**If the level of acceptances of the Offer reaches the prescribed level under the Cayman Islands Companies Law required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on the Closing Date, dealings in the NWDSC Shares will be suspended from the Closing Date up to the withdrawal of listing of the NWDSC Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.**

Whilst it is the intention of the Offeror to privatise NWDSC, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Cayman Islands Companies Law and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

If the Offer Shares validly tendered for acceptance under the Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested NWDSC Shares, the Offer will not become unconditional and will lapse and NWDSC Shares will remain listed on the Stock Exchange.

## **PUBLIC FLOAT**

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued NWDSC Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the NWDSC Shares or there are insufficient NWDSC Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the NWDSC Shares.

## **NWDSC INDEPENDENT BOARD COMMITTEE**

The NWDSC Board has established the NWDSC Independent Board Committee, comprising four independent non-executive directors of NWDSC, being Mr. Cheong Ying-Chew, Henry, Mr. Chan Yiu-Tong, Ivan, Mr. Tong Hang-Chan, Peter and Mr. Yu Chun-Fai to make a recommendation to the Independent NWDSC Shareholders as to whether the Offer is, or is not, fair and reasonable and as to its acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, members of the NWDSC Independent Board Committee are all non-executive directors who have no direct or indirect interest in the Offer. Dr. Cheng Kar-Shun, Henry and Mr. Au Tak-Cheong, who are non-executive directors of NWDSC, are also directors of the Offeror. Ms. Ngan Man-Ying, Lynda, being the remaining non-executive director of NWDSC, is also an employee of the Offeror. As such, they are not considered independent for the purpose of advising the Independent NWDSC Shareholders in respect of the Offer and therefore not members of the NWDSC Independent Board Committee.

## **NWDSC INDEPENDENT FINANCIAL ADVISER**

The NWDSC Independent Financial Adviser will be appointed to advise the NWDSC Independent Board Committee in connection with the Offer. A further announcement will be made after the NWDSC Independent Financial Adviser has been appointed.

## **INTENTIONS OF THE OFFEROR REGARDING THE NWDSC GROUP**

The Offeror intends to continue the existing businesses of the NWDSC Group upon the completion of the Offer, and to develop deeper synergies with the overall NWDSC businesses, explore new development opportunities and implement long-term growth strategies. The Offeror may also from time to time, based on market situation, consider introducing significant changes to the existing operations of the NWDSC Group following the review of its strategic options relating to the business, structure and/or direction of the NWDSC Group. The Offeror may continue to explore the possibility of re-aligning or re-deploying the assets of the NWDSC Group and assess suitable opportunities to enhance the financial flexibility of the NWDSC Group. Offeror will continue the employment of the existing employees of the NWDSC Group following the completion of the Offer except for changes which may occur in the ordinary course of business.

## **DESPATCH OF COMPOSITE DOCUMENT**

The Composite Document containing, among other things, further details of the Offer, the expected timetable, information regarding NWDSC, a property valuation report on NWDSC's properties, recommendation of the NWDSC Independent Board Committee with respect to the Offer, and the advice of the NWDSC Independent Financial Adviser to the NWDSC Independent Board Committee, together with the Form of Acceptance will be despatched to the NWDSC Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and other applicable laws and regulations.

## **LISTING RULES IMPLICATION FOR THE OFFEROR**

### **Fully exempt de minimis connected transactions**

As at the Announcement Date, two connected persons of the Offeror under the Listing Rules were interested in NWDSC Shares. The expected maximum aggregate payment of approximately HK\$0.2 million by the Offeror to such connected persons in respect of their acceptances of the Offer will constitute connected transactions for the Offeror under Chapter 14A of the Listing Rules. Such possible connected transactions will be fully exempt de minimis transactions as all of the Applicable Percentage Ratios in respect of such maximum aggregate payment of Offer Price by the Offeror to these connected persons of the Offeror are less than 0.1% (when excluding those connected persons of the Offeror at the subsidiary level with such maximum aggregate payment of Offer Price being approximately HK\$0.2 million) or 1% (when including those connected persons of the Offeror connected at the subsidiary level only with such maximum aggregate payment of Offer Price being approximately HK\$0.2 million).

## **TRADING HALT AND RESUMPTION OF TRADING IN THE NWDSC SHARES**

At the request of NWDSC, trading in NWDSC Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 5 June 2017 pending the release of this announcement. An application has been made by NWDSC to the Stock Exchange for the resumption of trading in NWDSC Shares on the Stock Exchange with effect from 9:00 a.m. on 7 June 2017.

## **INTRODUCTION**

The Offeror Board and the NWDSC Board jointly announce that UBS, on behalf of the Offeror, intends to make a voluntary conditional cash offer to acquire all of the Offer Shares. As at the Announcement Date, no NWDSC Option has been granted or is outstanding under the NWDSC Share Option Scheme.

## **THE OFFER**

The Offer will be made by UBS on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

### **Offer:**

**For each Offer Share . . . . . HK\$2.00 in cash**

The Offer will be extended to all NWDSC Shareholders except the Offeror.

## COMPARISONS OF VALUE

The Offer Price of HK\$2.00 represents:

- (i) a premium of approximately 50.4% over the closing price of HK\$1.330 per NWDSC Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 51.3% over the average closing price of approximately HK\$1.322 per NWDSC Share based on the daily closing prices as quoted on the Stock Exchange for the last five trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 51.9% over the average closing price of approximately HK\$1.317 per NWDSC Share based on the daily closing prices as quoted on the Stock Exchange for the last ten trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 60.7% over the average closing price of approximately HK\$1.244 per NWDSC Share based on the daily closing prices as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 61.6% over the average closing price of approximately HK\$1.237 per NWDSC Share based on the daily closing prices as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 73.5% over the average closing price of approximately HK\$1.153 per NWDSC Share based on the daily closing prices as quoted on the Stock Exchange for the last 180 trading days up to and including the Last Trading Day; and
- (vii) a discount of approximately 41.1% to the unaudited consolidated net asset value per NWDSC Share of approximately HK\$3.396 as at 31 December 2016.

NWDSC Shareholders should note that the Composite Document will contain a property valuation report from an independent property valuer pursuant to Rule 11 of the Takeovers Code providing an updated valuation of NWDSC's properties as at a date not more than three months prior to the date of the Composite Document.

## HIGHEST AND LOWEST TRADING PRICES

During the period beginning on 6 December 2016 (being six months preceding the commencement of the offer period) up to and including the Last Trading Day, the highest closing price of the NWDSC Shares as quoted on the Stock Exchange was HK\$1.370 on 29 May 2017 and the lowest closing price of the NWDSC Shares as quoted on the Stock Exchange was HK\$0.990 on 21 December 2016.

## VALUE OF THE OFFER

As at the Last Trading Day, there were 1,686,145,000 NWDSC Shares in issue, of which 1,218,900,000 NWDSC Shares, representing approximately 72.29% of the total number of issued NWDSC Shares, were held by the Offeror.

Based on HK\$2.00 per Offer Share under the Offer, the entire issued share capital of NWDSC as at the Last Trading Day was valued at approximately HK\$3,372.3 million.

On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 467,245,000 Offer Shares, the value of the Offer is approximately HK\$934.5 million.

## **CONFIRMATION OF FINANCIAL RESOURCES**

The Offeror intends to finance the cash required for the Offer from its own cash reserves.

UBS, the sole financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

## **SETTLEMENT OF CONSIDERATION**

Settlement of the consideration payable by the Offeror in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the later of (i) the date of receipt of a completed and valid acceptance in respect of the Offer; and (ii) the date on which the Offer becomes or is declared unconditional in all respects.

No fraction of a cent will be payable and the amount of cash consideration payable to a NWDSC Shareholder who accepts the Offer will be rounded up to the nearest cent.

## **CONDITIONS OF THE OFFER**

The Offer is subject to the following Conditions:

- (i) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may decide, subject to the rules of the Takeovers Code) in respect of such number of NWDSC Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested NWDSC Shares;
- (ii) no event having occurred which would (a) make the Offer or the acquisition of the Offer Shares void, unenforceable or illegal; or (b) prohibit the implementation of the Offer; or (c) would impose any additional material conditions or obligations with respect to the Offer;
- (iii) all necessary consents (including consents from the relevant lenders) in connection with the Offer and in connection with the withdrawal of listing of the NWDSC Shares from the Stock Exchange which may be required under any existing contractual obligations of NWDSC being obtained and remaining in effect;
- (iv) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms); and

(v) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the NWDSC Group (to an extent which is material in the context of the NWDSC Group taken as a whole).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (i)). As at the Announcement Date, the Offeror was not aware of any consent required under Condition (iii).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions (other than Condition (i)) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional in all respects. NWDSC Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

## **WARNING**

**Shareholders, holders of securities and potential investors of the Offeror and NWDSC should be aware that the Offer is subject to the satisfaction and/or waiver (where applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders, holders of securities and potential investors of the Offeror and NWDSC should therefore exercise caution when dealing in the securities of the Offeror and NWDSC. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING**

Subject to compliance with the relevant requirements under section 88 of the Cayman Islands Companies Law, if the Offeror, before the close of the Offer, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested NWDSC Shares, the Offeror may privatise NWDSC by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, NWDSC will become a direct wholly owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the NWDSC Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

**If the level of acceptances of the Offer reaches the prescribed level under the Cayman Islands Companies Law required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on the Closing Date, dealings in the NWDSC Shares will be suspended from the Closing Date up to the withdrawal of listing of the NWDSC Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.**



Whilst it is the intention of the Offeror to privatise NWDSC, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Cayman Islands Companies Law and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

If the Offer Shares validly tendered for acceptance under the Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested NWDSC Shares, the Offer will not become unconditional and will lapse and NWDSC Shares will remain listed on the Stock Exchange.

## **PUBLIC FLOAT**

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued NWDSC Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the NWDSC Shares or there are insufficient NWDSC Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the NWDSC Shares.

## **NWDSC INDEPENDENT BOARD COMMITTEE**

The NWDSC Board has established the NWDSC Independent Board Committee, comprising four independent non-executive directors of NWDSC, being Mr. Cheong Ying-Chew, Henry, Mr. Chan Yiu-Tong, Ivan, Mr. Tong Hang-Chan, Peter and Mr. Yu Chun-Fai to make a recommendation to the Independent NWDSC Shareholders as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. Pursuant to Rule 2.8 of the Takeovers Code, members of the NWDSC Independent Board Committee are all non-executive directors who have no direct or indirect interest in the Offer.

Dr. Cheng Kar-Shun, Henry and Mr. Au Tak-Cheong, who are non-executive directors of NWDSC, are also directors of the Offeror Ms. Ngan Man-Ying, Lynda, being the remaining non-executive director of NWDSC, is also an employee of the Offeror. As such, they are not considered independent for the purpose of advising the Independent NWDSC Shareholders in respect of the Offer and therefore not members of the NWDSC Independent Board Committee.

## **NWDSC INDEPENDENT FINANCIAL ADVISER**

The NWDSC Independent Financial Adviser will be appointed, with the approval of the NWDSC Independent Board Committee, to advise the NWDSC Independent Board Committee in connection with the Offer. A further announcement will be made after the NWDSC Independent Financial Adviser has been appointed.

## **SHAREHOLDING STRUCTURE OF NWDSC AND THE OFFER**

As at the Announcement Date, the authorised share capital of NWDSC is HK\$1,000,000,000 divided into 10,000,000,000 NWDSC Shares, and the issued share capital of NWDSC is HK\$168,614,500 divided into 1,686,145,000 NWDSC Shares. Other than the NWDSC Shares, there is no other class of shares of NWDSC in issue.

On the assumption that there is no change in the shareholding of NWDSC before the completion of the Offer, the table below sets out the shareholding structure of NWDSC as at the Announcement Date and immediately upon the completion of the Offer assuming that the holders of at least 90% of the Disinterested NWDSC Shares tender their acceptances of the Offer and the remaining Offer Shares are compulsorily acquired by the Offeror:

## NWDSC Shareholders

	As at the Announcement Date		Immediately upon completion of the Offer (assuming that there is no change in shareholding of NWDSC)	
	Number of NWDSC Shares	Approximate %	Number of NWDSC Shares	Approximate %
<b>The Offeror</b>	1,218,900,000	72.29	1,686,145,000	100.00
<b>The Offeror Concert Parties</b>				
<i>NWDSC Shares held subject to the Offer (not forming part of the Disinterested NWDSC Shares):</i>				
— Ms. Ki Man-Fung, Leonie ( <i>Note 1</i> )	20,000	0.00	—	—
— Ms. Cheng Chi-Man, Sonia ( <i>Note 2</i> )	92,000	0.01	—	—
<b>Aggregate number of NWDSC Shares held by the Offeror Concert Parties</b>	<u>112,000</u>	<u>0.01</u>	<u>—</u>	<u>—</u>
<b>Aggregate number of NWDSC Shares held by the Offeror and the Offeror Concert Parties</b>	1,219,012,000	72.30	1,686,145,000	100.00
<b>Independent NWDSC Shareholders</b>	<u>467,133,000</u>	<u>27.70</u>	<u>—</u>	<u>—</u>
<b>Total number of NWDSC Shares in issue</b>	<u>1,686,145,000</u>	<u>100.00</u>	<u>1,686,145,000</u>	<u>100.00</u>
<b>Total number of Offer Shares</b>	<u>467,245,000</u>	<u>27.71</u>	<u>—</u>	<u>—</u>

### Notes:

- Ms. Ki Man-Fung, Leonie, who is an executive director of the Offeror, is acting in concert with the Offeror, in relation to NWDSC.
- Ms. Cheng Chi-Man, Sonia, who is an executive director of the Offeror, is acting in concert with the Offeror in relation to NWDSC.
- All percentages in the above table are approximations.

## INTERESTS OF THE OFFEROR AND THE OFFEROR CONCERT PARTIES IN NWDSC SHARES

As at the Last Trading Day, the Offeror and the Offeror Concert Parties held 1,219,012,000 NWDSC Shares in aggregate, representing approximately 72.30% of the total number of issued NWDSC Shares.

Save as aforesaid, as at the Last Trading Day, the Offeror and the Offeror Concert Parties did not hold, control or have direction over any other NWDSC Shares or hold any convertible securities, warrants, options or derivatives in respect of the NWDSC Shares.

## **FURTHER AGREEMENTS OR ARRANGEMENTS**

As at the Announcement Date:

- (a) NWDSC did not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into NWDSC Shares;
- (b) the Offeror and the Offeror Concert Parties have not received any irrevocable commitment to accept the Offer;
- (c) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the NWDSC Shares or other securities of NWDSC or the Offeror which might be material to the Offer;
- (d) the Offeror and the Offeror Concert Parties have not borrowed or lent any relevant securities of NWDSC (as defined in Note 4 to Rule 22 of the Takeovers Code); and
- (e) there were no agreements or arrangements to which the Offeror was a party which relate to the circumstances in which it may or may not invoke or seek to invoke any Condition.

The Offeror and the Offeror Concert Parties had not dealt in the NWDSC Shares, convertible securities, warrants, options or derivatives in respect of the NWDSC Shares during the six-month period ended on the Announcement Date.

## **OVERSEAS NWDSC SHAREHOLDERS**

The making of the Offer to certain NWDSC Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such overseas NWDSC Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas NWDSC Shareholders wishing to take any action in relation to the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any acceptance by such overseas NWDSC Shareholders will be deemed to constitute a representation and warranty from such persons to NWDSC, the Offeror, and their respective advisers, including UBS, the financial adviser to the Offeror, that those relevant laws and regulatory requirements in those jurisdictions have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch of the Composite Document to overseas NWDSC Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of NWDSC regard as unduly onerous or burdensome (or otherwise not in the best interests of NWDSC or NWDSC Shareholders), the Composite Document will not be despatched to such overseas NWDSC Shareholders. For that purpose, NWDSC will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Composite Document to such overseas NWDSC Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such overseas NWDSC Shareholders, as the case may be. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of

overseas NWDSC Shareholders in relation to the terms of the Offer. Such arrangements may include notifying any matter in connection with the Offer to overseas NWDSC Shareholders by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given despite any failure causing difficulty for overseas NWDSC Shareholders to receive or see that notice.

## **TAXATION AND INDEPENDENT ADVICE**

NWDSC Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Offer. It is emphasised that none of the Offeror, NWDSC or UBS, nor any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **FURTHER TERMS OF THE OFFER**

### **Acceptance of the Offer**

Acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Offer Shares sold by such person or persons to the Offeror are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date.

### **Hong Kong Stamp Duty**

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant NWDSC Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the stamp duty on behalf of accepting NWDSC Shareholders in connection with the acceptance of the Offer and the transfer of the Offer Shares.

## **CLOSE OF THE OFFER**

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or waived, as applicable), NWDSC Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

## **REASONS FOR, AND BENEFITS OF, THE OFFER**

The Offeror Board believes that the Offer provides the following benefits to (i) the Independent NWDSC Shareholders; (ii) NWDSC; and (iii) the Offeror and the shareholders of the Offeror.

## FOR THE INDEPENDENT NWDSC SHAREHOLDERS

**(a) Offer Price represents an opportunity for Independent NWDSC Shareholders to monetise their investment at an attractive premium in view of industry headwinds and execution risks**

The Offer provides an opportunity for the holders of the Offer Shares to dispose of their NWDSC Shares and receive cash at a price significantly above the prevailing market price in light of the challenging operating environment and the risks in implementing any strategic transformation.

The Offer Price, being HK\$2.00 per Offer Share, represents a premium of approximately 50.4% over the closing price per NWDSC Share of HK\$1.330 as quoted on the Stock Exchange on the Last Trading Day. It also represents a premium of approximately 60.7% and 73.5% over the average closing price of approximately HK\$1.244 and approximately HK\$1.153 per NWDSC Share on the Stock Exchange for 30 and 180 consecutive trading days up to and including the Last Trading Day, respectively.

During the one-year period ended on and including the Last Trading Day, the lowest and highest closing prices per NWDSC Share on the Stock Exchange were HK\$0.990 and HK\$1.370, respectively, with a simple average closing price of approximately HK\$1.120. The Offer Price represents a premium of approximately 78.6% to the simple average closing price and a premium of approximately 46.0% to the highest closing price in the above period.

The Offer Price represents a discount of approximately 41.1% to the unaudited consolidated net asset value per NWDSC Share of approximately HK\$3.396 as at 31 December 2016 (based on the consolidated net asset value of NWDSC attributable to NWDSC Shareholders of approximately HK\$5,726 million divided by the number of NWDSC Shares in issue as at 31 December 2016). However, given the historical trading of NWDSC Shares have typically been at even larger discounts, the Offer Price on a relative basis is at an attractive valuation.

The Offer Price was determined after taking into account, among other things, the trading prices of NWDSC Shares, the trading multiples of comparable companies and with reference to other privatisation transactions in Hong Kong in recent years.

The low liquidity of the NWDSC Shares also makes it difficult for the holders of the Offer Shares to execute substantial on-market disposals without adversely affecting the price of the NWDSC Shares. The Offer is intended to provide the holders of the Offer Shares with an opportunity to realise their investment in NWDSC for cash at an attractive premium without having to suffer any illiquidity discount.

**(b) The Independent NWDSC Shareholders unlikely to receive comparable or better offer from other third party**

NWDSC is an integral part of the Offeror Group and the Offeror has maintained majority voting control in NWDSC since NWDSC's initial public offering in 2007. As such, the directors of the Offeror are of the view that it is highly unlikely that another third party will seek to acquire the Offer Shares at a price comparable to or better than the Offer.

## **FOR NWDSC**

The China retailing space has experienced unprecedented challenges in recent years, particularly from the rapidly growing e-Commerce platforms, as well as the influx of large format shopping malls, which revolutionised the shopping habits of Chinese consumers significantly. Traditional brick-and-mortar retailers such as department stores therefore have suffered a significant reduction of foot traffic as a result of intensified competition.

In light of this industry's headwind, necessary changes will be needed in order for NWDSC to bolster long-term competitiveness. In order to facilitate a shift in strategy towards longer term growth, short-term growth profile will inevitably be affected. The Offeror believes that NWDSC will benefit from the available flexibilities a non-listed company has, including access to additional growth capital from the Offeror without exposure to market volatility. Following the implementation of the Offer, the Offeror and the NWDSC can make timely strategic decisions focused on long-term benefits, and not being distracted or pressurised to deliver short and medium term performance. Administrative, compliance and other listing-related costs and expenses can also be eliminated after privatisation.

Meanwhile the low liquidity in the trading of its NWDSC Shares also resulting the current listing platform no longer sufficient to serve as a source of funding for the NWDSC's business and growth. After the privatisation NWDSC will be able to fund its projects with more flexibility through a centralized platform under the Offeror Group.

## **FOR THE OFFEROR AND THE HOLDERS OF THE OFFEROR SHARES**

### **a) Consolidating the real estate portfolio into one flagship**

Having NWDSC as a wholly owned subsidiary would provide the Offeror with the ability to formulate more holistic investment strategies for the Offeror Group as a whole and allow the Offeror to deploy its resources directly across Hong Kong and the PRC in suitable opportunities and in a more flexible manner. With a larger balance sheet, and its expertise in property and other sectors, the Offeror can be beneficial in securing new investments for the Offeror Group in the PRC property market, including by way of land acquisitions and collaboration with business partners in the PRC.

### **b) Enhance overall operational efficiency**

With NWDSC becoming a wholly owned subsidiary under the Offeror, it will help improve operational efficiency and achieve economies of scale through resources sharing and connecting different units through a centralised platform. Better functional coordination and the sharing of expertise can be facilitated internally. Through the Offer, the Offeror will be able to drive improved performance and strategic development of the Offeror Group in line with future growth plans.

### **c) More advantageous financing and coordinated internal treasury management**

Given the larger asset size and equity base of the Offeror compared to NWDSC, the Offeror expects it can secure financing on more favourable terms than NWDSC. If NWDSC becomes a wholly owned unlisted subsidiary of the Offeror, this will provide enhanced flexibility for the central management of the Offeror Group's treasury functions and thereby the ability to secure the lowest possible funding costs across the Offeror Group's businesses including those in the PRC.

#### **d) Streamlined corporate and management structure and enhanced sharing of expertise**

A streamlined management structure for the Offeror and NWDSC can be achieved after privatisation, which will help enhance corporate efficiency and create synergies.

#### **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in Hong Kong with limited liability, the issued shares of which have been listed on the Main Board of the Stock Exchange since November 1972 with the stock code 17.

The Offeror Group is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology. As at the Announcement Date, the Offeror is owned approximately 44.3% by Chow Tai Fook Enterprises Limited and its subsidiaries which are ultimately and indirectly owned by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited.

#### **INFORMATION ON NWDSC**

NWDSC is a company incorporated in the Cayman Islands with limited liability, the issued shares of which have been listed on the Main Board of the Stock Exchange since July 2007 with the stock code 825.

The NWDSC Group is engaged in department store and other related businesses, and property investment operations in the PRC. NWDSC is one of the largest owners and operators of department stores in the PRC. As at the Announcement Date, the NWDSC Group operates 40 department stores and two shopping malls, with a total GFA of approximately 1,646,880 sq.m.. Located in three operating regions, namely Northern China, Eastern China and Central Western China, the stores covered 22 major cities in the PRC, including Wuhan, Shenyang, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Changsha, Chongqing, Chengdu, Anshan, Nanjing, Zhengzhou, Mianyang, Yancheng, Xi'an, Yanjiao, Yantai and Yibin with 37 self-owned stores and five managed stores. In September 2016, NWDSC opened a managed store, Yibin New World Department Store, with a total GFA of approximately 27,000 sq.m. in Yibin, Sichuan Province. The store is a trendy lifestyle store where customers can enjoy shopping, recreation and entertainment under one roof. Furthermore, NWDSC has also developed the business of two private labels, (Love • Original • Life) Concept Shop (LOL) and n+ Natural Taste Plus, to provide sophisticated, quality-seeking customers with a premium and personalized selection of merchandise. As at the Announcement Date, NWDSC operates eleven LOL Concept Shops in total. As the high-end bakery brand of the NWDSC Group, n+ Natural Taste Plus made its presence in two stores in Shanghai and had been well-received by consumers.

#### **INTENTIONS OF THE OFFEROR REGARDING THE NWDSC GROUP**

The Offeror intends to continue the existing businesses of the NWDSC Group upon the completion of the Offer, and to develop deeper synergies with the overall NWDSC businesses, explore new development opportunities and implement long-term growth strategies. The Offeror may also from time to time, based on market situation, consider introducing significant changes to the existing operations of the NWDSC Group following the review of its strategic options relating to the business, structure and/or direction of the NWDSC Group. The Offeror may continue to explore the possibility of re-aligning or re-deploying the assets of

the NWDSC Group and assess suitable opportunities to enhance the financial flexibility of the NWDSC Group. It is also the current intention of the Offeror that the employment of the existing employees of the NWDSC Group should be continued following the completion of the Offer except for changes which may occur in the ordinary course of business.

## **DESPATCH OF COMPOSITE DOCUMENT**

The Composite Document containing, among other things, further details of the Offer, the expected timetable, information regarding NWDSC, a property valuation report on NWDSC's properties, recommendation of the NWDSC Independent Board Committee with respect to the Offer, and the advice of the NWDSC Independent Financial Adviser to the NWDSC Independent Board Committee, together with the Form of Acceptance will be despatched to the NWDSC Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and other applicable laws and regulations.

The aggregate percentage holding in NWDSC Shares of the Offeror and the Offeror Concert Parties will also be disclosed in the Composite Document, together with information on their dealings for value in NWDSC Shares (if any) during the period commencing six months prior to the Announcement Date and ending with the latest practicable date for ascertaining information in the Composite Document.

Any acceptance or other response to the Offer should be made only on the basis of information in the Composite Document or any other document by which the Offer is made.

## **LISTING RULES IMPLICATION FOR THE OFFEROR**

### **Fully exempt de minimis connected transactions**

As at the Announcement Date, two connected persons of the Offeror under the Listing Rules were interested in NWDSC Shares. The expected maximum aggregate payment of approximately HK\$0.2 million by the Offeror to such connected persons in respect of their acceptances of the Offer will constitute connected transactions for the Offeror under Chapter 14A of the Listing Rules. Such possible connected transactions will be fully exempt de minimis transactions as all of the Applicable Percentage Ratios in respect of such maximum aggregate payment of Offer Price by the Offeror to these connected persons of the Offeror are less than 0.1% (when excluding those connected persons of the Offeror at the subsidiary level with such maximum aggregate payment of Offer Price being approximately HK\$0.2 million) or 1% (when including those connected persons of the Offeror connected at the subsidiary level only with such maximum aggregate payment of Offer Price being approximately HK\$0.2 million).

## **DISCLOSURE OF DEALINGS**

Associates of the Offeror or NWDSC (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or NWDSC) are hereby reminded to disclose their dealings in any securities of NWDSC under Rule 22 of the Takeovers Code during the offer period.



In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS**

This announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or NWDSC (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the Conditions, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror Group and/or NWDSC Group operate or other countries which have an impact on the Offeror Group and/or NWDSC Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror Group and/or NWDSC Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror Group and/or NWDSC Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror Group and/or NWDSC Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, NWDSC or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, none of NWDSC or the Offeror assumes any obligation to correct or update the forward-looking statements or opinions contained in this announcement.

## **GENERAL**

The Offeror has appointed UBS as their financial adviser in connection with the Offer.

## **TRADING HALT AND RESUMPTION OF TRADING IN THE NWDSC SHARES**

At the request of NWDSC, trading in NWDSC Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 5 June 2017 pending the release of this announcement. An application has been made by NWDSC to the Stock Exchange for the resumption of trading in NWDSC Shares on the Stock Exchange with effect from 9:00 a.m. on 7 June 2017.

## **NOTICE TO US INVESTORS**

The receipt of cash pursuant to the Offer by a US holder of the Offer Shares pursuant to the Offer may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of the Offer Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Offer applicable to him.

It may be difficult for US holders of Offer Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and NWDSC are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of the Offer Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

## **DEFINITIONS**

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

“Announcement Date”	means 6 June 2017, being the date of this announcement;
“Applicable Percentage Ratios”	means the percentage ratios (all as defined in Rule 14.04(9) of the Listing Rules) applicable to the Offer in accordance with Chapters 14 and 14A of the Listing Rules;
“associates”	has the meaning ascribed to it in the Listing Rules or Takeovers Code (as the case may be);
“Business Day”	means a day on which the Stock Exchange is open for the transaction of business;

“Cayman Islands Companies Law”	means the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Closing Date”	means the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive;
“Composite Document”	means the composite document to be jointly issued by the Offeror and NWDSC to the NWDSC Shareholders in connection with the Offer in accordance with the Takeovers Code;
“Condition(s)”	means the condition(s) of the Offer, as set out under the section headed “Conditions of the Offer” of this announcement;
“Disinterested NWDSC Shares”	means NWDSC Shares other than those which are owned by the Offeror and the Offeror Concert Parties;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Form of Acceptance”	means the form of acceptance and transfer in respect of the Offer;
“GFA”	means gross floor area;
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent NWDSC Shareholders”	means NWDSC Shareholders other than the Offeror and the Offeror Concert Parties. For the avoidance of doubt, the Independent NWDSC Shareholders include any member of the UBS Group which is (i) holding any NWDSC Shares for and on behalf of its non-discretionary investment clients where such clients (a) have control over whether or not to tender acceptances of the Offer and to give instructions to tender such acceptances, and (b) are not the Offeror and the Offeror Concert Parties; or (ii) exempt principal trader and/or exempt fund manager, in each case recognised by the Executive as such for the purposes of the Takeovers Code;
“Last Trading Day”	means 2 June 2017, being the last trading day of NWDSC Shares prior to the issue of this announcement;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Main Board”	means the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange;

“NWDSC”	means New World Department Store China Limited (新世界百貨中國有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 825);
“NWDSC Board”	means the board of directors of NWDSC;
“NWDSC Group”	means collectively NWDSC and its subsidiaries;
“NWDSC Independent Board Committee”	means the independent board committee of NWDSC, comprising Mr. Cheong Ying-Chew, Henry, Mr. Chan Yiu-Tong, Ivan, Mr. Tong Hang-Chan, Peter and Mr. Yu Chun-Fai established by the NWDSC Board to make a recommendation to the Independent NWDSC Shareholders in respect of the Offer;
“NWDSC Independent Financial Adviser”	means the independent financial adviser to the NWDSC Independent Board Committee to be appointed by the NWDSC Board (with the approval of the NWDSC Independent Board Committee) to advise the NWDSC Independent Board Committee in connection with the Offer;
“NWDSC Option(s)”	means the share option(s) relating to NWDSC Share(s) granted under the NWDSC Share Option Scheme from time to time;
“NWDSC Share(s)”	means ordinary share(s) of HK\$0.10 each in the issued share capital of NWDSC;
“NWDSC Shareholder(s)”	means a registered holder of NWDSC Share(s);
“NWDSC Share Option Scheme”	means the share option scheme adopted by NWDSC on 12 June 2007;
“Offer”	means the voluntary conditional cash offer by UBS on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in the Composite Document and the Form of Acceptance;
“Offer Price”	means the price at which the Offer will be made, being HK\$2.00 per Offer Share;
“Offer Share(s)”	means NWDSC Share(s), other than those already held by the Offeror;
“Offeror”	means New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 17);
“Offeror Board”	means the board of directors of the Offeror;

“Offeror Concert Parties”	means parties acting in concert or presumed to be acting in concert with the Offeror in relation to NWDSC (except for members of the UBS Group which are exempt principal traders and/or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code) under the Takeovers Code;
“Offeror Group”	means collectively the Offeror and its subsidiaries;
“PRC”	means the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and the Republic of Taiwan);
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“sq.m.”	means square metre;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the Listing Rules;
“Takeovers Code”	means The Codes on Takeovers and Mergers and Share Buy-backs published by the SFC and administrated by the Executive;
“UBS”	UBS AG Hong Kong Branch, an institution licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Offer;
“UBS Group”	means UBS and persons controlling, controlled by or under the same control as UBS;
“US”	means the United States of America; and
“%”	means per cent.

By order of the board of directors of  
**New World Development Company Limited**  
(新世界發展有限公司)  
**Wong Man-Hoi**  
*Company Secretary*

By order of the board of directors of  
**New World Department Store China Limited**  
(新世界百貨中國有限公司)  
**Wu Yuk-Kwai, Catherine**  
*Company Secretary*

Hong Kong, 6 June 2017

*As at the Announcement Date, the Offeror Board comprises (a) six executive directors, namely Dr. Cheng Kar-Shun, Henry, Dr. Cheng Chi-Kong, Adrian, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Au Tak-Cheong; (b) three non-executive directors, namely Mr. Doo Wai-Hoi, William, Mr. Cheng Kar-Shing, Peter and Mr. Chen Guanzhan; and (c) five independent non-executive directors, namely Mr. Yeung Ping-Leung, Howard, Mr. Cha Mou-Sing, Payson (alternate director to Mr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the NWDSC Group) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of NWDSC) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

*As at the Announcement Date, the NWDSC Board comprises (a) two executive directors, namely Mr. Cheng Chi-Kong, Adrian and Mr. Cheung Fai-Yet, Philip; (b) three non-executive directors namely, Dr. Cheng Kar-Shun, Henry, Mr. Au Tak-Cheong and Ms. Ngan Man-Ying, Lynda; and (c) four independent non-executive directors, namely Mr. Cheong Ying-Chew, Henry, Mr. Chan Yiu-Tong, Ivan, Mr. Tong Hang-Chan, Peter and Mr. Yu Chun-Fai.*

*The directors of NWDSC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror Group but excluding the NWDSC Group for this purpose) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*