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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)**

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION –  
ACQUISITION OF INTERESTS IN BROAD PARK LIMITED**

**(2) REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED  
TRANSACTIONS UNDER THE MASTER LEASING AGREEMENT AND  
THE SUPPLEMENTAL MASTER LEASING AGREEMENT**

**(3) CONTINUING CONNECTED TRANSACTIONS –  
MASTER SALES AGREEMENT – PREPAID SHOPPING CARDS**

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION –  
ACQUISITION OF INTERESTS IN BROAD PARK LIMITED**

The Board would like to announce that on 18 June 2010, the Vendor, the Purchaser and Broad Park entered into the Acquisition Agreement whereby the Purchaser agreed to acquire from the Vendor the Sale Interest and the Shareholder's Loan for an aggregate consideration of RMB150,000,000 less the Outstanding Registered Capital of Beijing Yixi.

Broad Park owns 100% legal and beneficial interests in Beijing Yixi. Beijing Yixi operates the Beijing Department Store Business. Beijing Chong Wen and China New World Electronics, and Beijing Chong Yu, jointly-owned co-operative joint venture enterprises of NWCL, hold 100% legal and beneficial interests in the title to Phase One Property and Phase Two Property respectively, both of which have been leased to Beijing Yixi pursuant to the Existing Lease Agreements.

The Purchaser is a wholly-owned subsidiary of the Company. The Vendor is an indirect wholly-owned subsidiary of NWD, which is interested in approximately 72.29% of the entire share capital of the Company. Accordingly under the Listing Rules, the Vendor is a connected person of the Company, and the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 5%, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. In addition, based on the applicable percentage ratios, the Acquisition also constitutes a major transaction of the Company under the Listing Rules.

**(2) REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER LEASING AGREEMENT AND THE SUPPLEMENTAL MASTER LEASING AGREEMENT**

Reference is made to the transactions between the Company and NWD under the Master Leasing Agreement dated 22 May 2009, details of which are set out in the joint announcement of the Company and NWD dated 22 May 2009.

The Company has adopted “multiple presences in a single city” in order to increase market share and enjoy economies of scale and synergy effect within the northern region in the PRC. The Acquisition is expected to facilitate the Company to lay a good foundation for a new brand and retail roadmap in the PRC. The Acquisition will provide an opportunity for the Company to increase its interests in department store business in the northern parts of the PRC. The Properties are owned by co-operative joint venture enterprises of NWCL, of which NWCL has a profit sharing ratio of 70% in each of them and are subject to the Existing Lease Agreements. As a result of the Acquisition, the Company expects that the fees payable by the Group to NWCL as a member of the NWD Group pursuant to the Master Leasing Agreement will increase and the Original Annual Caps for the two years ending 30 June 2012 will accordingly be insufficient.

In order to give effect to the Revised Annual Cap for the two years ending 30 June 2012, it is necessary to amend the terms of the Master Leasing Agreement. Accordingly, the Company and NWD entered into the Supplemental Master Leasing Agreement on 18 June 2010.

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transaction, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction. NWD is the controlling shareholder (as defined in the Listing Rules) of the Company, therefore a connected person of the Company under the Listing Rules. As a result, the Revised Annual Caps and the transactions contemplated under the Supplemental Master Leasing Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

Given that the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Revised Annual Caps and the transactions contemplated under the Supplemental Master Leasing Agreement exceed 5% on an annual basis, the Revised Annual Caps and the Supplemental Master Leasing Agreement are subject to reporting, announcement, annual review requirements under Rules 14A.37 to 14A.40 and Independent Shareholders’ approval requirements under Rule 14A.35 of the Listing Rules.

### **(3) CONTINUING CONNECTED TRANSACTIONS – MASTER SALES AGREEMENT – PREPAID SHOPPING CARDS**

On 18 June 2010, the Company and NWD entered into the Master Sales Agreement regarding the sale of goods in the Stores by means of acceptance of the Prepaid Shopping Cards by members of the Group or by other means acceptable to the Company and the settlement of the amounts payable to the Group in respect of the goods sold in the Stores by members of the NWD Group (except the Group).

NWD is a controlling shareholder (as defined in the Listing Rules) of the Company, therefore a connected person of the Company and the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Master Sales Agreement Annual Caps in respect of the Master Sales Agreement are more than HK\$1,000,000 but the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Master Sales Agreement are less than 5%, the transactions contemplated under the Master Sales Agreement and the Master Sales Agreement Annual Caps are subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement under the Listing Rules so far as the Company is concerned.

The Company will seek approval from the Independent Shareholders by way of poll at the EGM. The EGM will be convened by the Company at which resolution will be proposed to seek approval of, among other things, the (i) Acquisition Agreement, (ii) the Revised Annual Caps and (iii) the Supplemental Master Leasing Agreement. At such meeting, the votes of the Independent Shareholders in relation to (i) the Acquisition Agreement, (ii) the Revised Annual Caps and (iii) the Supplemental Master Leasing Agreement will be taken by poll on which NWD and its associates and any Shareholders who have material interests in (i) the Acquisition Agreement, (ii) the Revised Annual Caps and (iii) the Supplemental Master Leasing Agreement will abstain from voting.

The Independent Board Committee has been constituted to advise the Independent Shareholders relating to (i) the Acquisition Agreement, (ii) the Revised Annual Caps, and (iii) the Supplemental Master Leasing Agreement. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Acquisition Agreement, the Revised Annual Caps and the Supplemental Master Leasing Agreement, (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 on the Acquisition Agreement, the Revised Annual Caps and the Supplemental Master Leasing Agreement, and (iv) the notice of the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 June 2010 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

## (1) MAJOR TRANSACTION AND CONNECTED TRANSACTION – ACQUISITION OF INTERESTS IN BROAD PARK LIMITED

### **Background**

On 18 June 2010, the Vendor, the Purchaser and Broad Park entered into the Acquisition Agreement whereby the Purchaser agreed to acquire from the Vendor the Sale Interest and the Shareholder's Loan for an aggregate consideration of RMB150,000,000 less the Outstanding Registered Capital of Beijing Yixi.

### **Acquisition Agreement**

Date: 18 June 2010

Parties: (i) the Vendor; (ii) the Purchaser; and (iii) Broad Park

#### *Subject matter to be acquired*

The Purchaser has conditionally agreed to acquire from the Vendor the Sale Interest and the Shareholder's Loan. Upon Completion, Broad Park will become a wholly-owned subsidiary of the Company and the amount under the Shareholder's Loan will be owed by Broad Park to the Purchaser.

Broad Park was incorporated in Hong Kong in October 2008 and the subscriber share was transferred to the Vendor in January 2009. Broad Park is an investment holding company which established Beijing Yixi in June 2009 and owns 100% legal and beneficial interests in Beijing Yixi. In August 2009, Beijing Yixi acquired certain assets and liabilities in relation to the Beijing Department Store Business from a company controlled by the Vendor at the then carrying values of the assets and liabilities and Beijing Yixi continues to carry on the Beijing Department Store Business. Beijing Chong Wen and China New World Electronics, and Beijing Chong Yu, co-operative joint venture enterprises of NWCL, hold 100% legal and beneficial interests in the title to Phase One Property and Phase Two Property respectively, both of which have been leased to Beijing Yixi pursuant to the Existing Lease Agreements.

As both Broad Park and Beijing Yixi have not involved in any other business before the acquisition of the Beijing Department Store Business by Beijing Yixi in August 2009, such acquisition is a reorganisation of the company originally carrying on the Beijing Department Store Business. The consolidated financial information of Broad Park is presented using the carrying values of the Beijing Department Store Business for all periods presented. The unaudited net liability value of the Broad Park Group as at 31 December 2009 was approximately HK\$136,721,000. The unaudited net loss before and after tax attributable to the Broad Park Group for the year ended 30 June 2009 prepared in accordance with the Hong Kong Financial Reporting Standards were approximately HK\$6,224,000 and HK\$4,534,000 respectively. The unaudited net gain before and after tax attributable to the Broad Park Group for the year ended 30 June 2008 prepared in accordance with the Hong Kong Financial Reporting Standards were approximately HK\$11,290,000 and HK\$7,066,000 respectively.

### *Consideration*

The consideration for the sale and purchase of the Sale Interest and the Shareholder's Loan shall be RMB150,000,000 less the Outstanding Registered Capital of Beijing Yixi, and shall be apportioned as follows:

- (i) the consideration for the Shareholder's Loan shall be an amount equivalent to the Shareholder's Loan; and
- (ii) the consideration for the Sale Interest shall be the difference between the amount of the Shareholder's Loan and the consideration payable by the Purchaser.

The consideration was agreed between the parties based on arm's length negotiations by reference to the unaudited net liability value of the Broad Park Group, the economic climate and the benefits summarised in this announcement. The consideration will be satisfied in whole in cash by the Purchaser or its nominee on Completion. The Acquisition is expected to be funded by the Group's internal resources.

### *Conditions of the Acquisition Agreement*

The Acquisition Agreement is subject to and conditional upon the fulfillment of, inter alia, the following conditions precedent on or before the Long Stop Date:

- (i) the Vendor having performed all of the covenants and agreements required to be performed by it under the Acquisition Agreement on or prior to Completion;
- (ii) all approvals and consents of third parties (including the Stock Exchange and the landlords of the Properties, if required) which are necessary for the entering into and the implementation of the Acquisition Agreement and all transactions contemplated under the Acquisition Agreement and the consents of the landlords of the Properties on any changes to the Existing Lease Agreements enabling the Company to comply with the relevant requirements of the Listing Rules having been obtained;
- (iii) the completion of due diligence of the Broad Park Group by the Purchaser to the Purchaser's satisfaction, including but not limited to the business, assets, accounting, legal and financial position of the Broad Park Group;
- (iv) during the period from the date of the Acquisition Agreement to the Completion Date, there not having occurred any material adverse effect on, or there not being in existence on the Completion Date any material adverse change in, the financial position, operating performance and all other material aspects of Broad Park and Beijing Yixi;
- (v) the approval of the Acquisition Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM passed in accordance with the requirements of the Listing Rules; and

- (vi) the Purchaser being satisfied that any lease agreement entered or to be entered into by Beijing Yixi as tenant in respect of the Properties shall be on terms acceptable to the Purchaser.

The Purchaser may in its absolute discretion at any time waive in writing any of the conditions mentioned above (or any part thereof), other than conditions (ii) and (iv) above. If any of the above conditions shall not have been fulfilled (or, where applicable, waived by the Purchaser in writing) prior to the Long Stop Date, then the Purchaser shall not be bound to proceed with the purchase of the Sale Interest and the assignment of the Shareholder's Loan and the Acquisition Agreement shall cease to be of any effect and save in respect of claims arising out of any antecedent breach of the Acquisition Agreement. The Purchaser has no present intention to waive any of the conditions above.

### *Completion*

Completion is to take place on the Completion Date after the fulfillment of all conditions precedent of the Acquisition Agreement set out above (or such later date as shall be agreed between the Vendor and the Purchaser).

### *Indemnity and undertaking*

Pursuant to the Acquisition Agreement, the Vendor agrees to indemnify and hold harmless the Purchaser and the Broad Park Group from and against (and pay the full amount of) any and all losses which are caused by, result from, arise out of or occur in connection with any material breach by the Vendor of any of the warranties given by the Vendor or any other terms of the Acquisition Agreement.

The Vendor also agrees to indemnify and hold harmless the Purchaser and the Broad Park Group from and against (and pay the full amount of) any and all losses which are caused by, result from, arise out of or occur in connection with any lien, mortgage, security interest, charge or encumbrance of any nature whatsoever on the Properties being exercised by the holders of such lien, mortgage, security interest, charge or encumbrance.

If the Purchaser receives from the Vendor an amount pursuant to any claim in respect of a breach of any of the warranties given by the Vendor and the Purchaser subsequently recovers from a third party a sum which is referable to such a claim, the Purchaser shall forthwith pay to the Vendor such sum it recovered from the third party (net of any costs incurred by the Purchaser in recovering such sum).

### **Reasons for the Acquisition**

The Company is principally engaged in the operation of department stores in the PRC. The Acquisition is expected to further enhance the Company's influence in the retail market in the PRC as well as to facilitate the Company to lay a good foundation for a new brand and retail roadmap in the PRC. The Directors believe that the Acquisition will further enhance the Group's department store business and enrich the revenue stream of the Group. The Acquisition will provide an opportunity for the Company to increase its interests in department store business in the northern parts of the PRC. Accordingly, the

Directors believe that it is now an opportune time to proceed with the Acquisition which, upon Completion, will further enhance the Group's strategy of "multiple presences in a single city" in order to increase market share and enjoy economies of scale and synergy effect within the northern region in the PRC.

Based on the above reasons, the Directors (excluding the independent non-executive Directors whose views in relation to the Acquisition Agreement will be contained in the relevant circular) consider the Acquisition Agreement to be on normal commercial terms that are fair and reasonable as far as the Shareholders are concerned, and that the transactions contemplated under the Acquisition Agreement are in the interests of the Company and the Shareholders as a whole.

## **(2) REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER LEASING AGREEMENT AND THE SUPPLEMENTAL MASTER LEASING AGREEMENT**

### **Background**

Reference is made to the transactions between the Company and NWD under the Master Leasing Agreement dated 22 May 2009, details of which are set out in the joint announcement of the Company and NWD dated 22 May 2009.

### **Master Leasing Agreement**

On 22 May 2009, the Master Leasing Agreement was entered into between the Company and NWD, pursuant to which NWD agrees to, and to procure its subsidiaries to, lease the NWD Properties to the Group at the request of any member of the Group from time to time during the duration of the Master Leasing Agreement in accordance with its terms and the terms and conditions of (a) the relevant leasing agreements entered into between members of the NWD Group and members of the Group which are still in force and have not expired; or (b) the relevant leasing agreements to be entered into between members of the Group and members of the NWD Group from time to time for an annual consideration not exceeding the Original Annual Caps for the three years ending 30 June 2012.

The Company has adopted "multiple presence in a single city" in order to increase market share and enjoy economies of scale and synergy effect within the northern region in the PRC. The Acquisition is expected to facilitate the Company to lay a good foundation for a new brand and retail roadmap in the PRC. The Acquisition will provide an opportunity for the Company to increase its interests in department store business in the northern parts of the PRC. The Properties are owned by co-operative joint venture enterprises of NWCL, of which NWCL has a profit sharing ratio of 70% in each of them and are subject to the Existing Lease Agreements. The terms of the Existing Lease Agreements commenced from 1 August 2009 to 30 June 2013. Beijing Yixi has an option to renew the Existing Lease Agreements upon the expiry of the terms from 1 July 2013 and it is entitled to renew the Existing Lease Agreement every three years for a total of 15 years and 11 months from 1 August 2009. As a result of the Acquisition, the Company expects that the fees payable by the Group to NWCL as a member of the NWD Group pursuant to the Master Leasing Agreement will increase and the Original Annual Caps for the two years ending 30 June 2012 will accordingly be insufficient.

The Original Annual Caps in relation to the Master Leasing Agreement is expected to be sufficient for the year ending 30 June 2010 and therefore no revision of the relevant annual caps is required.

The Directors therefore propose to revise the Original Annual Caps for the two years ending 30 June 2012 as follows:

	Original Annual Caps for the year ending 30 June 2011 (RMB)	Original Annual Caps for the year ending 30 June 2012 (RMB)	Revised Annual Caps for the year ending 30 June 2011 (RMB)	Revised Annual Caps for the year ending 30 June 2012 (RMB)
Master Leasing Agreement	224,415,000	276,907,000	471,846,000	544,198,000

#### *Historical Amounts*

The historical transaction amounts between the Company and NWD relating to the Master Leasing Agreement for the six months ended 31 December 2009 were approximately HK\$58,755,000.

The Company confirms that the transaction amounts for the Master Leasing Agreement for the period from 1 July 2009 to the date of this announcement have not exceeded the Original Annual Caps for the same period. The Revised Annual Caps are determined with reference to, amongst other things, the historical transaction amounts, the terms of the Existing Lease Agreements and the expected growth in the number of new department stores.

In order to give effect to the Revised Annual Cap for the two years ending 30 June 2012, it is necessary to amend the terms of the Master Leasing Agreement. Accordingly, the Company and NWD entered into the Supplemental Master Leasing Agreement. A summary of the terms of the Supplemental Master Leasing Agreement is set out below:

#### **Supplemental Master Leasing Agreement**

Date: 18 June 2010

Parties: (i) The Company and (ii) NWD

#### *Major Terms of the Supplemental Master Leasing Agreement*

- (a) The Supplemental Master Leasing Agreement is conditional upon the approval of the Independent Shareholders.
- (b) The maximum aggregate consideration payable by the Group to the NWD Group per annum which are governed by the Master Leasing Agreement and the Supplemental Master Leasing Agreement shall not exceed the maximum aggregate annual value set in accordance with Rule 14A.35(2) of the Listing Rules, as amended, from time to time.

All the existing terms and conditions under the Master Leasing Agreement remain unchanged.

#### *Maximum Consideration*

It is expected that the Revised Annual Caps for the two years ending 30 June 2012 will be RMB471,846,000 and RMB544,198,000, respectively.

In view of the above reasons, the Directors (excluding the independent non-executive Directors whose views in relation to the Revised Annual Caps and the Supplemental Master Leasing Agreement will be contained in the relevant circular) consider that the Revised Annual Caps and the Supplemental Master Leasing Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **(3) CONTINUING CONNECTED TRANSACTIONS – MASTER SALES AGREEMENT – PREPAID SHOPPING CARDS**

#### **Background**

Members of the Group may from time to time issue the Prepaid Shopping Cards to members of the NWD Group (except the Group) which could be used or redeemed at the Stores. Members of the Group shall accept the Prepaid Shopping Cards presented at the Stores by the holders thereof or by other means acceptable to the Company and sell the relevant goods to the holders thereof on condition that the amounts payable to the Group in respect of the goods sold in the Stores are being settled by members of the NWD Group (except the Group). Set out below are the principal terms of the Master Sales Agreement:

#### **Master Sales Agreement**

Date: 18 June 2010

Parties: (i) The Company and (ii) NWD

#### *Major Terms of the Master Sales Agreement*

Pursuant to the Master Sales Agreement, the Company agrees to, and to procure other members of the Group to, sell the goods in the Stores by means of accepting the Prepaid Shopping Cards presented at the Stores by the holders thereof or by other means acceptable to the Company from time to time during the duration of the Master Sales Agreement on condition that the amounts payable to the Group in respect of the goods sold in the Stores are being settled by members of the NWD Group (except the Group). Such transactions will be conducted in accordance with the terms of the Master Sales Agreement. The terms of and consideration receivable shall be negotiated and in compliance with the applicable laws and regulations, on an arm's length basis, on normal commercial terms and on terms no more favourable than the terms offered by the Group to independent third parties.

### *Duration*

The Master Sales Agreement shall be for a term of two years from 1 July 2010.

### *Consideration*

The consideration payable by the NWD Group (except the Group) to the Group shall be determined in accordance with the basis set out in the section titled “Continuing Connected Transactions – Master Sales Agreement – Major Terms of the Master Sales Agreement” above. Pursuant to the Master Sales Agreement, goods in the Stores shall be sold by members of the Group by means of accepting the Prepaid Shopping Cards presented at the Stores by the holders thereof or by other means acceptable to the Company and the amounts payable to the Group in respect of the goods sold in the Stores are being settled by members of the NWD Group (except the Group).

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

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

### *Master Sales Agreement Annual Caps*

It is expected that the Master Sales Agreement Annual Caps will not exceed RMB4,500,000 and RMB5,000,000 for the two financial years ending 30 June 2012, respectively. The Master Sales Agreement Annual Caps have been determined based on the estimated value of the Prepaid Shopping Cards to be purchased by the NWD Group (except the Group) by reference to the estimated marketing expenses to be incurred by the NWD Group (except the Group) for purchase of the Prepaid Shopping Cards as part of the marketing plan for the sales of its products.

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

## **LISTING RULES IMPLICATIONS**

### **(1) Major transaction and connected transaction – Acquisition of interests in Broad Park**

The Purchaser is a wholly-owned subsidiary of the Company. The Vendor is an indirect wholly-owned subsidiary of NWD, which is interested in approximately 72.29% of the entire share capital of the Company. Accordingly under the Listing Rules, the Vendor is a connected person of the Company, and the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 5%, the Acquisition are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. In addition, based on the applicable percentage ratios, the Acquisition also constitutes a major transaction of the Company under the Listing Rules.

**(2) Revision of Annual Caps for Continuing Connected Transactions under the Master Leasing Agreement**

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transaction, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction. NWD is the controlling shareholder (as defined in the Listing Rules) of the Company, therefore a connected person of the Company under the Listing Rules. As a result, the Revised Annual Caps and the transactions contemplated under the Supplemental Master Leasing Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

Given that the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Revised Annual Caps and the transactions contemplated under the Supplemental Master Leasing Agreement exceed 5% on an annual basis, the Revised Annual Caps and the Supplemental Master Leasing Agreement are subject to reporting, announcement, annual review requirements under Rules 14A.37 to 14A.40 and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

**(3) Continuing Connected Transactions – Master Sales Agreement – Prepaid Shopping Cards**

NWD is a controlling shareholder (as defined in the Listing Rules) of the Company, therefore a connected person of the Company and the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Master Sales Agreement Annual Caps in respect of the Master Sales Agreement are more than HK\$1,000,000 but the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Master Sales Agreement are less than 5%, the transactions contemplated under the Master Sales Agreement and the Master Sales Agreement Annual Caps are subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement under the Listing Rules so far as the Company is concerned.

The Company will seek approval from the Independent Shareholders by way of poll at the EGM. The EGM will be convened by the Company at which resolution will be proposed to seek approval of, among other things, the (i) Acquisition Agreement, (ii) the Revised Annual Caps and (iii) the Supplemental Master Leasing Agreement. At such meeting, the votes of the Independent Shareholders in relation to (i) the Acquisition Agreement, (ii) the Revised Annual Caps and (iii) the Supplemental Master Leasing Agreement will be taken by poll on which NWD and its associates and any Shareholders who have material interests in (i) the Acquisition Agreement, (ii) the Revised Annual Caps and (iii) the Supplemental Master Leasing Agreement will abstain from voting.

The Independent Board Committee has been constituted to advise the Independent Shareholders relating to (i) the Acquisition Agreement, (ii) the Revised Annual Caps and (iii) the Supplemental Master Leasing Agreement. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Acquisition Agreement, the Revised Annual Caps and the Supplemental Master Leasing Agreement, (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 on the Acquisition Agreement, the Revised Annual Caps and the Supplemental Master Leasing Agreement, and (iv) the notice of the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 June 2010 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

## **INFORMATION RELATING TO THE GROUP AND NWCL**

The Group is principally engaged in the operation of department stores in the PRC. NWCL is principally engaged in the property development, property investment and property related business in the PRC.

## **INFORMATION RELATING TO NWD**

NWD Group is principally engaged in investments in the areas of property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology.

## **INFORMATION RELATING TO BEIJING CHONG WEN, BEIJING CHONG YU, BEIJING YIXI, BROAD PARK AND CHINA NEW WORLD ELECTRONICS**

Beijing Chong Wen, Beijing Chong Yu and China New World Electronics are co-operative joint venture enterprises of NWCL incorporated and operating in the PRC and NWCL's profit sharing ratios in these entities are 70%. Beijing Chong Wen and Beijing Chong Yu are each principally engaged in the property development, property investment and property related business in the PRC. China New World Electronics is principally engaged in the property development, property investment, property related and information technology system consulting business in the PRC.

Beijing Yixi is a wholly-owned subsidiary of Broad Park and is principally engaged in the operation of Beijing New World Department Store (北京新世界百貨) located at the Properties.

Broad Park is an investment holding company which owns 100% legal and beneficial interests in Beijing Yixi.

## TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Acquisition”	the proposed acquisition by the Purchaser from the Vendor of the Sale Interest and the Shareholder’s Loan contemplated under the Acquisition Agreement
“Acquisition Agreement”	an agreement dated 18 June 2010 entered into among the Vendor, the Purchaser and Broad Park relating to the sale and purchase of the Sale Interest and the assignment of the Shareholder’s Loan
“associates”	has the meaning ascribed to it under the Listing Rules
“Beijing Chong Wen”	Beijing Chong Wen-New World Properties Development Co., Ltd., a co-operative joint venture enterprise established in the PRC in which, Magic Chance Limited, a wholly-owned subsidiary of the NWCL Group, has 70% profit sharing entitlement
“Beijing Chong Yu”	Beijing Chong Yu Real Estate Development Co., Ltd., a co-operative joint venture enterprise established in the PRC in which, Radiant Glow Limited, a wholly-owned subsidiary of the NWCL Group, has 70% profit sharing entitlement
“Beijing Department Store Business”	a department store business in Beijing, the PRC in the name of Beijing New World Department Store (北京新世界百貨) located at the Properties
“Beijing Yixi”	北京易喜新世界百貨有限公司 (Beijing Yixi New World Department Store Co., Ltd.*), a wholly-foreign-owned enterprise incorporated in the PRC and a wholly-owned subsidiary of Broad Park
“Board”	the board of Directors
“Broad Park”	Broad Park Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
“Broad Park Group”	Broad Park and its subsidiary, namely Beijing Yixi

“China New World Electronics”	China New World Electronics Ltd., a company incorporated in the PRC, a co-operative joint venture enterprise established in the PRC in which, True Blue Developments Limited, a wholly-owned subsidiary of the NWCL Group, has 70% profit sharing entitlement
“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
“Completion”	completion of the Acquisition under the Acquisition Agreement
“Completion Date”	1 August 2010 or otherwise agreed between the Vendor and the Purchaser
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Acquisition Agreement, the Revised Annual Caps and the Supplemental Master Leasing Agreement and the transactions contemplated thereunder respectively
“Existing Lease Agreements”	Existing Phase One Lease Agreement and Existing Phase Two Lease Agreement
“Existing Phase One Lease Agreement”	the lease agreement between (1) Beijing Chong Wen and China New World Electronics as landlords and (2) Beijing Yixi as tenant pursuant to which Beijing Chong Wen and China New World Electronics agreed to lease the Phase One Property to Beijing Yixi upon the terms contained therein
“Existing Phase Two Lease Agreement”	the lease agreement between Beijing Chong Yu as landlord and Beijing Yixi as tenant, pursuant to which Beijing Chong Yu agreed to lease the Phase Two Property to Beijing Yixi upon the terms contained therein
“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 board committee of the Company comprising all the independent non-executive Directors, namely Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai, Henry
“Independent Shareholders”	Shareholders other than NWD and its associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2011 or such later date as may be agreed among the parties to the Acquisition Agreement
“Master Leasing Agreement”	the master leasing agreement entered into between the Company and NWD dated 22 May 2009
“Master Sales Agreement”	the agreement entered into between the Company and NWD dated 18 June 2010 regarding the sale of goods in the Stores by means of the Prepaid Shopping Cards or by other means acceptable to the Company
“Master Sales Agreement Annual Caps”	the maximum annual aggregate consideration receivable by the Group from the NWD Group (except the Group) under the Master Sales Agreement for the two financial years ending 30 June 2012
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“NWCL Group”	NWCL and its subsidiaries from time to time
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is the controlling shareholder of the Company and NWCL
“NWD Group”	NWD and its subsidiaries from time to time
“NWD Properties”	the properties and/or premises owned by the NWD Group (including the Properties) from time to time
“Original Annual Caps”	the annual cap amounts in respect of the Master Leasing Agreement

“Outstanding Registered Capital of Beijing Yixi”	the Registered Capital of Beijing Yixi which is unpaid as at the Completion Date. The unpaid Registered Capital of Beijing Yixi as at the date of the Acquisition Agreement is RMB54,907,970
“Phase One Property”	a portion of the property located at Basement One and the 1st to 4th Floors of Phase One of Beijing New World Center (北京新世界中心) at No. 3 Chongwenmenwai Street, Chong Wen District, Beijing, the PRC and at which Beijing New World Department Store (北京新世界百貨) is located
“Phase Two Property”	a portion of the property located at Basement One and the 1st to 3rd Floors of Phase Two of Beijing New World Center (北京新世界中心) at No. 5 Chongwenmenwai Street, Chong Wen District, Beijing, the PRC and at which Beijing New World Department Store (北京新世界百貨) is located
“PRC”	the People’s Republic of China
“Prepaid Shopping Cards”	prepaid shopping cards issued by the Group to the NWD Group (except the Group) which may be presented at the Stores for purchasing goods at the Stores
“Properties”	Phase One Property and Phase Two Property
“Purchaser”	Rainbow Star Resources Limited, a wholly-owned subsidiary of the Company
“Registered Capital of Beijing Yixi”	the amount of the registered share capital of Beijing Yixi being RMB65,000,000
“RMB”	Renminbi, the lawful currency of the PRC
“Revised Annual Caps”	the revised annual cap amounts in respect of the Master Leasing Agreement and the Supplemental Master Leasing Agreement being RMB471,846,000 and RMB544,198,000 for the two years ending 30 June 2012 respectively
“Sale Interest”	the one ordinary share with a par value of HK\$1.00 each in the issued share capital of Broad Park representing its entire issued share capital of Broad Park
“Shareholder(s)”	holder of the shares of the Company

“Shareholder’s Loan”	the outstanding shareholder’s loan of Broad Park owing to the Vendor as at the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stores”	the department stores owned and operated by the Group from time to time
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance, chapter 32 of the Laws of Hong Kong
“Supplemental Master Leasing Agreement”	the supplemental agreement to the Master Leasing Agreement entered into between the Company and NWD dated 18 June 2010
“Vendor”	Solar Leader Limited, a limited liability company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of NWD
“%”	per cent.

\* For identification purpose only

By order of the Board  
**Wong Kwok-kan, Kenneth**  
*Company Secretary*

Hong Kong, 18 June 2010

*As at the date of this announcement, the non-executive Directors are Dr. Cheng Kar-shun, Henry and Mr. Au Tak-cheong; the executive Directors are Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip, Mr. Lin Tsai-tan, David, Mr. Wong Kwok-kan, Kenneth and Ms. Ngan Man-ying, Lynda; and the independent non-executive Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai, Henry.*