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TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTION

On 28 November 2014, New World Wuhan, a wholly-owned subsidiary of NWCL, entered into the Termination Agreement with NWDS Hubei, a wholly-owned subsidiary of the Company, pursuant to which New World Wuhan and NWDS Hubei agreed to terminate the Lease Agreement with effect from 1 December 2014.

As at the date of this announcement, New World Wuhan is a wholly-owned subsidiary of NWCL, which in turn is a subsidiary of NWD. NWD is a substantial shareholder of the Company. As such, New World Wuhan is a connected person of the Company under the Listing Rules and the transaction contemplated under the Termination Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for each of the Annual Rental and the compensation payable by New World Wuhan under the Termination Agreement is more than 0.1% but all of them are less than 5%, the Termination Agreement is subject to the reporting and announcement but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 12 April 2007, New World Wuhan as lessor and NWDS Hubei as lessee entered into the Lease Agreement in respect of the leasing of the Property. The Lease Agreement was entered into prior to the Listing, and had been governed by the Master Agreements since the Listing and hence no separate announcement was published by the Company in this regard.

On 28 November 2014, New World Wuhan entered into the Termination Agreement with NWDS Hubei, the principal terms of which are summarised as follows:

TERMINATION AGREEMENT

- Date : 28 November 2014
- Parties : New World Wuhan as lessor and NWDS Hubei as lessee
- Property : 1st Floor to 5th Floor, Wuhan New World Centre (武漢新世界中心), No.632 Jiefang Avenue, Qiaokou District, Wuhan, Hubei, the PRC and the shops at the pedestrian

street adjacent to Wuhan New World Centre (武漢新世界中心)

Date of surrender of the Property : 30 November 2014

Compensation for early termination : A total sum of approximately RMB51,128,000 is payable by New World Wuhan to NWDS Hubei as compensation for the early termination of the Lease Agreement with breakdown as follows:

- (i) a sum of RMB21,128,000, which represents the amount to be incurred by NWDS Hubei in relation to the compensation to existing tenants, payment to employees for loss of employment, loss of profits and other default payment; and
- (ii) a sum of approximately RMB30,000,000, which represents the amount incurred by NWDS Hubei in respect of the refurbishment and enhancement work made to the Property. The actual compensation amount will be determined with reference to, among others, the net book value of the subsisting refurbishment and enhancement work recorded in the accounts of NWDS Hubei as at 30 November 2014.

The amount under paragraph (i) above is payable by New World Wuhan within 14 days from the effective date of the Termination Agreement and the amount under paragraph (ii) above is payable by New World Wuhan within 14 days after the handover of the Property.

The terms of the Termination Agreement have been agreed by the parties after arm's length negotiation and are on normal commercial terms.

After the renovation of the Property, NWDS Hubei may consider to negotiate with New World Wuhan to enter into a new lease agreement for the relevant property, on the condition that the relevant terms and conditions of the new lease agreement will be favourable to the business development of NWDS Hubei.

REASONS FOR ENTERING INTO THE TERMINATION AGREEMENT

Owing to the need to renovate the Property, NWDS Hubei is required to enter into the Termination Agreement with New World Wuhan. The Directors consider that the compensation for the early termination is fair and reasonable and on normal commercial terms. The Directors also consider that if the parties can successfully negotiate to enter into a new lease agreement for the leasing of the relevant property to NWDS Hubei after the renovation of the Property, it will be in line with the overall business strategy of NWDS Hubei.

The Directors (including independent non-executive Directors) consider that the terms of the Termination Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole.

BOARD’S APPROVAL

None of the Directors has a material interest in the Termination Agreement. Dr. Cheng Kar-shun, Henry, Dr. Cheng Chi-kong, Adrian and Mr. Au Tak-cheong are common directors of the Company and NWD. Ms. Ngan Man-ying, Lynda is also a common director of the Company and NWCL.

It was stated in the prospectus of the Company dated 28 June 2007 that three of the Directors, Dr. Cheng Kar-shun, Henry, Dr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda (who are also the executive directors of NWCL 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, Dr. 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, Dr. 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.

GENERAL INFORMATION

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

The NWCL Group is principally engaged in property development, property investment and rental and hotel operation in the PRC, as well as hotel management business. New World Wuhan is principally engaged in property investment and development.

LISTING RULES IMPLICATIONS

As at the date of this announcement, New World Wuhan is a wholly-owned subsidiary of NWCL, which in turn is a subsidiary of NWD. NWD is a substantial shareholder of the Company. As such, New World Wuhan is a connected person of the Company under the Listing Rules and the transaction contemplated under the Termination Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for each of the Annual Rental and the compensation payable by New World Wuhan under the Termination Agreement is more than 0.1% but all of them are less than 5%, the Termination Agreement is subject to the reporting and announcement but is exempted from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Annual Rental”	the rental of RMB34,944,000 paid by NWDS Hubei to New World Wuhan under the Lease Agreement for the
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year ended 30 June 2014

“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, and is a subsidiary of NWD as at the date of this announcement
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors (including independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement dated 12 April 2007 and its supplemental agreements entered into between New World Wuhan and NWDS Hubei in respect of the leasing of the Property for an initial term of three years and renewable for successive terms of three years until 30 November 2026
“Listing”	the listing of the shares of the Company on the Main Board of the Stock Exchange on 12 July 2007
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreements”	(i) a master leasing agreement dated 22 June 2007 and a supplemental letter dated 19 March 2008 between the Company and NWD, details of which were disclosed in the prospectus of the Company dated 28 June 2007 and the joint announcement of the Company and NWD dated 19 March 2008, respectively; (ii) a master leasing agreement dated 22 May 2009 entered into between the Company and NWD, as supplemented by the supplemental master leasing agreement dated 18 June 2010, details of which were disclosed in the joint announcement of the Company and NWD dated 22 May 2009 and the announcement of the Company dated 18 June 2010, respectively; (iii) a 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; and (iv) a master agreement in relation to the leasing transactions entered into between the Company and

NWD on 11 April 2014, details of which were disclosed in the announcement of the Company dated 11 April 2014

“New World Wuhan”	New World Development (Wuhan) Ltd. (新世界發展(武漢)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of 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 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 the Company as at the date of this announcement
“NWD Group”	NWD and its subsidiaries from time to time
“NWDS Hubei”	Hubei New World Department Store Co., Ltd. (湖北新世界百貨有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Property”	1st Floor to 5th Floor, Wuhan New World Centre (武漢新世界中心), No.632 Jiefang Avenue, Qiaokou District, Wuhan, Hubei, the PRC and the shops at the pedestrian street adjacent to Wuhan New World Centre (武漢新世界中心) with an aggregate gross floor area of 42,000 square metres
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Termination Agreement”	the termination agreement dated 28 November 2014 entered into between New World Wuhan and NWDS Hubei for termination of the Lease Agreement

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per cent.

By Order of the board of
New World Department Store China Limited
Wu Yuk-kwai, Catherine
Company Secretary

Hong Kong, 28 November 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 Dr. 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.