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JUNEFIELD DEPARTMENT STORE GROUP LIMITED

莊勝百貨集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 758)

DISCLOSEABLE TRANSACTION LOAN AGREEMENT

The Board announces that on 9 March 2011, the Lender entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender agreed to provide the Borrower with a loan in the sum of RMB15,000,000 (equivalent to approximately HK\$17,647,000).

As the Loan and the Other Loans were advanced to the Borrower and the Second Borrower and/or outstanding within a 12-month period prior to and inclusive of the date of the Loan Agreement, the Loan and the Other Loans will be aggregated as a series of transactions as if they were one transaction of the Group pursuant to Rule 14.22 of the Listing Rules and the relevant Percentage Ratio in respect of the making of the Loan when aggregated with the Other Loans is more than 5% but less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

BACKGROUND

The Board announces that on 9 March 2011, the Lender entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender agreed to provide the Borrower with a loan in the sum of RMB15,000,000 (equivalent to approximately HK\$17,647,000).

THE LOAN AGREEMENT

Date: 9 March 2011

Parties: (1) the Lender;
(2) the Borrower; and
(3) the Guarantor

Principal amount: RMB15,000,000 (equivalent to approximately HK\$17,647,000)

Repayment date: 9 June 2011

Interest rate: 1% per month, to be payable on a monthly basis

To the best of the knowledge, information and belief of the Directors, the Borrower and the Guarantor and their respective associates are Independent Third Parties not connected with the Company and its connected persons.

The terms of the Loan Agreement including the interest rate were determined with reference to the commercial practice and the usual terms in lending in the PRC. The Loan was funded by internal resources of the Group.

GUARANTEE

Pursuant to the terms of the Loan Agreement, should the Borrower fail to repay the whole or any part of the Loan, including but not limited to interest and additional interest payments for late repayment, the Guarantor agreed to provide a guarantee to repay the outstanding amounts under the Loan Agreement including all interest payments, additional interest payments for late repayment and also costs incurred to enforce the Loan Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The Directors (including the independent non-executive Directors) confirm that the provision of the Loan (1) is on normal commercial terms concluded on arm's length negotiations; and (2) will provide favourable interest income to the Lender.

The Directors (including the independent non-executive Directors) confirm that the transactions contemplated under the Loan Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, having considered the current market norm in relation to similar loan transactions.

INFORMATION ABOUT THE GROUP, LENDER, BORROWER AND GUARANTOR

The Group

The Group is principally engaged in the businesses of property investment, provision of property management and agency services, the manufacture and sale of construction materials and trading of coal.

The Lender

The Lender is an indirect wholly-owned subsidiary of the Company which is principally engaged in the business of property agency in the PRC.

The Borrower

The Borrower is a limited liability company incorporated in the PRC which engages in the business of selling coal, charcoal, building materials, plaster and iron ore.

The Guarantor

The Guarantor is a permanent resident of the PRC, and is the father of the legal representative of the Borrower and is the equity owner of 50% interests in the Borrower.

OTHER LOAN AGREEMENTS

The following table summarizes the brief information in relation to the Other Loan Agreements entered by the Lender:

Date of loan agreement	Borrower	Guarantor	Loan amount (RMB)	Date of repayment	Remarks
19 October 2009	the Borrower	the Guarantor	3,000,000	18 June 2010	Repaid in full
8 February 2010	the Second Borrower	the Second Guarantor	3,000,000	7 May 2010	Repaid in full
10 May 2010	the Second Borrower	the Second Guarantor	3,000,000	9 August 2010	Repaid in full
27 June 2010	the Borrower	the Guarantor	3,000,000	12 December 2010	Repaid in full
21 December 2010	the Borrower	the Guarantor	3,000,000	20 December 2011	Outstanding

To the best of the knowledge, information and belief of the Directors, the Borrower, the Second Borrower, the Guarantor, the Second Guarantor and their respective associates are Independent Third Parties not connected with the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

So far as is known to the Directors, the Loan and Other Loans represented all loans advanced to the Borrower and the Second Borrower and/or outstanding within the 12-month period prior to and inclusive of the date of the Loan Agreement.

As the Loan and the Other Loans (representing a total sum of RMB30,000,000 (equivalent to approximately HK\$35,295,000)) were advanced to the Borrower and the Second Borrower and/or outstanding within a 12-month period prior to and inclusive of the date of the Loan Agreement, the Loan and the Other Loans will be aggregated as a series of transactions as if they were one transaction of the Group pursuant to Rule 14.22 of the Listing Rules. The relevant Percentage Ratio in respect of the making of the Loan when aggregated with the Other Loans is more than 5% but less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associate(s)” has the same meaning ascribed to it under the Listing Rules;

“Board” the board of directors of the Company;

“Borrower”	the borrower under the loan agreements dated 19 October 2009, 27 June 2010, 21 December 2010 and the Loan Agreement, an Independent Third Party and an associate of the Second Borrower;
“Company”	Junefield Department Store Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Guarantor”	the guarantor under the loan agreements dated 19 October 2009, 27 June 2010, 21 December 2010 and the Loan Agreement and an Independent Third Party;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of PRC;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected persons in accordance with the Listing Rules;
“Lender”	莊勝(北京)房地產經紀有限公司 (Junefield (Beijing) Property Agency Co., Ltd. *), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	a term loan of RMB15,000,000 (equivalent to approximately HK\$17,647,000) granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement;
“Loan Agreement”	the loan agreement dated 9 March 2011 entered into between the Lender, the Borrower and the Guarantor relating to the granting of the Loan;
“Other Loan Agreements”	collectively five loan agreements for the Other Loans, brief details of which are set out in the section headed “Other Loan Agreements”;

“Other Loans”	loans in aggregate of a total amount of RMB15,000,000 (equivalent to approximately HK\$17,647,000) advanced to the Borrower and the Second Borrower by the Lender and/or outstanding during the 12-month period prior to and inclusive of the date of the Loan Agreement, out of which RMB12,000,000 (equivalent to approximately HK\$14,118,000) had been repaid;
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Borrower”	the borrower under the loan agreements dated 8 February 2010 and 10 May 2010, an Independent Third Party and an associate of the Borrower;
“Second Guarantor”	the guarantor under the loan agreements dated 8 February 2010 and 10 May 2010 and an Independent Third Party and is the father of the legal representative of the Second Borrower;
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversions of RMB into HK\$ in this announcement are based on the exchange rates of RMB1 to HK\$1.1765. Such conversions should not be construed as a representation that any amount has been, could have been, or may be, exchanged at these or any other rates.

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

Hong Kong, 23 March 2011

As at the date of this announcement, the executive Directors are Mr. Zhou Chu Jian He (Chairman), Mr. Ng Man Chung, Siman (Deputy Chairman), Mr. Liu Zhongsheng (Chief Executive Officer) and Mr. Zhang Xiaobing; and the independent non-executive Directors are Mr. Leung Man Kit, Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert.

** for identification purpose only*