

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**New World China Land Limited**  
新世界中國地產有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 917)**



**New World Department Store China Limited**  
新世界百貨中國有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 825)**

**CONNECTED TRANSACTION:  
DISPOSAL OF INTERESTS IN BILLION  
GLORY GROUP LIMITED**

**DISCLOSEABLE AND CONNECTED  
TRANSACTION: ACQUISITION OF  
INTERESTS IN BILLION GLORY GROUP  
LIMITED AND CHANGE IN USE OF  
PROCEEDS**

The respective board of directors of NWCL and NWDS would like to announce that on 5 May 2008, the Purchaser entered into the Agreement with the Vendor whereby the Purchaser agreed to acquire from the Vendor the Sale Share and the Shareholder's Loan for an aggregate consideration of HK\$270,000,000.

The principal asset of Billion Glory is Shenyang Trendy, which is the owner of the Property. The directors of NWDS believe that the Transaction will further enhance the NWDS Group's strategy of expanding its department stores network in the PRC while the directors of NWCL believe that the Transaction will enable the NWCL Group to realize one of its long term investments with a good return and at the same time, enhance the working capital position of the NWCL Group.

The Purchaser and the Vendor are indirect subsidiaries of NWD, who is interested in approximately 70% and 72.29% of the entire share capital of NWCL and NWDS, respectively. Accordingly under the Listing Rules, the Purchaser is a connected person of NWCL and the Vendor is a connected person of NWDS, and the Transaction constitutes a connected transaction for both NWCL and NWDS under the Listing Rules.

As the applicable percentage ratios in respect of the Transaction are less than 2.5% for NWCL, the Transaction is subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules so far as NWCL is concerned. As more than one of the applicable percentage ratios in respect of the Transaction is more than 2.5% for NWDS, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules so far as NWDS is concerned. Accordingly, NWDS will seek approval from the NWDS Independent Shareholders of the Transaction by way of poll at the EGM. In addition, based on the applicable percentage ratios, the Transaction also constitutes a discloseable transaction for NWDS under Rule 14.08 of the Listing Rules.

A circular containing, among other things, further details of the Agreement, a valuation letter, a letter of recommendation from the NWDS Independent Board Committee to the NWDS Independent Shareholders, a letter of advice from the independent financial adviser to the NWDS Independent Board Committee and the NWDS Independent Shareholders on the Agreement, and the notice of the EGM and other information as required under the Listing Rules will be despatched to the NWDS Shareholders as soon as practicable in accordance with the Listing Rules.

The board of directors of NWDS also wishes to announce that there will be changes in the application of the net proceeds received by NWDS from the Global Offering.

## **INTRODUCTION**

On 5 May 2008, the Purchaser entered into the Agreement with the Vendor to acquire the Sale Share, being the entire issued share capital of Billion Glory, and the Shareholder's Loan for an aggregate consideration of HK\$270,000,000.

## **THE AGREEMENT**

**Date:** 5 May 2008

### **Parties:**

- (i) Purchaser: Viewtop International Limited
- (ii) Vendor: New World Development (China) Limited
- (iii) Company: Billion Glory Group Limited

### **Subject matter to be acquired/disposed**

The Purchaser has conditionally agreed to acquire from the Vendor the Sale Share, being the entire issued share capital of Billion Glory and the Shareholder's Loan.

Upon Completion, Billion Glory and Shenyang Trendy will cease to be subsidiaries of the NWCL Group and will become wholly-owned subsidiaries of the NWDS Group, and Billion Glory will owe the Shareholder's Loan to the Purchaser.

### **Information on Billion Glory, Shenyang Trendy and the Property**

Billion Glory was incorporated in the BVI in August 2007 and is an investment holding company which owns 100% legal and beneficial interests in Shenyang Trendy, which is the owner of the Property. The unaudited net asset value of Billion Glory as at 31 December 2007 was HK\$225,507,492. The unaudited net profits before and after tax and extraordinary items attributable to

Shenyang Trendy for the year ended 30 June 2007 prepared in accordance with the Hong Kong Financial Reporting Standards were HK\$39,155,443 and HK\$41,044,443, respectively, and that for the year ended 30 June 2006 were HK\$83,006,825 and HK\$59,748,171, respectively.

Set out below is the structure of Billion Glory immediately before and after the Completion:

*Immediately before the Completion*



*Immediately after the Completion*



The Property is a commercial complex in the downtown of Shenyang in Liaoning province, PRC, comprising retail shop premises with a total gross floor area of approximately 13,889.55 square meters.

The Property has been appraised by the Independent Valuer. A final draft of the valuation report has been prepared and is being finalized. NWDS does not anticipate any further changes to be made to the appraised value of the Property of approximately RMB250,000,000 as stated in the final draft of the valuation report. The valuation letter and certificate will be included in the circular to be despatched to the NWDS Shareholders in relation to the Agreement.

### **Consideration**

The consideration of HK\$270,000,000 for the sale and purchase of the Sale Share and the Shareholder's Loan was agreed between the parties based on arm's length negotiations by reference to the unaudited net asset value of Billion Glory and the final draft of the valuation report of the Independent Valuer. As set out below, the Agreement is conditional on the receipt by the Purchaser of the formal valuation report. The consideration will be satisfied in whole and in cash by the Purchaser on Completion. The Transaction will be funded by the NWDS Group's internal resources.

### **Conditions of the Agreement**

The 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 Agreement on or prior to Completion;
- (ii) all approvals and consents of third parties (including the Stock Exchange) which are necessary for the entering into and the implementation of the Agreement and all transactions contemplated under the Agreement having been obtained;
- (iii) the receipt by the Purchaser of a valuation report in respect of the Property prepared by a firm of independent valuers acceptable to the Purchaser;
- (iv) the receipt by the Purchaser of a copy of the agreement duly signed and executed by Shenyang New World Hotel and Shenyang New World regarding the use of certain ancillary facilities in relation to the Property by Shenyang New World;
- (v) during the period from the date of the Agreement to Completion, there not having occurred any material adverse effect on, or there not being in existence on Completion any material adverse change in, the financial position, operating performance and all other aspects of Billion Glory and Shenyang Trendy; and
- (vi) the approval of the Agreement and the transactions contemplated thereunder by the NWDS Independent Shareholders at the EGM by resolution passed in accordance with the requirements of the Listing Rules.

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), (iii) and (vi) above. If any of the above conditions shall not have been fulfilled (or, where applicable, waived by the Purchaser in writing) on or before the Long Stop Date, then the Agreement shall be void and of no effect and no party shall have any rights or claims whether for loss or damages or other relief whatsoever against any of the other parties on any ground save for claims arising out of any antecedent breach of the Agreement. The Purchaser has no present intention to waive any of the conditions above.

### **Completion**

Completion is to take place within five business days after fulfillment of all conditions (or such later date as shall be agreed in writing between the Vendor and the Purchaser).

### **FINANCIAL EFFECT OF THE TRANSACTION ON THE NWCL GROUP**

As a result of the Transaction, it is estimated that the NWCL Group will record an unaudited gain of approximately HK\$44,500,000, being the difference between the consideration for the Transaction and the unaudited net asset value of Billion Glory as at 31 December 2007, which will be reflected in the consolidated income statement of the NWCL Group for the year ending 30 June 2008. NWCL intends to use the proceeds received from the Transaction as general working capital of the NWCL Group.

### **REASONS FOR THE TRANSACTION**

NWCL is principally engaged in the property development, property investment and property related business in the PRC. The directors of NWCL believe that the Transaction will enable the NWCL Group to realize one of its long term investments with a good return and, at the same time, enhance the working capital position of the NWCL Group.

NWDS is principally engaged in the department store business and has emphasized the development of its department store business in the PRC. The Transaction will further enhance NWDS' influence in the PRC as well as consolidate its status of becoming a dominant department store operator in the flourishing retail market in the PRC. The directors of NWDS believe that the Transaction will further enhance the NWDS Group's department store business. The Transaction will provide an opportunity for NWDS to increase its interests in department store business in the north-eastern part of the PRC. Accordingly, the directors of NWDS believe that it is now an opportune time to proceed with the Transaction which, upon Completion, will further enhance the NWDS Group's strategy of expanding its department store network in the PRC.

Based on the above reasons, the respective directors of NWCL and NWDS consider the Agreement to be on normal commercial terms that are fair and reasonable as far as the respective shareholders of NWCL and NWDS are concerned, and that the transactions contemplated under the Agreement are in the interests of NWCL and NWDS and their respective shareholders as a whole.

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

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

## **INFORMATION RELATING TO THE NWDS GROUP**

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

## **LISTING RULES REQUIREMENTS**

The Purchaser and the Vendor are indirect subsidiaries of NWD, who is interested in approximately 70% and 72.29% of the entire share capital of NWCL and NWDS, respectively. Accordingly under the Listing Rules, the Purchaser is a connected person of NWCL and the Vendor is a connected person of NWDS, and the Transaction constitutes a connected transaction for both NWCL and NWDS under the Listing Rules.

As the applicable percentage ratios in respect of the Transaction are less than 2.5% for NWCL, the Transaction is subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules so far as NWCL is concerned. As more than one of the applicable percentage ratios in respect of the Transaction is more than 2.5% for NWDS, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules so far as NWDS is concerned. Accordingly, NWDS will seek approval from the NWDS Independent Shareholders by way of poll at the EGM. The EGM will be convened by NWDS at which resolution will be proposed to seek approval of, among other things, the Agreement. At such meeting, the votes of the NWDS Independent Shareholders in relation to the Agreement will be taken by poll on which NWD and its associates and any NWDS Shareholders who have material interests in the Agreement will abstain from voting. The NWDS Independent Board Committee will be constituted to advise the NWDS Independent Shareholders relating to the Agreement. An independent financial adviser will be appointed to advise the NWDS Independent Board Committee and the NWDS Independent Shareholders in this regard. In addition, based on the applicable percentage ratios, the Transaction also constitutes a discloseable transaction for NWDS under Rule 14.08 of the Listing Rules.

A circular containing, among other things, further details of the Agreement, a valuation letter, a letter of recommendation from the NWDS Independent Board Committee to the NWDS Independent Shareholders, a letter of advice from the independent financial adviser to the NWDS Independent Board Committee and the NWDS Independent Shareholders on the Agreement, and the notice of the EGM and other information as required under the Listing Rules will be despatched to the NWDS Shareholders as soon as practicable in accordance with the Listing Rules.

## CHANGE IN USE OF PROCEEDS

The board of directors of NWDS also wishes to announce that there will be changes in the application of the net proceeds received by NWDS from the Global Offering in the revised manner set out below:

### **Intended use of the proceeds<sup>(i)</sup>**

- (1) approximately HK\$450–550 million for establishing new stores within the next three years in certain major cities in the PRC such as Anshan, Nanjing and Chongqing
- (2) approximately HK\$600 million for acquiring from the relevant landlords the leased properties at which NWDS' stores are located
- (3) approximately HK\$500 million for future acquisition of department stores in other cities in the PRC where consumption power and future prospects are promising
- (4) approximately HK\$250 million for the expansion, refurbishment and renovation of certain existing stores in the PRC such as NWDS' stores in Harbin, Shanghai, Shenyang and Tianjin
- (5) approximately HK\$50 million for upgrading existing information technology and management systems
- (6) the remaining amount of the net proceeds as general working capital

### **Revised use of the proceeds<sup>(ii)</sup>**

- (1) approximately HK\$531 million for the purpose originally designated
- (2) approximately HK\$910 million for acquiring the leased properties at which NWDS' stores are located from the relevant landlords and other properties for the operation of department stores
- (3) approximately HK\$600 million for the purpose originally designated
- (4) approximately HK\$250 million for the purpose originally designated
- (5) approximately HK\$50 million for the purpose originally designated
- (6) the remaining amount of the net proceeds as general working capital

#### *Notes:*

- (i) based on the offer price of HK\$5.30 per share of NWDS (and assuming the Over-allotment Option was not exercised) as set out in the prospectus of NWDS dated 28 June 2007.
- (ii) based on the final offer price of HK\$5.80 per share of NWDS and net proceeds of approximately HK\$2,558 million received by NWDS from the Global Offering.

In view of the business needs of NWDS and the general market conditions in the PRC, the directors of NWDS consider it necessary to continue to acquire properties and department stores in the PRC. The directors of NWDS believe that such acquisitions are important to the continued expansion of the NWDS Group and will further enhance and consolidate NWDS' status of becoming a dominant department store operator in the flourishing retail market in the PRC.

As such, the board of directors of NWDS has decided to reallocate part of the net proceeds received by NWDS from the Global Offering originally designated for other purposes to facilitate such acquisitions. The directors of NWDS are of the view that the above reallocation of proceeds received by NWDS from the Global Offering is in the best interests of NWDS and NWDS Shareholders as a whole.

## **TERMS USED IN THIS ANNOUNCEMENT**

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

“Agreement”	an agreement dated 5 May 2008 entered into among the Vendor, the Purchaser and Billion Glory relating to the sale and purchase of the Sale Share and the Shareholder’s Loan
“associates”	has the meaning ascribed to it under the Listing Rules
“Billion Glory”	Billion Glory Group Limited, a limited liability company incorporated in the BVI in August 2007, which is wholly owned by the Vendor
“BVI”	British Virgin Islands
“Completion”	completion of the Transaction under the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of NWDS to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
“Global Offering”	the global offering of shares of NWDS as more particularly set out in the prospectus of NWDS dated 28 June 2007
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	Jones Lang LaSalle Sallmanns Limited, a firm of professional valuers independent from NWDS and NWCL and their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	1 August 2008 or such later date as the parties to the Agreement may agree in writing
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“NWCL Group”	NWCL and its subsidiaries
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange, and is the controlling shareholder of NWCL and NWDS
“NWDS”	New World Department Store China Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“NWDS Group”	NWDS and its subsidiaries
“NWDS Independent Board Committee”	an independent board committee of NWDS comprising all independent non-executive directors of NWDS
“NWDS Independent Shareholders”	NWDS Shareholders other than NWD and its associates
“NWDS Shareholder”	holder of the shares of NWDS
“PRC”	The People’s Republic of China
“Property”	the property located on the 1st to 4th Floor at 2 Nanjingnan Street, Heping District, Shenyang, Liaoning province, PRC and at which Shenyang New World Department Store — Nanjing Street Branch Store (瀋陽新世界百貨—南京街店) is located
“Purchaser”	Viewtop International Limited, a limited liability company incorporated in the BVI, which is a wholly-owned subsidiary of NWDS
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	the one ordinary share of US\$1.00 each in the share capital of Billion Glory beneficially owned by the Vendor, representing the entire issued share capital of Billion Glory
“Shareholder’s Loan”	the outstanding shareholder’s loan of Billion Glory owed to the Vendor in the total amount of HK\$174,501,516 as of 31 December 2007

“Shenyang New World”	Shenyang New World Department Store Co., Ltd. (瀋陽新世界百貨有限公司), a wholly foreign owned enterprise incorporated in the PRC and an indirect wholly-owned subsidiary of NWDS, and operates its department store business in the name of Shenyang New World Department Store — Nanjing Street Branch Store (瀋陽新世界百貨—南京街店)
“Shenyang New World Hotel”	Shenyang New World Hotel Co., Ltd (瀋陽新世界酒店有限公司), a wholly foreign owned enterprise incorporated in the PRC and an indirect wholly-owned subsidiary of NWCL, and is the owner of certain parts of the building at which the Property and Shenyang New World Department Store — Nanjing Street Branch Store (瀋陽新世界百貨—南京街店) are located
“Shenyang Trendy”	Shenyang Trendy Property Company Limited (瀋陽時尚物業有限公司), a wholly foreign owned enterprise incorporated in the PRC and a wholly-owned subsidiary of Billion Glory
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the proposed acquisition of the Sale Share, being one ordinary share in Billion Glory representing its entire issued share capital, and the Shareholder’s Loan, by the Purchaser from the Vendor
“Vendor”	New World Development (China) Limited, a limited liability company incorporated in Hong Kong, which is a wholly owned subsidiary of NWCL
“%”	per cent.

By order of the board of  
**New World China Land Limited**  
**Ngan Man-ying, Lynda**  
*Company Secretary*

By order of the board of  
**New World Department Store China Limited**  
**Wong Kwok-kan, Kenneth**  
*Company Secretary*

Hong Kong, 5 May 2008

*As at the date of this announcement, the board of directors of NWCL comprises: (1) Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda as executive directors; (2) Mr. Fu Sze-shing as non-executive director; and (3) Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John as independent non-executive directors.*

*As at the date of this announcement, the board of directors of NWDS comprises: (1) Dr. Cheng Kar-shun, Henry and Mr. Au Tak-cheong as non-executive Director; (2) 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 as executive directors; and (3) Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai, Henry as independent non-executive directors.*