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## CONTINUING CONNECTED TRANSACTION

On 22 May 2009, the Company, NWCL and CTF Jewellery entered into the Master Sales Agreement regarding the sale of goods in the Stores by means of acceptance of the Shopping Vouchers by members of the Group and the subsequent settlement of the value represented by such Shopping Vouchers by members of the NWCL Group and members of the CTF Jewellery Group.

Both the Company and NWCL are subsidiaries of NWD, and CTF Jewellery is an associate of CTF which is a substantial shareholder of NWD. As NWD is a controlling shareholder of the Company, NWCL and CTF are connected persons of the Company and the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Caps in respect of the Master Sales Agreement are more than HK\$1,000,000 but the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Master Sales Agreement are less than 2.5%, the transactions contemplated under the Master Sales Agreement are subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules so far as the Company is concerned.

## MASTER SALES AGREEMENT

It is proposed that after 1 July 2009, members of the NWCL Group may from time to time issue the Shopping Vouchers which could be used or redeemed at the Stores. Members of the Group shall accept the Shopping Vouchers presented at the Stores and sell the relevant goods to the holders of the Shopping Vouchers on condition that the value represented by the Shopping Vouchers will subsequently be settled by members of the NWCL Group. The relevant members of the CTF Jewellery Group have agreed to offer Rebates to the relevant members of the NWCL Group in respect of the purchase amounts of customers by means of presenting the Shopping Vouchers for such purchases on the floor space where the CTF Jewellery Group operates its business at the Stores. The Group will deduct an amount equal to the amount of such Rebates from the amount receivable from the relevant members of the NWCL Group in connection with

the relevant Shopping Vouchers and recover the amount so deducted from the relevant members of the CTF Jewellery Group. As members of the Group may, from time to time, enter into sales agreements with members of the NWCL Group and members of the CTF Jewellery Group in respect of the use of the Shopping Vouchers at different locations of the Stores and the subsequent settlement by the members of the NWCL Group and the members of the CTF Jewellery Group, the Company, NWCL and CTF Jewellery agreed to enter into the Master Sales Agreement to provide a framework and set out the basis for future execution of individual sales agreements. Set out below are the principal terms of the Master Sales Agreement:

**Date :**

22 May 2009

**Parties :**

The Company, NWCL and CTF Jewellery

**Subject matter :**

Pursuant to the Master Sales Agreement, the Company agrees to, and to procure its subsidiaries to, sell the goods in the Stores by means of accepting the Shopping Vouchers presented at the Stores from time to time during the duration of the Master Sales Agreement on condition that the value represented by the Shopping Vouchers will subsequently be settled by members of the NWCL Group. If the goods are sold by means of customers presenting the Shopping Vouchers for such purchases at the floor space where the CTF Jewellery Group operates its business at the Stores and the relevant members of the CTF Jewellery Group have agreed to offer Rebates to the relevant members of the NWCL Group, the Group will deduct an amount equal to the amount of such Rebates from the amount receivable from relevant members of the NWCL Group in connection with the relevant Shopping Vouchers and recover the amount so deducted from the relevant members of the CTF Jewellery Group. The amount of such Rebates will be determined in accordance with the terms of the relevant sales agreements to be entered into by members of the Group, members of the NWCL Group and members of the CTF Jewellery Group. Such transactions will be conducted in accordance with the terms of the Master Sales Agreement and the terms and conditions of the relevant sales agreements to be entered into between members of the Group, members of the NWCL Group and members of the CTF Jewellery Group. The terms of and consideration payable under such sales agreement shall be negotiated on a case-by-case basis and in compliance with the applicable laws and regulations, on an arm's length basis, on normal commercial terms and on terms no more favourable than the terms offered by the Group to independent third parties.

**Duration :**

The Master Sales Agreement shall be for a term of three years from 1 July 2009.

**Consideration :**

The consideration payable by the NWCL Group and the CTF Jewellery Group to the Group shall be determined in accordance with the basis set out in the section titled “Master Sales Agreement – Subject matter” above. Pursuant to the Master Sales Agreement, goods in the Stores shall be sold by members of the Group by means of accepting the Shopping Vouchers and the value represented by the accepted Shopping Vouchers will subsequently be settled by members of the NWCL Group and members of the CTF Jewellery Group.

**Reasons for and benefits of entering into the Master Sales Agreement**

The entering into of the Master Sales Agreement would bring more customers to and enhance the sales of the Stores.

The Directors (including the independent non-executive Directors) consider that the terms of the Master Sales Agreement have been negotiated on an arm’s length basis and on normal commercial terms and the terms thereof are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

**ANNUAL CAP**

It is expected that the annual consideration receivable under the Master Sales Agreement will not exceed HK\$3,500,000 (the “Annual Cap”) for each of the three years ending 30 June 2010, 30 June 2011 and 30 June 2012.

The Annual Caps have been determined based on the estimated value of the Shopping Vouchers to be issued by the NWCL Group by reference to the estimated marketing expenses to be incurred by the NWCL Group for issue of the Shopping Vouchers as part of the marketing plan for the sales of the properties of the NWCL Group.

The Directors (including the independent non-executive Directors) consider that the Annual Caps are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

**INFORMATION ON THE GROUP AND THE CONNECTED PERSONS**

The Group is principally engaged in the operation of department stores in the PRC.

The NWCL Group is principally engaged in property development, property related investment as well as rental and hotel operation in the PRC.

To the best knowledge of the Directors, CTF Jewellery is principally engaged in the business of selling jewellery.

## **LISTING RULES IMPLICATIONS**

Both the Company and NWCL are subsidiaries of NWD, and CTF Jewellery is an associate of CTF which is a substantial shareholder of NWD. As NWD is a controlling shareholder of the Company, NWCL and CTF are connected persons of the Company and the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Caps in respect of the Master Sales Agreement are more than HK\$1,000,000 but the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Master Sales Agreement are less than 2.5%, the transactions contemplated under the Master Sales Agreement are subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules so far as the Company is concerned.

## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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
“CTF”	Chow Tai Fook Enterprises Limited, a substantial shareholder of NWD, which in turn is a controlling shareholder of the Company
“CTF Jewellery”	Chow Tai Fook Jewellery Company Limited, an associate of CTF
“CTF Jewellery Group”	CTF Jewellery and its subsidiaries from time to time
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Master Sales Agreement”	the agreement entered into between the Company, NWCL and CTF Jewellery dated 22 May 2009 regarding the sale of goods in the Stores by means of accepting the Shopping Vouchers by members of the Group and the subsequent settlement by members of the NWCL Group and members of the CTF Jewellery Group
“NWCL”	New World China Land 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
“NWCL Group”	NWCL and its subsidiaries from time to time
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“PRC”	the People’s Republic of China
“Rebates”	the amount being a percentage as agreed under the individual sales agreements to be entered into between members of the Group, members of the NWCL Group and members of the CTF Jewellery Group, on the purchase amounts of customers by means of presenting the Shopping Vouchers for such purchases on the floor space where the CTF Jewellery Group operates its business at the Stores
“Shareholder(s)”	the holder(s) of the shares in the share capital of the Company, with a par value of HK\$0.10 each
“Shopping Vouchers”	various cash equivalent gift coupons, gift cards and stored value shopping cards of the NWCL Group which may be presented at the Stores for purchasing goods at the Stores
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Stores” the department stores owned by the Group from time to time

“%” per cent

By order of the board of  
**New World Department Store China Limited**  
**Wong Kwok-kan, Kenneth**  
*Company Secretary*

Hong Kong, 22 May 2009

*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, Henry.*