

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



JUNEFIELD DEPARTMENT STORE GROUP LIMITED

莊勝百貨集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 758)

INSIDE INFORMATION – UPDATES ON EXPROPRIATION OF LAND IN ECUADOR AND PROFIT WARNING

This announcement is made by Junefield Department Store Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 30 January 2013 and 25 March 2013 (the “**Announcements**”). It was mentioned in the Announcements that Profit Land Property Development PROLANDPRO S.A. (“**Profit Land**”), a wholly-owned subsidiary of the Company, completed the acquisition of a parcel of land in Guayaquil of Ecuador with approximately 20,186 square meters (the “**Land Property**”) at a consideration of US\$12,500,000 on 25 March 2013. As disclosed in the “Outstanding Litigations” section under the notes to the financial statements of the Company’s 2013 annual report issued on 28 April 2014, an Ecuadorian government authority initiated the procedure to expropriate the Land Property (the “**Land Expropriation**”) for public utility of social and national interest reasons under the Ecuadorian laws and offered its assessed compensation of approximately US\$8,725,240 to Profit Land (the “**Compensation**”). The fair value of the Land Property as at 31 December 2013 was approximately US\$16,800,000 (equivalent to approximately HK\$130,704,000) (the “**Market Value**”) with reference to an independent qualified valuer in Hong Kong. As the board of directors of the Company (the “**Board**”) considered that the Compensation was far below the Market Value, the Group rejected the offer of the Compensation and submitted a request for revaluation of the Land Property at the court in Ecuador (the “**Ecuador Court**”).

The Board wish to announce that on 14 July 2014 (of Ecuador time), the Ecuador Court formally issued the ruling that it rebutted the Group's request for land revaluation and reaffirmed the Compensation of the Land Property in the Land Expropriation offered by the Ecuadorian government authority (the "**Ruling**"). Profit Land, through its solicitors in Ecuador, submitted a request for clarification of the Ruling to the Ecuador Court on 16 July 2014 (of Ecuador time), but the said request was rejected by the Ecuador Court on 29 July 2014 (of Ecuador time). Profit Land formally filed the appeal (the "**said appeal**") against the Ruling in the Ecuador Court on 30 July 2014 (of Ecuador time). But in accordance with opinions of solicitors in Ecuador, it is highly unlikely to succeed in the said appeal. For the purpose of saving costs, Profit Land applied to withdraw the said appeal in the Ecuador Court and started the process to obtain the Compensation accordingly on 6 August 2014.

The Group is looking for alternative remedies in order to minimize the potential loss due to the Land Expropriation. In this regard, the Group would record a loss of approximately US\$8,074,760 (equivalent to approximately HK\$62,822,000) in respect of the Land Expropriation in its unaudited financial statements for the six months ended 30 June 2014 ("**Interim Results**") which are expected to be issued in August 2014.

Reference is also made to the Company's profit warning announcement dated 25 July 2014 ("**25/7 Profit Warning Announcement**").

The Board wishes to inform the shareholders (the "**Shareholders**") of the Company and potential investors that, in addition to the anticipated loss attributable to the absence of contribution from the Group's 49%-owned joint venture engaging in retail business in Wuhan, the People's Republic of China as mentioned in the 25/7 Profit Warning Announcement, the Group will suffer further loss in respect of the Land Expropriation as mentioned above and that the Interim Results of the Group are expected to record a significant loss in light of those matters as compared to the corresponding period in 2013.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Junefield Department Store Group Limited
Zhou Chu Jian He
Chairman

Hong Kong, 18 August 2014

As at the date of this announcement, the executive Directors are Mr. Zhou Chu Jian He (Chairman), Mr. Liu Zhongsheng (Chief Executive Officer), Mr. Zhou Jianren, Mr. Xiang Xianhong and Mr. Lei Shuguang; the non-executive Director is Mr. Jorge Edgar Jose Muñiz Ziches; and the independent non-executive Directors are Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

** For identification purpose only*