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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

(1) THE 2023 MASTER LEASING AGREEMENT

AND

(2) THE 2023 MASTER SERVICES AGREEMENT

References are made to (i) the announcement of the Company in respect of, among other things, the 2014 Master Leasing Agreement dated 11 April 2014; (ii) the announcements of the Company in respect of the 2014 Master Leasing Agreement and the 2017 Master Services Agreement dated 10 April 2017 and 27 April 2020, respectively; and (iii) the circulars of the Company in relation to, among other things, the 2014 Master Leasing Agreement dated 8 May 2014, 8 May 2017, and 1 June 2020, respectively.

On 11 April 2014, the Company and NWD entered into the 2014 Master Leasing Agreement in respect of the Leasing Transactions. The 2014 Master Leasing Agreement is for a term of three years commencing from 1 July 2014, which was subsequently automatically renewed for two successive periods, each of three years commencing from 1 July 2017. As such, the 2014 Master Leasing Agreement will expire on 30 June 2023. On 28 April 2023, the Company and NWD entered into the 2023 Master Leasing Agreement and agreed to terminate the 2014 Master Leasing Agreement upon the 2023 Master Leasing Agreement becoming effective on the Leasing Effective Date.

On 10 April 2017, Mr. Doo and the Company entered into the 2017 Master Services Agreement in relation to the Services Transactions. The 2017 Master Services Agreement is for a term of three years commencing from 1 July 2017, which was subsequently automatically renewed for a successive period of three years commencing from 1 July 2020. As such, the 2017 Master Services Agreement will expire on 30 June 2023. On 28 April 2023, Mr. Doo and the Company entered into the 2023 Master Services Agreement and agreed to terminate the 2017 Master Services Agreement upon the 2023 Master Services Agreement becoming effective on the Services Effective Date.

As at the date of this announcement, NWD is a substantial shareholder of the Company and hence 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 Dr. Cheng Chi-kong, Adrian (a Director) 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 all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) and all the amounts of the New Leasing Annual Caps are more than 5% and exceed HK\$10,000,000 and certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) and all the amounts

of the New Services Annual Caps are more than 5% and exceed HK\$10,000,000, the entering into of the 2023 Master Leasing Agreement, the entering into of the 2023 Master Services Agreement and the New Annual Caps are subject to the reporting, announcement, annual review 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 entering into of the 2023 Master Leasing Agreement, the Leasing Transactions and the New Leasing Annual Caps.

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on, among other things, the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New Annual Caps. The Independent Board Committee will be established to consider the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New Annual Caps, and to advise the Independent Shareholders as to whether the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New Annual Caps are in the interests of the Company and the Shareholders as a whole. BCL has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As additional time is required to prepare the circular of the Company containing, among other things, (i) further information on the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New 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) a notice of the EGM, the circular is expected to be despatched to the Shareholders on or before 7 June 2023.

INTRODUCTION

References are made to (i) the announcement of the Company in respect of, among other things, the 2014 Master Leasing Agreement dated 11 April 2014; (ii) the announcements of the Company in respect of the 2014 Master Leasing Agreement and the 2017 Master Services Agreement dated 10 April 2017 and 27 April 2020, respectively; and (iii) the circulars of the Company in relation to, among other things, the 2014 Master Leasing Agreement dated 8 May 2014, 8 May 2017, and 1 June 2020, respectively.

On 11 April 2014, the Company and NWD entered into the 2014 Master Leasing Agreement in respect of the Leasing Transactions. The 2014 Master Leasing Agreement is for a term of three years commencing from 1 July 2014, which was subsequently automatically renewed for two successive periods, each of three years commencing from 1 July 2017. As such, the 2014 Master Leasing Agreement will expire on 30 June 2023. On 28 April 2023, the Company and NWD entered into the 2023 Master Leasing Agreement and agreed to terminate the 2014 Master Leasing Agreement upon the 2023 Master Leasing Agreement becoming effective on the Leasing Effective Date.

On 10 April 2017, Mr. Doo and the Company entered into the 2017 Master Services Agreement in relation to the Services Transactions. The 2017 Master Services Agreement is for a term of three years commencing from 1 July 2017, which was subsequently automatically renewed for a successive period of three years commencing from 1 July 2020. As such, the 2017 Master Services Agreement will expire on 30 June 2023. On 28 April 2023, Mr. Doo and the Company entered into the 2023 Master Services Agreement and agreed to terminate the 2017 Master Services Agreement upon the 2023 Master Services Agreement becoming effective on the Services Effective Date.

The principal terms of the 2023 Master Agreements are set out below.

THE 2023 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, and vice versa, in accordance with the 2014 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 and/or the provision of related services by the Group to the NWD Group, and vice versa. The 2014 Master Leasing Agreement will expire on 30 June 2023. On 28 April 2023, the Company and NWD entered into the 2023 Master Leasing Agreement and agreed to terminate the 2014 Master Leasing Agreement upon the 2023 Master Leasing Agreement becoming effective on the Leasing Effective Date.

The principal terms of the 2023 Master Leasing Agreement are set out below:

Date

28 April 2023

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 2023 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 on or after the Leasing Effective Date) will be treated as Definitive Leasing Agreements made pursuant to the 2023 Master Leasing Agreement as from the Leasing Effective Date.

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

- (a) in the ordinary and usual course of business of the Company and NWD;
- (b) on normal commercial terms or better (as defined in the Listing Rules); and
- (c) in compliance with all applicable provisions of the Listing Rules (including the New Leasing Annual Caps), the applicable laws, the 2023 Master Leasing Agreement and the relevant Definitive Leasing Agreement.

The consideration for each Definitive Leasing Agreement will be determined in the following manner:

- (a) for lessor, the lessor will provide the lessee with a quote with reference to at least two market comparative quote(s) for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) and/or two comparable transactions with independent third parties; and

- (b) for lessee, the lessee will obtain at least two market comparative quote(s) for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) and/or review two comparable transactions with independent third parties before deciding whether to accept the quote and proceed further.

Conditionality

The 2023 Master Leasing Agreement is conditional upon the approval by the Independent Shareholders of the entering into of the 2023 Master Leasing Agreement, the Leasing Transactions and the New Leasing Annual Caps at the EGM.

Duration

The 2023 Master Leasing Agreement shall continue to be effective up to and including 30 June 2026. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the 2023 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 2023 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 2023 Master Leasing Agreement.

Payment terms

The terms in relation to the time and method of payment will be stated in the relevant Definitive Leasing Agreements and will be no less favourable to the Group than terms available to and/or from independent third parties.

Historical figures

The aggregate transaction amounts in relation to the Leasing Transactions (i) for fixed lease payments payable by the Group as lessee for each of the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022 were approximately RMB34,133,000, RMB62,519,000 and RMB6,763,000, respectively; and (ii) for variable lease payments payable by the Group as lessee for each of the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022 were approximately RMB125,886,000, RMB102,084,000 and RMB40,495,000, respectively.

There were no transaction amounts in relation to the Leasing Transactions for the Group as lessor for each of the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022.

The New Leasing Annual Caps

The rental fees and/or related service fees payable by the Group as lessee under the Leasing Transactions comprises the Fixed Lease Payments and the Variable Lease and Service Payments.

In line with the Group's expansion strategies, the Company expects that the Group will in the next three years, under favourable market conditions and with the appropriate opportunity, enter into a Definitive Leasing Agreement to open one additional Store each year, on terms and conditions similar to the existing Definitive Leasing Agreements. The Group also estimates that the prevailing market rates of comparable property(ies) will be relatively constant over the next three years, and the rental fees and/or related service fees payable by the Group under the new Definitive Leasing Agreement(s) are expected to follow the same trend.

Having considered the historical transaction amounts and taking into account the factors mentioned above and the market will recover gradually from the COVID-19 pandemic, the proposed annual caps for the Fixed Lease Payments and the Variable Lease and Service Payments payable by the Group as lessee under the Leasing Transactions for each of the three financial years ending 30 June 2026 are set out below:

	For the year ending 30 June		
	2024	2025	2026
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Fixed Lease Payments	534,000,000	523,000,000	436,000,000
Variable Lease and Service Payments	121,000,000	153,000,000	162,000,000

Pursuant to HKFRS 16, the Fixed Lease Payments payable by the Group as lessee under the Leasing Transactions will be recognised as right-of-use assets. The proposed annual caps for the Fixed Lease Payments are set on the total value of the right-of-use assets relating to the Definitive Leasing Agreements expected to be entered into by the Group in each year, which are calculated with reference to the aggregate of the total Fixed Lease Payments under the full lease term of each Definitive Leasing Agreement newly entered into each year, discounted by the Company's incremental borrowing rate.

Pursuant to HKFRS 16, the Variable Lease and Service Payments payable by the Group as lessee under the Leasing Transactions will be recognised as expenses incurred by the Group. The proposed annual caps for the Variable Lease and Service Payments are set on the total Variable Lease and Service Payments expected to be payable by the Group each year under the Leasing Transactions, with reference to the projected revenue generated from the leased property(ies) under the Leasing Transactions and the terms of the relevant Definitive Leasing Agreement.

Given that there were no transaction amounts in relation to the Leasing Transactions for the Group as lessor for each of the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022, the Group has only provided the proposed annual caps for the transaction amounts payable by the Group as lessee under the Leasing Transactions for each of the three financial years ending 30 June 2026 as set out above. The Company will closely monitor the aggregate transaction amounts in relation to the Leasing Transactions for the Group as lessor for each of the three financial years ending 30 June 2026 to ensure compliance with the reporting, announcement, annual review, independent shareholders' approval and circular requirements, if applicable, under Chapter 14A of the Listing Rules.

Reasons for and benefits of entering into the 2023 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 2023 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 entering into of the 2023 Master Leasing Agreement have been negotiated on an arm's length basis, are fair and reasonable, on normal commercial terms or better (as defined in the Listing Rules) and within the ordinary and usual course of business of the Group, and are in the interests of the Group and the Shareholders as a whole, and that the New Leasing Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

THE 2023 MASTER SERVICES AGREEMENT

Background

The relevant members of the Group had in the past entered into certain services agreements in relation to the Service Transactions with the relevant members of the Services Group in accordance with the 2017 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 in respect of the Service Transactions. The 2017 Master Services Agreement is for a term of three years commencing from 1 July 2017, which was subsequently automatically renewed for a successive period of three years commencing from 1 July 2020. As such, the 2017 Master Services Agreement will expire on 30 June 2023. On 28 April 2023, Mr. Doo and the Company entered into the 2023 Master Services Agreement and agreed to terminate the 2017 Master Services Agreement upon the 2023 Master Services Agreement becoming effective on the Services Effective Date.

The principal terms of the 2023 Master Services Agreement are set out below:

Date

28 April 2023

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 2023 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 Service Transactions on or after the Services Effective Date) will be treated as Definitive Services Agreements made pursuant to the 2023 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 ordinary and usual course of business of the Company and the Services Group;

- (b) on normal commercial terms or better (as defined in the Listing Rules) and based on the prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the New Services Annual Caps), the applicable laws, the 2023 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.

Conditionality

The 2023 Master Services Agreement is conditional upon the approval by the Independent Shareholders of the entering into of the 2023 Master Services Agreement, the Services Transactions and the New Services Annual Caps at the EGM.

Duration

The 2023 Master Services Agreement shall continue to be effective up to and including 30 June 2026. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the 2023 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 2023 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 2023 Master Services Agreement.

Payment terms

The terms in relation to the time and method of payment will be stated in the relevant Definitive Services Agreements and will be no less favourable to the Group than terms available to and/or from independent third parties.

Historical figures

The aggregate transaction amounts in relation to the Services Transactions for the Company for each of the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022 were approximately RMB432,000, RMB347,000 and RMB136,000, respectively.

The New Services Annual Caps

The New Services Annual Caps for each of the three financial years ending 30 June 2026 are set out below:

For the year ending 30 June

	2024 <i>(RMB)</i>	2025 <i>(RMB)</i>	2026 <i>(RMB)</i>
Amounts payable by the Group to the Services Group, and vice versa, in respect of the Services Transactions	71,000,000	130,000,000	80,000,000

Each of the New 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, the market will recover gradually from the COVID-19 pandemic and future expansion plans 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 2023 Master Services Agreement

The transactions contemplated under the 2023 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 2023 Master Services Agreement is intended to streamline the continuing connected transactions between members of the Services Group and members of the Group. It provides a single basis on which the Company will comply with the reporting, announcement, annual review and independent shareholders' approval requirements, if applicable, in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or renewal of the agreements in respect of the provision of the Services Transactions. The Directors also believe that it is in the interests of the Company to enter into the 2023 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 Definitive Services Agreements will be agreed on an arm's length basis, on normal commercial terms or better (as defined in the Listing Rules) or on terms no less favourable than terms available to or from independent third parties.

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 2023 Master Services Agreement have been negotiated on an arm's length basis, are fair and reasonable, on normal commercial terms or better (as defined in the Listing Rules) and in the ordinary and usual course of the business of the Group, and are in the interests of the Group and the Shareholders as a

whole, and that the New Services Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

To ensure that the 2023 Master Agreements and the Transactions adhere to normal commercial terms or better (as defined in the Listing Rules) and the amounts of the Transactions do not exceed the related New Annual Caps, the Group has implemented the following internal control procedures:

- (1) **Definitive Agreement review and assessment:** Prior to entering into any Definitive Agreement under the scope of the 2023 Master Agreements, the relevant personnel of the Group will review and assess the terms of the relevant Definitive Agreements to ensure that they are consistent with the principles and provisions set out in the 2023 Master Agreements. The pricing policies and other terms of the Definitive Agreements will be determined by the relevant personnel of the Group on normal commercial terms or better (as defined in the Listing Rules), negotiated on an arm's length basis and on basis similar to that with independent third parties.
- (2) **Transaction monitoring and reporting:** The finance departments of the Group will consistently record and monitor the transaction amounts to ensure that the applicable New Annual Caps are not exceeded. Periodic reports, including lists of continuing connected transactions conducted during the reporting period and utilization of the relevant New Annual Caps will be submitted to the Audit Committee for review.
- (3) **Biannual review by internal audit function:** The group audit and management services departments of the Group will perform a biannual review of the internal controls for the continuing connected transactions for the preceding financial year.
- (4) **Annual review by external auditors and independent non-executive directors:** The external auditor of the Company along with the independent non-executive Directors will perform annual review of the continuing connected transactions for the preceding financial year in accordance with the Listing Rules.
- (5) **(in respect of the 2023 Master Services Agreement only) Tendering process and quotations:** In regard to participation in tenders or provision of quotations for the Contracting Services, members of the Group are required to follow the internal tender guidelines. These measures/procedures aim to ensure that the tender or quotation price and the terms of the tender or quotation to be offered by the Group are fair, reasonable and comparable to those offered by the Group to independent third parties.

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

The Group is principally engaged in department store and property investment operations in the PRC.

To the best knowledge of the Directors, the NWD Group is principally engaged in property development, property investment and investment in and/or operation of roads, construction, insurance, hotels and other strategic businesses.

Mr. Doo is the uncle of Dr. Cheng Chi-kong, Adrian (a Director).

The Services Group is principally engaged in the provision of services including (i) property investment and development, property leasing, property and facility management; (ii) security, guarding and event servicing services; (iii) cleaning; (iv) landscaping; (v) provision of environmental

management services, mechanical and electrical engineering services; (vi) trading of building materials; and (vii) insurance consultancy and brokerage.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD is a substantial shareholder of the Company and hence 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, by being the uncle of Dr. Cheng Chi-kong, Adrian, is an associate of Dr. Cheng Chi-kong, Adrian (a Director) 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 all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) and all the amounts of the New Leasing Annual Caps are more than 5% and exceed HK\$10,000,000 and certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) and all the amounts of the and New Services Annual Caps are more than 5% and exceed HK\$10,000,000, the entering into of the 2023 Master Agreements and the New Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

APPROVAL BY THE BOARD OF DIRECTORS

The 2023 Master Leasing Agreement

None of the Directors has a material interest in the entering into of the 2023 Master Leasing Agreement. Dr. Cheng Chi-kong, Adrian and Ms. Chiu Wai-han, Jenny are common directors of the Company and NWD. Dr. Cheng Chi-kong, Adrian and Ms. Chiu Wai-han, Jenny who were present at the meeting of the board of the Company have voluntarily abstained from voting on the relevant board resolutions.

The 2023 Master Services Agreement

None of the Directors has a material interest in the 2023 Master Services Agreement. Mr. Doo is an associate of Dr. Cheng Chi-kong, Adrian (a Director). Dr. Cheng Chi-kong, Adrian who was present at the meeting of the board of the Company has voluntarily abstained from voting on the relevant board resolutions.

GENERAL

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on, among other things, the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New Annual Caps. The Independent Board Committee will be established to consider the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New Annual Caps, and to advise the Independent Shareholders as to whether the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New Annual Caps are in the interests of the Company and the Shareholders as a whole. BCL has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As additional time is required to prepare the circular of the Company containing, among other things, (i) further information on the entering into of the 2023 Master Agreements, the Transactions contemplated thereunder and the New 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) a notice of the EGM, the circular is expected to be despatched to the Shareholders on or before 7 June 2023.

DEFINITIONS

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

“2014 Master Leasing Agreement”	the agreement in relation to the Leasing Transactions entered into between the Company and NWD on 11 April 2014
“2017 Master Services Agreement”	the agreement in relation to the Services Transactions entered into between the Company and Mr. Doo on 10 April 2017
“2023 Master Agreements”	the 2023 Master Leasing Agreement and the 2023 Master Services Agreement
“2023 Master Leasing Agreement”	the agreement in relation to the Leasing Transactions entered into between the Company and NWD on 28 April 2023
“2023 Master Services Agreement”	the agreement in relation to the Services Transactions entered into between the Company and Mr. Doo on 28 April 2023
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“BCL” or “Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the entering into of the 2023 Master Agreements, the Transactions and the New Annual Caps
“Cleaning and Landscaping Services”	cleaning services including general cleaning, office and facility cleaning, recycling and environmental services, waste management and disposal, external wall and window cleaning, pest control and clinical waste management rendered at commercial buildings, residential buildings, public transportations and other public institutions and facilities and related services, landscaping and plant maintenance, the supply of plants and related services
“Company”	New World Department Store China Limited (新世界百貨中國有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 825), and is a subsidiary of NWD as at the date of this announcement
“Contracting Services”	provision of services as main contractors, 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 Agreement(s)”	the Definitive Leasing Agreement(s) and/or the Definitive Services Agreement(s) (as the case may be)
“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 2023 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 2023 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, among other things, the entering into of the 2023 Master Leasing Agreement, the entering into of the 2023 Master Services Agreement, the Transactions and the New Annual Caps
“Fixed Lease Payments”	a fixed dollar amount of periodic rental fee in respect of a Definitive Leasing Agreement
“Group”	the Company and its subsidiaries from time to time
“HKFRS 16”	the Hong Kong Financial Reporting Standard 16 issued by the Hong Kong Institute of Certified Public Accountants, which sets out the principles for the recognition, measurement, presentation and disclosure of leases
“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”	in respect of the entering into of the 2023 Master Leasing Agreement, the Leasing Transactions and the New Leasing Annual Caps, the Shareholders other than NWD and its associates;

	in respect of the entering into of the 2023 Master Services Agreement, the Services Transactions and the New Services Annual Caps, the Shareholders other than Mr. Doo and his associates
“Leasing Effective Date”	1 July 2023, which is conditional upon the 2023 Master Leasing Agreement becoming unconditional as set out in the subparagraph headed “Conditionality” under the paragraph headed “The 2023 Master Leasing Agreement” in this announcement
“Leasing Transactions”	all existing and future transactions between members of the Group and members of the NWD Group in respect of the leasing of premises and/or the provision of related services (as the case may be) by members of the Group to members of the NWD Group, and vice versa, as contemplated under the 2023 Master Leasing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai-hoi, William, an associate of Dr. Cheng Chi-kong, Adrian (a Director) by virtue of being the uncle of Dr. Cheng Chi-kong, Adrian
“New Annual Cap(s)”	the New Leasing Annual Caps and/or the New Services Annual Caps (as the case may be)
“New 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 2026 as set out under the paragraph headed “The 2023 Master Leasing Agreement – The New Leasing Annual Caps”
“New 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 2026 as set out under the paragraph headed “The 2023 Master Services Agreement – The New Services Annual Caps”
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 17) and is the holding company of 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 only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Property Management and Rental Services”	property management, property sales and letting agency services, pre-marketing consultancy services, technical services, provision of car parking management, rental and licensing of the rights to use properties, including without limitation, spare spaces, office spaces and car parking spaces, 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 Effective Date”	1 July 2023, which is conditional upon the 2023 Master Services Agreement becoming unconditional as set out in the subparagraph headed “Conditionality” under the paragraph headed “The 2023 Master Services Agreement” in this announcement
“Services Group”	(1) Mr. Doo and his immediate family members (as defined under the Listing Rules) and (2) any company in the equity capital of which Mr. Doo and/or his immediate family member(s) (as defined under the Listing Rules) (individually or together) is/are 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 Code 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 2023 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
“Transactions”	the Leasing Transactions and/or the Services Transactions (as the case may be)
“Variable Lease and Service Payments”	a variable amount of payment linked to revenue generated from the leased property(ies) and/or the related service fee in respect of a Definitive Leasing Agreement

“%”

per cent.

By order of the board of
New World Department Store China Limited
(新世界百貨中國有限公司)
Wu Yuk-kwai, Catherine
Company Secretary

Hong Kong, 28 April 2023

As at the date of this announcement, the non-executive Directors are Dr. Cheng Chi-kong, Adrian and Ms. Chiu Wai-han, Jenny; the executive Directors are Mr. Cheung Fai-yet, Philip and Ms. Xie Hui-fang, Mandy; 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.