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新世界百貨中國有限公司

New World Department Store China Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

CONTINUING CONNECTED TRANSACTIONS

MASTER LEASING AGREEMENT

AND

MASTER SERVICES AGREEMENT

On 11 April 2014, the Company and NWD entered into the Master Leasing Agreement in respect of the Leasing Transactions.

On 11 April 2014, the Company and Mr. Doo entered into the Master Services Agreement in respect of the Services Transactions.

As at the date of this announcement, NWD is a substantial shareholder of the Company and is therefore a connected person of the Company. The Leasing Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Mr. Doo is an associate of certain Directors and hence Mr. Doo and the Services Group are connected persons of the Company. The Services Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As more than one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Leasing Transactions are more than 5% for the Company and each of the Leasing Annual Caps exceeds HK\$10,000,000, the Master Leasing Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company. In view of the interests of NWD in the Leasing Transactions, NWD and its associates will abstain from voting in respect of the resolutions to be proposed at the EGM to approve the Master Leasing Agreement, the Leasing Transactions and the Leasing Annual Caps.

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

Company.

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

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

INTRODUCTION

On 11 April 2014, the Company and NWD entered into the Master Leasing Agreement in respect of the Leasing Transactions.

On 11 April 2014, the Company and Mr. Doo entered into the Master Services Agreement in respect of the Services Transactions.

The principal terms of the Master Leasing Agreement and the Master Services Agreement are set out below.

THE MASTER LEASING AGREEMENT

Background

Members of the Group and members of the NWD Group had in the past entered into certain leasing agreements for the leasing of premises by the relevant members of the Group from the relevant members of the NWD Group in accordance with the Former Master Leasing Agreement and certain of the leasing agreements have not expired as at the Leasing Effective Date. The Group and the NWD Group wish to continue the leasing agreements and may from time to time enter into new leasing agreements for the leasing of premises by the Group from the NWD Group, and vice versa. Accordingly, the Company and NWD agree to terminate the Former Master Leasing Agreement and enter into the Master Leasing Agreement.

Date

11 April 2014

Parties

(1) The Company; and

(2) NWD

General terms for the Leasing Transactions

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

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

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

The consideration for each Definitive Leasing Agreement will be determined in the following manner: a quote will be provided by lessor about which the lessee may, through its operational and technical departments, consider either to accept the quote and proceed with the lease or reject the quote and decline to proceed further, in accordance with the relevant policies and based on other quote(s) for comparable property(ies) obtained from independent third parties in the market.

Conditionality

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

Duration

The Master Leasing Agreement shall commence on the Leasing Effective Date, and shall continue up to and including 30 June 2017, unless terminated earlier in accordance with the Master Leasing Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the Master Leasing Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Leasing 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 Leasing Agreement.

Historical figures and the Leasing Annual Caps

The aggregate transaction amounts under the Former Master Leasing Agreement for the Company for each of the two financial years ended 30 June 2013 and the six months ended 31 December 2013 were approximately RMB328,330,000, RMB338,199,000 and RMB153,389,000, respectively.

The Leasing Annual Caps for each of the three financial years ending 30 June 2017 are RMB550,000,000, RMB550,000,000 and RMB593,000,000, respectively, and have been determined based on historical transaction amounts under the Former Master Leasing Agreement, the terms of the leases and the expected growth in the number of new Stores.

Reasons for and benefits of entering into the Master Leasing Agreement

Given that the relevant Stores have been operating at the premises owned by the NWD Group (save and except for certain of the premises which are for use as the office and car parks of the Group) for a number of years and the cost to be incurred and the adverse impact on the operation of the Stores in the event of their relocation will be substantial, the Directors believe that maintaining the lease agreements with the NWD Group will ensure the Group's stability in using the relevant premises. The Directors also believe that it is in the interests of the Company to enter into the Master Leasing Agreement so that the Group may regulate the existing and future leasing agreements with the NWD Group under a common framework agreement.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser) consider that the terms of the Master Leasing 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 Group and the Shareholders as a whole and the Leasing Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

THE MASTER SERVICES AGREEMENT

Background

Members of the Group and members of the Services Group had in the past entered into certain services agreements for the provision of Services by the relevant members of the Services Group to the relevant members of the Group in accordance with the Former Master Services Agreement and certain of the services agreements have not expired as at the Services Effective Date. The Group and the Services Group wish to continue the services agreements and may from time to time enter into new services agreements for the provision of Services by the Services Group to the Group. The Former Master Services Agreement will expire on 30 June 2014. Accordingly, the Company and Mr. Doo agree to enter into the Master Services Agreement.

Date

11 April 2014

Parties

- (1) The Company; and
- (2) Mr. Doo

General terms for the Services Transactions

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

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

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

The consideration for each Definitive Services Agreement will be determined in the following manners: (i) in respect of the Contracting Services: through tender from all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount and is equal to or better than those offers of independent third parties and recommended by the operational and technical departments in accordance with the relevant policies taking into account of the independent professional advice; or (ii) in respect of the other Services: a quote will be provided by the selling party; the purchasing party may, through its operational and technical departments, consider either to accept the quote and proceed with the purchase or reject the quote and decline to proceed further, based on other quote(s) for similar service(s) obtained from independent third parties in the market.

Duration

The Master Services Agreement shall commence on the Services Effective Date, and shall continue up to and including 30 June 2017, unless terminated earlier in accordance with the Master Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the Master Services Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Services 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 Services Agreement.

Historical figures and the Services Annual Caps

The aggregate transaction amounts under the Former Master Services Agreement for the Company for each of the two financial years ended 30 June 2013 and the six months ended 31 December 2013 were approximately RMB236,000, RMB216,000 and RMB1,000, respectively.

The Services Annual Caps for each of the three financial years ending 30 June 2017 are RMB130,000,000, RMB130,000,000 and RMB130,000,000, respectively. Each of the Services Annual Caps has been determined by reference to:

- (a) the historical annual or annualised amounts in respect of that category of the Services provided by the relevant members of the Services Group to the relevant members of the Group during the past financial years; and
- (b) the projected annual or annualised amounts in respect of that category of Services to be provided by the relevant members of the Services Group to the relevant members of the Group, and vice versa, in the next three financial years.

The above-mentioned projected figures are determined basing on the relevant historical transaction amounts and future expansion of the Stores and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Services Group and/or the Group.

Reasons for and benefits of entering into the Master Services Agreement

The transactions contemplated under the Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and the Service Group. The Definitive Services Agreements will be agreed on arm's length basis, on normal commercial terms and comparable with terms available to or from independent third parties. The Directors also believe that it is in the interests of the Company to enter into the Master Services Agreement so that the Group may regulate the existing and future services agreements with the Services Group under a common framework agreement.

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

INFORMATION ON THE GROUP, NWD AND ITS SUBSIDIARIES, MR. DOO AND THE SERVICES GROUP

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

To the best knowledge of the Directors, 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.

Mr. Doo is an associate of certain Directors.

The Services Group is principally engaged in the provision of services including (a) laundry and landscaping; (b) security and guarding; (c) trading of building materials; (d) insurance brokerage; (e) property management; and (f) cleaning and electrical and mechanical engineering.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD is a substantial shareholder of the Company and is therefore a connected person of the Company. The Leasing Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Mr. Doo is an associate of certain Directors and hence Mr. Doo and the Services Group are connected persons of the Company. The Services Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As more than one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Leasing Transactions are more than 5% for the Company and each of the Leasing Annual Caps exceeds HK\$10,000,000, the Master Leasing Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company. In view of the interests of NWD in the Leasing Transactions, NWD and its associates will abstain from voting in respect of the resolutions to be proposed at the EGM to approve the Master Leasing Agreement, the Leasing Transactions and the Leasing Annual Caps.

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

APPROVAL BY THE BOARD OF DIRECTORS

The Master Leasing Agreement

None of the Directors has a material interest in the Master Leasing Agreement. Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Mr. Au Tak-cheong are common directors of the Company and NWD.

It was stated in the prospectus of the Company dated 28 June 2007 that three of the 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 the Company) will abstain from voting in the resolution(s) relating to transactions(s) between the 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 the Company. 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 Directors is required to abstain from voting on the relevant board resolutions.

The Master Services Agreement

None of the Directors has a material interest in the Master Services Agreement. Mr. Doo is an associate of Dr. Cheng Kar-shun, Henry and Mr. Cheng Chi-kong, Adrian. Both of Dr. Cheng Kar-shun, Henry and Mr. Cheng Chi-kong Adrian are Directors and Dr. Cheng Kar-shun, Henry holds directorships in certain companies controlled by the Company. Dr. Cheng Kar-shun, Henry and Mr. Cheng Chi-kong Adrian have voluntarily abstained from voting on the relevant board resolutions to approve the Master Services Agreement.

GENERAL

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

A circular of the Company containing, amongst others, further information on (i) the Master Leasing Agreement, the Leasing Transactions and the Leasing Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, is expected to be despatched to the 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
“Cleaning and Landscaping Services”	general cleaning, vessel and vehicle cleaning, office and facility cleaning, recycling and environmental services, landscaping and plant maintenance, the supply of plants, laundry services and related services
“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, and is a subsidiary of NWD as at the date of this announcement
“Contracting Services”	provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work,

	construction management and the supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems and system design and consultancy, computer aided drafting services and related services
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Definitive Leasing Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the Group and any member(s) of the NWD Group from time to time in relation to any of the Leasing Transactions at any time during the term of the Master Leasing Agreement
“Definitive Services Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the Group and any member(s) of the Services Group from time to time in relation to any of the Services Transactions at any time during the term of the Master Services Agreement
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Master Leasing Agreement, the Leasing Transactions and the Leasing Annual Caps
“Former Master Leasing Agreement”	the master leasing agreement dated 22 March 2012 entered into between the Company and NWD, details of which were disclosed in the announcement of the Company dated 22 March 2012
“Former Master Services Agreement”	the master services agreement dated 19 May 2011 entered into between the Company and Mr. Doo, details of which were disclosed in the announcement of the Company dated 19 May 2011
“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

“Independent Board Committee”	an independent committee of the board of the Directors, comprising all of the independent non-executive Directors
“Independent Shareholders”	the Shareholders other than NWD and its associates
“Leasing Annual Caps”	the annual cap amounts payable by the Group to the NWD Group, and vice versa, in respect of the Leasing Transactions for each of the three financial years ending 30 June 2017
“Leasing Effective Date”	1 July 2014, subject to the condition set out in the Master Leasing Agreement and as set out in the sub-paragraph headed “Conditionality” in the paragraph headed “The Master Leasing Agreement” in this announcement
“Leasing Transactions”	all existing and future transactions between members of the Group and members of the NWD Group regarding the leasing of premises by members of the Group from members of the NWD Group, and vice versa, as contemplated under the Master Leasing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Leasing Agreement”	the agreement in relation to the Leasing Transactions entered into between the Company and NWD on 11 April 2014
“Master Services Agreement”	the agreement in relation to the Services Transactions entered into between the Company and Mr. Doo on 11 April 2014
“Mr. Doo”	Mr. Doo Wai-hoi, William, an associate of certain Directors, being the brother-in-law of Dr. Cheng Kar-shun, Henry and the uncle of Mr. Cheng Chi-kong, Adrian
“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 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 the Company as at the date of this announcement

“NWD Group”	NWD, its subsidiaries (other than the Group) and jointly-controlled entities from time to time
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan
“Property Management and Rental Services”	property management, property sales, vessel and vehicle sales and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management, rental of properties, concessionaire arrangement and related services
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	the Contracting Services, the Cleaning and Landscaping Services, the Property Management and Rental Services, and such other types of services as members of the Services Group and members of the Group may agree upon from time to time in writing
“Services Annual Caps”	the annual cap amounts payable by the Group to the Services Group, and vice versa, in respect of the Services Transactions for each of the three financial years ending 30 June 2017
“Services Effective Date”	1 July 2014
“Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Codes on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary
“Services Transactions”	all existing and future transactions between members of the Group and members of the Services Group regarding the provision of Services by members of the Services Group to members of the Group, and vice versa, as contemplated under the Master Services Agreement
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stores”	the department stores owned by the 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 Department Store China Limited
Wu Yuk-kwai, Catherine
Company Secretary

Hong Kong, 11 April 2014

As at the date of this announcement, the non-executive Directors are Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong and Ms. Ngan Man-ying, Lynda; the executive Directors are Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip and Mr. Wong Kwok-kan, Kenneth; 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.