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**CHOW TAI FOOK JEWELLERY GROUP LIMITED**  
周大福珠寶集團有限公司  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1929



## **CONTINUING CONNECTED TRANSACTIONS**

### **MASTER SALES AGREEMENT**

**AND**

### **RENEWAL OF THE MASTER CONCESSIONAIRE COUNTER AGREEMENT**

On 11 April 2014, NWDS, NWD and CTFJ entered into the Master Sales Agreement in relation to the Sales Transactions.

On 22 March 2012, NWDS and CTFJ entered into the Master Concessionaire Counter Agreement in relation to the Concessionaire Transactions, details of which were set out in the joint announcement of NWDS, NWD and CTFJ dated 22 March 2012. The Master Concessionaire Counter Agreement will expire on 30 June 2014. Subject to the compliance of the Listing Rules by NWDS and CTFJ, the Master Concessionaire Counter Agreement will be automatically renewed for three years from the Concessionaire Renewal Date.

NWD is a substantial shareholder of NWDS and hence a connected person of NWDS. CTFJ is a fellow subsidiary of CTFE which is a substantial shareholder of NWD. CTFJ is therefore a connected person of NWD and also considered to be a connected person of NWDS and the relevant Sales Transactions and the Concessionaire Transactions constitute continuing connected transactions of each of NWD and NWDS under Chapter 14A of the Listing Rules.

CTFH is a substantial shareholder of CTFJ. Each of NWD and NWDS is an associate of CTFH and therefore a connected person of CTFJ. The relevant Sales Transactions and Concessionaire Transactions also constitute continuing connected transactions of CTFJ under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Sales Transactions are less than 5% for each of NWD and CTFJ and each of the Sales Annual Caps exceeds HK\$1,000,000, the Master Sales Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for each of NWD and CTFJ.

As one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Sales Transactions and more than one of the relevant percentage ratios of the Concessionaire Transactions are more than 5% so far as NWDS is concerned and each of the NWDS Sales Annual Caps and the NWDS Concessionaire Annual Caps exceeds HK\$10,000,000, the Master Sales Agreement and the renewal of the Master Concessionaire Counter Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for NWDS.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Concessionaire Transactions are less than 5% so far as each of NWD and CTFJ is concerned and each of the NWD Concessionaire Annual Caps and the CTFJ Concessionaire Annual Caps exceeds HK\$1,000,000, the renewal of the Master Concessionaire Counter Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for each of NWD and CTFJ.

NWDS will convene the EGM for the purpose of seeking approval from the Independent NWDS Shareholders on the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps, and the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps. The Independent NWDS Board Committee has been established to consider the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps, and the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps, and to advise the Independent NWDS Shareholders as to whether the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps, and the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps are in the interests of NWDS and the NWDS Shareholders as a whole. An independent financial adviser has been appointed to advise the Independent NWDS Board Committee and the Independent NWDS Shareholders in this regard.

A circular of NWDS containing, amongst others, further information on (i) the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps; (ii) the terms of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps; (iii) a letter of recommendation from the Independent NWDS Board Committee to

the Independent NWDS Shareholders; (iv) a letter of advice from the independent financial adviser to the Independent NWDS Board Committee and the Independent NWDS Shareholders; and (v) the notice of the EGM, is expected to be despatched to the NWDS Shareholders on or before 8 May 2014.

## **INTRODUCTION**

On 11 April 2014, NWDS, NWD and CTFJ entered into the Master Sales Agreement in relation to the Sales Transactions.

On 22 March 2012, NWDS and CTFJ entered into the Master Concessionaire Counter Agreement in relation to the Concessionaire Transactions, details of which were set out in the joint announcement of NWDS, NWD and CTFJ dated 22 March 2012. The Master Concessionaire Counter Agreement will expire on 30 June 2014. Subject to the compliance of the Listing Rules by NWDS and CTFJ, the Master Concessionaire Counter Agreement will be automatically renewed for three years from the Concessionaire Renewal Date.

The principal terms of the Master Sales Agreement and the Master Concessionaire Counter Agreement are set out below.

## **THE MASTER SALES AGREEMENT**

### **Background**

Members of the NWDS Group had in the past entered into, and are expected from time to time enter into, certain sales agreements with members of the NWD Group and/or members of the CTFJ Group in respect of the use of the Shopping Vouchers, the Prepaid Shopping Cards, the Joint Name Vouchers or other means acceptable to the NWDS Group as payment of purchases of goods at the Stores and the settlement of the relevant value represented by such Shopping Vouchers (with the Shopping Vouchers Commissions and Rebates), the Prepaid Shopping Cards (with the Discounts, where applicable), the Joint Name Vouchers (with the Joint Name Vouchers Commissions) or by any other means acceptable to the NWDS Group among relevant members of the NWDS Group, the NWD Group or the CTFJ Group in accordance with the Former Master Sales Agreement and certain of the sales agreements have not expired as at the date of the Master Sales Agreement. The NWDS Group, the NWD Group and the CTFJ Group wish to continue the sales agreements and, they, together with N/C JCEs, may from time to time enter into new sales agreements in respect of the Sales Transactions. Accordingly, NWDS, NWD and CTFJ agree to terminate the Former Master Sales Agreement and enter into the Master Sales Agreement.

### **Date**

11 April 2014

## **Parties**

- (1) NWDS;
- (2) NWD; and
- (3) CTFJ

## **Conditionality**

The Master Sales Agreement is conditional upon the approval by the Independent NWDS Shareholders of the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps at the EGM.

## **General terms for the Sales Transactions**

Relevant members of the NWDS Group may from time to time enter into Definitive Sales Agreement(s) with relevant members of the NWD Group, relevant members of the CTFJ Group and/or relevant N/C JCE(s) in relation to any Sales Transactions upon, and subject to, the terms and conditions in compliance with the Master Sales Agreement as may be agreed between relevant members of the NWDS Group, relevant members of the NWD Group, relevant members of the CTFJ Group and/or relevant N/C JCE(s). All existing agreements between relevant members of the NWDS Group, relevant members of the NWD Group, relevant members of the CTFJ Group and/or relevant N/C JCE(s) in respect of the Sales Transactions (to the extent which covers the Sales Transactions after the Sales Effective Date) will be treated as Definitive Sales Agreements made pursuant to the Master Sales Agreement as from the Sales Effective Date. The Former Master Sales Agreement shall be terminated immediately upon Master Sales Agreement becoming effective on the Sales Effective Date.

With effect from the Sales Effective Date, the Sales Transactions shall be conducted:

- (a) in the usual and ordinary course of business of NWDS, NWD and CTFJ, as the case may be;
- (b) on normal commercial terms; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Sales Annual Caps), the applicable laws, the Master Sales Agreement and the relevant Definitive Sales Agreement.

The consideration for each Definitive Sales Agreement will be determined in the following manner: a quote will be provided by the selling party; the purchasing party may, through its operational and technical departments, either accept the quote and proceed with the purchase or reject the quote and decline to proceed further, based on the relevant policies and other quote(s) for similar product(s) obtained from independent third parties in the market.

## **Duration**

The Master Sales Agreement shall commence on the Sales Effective Date, and shall continue up to and including 30 June 2017, unless terminated earlier in accordance with the Master Sales Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the Master Sales Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Sales Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Sales Agreement.

The term of the Former Master Sales Agreement commenced on 22 March 2012 and shall be terminated on 30 June 2014 upon the Master Sales Agreement becoming effective on the Sales Effective Date.

## **Historical figures and the Sales Annual Caps**

### ***NWDS***

The aggregate transaction amounts payable by (i) the NWD Group to the NWDS Group; (ii) the NWDS Group to the NWD Group; (iii) the CTFJ Group to the NWDS Group; (iv) N/C JCEs to the NWDS Group; (v) the NWDS Group to the CTFJ Group; and (vi) the NWDS Group to N/C JCEs under the Former Master Sales Agreement for the two years ended 30 June 2013 and the six months ended 31 December 2013 were approximately RMB 23.8 million, RMB46.2 million and RMB26.0 million, respectively.

The NWDS Sales Annual Caps for each of the three years ending 30 June 2017 are RMB142.0 million, RMB159.0 million and RMB202.0 million, respectively.

### ***NWD***

The aggregate transaction amounts payable by (i) the CTFJ Group and N/C JCEs to the NWD Group and the NWDS Group; and (ii) the NWDS Group to the CTFJ Group and N/C JCEs under the Former Master Sales Agreement for the two years ended 30 June 2013 and the six months ended 31 December 2013 were approximately RMB13.8 million, RMB36.4 million and RMB4.8 million, respectively.

The NWD Sales Annual Caps for each of the three years ending 30 June 2017 are RMB77.9 million, RMB79.9 million and RMB102.4 million, respectively.

## **CTFJ**

The aggregate transaction amounts payable by (i) the CTFJ Group to the NWD Group and the NWDS Group; and (ii) the NWDS Group to the CTFJ Group under the Former Master Sales Agreement for the two years ended 31 March 2013 and the six months ended 30 September 2013 were approximately HK\$19.2 million, HK\$38.7 million and HK\$11.4 million, respectively. The previous annual caps for CTFJ under the Former Master Sales Agreement expired on 31 March 2014. The CTFJ Directors confirm that the transaction amount under the Former Master Sales Agreement since 1 April 2014 to the date of this announcement was “de minimis” under Rule 14A.33 of the Listing Rules.

The CTFJ Sales Annual Caps for each of the three years ending 31 March 2017 are approximately HK\$49.0 million<sup>(Note)</sup>, HK\$64.0 million and HK\$96.0 million, respectively.

*Note: This comprises transactions under the Former Master Sales Agreement for the period from 1 April 2014 to the date immediately before the Sales Effective Date, and those under the Master Sales Agreement for the period from the Sales Effective Date to 31 March 2015.*

## **General**

The Sales Annual Caps have been determined based on historical transaction amounts under the Former Master Sales Agreement, the expected values of the Prepaid Shopping Cards to be purchased by the NWD Group and the CTFJ Group, the Shopping Vouchers to be provided by the NWD Group and the Joint Name Vouchers to be purchased by the customers by reference to the estimated marketing expenses to be incurred by the NWD Group and the CTFJ Group for purchase of the Prepaid Shopping Cards, issue of the Shopping Vouchers and sale of the Joint Name Vouchers respectively as part of the marketing plan for the sale of their products, the expected values of the goods to be purchased by the NWDS Group from the NWD Group and/or N/C JCEs, the expected values of the goods to be purchased by N/C JCEs from the NWDS Group, the prevailing market conditions and the estimated expansion of existing and future projects of members of the NWD Group, the NWDS Group and the CTFJ Group.

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

The NWDS Directors believe that the entering into of the Master Sales Agreement would bring more customers to and enhance the sales of the Stores. As NWDS is a subsidiary of NWD, the NWD Directors believe that NWD and its subsidiaries will also benefit as a result of NWDS entering into the Master Sales Agreement.

The CTFJ Directors believe that the entering into of the Master Sales Agreement would encourage customer spending and promote sales at the concessionaire counters of the CTFJ Group in the Stores.

The NWDS Directors (excluding the independent non-executive NWDS Directors who will provide their views after considering the opinion of the independent financial adviser) consider that the terms of the Master Sales Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the NWDS Group and the NWDS Shareholders as a whole and that the NWDS Sales Annual Caps are fair and reasonable and in the interests of the NWDS Group and the NWDS Shareholders as a whole.

The NWD 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 are fair and reasonable and in the interests of the NWD Group, the NWDS Group and the NWD Shareholders as a whole and that the NWD Sales Annual Caps are fair and reasonable and in the interests of the NWD Group, the NWDS Group and the NWD Shareholders as a whole.

The CTFJ 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 are fair and reasonable and in the interests of the CTFJ Group and the CTFJ Shareholders as a whole and that the CTFJ Sales Annual Caps are fair and reasonable and in the interests of the CTFJ Group and the CTFJ Shareholders as a whole.

## **RENEWAL OF THE MASTER CONCESSIONAIRE COUNTER AGREEMENT**

### **Background**

Members of the NWDS Group had in the past entered into, and are expected from time to time to enter into, concessionaire arrangements or rental agreements with members of the CTFJ Group in relation to retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the PRC owned by, or leased to, the NWDS Group or at which the NWDS Group operates its business under the Master Concessionaire Counter Agreement. The NWDS Group and the CTFJ Group wish to continue the concessionaire arrangements or rental agreements and may from time to time enter into new concessionaire arrangements or rental agreements in relation to the Concessionaire Transactions. The Master Concessionaire Counter Agreement will expire on 30 June 2014. Subject to the compliance of the Listing Rules by NWDS and CTFJ, the Master Concessionaire Counter Agreement will be automatically renewed for three years from the Concessionaire Renewal Date.

### **Date**

22 March 2012

### **Parties**

- (1) NWDS; and
- (2) CTFJ

## **General terms for the Concessionaire Transactions**

Members of the NWDS Group and the CTFJ Group may from time to time enter into Definitive Concessionaire Agreement(s) in relation to any Concessionaire Transactions upon, and subject to, the terms and conditions in compliance with the Master Concessionaire Counter Agreement as may be agreed between the relevant members of the NWDS Group and the CTFJ Group. All the then existing agreements between the relevant members of the NWDS Group and the CTFJ Group in respect of the Concessionaire Transactions (to the extent which covers the Concessionaire Transactions after the Concessionaire Renewal Date) will be treated as Definitive Concessionaire Agreements made pursuant to the Master Concessionaire Counter Agreement as from the Concessionaire Renewal Date.

With effect from the Concessionaire Renewal Date, the Concessionaire Transactions shall be conducted:

- (a) in the usual and ordinary course of business of NWDS and CTFJ;
- (b) on normal commercial terms; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Concessionaire Annual Caps), the applicable laws, the Master Concessionaire Counter Agreement and the relevant Definitive Concessionaire Agreement.

The consideration for each Definitive Concessionaire Agreement will be determined in the following manner: a quote will be provided by the relevant member of the NWDS Group; the relevant member of the CTFJ Group may, through its operational and technical departments, either accept the quote and proceed with the concessionaire arrangement or reject the quote and decline to proceed further, based on the relevant policies and other quote(s) for similar arrangement(s) obtained from independent third parties in the market.

## **Conditionality**

The renewal of the Master Concessionaire Counter Agreement is conditional upon the approval by the Independent NWDS Shareholders of the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps at the EGM.

## **Duration**

The Master Concessionaire Counter Agreement commenced on the Concessionaire Effective Date, and shall continue up to and including 30 June 2014. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the Master Concessionaire Counter Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master



Concessionaire Counter Agreement. Subject to the approval of the Independent NWDS Shareholders of the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps at the EGM, the Master Concessionaire Counter Agreement will be automatically renewed on 1 July 2014 for three years ending 30 June 2017.

## **Historical figures and the Concessionaire Annual Caps**

### ***NWDS and NWD***

The aggregate transaction amounts payable by the CTFJ Group to the NWDS Group (as subsidiaries of NWD) under the Master Concessionaire Counter Agreement for each of the two years ended 30 June 2013 and the six months ended 31 December 2013 were approximately RMB91.3 million, RMB104.8 million and RMB50.0 million, respectively.

Each of the NWDS Concessionaire Annual Caps and the NWD Concessionaire Annual Caps for each of the three years ending 30 June 2017 are RMB205.0 million, RMB265.0 million and RMB345.0 million, respectively.

### ***CTFJ***

The aggregate transaction amounts payable by the CTFJ Group to the NWDS Group under the Master Concessionaire Counter Agreement for each of the two years ended 31 March 2013 and the six months ended 30 September 2013 were approximately HK\$121.0 million, HK\$138.9 million and HK\$55.1 million, respectively. The previous annual caps for CTFJ under the Master Concessionaire Counter Agreement expired on 31 March 2014. The CTFJ Directors confirm that the transaction amount under the Master Concessionaire Counter Agreement since 1 April 2014 to the date of this announcement was "de minimis" under Rule 14A.33 of the Listing Rules.

The CTFJ Concessionaire Annual Caps for each of the three years ending 31 March 2017 are HK\$263.0 million, HK\$348.0 million and HK\$455.0 million, respectively.

### ***General***

The Concessionaire Annual Caps have been determined based on the terms of the existing concessionaire counter agreements, the historical transaction amounts under the Master Concessionaire Counter Agreement, the expected increase of sales of each of the concessionaire counters of the CTFJ Group along with the additional floor space and the number of new concessionaire counters which members of the CTFJ Group might enter into with members of the NWDS Group.

## **Reasons for and benefits of the renewal of the Master Concessionaire Counter Agreement**

CTFJ is one of the largest jewellers in Hong Kong, Macau and the PRC by market share with a heritage of over 80 years. The NWDS Directors believe that including CTFJ as one of the concessionaire counters in the Stores enhances

NWDS' brand and product mix and raises the image and profile of such Stores. As NWDS is a subsidiary of NWD, the NWD Directors believe that NWD and its subsidiaries will also benefit as a result of NWDS' renewal of the Master Concessionaire Counter Agreement.

NWDS has an extensive network of reputable department stores at prime shopping districts in the Greater China region. The CTFJ Directors believe that concessionaire counters at the Stores enjoy high foot traffic and will be able to attract customers and enhance sales.

The NWDS Directors (excluding the independent non-executive NWDS Directors who will provide their views after considering the opinion of the independent financial adviser) consider that the terms of the Master Concessionaire Counter Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the NWDS Group and the NWDS Shareholders as a whole and that the NWDS Concessionaire Annual Caps are fair and reasonable and in the interests of the NWDS Group and the NWDS Shareholders as a whole.

The NWD Directors consider that the terms of the Master Concessionaire Counter Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the NWD Group, the NWDS Group and the NWD Shareholders as a whole and that the NWD Concessionaire Annual Caps are fair and reasonable and in the interests of the NWD Group, the NWDS Group and the NWD Shareholders as a whole.

The CTFJ Directors consider that the terms of the Master Concessionaire Counter Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the CTFJ Group and the CTFJ Shareholders as a whole and that the CTFJ Concessionaire Annual Caps are fair and reasonable and in the interests of the CTFJ Group and the CTFJ Shareholders as a whole.

## **INFORMATION ON THE NWDS GROUP, NWD AND ITS SUBSIDIARIES AND THE CTFJ GROUP**

The NWDS Group is principally engaged in the business of operating department stores in the PRC.

The principal businesses of NWD and its subsidiaries include property development and investments in the area of property, infrastructure, hotel operations, department store operations, services, as well as telecommunications and technology.

The CTFJ Group is a leading jeweller in the Mainland of China, Hong Kong and Macau with an extensive retail network of over 2,000 points of sale in more than 400 cities in Greater China, Singapore and Malaysia. Its principal products are mass luxury jewellery and high-end luxury jewellery products including gem-set jewellery, gold product and platinum and karat gold product; and watch.

## **LISTING RULES IMPLICATIONS**

NWD is a substantial shareholder of NWDS and hence a connected person of NWDS. CTFJ is a fellow subsidiary of CTFE which is a substantial shareholder of NWD. CTFJ is therefore a connected person of NWD and also considered to be a connected person of NWDS and the relevant Sales Transactions and the Concessionaire Transactions constitute continuing connected transactions of each of NWD and NWDS under Chapter 14A of the Listing Rules.

CTFH is a substantial shareholder of CTFJ. Each of NWD and NWDS is an associate of CTFH and therefore a connected person of CTFJ. The relevant Sales Transactions and Concessionaire Transactions also constitute continuing connected transactions of CTFJ under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Sales Transactions are less than 5% for each of NWD and CTFJ and each of the Sales Annual Caps exceeds HK\$1,000,000, the Master Sales Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for each of NWD and CTFJ.

As one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Sales Transactions and more than one of the relevant percentage ratios of the Concessionaire Transactions are more than 5% so far as NWDS is concerned and each of the NWDS Sales Annual Caps and the NWDS Concessionaire Annual Caps exceeds HK\$10,000,000, the Master Sales Agreement and the renewal of the Master Concessionaire Counter Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for NWDS.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Concessionaire Transactions are less than 5% so far as each of NWD and CTFJ is concerned and each of the NWD Concessionaire Annual Caps and the CTFJ Concessionaire Annual Caps exceeds HK\$1,000,000, the renewal of the Master Concessionaire Counter Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for each of NWD and CTFJ.

## **APPROVAL BY THE BOARD OF NWDS DIRECTORS**

### **Master Sales Agreement**

None of the NWDS Directors has a material interest in the Master Sales Agreement. Dr. Cheng Kar-Shun, Henry and Mr. Cheng Chi-Kong, Adrian are common directors of NWDS, NWD and CTFJ. It was stated in the prospectus of NWDS dated 28 June 2007 that three of the NWDS Directors, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian and Ms. Ngan Man-Ying, Lynda (who are also the executive directors of NWCL, a member of the NWD Group and Ms. Ngan Man-Ying, Lynda holds directorships in certain companies controlled by NWDS) will abstain from voting in the resolution(s) relating to transactions(s) between the NWDS Group and the NWCL Group, as the NWD Group includes members of the NWCL Group. Mr. Au Tak-Cheong is a common director of NWD

and NWDS. Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Au Tak-Cheong and Ms. Ngan Man-Ying, Lynda have abstained from voting on the relevant board resolutions. Other than Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Au Tak-Cheong and Ms. Ngan Man-Ying, Lynda, none of the NWDS Directors is required to abstain from voting on the relevant board resolutions.

### **Renewal of the Master Concessionaire Counter Agreement**

None of the NWDS Directors has a material interest in the Master Concessionaire Counter Agreement. Dr. Cheng Kar-Shun, Henry and Mr. Cheng Chi-Kong, Adrian are common directors of NWDS, NWD and CTFJ and they voluntarily abstained from voting on the relevant board resolutions.

### **APPROVAL BY THE BOARD OF NWD DIRECTORS**

None of the NWD Directors has a material interest in the Master Sales Agreement or the Master Concessionaire Counter Agreement. Dr. Cheng Kar-Shun, Henry and Mr. Cheng Chi-Kong, Adrian are common directors of NWD, NWDS and CTFJ, Mr. Cheng Chi-Heng is a common director of NWD and CTFJ and Mr. Au Tak-Cheong is common director of NWD and NWDS. Dr. Cheng Kar-Shun, Henry, Mr. Doo Wai-Hoi, William, Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Kar-Shing, Peter and Mr. Au Tak-Cheong who were present at the meeting of the board of NWD voluntarily abstained from voting on the relevant board resolutions.

### **APPROVAL BY THE BOARD OF CTFJ DIRECTORS**

None of the CTFJ Directors has a material interest in the Master Sales Agreement or the Master Concessionaire Counter Agreement. Dr. Cheng Kar-Shun, Henry and Mr. Cheng Chi-Kong, Adrian are common directors of NWD, NWDS and CTFJ, and Mr. Cheng Chi-Heng, Conroy is a common director of NWD and CTFJ and they voluntarily abstained from voting on the relevant board resolutions.

### **GENERAL**

NWDS will convene the EGM for the purpose of seeking approval from the Independent NWDS Shareholders on the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps, and the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps. The Independent NWDS Board Committee has been established to consider the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps, and the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps, and to advise the Independent NWDS Shareholders as to whether the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps, and the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps are in the interests of NWDS and the NWDS Shareholders as a whole. An independent financial adviser has been appointed to advise the Independent NWDS Board Committee and the Independent NWDS Shareholders in this regard.

A circular of NWDS containing, amongst others, further information on (i) the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps; (ii) the terms of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps; (iii) a letter of recommendation from the Independent NWDS Board Committee to the Independent NWDS Shareholders; (iv) a letter of advice from the independent financial adviser to the Independent NWDS Board Committee and the Independent NWDS Shareholders; and (v) the notice of the EGM, is expected to be despatched to the NWDS Shareholders on or before 8 May 2014.

## **DEFINITIONS**

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“associate”	has the meaning ascribed to it under the Listing Rules
“Concessionaire Annual Caps”	the NWDS Concessionaire Annual Caps, the NWD Concessionaire Annual Caps and the CTFJ Concessionaire Annual Caps
“Concessionaire Effective Date”	24 April 2012
“Concessionaire Renewal Date”	1 July 2014, which is conditional upon the renewal of the Master Concessionaire Counter Agreement becoming unconditional as set out in the subparagraph headed “Conditionality” under the paragraph headed “Renewal of Master Concessionaire Counter Agreement” in this announcement
“Concessionaire Transactions”	all existing and future transactions between members of the NWDS Group and members of the CTFJ Group arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the PRC owned by, or leased to, the NWDS Group or at which the NWDS Group operates its business, as contemplated under the Master Concessionaire Counter Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

"CTFE"	Chow Tai Fook Enterprises Limited, a substantial shareholder of NWD and a fellow subsidiary of CTFJ as at the date of this announcement
"CTFH"	Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands, the holding company of CTFE and a substantial shareholder of CTFJ as at the date of this announcement
"CTFJ"	Chow Tai Fook Jewellery Group 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
"CTFJ Concessionaire Annual Caps"	the annual cap amounts payable by the CTFJ Group to the NWDS Group in respect of the Concessionaire Transactions for each of the three years ending 31 March 2017
"CTFJ Directors"	the directors of CTFJ
"CTFJ Group"	CTFJ and its subsidiaries from time to time
"CTFJ Sales Annual Caps"	the annual cap amounts payable by (i) the CTFJ Group to the NWD Group and the NWDS Group; and (ii) the NWDS Group to the CTFJ Group in respect of the relevant transactions under the Former Master Sales Agreement (in respect of transactions subsisting immediately before the Sales Effective Date) and the relevant Sales Transactions for each of the three years ending 31 March 2017
"CTFJ Shareholders"	shareholders of CTFJ
"Definitive Agreement(s)"	Concessionaire definitive agreement(s) which may be entered into between any member(s) of the NWDS Group and any member(s) of the CTFJ Group from time to time in relation to any of the Concessionaire Transactions at any time during the term of the Master Concessionaire Counter Agreement

"Definitive Sales Agreement(s)"	definitive agreement(s) which may be entered into between any member(s) of the NWDS Group, any member(s) of the NWD Group, any member(s) of the CTFJ Group and/or any N/C JCE from time to time in relation to any of the Sales Transactions at any time during the term of the Master Sales Agreement
"Discounts"	an amount to be deducted from the value to be settled by the relevant members of the NWD Group in respect of the purchases of the Prepaid Shopping Cards by the relevant members of the NWD Group or any other means acceptable to the NWDS Group as payment for purchases of goods at the Stores, being 2% of such value
"EGM"	an extraordinary general meeting of NWDS to be held to consider and, if thought fit, approve the Master Sales Agreement, the Sales Transactions and the NWDS Sales Annual Caps, and the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the NWDS Concessionaire Annual Caps
"Former Master Sales Agreement"	the agreement in relation to the Sales Transactions entered into among NWDS, NWD and CTFJ on 22 March 2012, details of which were disclosed in the joint announcement of NWDS, NWD and CTFJ dated 22 March 2012 and the joint announcement of NWDS and NWD dated 27 December 2012
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent NWDS Board Committee"	an independent committee of the board of NWDS Directors, comprising all of the independent non-executive NWDS Directors
"Independent NWDS Shareholders"	in respect of the Master Sales Agreement, the Sales Transactions and the Sales Annual Caps, the NWDS Shareholders

	other than NWD and its associates; in respect of the renewal of the Master Concessionaire Counter Agreement, the Concessionaire Transactions and the Concessionaire Annual Caps, the NWDS Shareholders
“Joint Name Vouchers”	various joint name cards and/or joint name vouchers issued or to be issued by the CTFJ Group and/or the NWDS Group which may be presented for purchasing goods at the floor space where the CTFJ Group operates its business at the Stores
“Joint Name Vouchers Commissions”	an amount, being a percentage as agreed under the relevant Definitive Sales Agreement, to be offered by the relevant members of the CTFJ Group to the relevant members of the NWDS Group in respect of the purchases of the Joint Name Vouchers by the customers at the Stores or any other means acceptable to the NWDS Group at the Stores as payment for purchases of goods
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Master Concessionaire Counter Agreement”	the agreement in relation to the Concessionaire Transactions entered into between NWDS and CTFJ on 22 March 2012, details of which were disclosed in the joint announcement of NWDS, NWD and CTFJ dated 22 March 2012
“Master Sales Agreement”	the agreement in relation to the Sales Transactions entered into among NWDS, NWD and CTFJ on 11 April 2014
“N/C JCE(s)”	jointly-controlled entity(ies) jointly controlled by CTFE and NWCL
“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 and is a subsidiary of NWD and a fellow subsidiary of NWDS as at the date of this announcement



“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, and is the holding company of NWCL and NWDS as at the date of this announcement
“NWD Concessionaire Annual Caps”	the annual cap amounts payable by the CTFJ Group to the NWDS Group (as subsidiaries of NWD) in respect of the Concessionaire Transactions for each of the three years ending 30 June 2017
“NWD Directors”	the directors of NWD
“NWD Group”	NWD and its subsidiaries (other than the NWDS Group) from time to time
“NWD Sales Annual Caps”	the annual cap amounts payable by (i) the CTFJ Group and N/C JCEs to the NWD Group and the NWDS Group; and (ii) the NWDS Group to the CTFJ Group and N/C JCEs in respect of the relevant Sales Transactions for each of the three years ending 30 June 2017
“NWD Shareholders”	shareholders of NWD
“NWDS”	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, and is a subsidiary of NWD as at the date of this announcement
“NWDS Concessionaire Annual Caps”	the annual cap amounts payable by the CTFJ Group to the NWDS Group in respect of the Concessionaire Transactions for each of the three years ending 30 June 2017
“NWDS Directors”	the directors of NWDS
“NWDS Group”	NWDS and its subsidiaries from time to time

“NWDS Sales Annual Caps”	the annual cap amounts payable by (i) the NWD Group to the NWDS Group; (ii) the NWDS Group to the NWD Group; (iii) the CTFJ Group to the NWDS Group; (iv) N/C JCEs to the NWDS Group; (v) the NWDS Group to the CTFJ Group; and (vi) the NWDS Group to N/C JCEs in respect of the relevant Sales Transactions for each of the three years ending 30 June 2017
“NWDS Shareholders”	shareholders of NWDS
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Prepaid Shopping Cards”	various prepaid shopping cards issued or to be issued by the NWDS Group to the NWD Group and/or the CTFJ Group which may be presented at the Stores for purchasing goods at the Stores
“Rebates”	an amount, being a percentage as agreed under the relevant Definitive Sales Agreement, to be offered by members of the NWDS Group to members of the CTFJ Group in respect of the purchases of goods by customers at the floor space where the CTFJ Group operates its business at the Stores by means of presenting the Shopping Vouchers or by any other means as agreed for such purchases
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Annual Caps”	the NWDS Sales Annual Caps, the NWD Sales Annual Caps and the CTFJ Sales Annual Caps
“Sales Effective Date”	1 July 2014, which is conditional upon the Master Sales Agreement becoming unconditional as set out in the subparagraph headed “Conditionality” under the paragraph headed “The Master Sales Agreement” in this announcement
“Sales Transactions”	all existing and future transactions between members of the NWDS Group, members of the NWD Group, members of the CTFJ Group and/or N/C JCEs in respect of the use of the Shopping

Vouchers, the Prepaid Shopping Cards, the Joint Name Vouchers or other means acceptable to the NWDS Group as payment of purchases of goods at the Stores and the settlement of the relevant value represented by such Shopping Vouchers (with the Shopping Vouchers Commissions and Rebates), the Prepaid Shopping Cards (with the Discounts, where applicable), the Joint Name Vouchers (with the Joint Name Vouchers Commissions) or by any other means acceptable to the NWDS Group among relevant members of the NWDS Group, the NWD Group or the CTFJ Group; and the sale of goods by members of the NWD Group, the CTFJ Group and/or N/C JCEs to members of the NWDS Group as contemplated under the Master Sales Agreement

“Shopping Vouchers”

various cash equivalent gift coupons, gift cards and stored value shopping cards issued or to be issued by the NWD Group which may be presented at the Stores for purchasing goods at the Stores

“Shopping Vouchers Commissions”

an amount, being a percentage as agreed under the relevant Definitive Sales Agreement, to be offered by the relevant members of the CTFJ Group to the relevant members of the NWD Group in respect of the purchases of goods by customers at the floor space where the CTFJ Group operates its business at the Stores by means of presenting the Shopping Vouchers or by any other means as agreed for such purchases

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Stores”

the department stores owned by the NWDS Group from time to time

“subsidiary”

has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)

“substantial shareholder”

has the meaning ascribed to it under the Listing Rules

“%”

per cent.

By order of the board of  
**New World Development Company  
Limited**  
**Wong Man-Hoi**  
Company Secretary

By order of the board of  
**Chow Tai Fook Jewellery Group  
Limited**  
**Cheng Ping-Hei, Hamilton**  
Company Secretary

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

Hong Kong, 11 April 2014

*As at the date of this announcement, the executive NWD Directors are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Au Tak-Cheong; the non-executive NWD Directors are Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter; and the independent non-executive NWD Directors are 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.*

*As at the date of this announcement, the executive CTFJ Directors are Dr. Cheng Kar-Shun, Henry, Mr. Wong Siu-Kee, Kent, Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Conroy, Mr. Chan Sai-Cheong, Mr. Chan Hiu-Sang, Albert, Mr. Cheng Ping-Hei, Hamilton and Mr. Suen Chi-Keung, Peter, the non-executive CTFJ Directors are Mr. Cheng Kam-Biu, Wilson and Mr. Koo Tong-Fat and the independent non-executive CTFJ Directors are Mr. Cheng Ming-Fun, Paul, Dr. Fung Kwok-King, Victor, Mr. Kwong Che-Keung, Gordon, Mr. Lam Kin-Fung, Jeffrey and Mr. Or Ching-Fai, Raymond.*

*As at the date of this announcement, the non-executive NWDS Directors are Dr. Cheng Kar-Shun, Henry, Mr. Au Tak-Cheong and Ms. Ngan Man-Ying, Lynda; the executive NWDS Directors are Mr. Cheng Chi-Kong, Adrian, Mr. Cheung Fai-Yet, Philip and Mr. Wong Kwok-Kan, Kenneth; and the independent non-executive NWDS Directors are Mr. Cheong Ying-Chew, Henry, Mr. Chan Yiu-Tong, Ivan, Mr. Tong Hang-Chan, Peter and Mr. Yu Chun-Fai.*