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CONNECTED TRANSACTION

DISCLOSEABLE AND CONNECTED TRANSACTION

FRAMEWORK AGREEMENT

The respective board of directors of NWCL and NWDS announced that on 4 October 2010, the Purchaser, an indirect wholly-owned subsidiary of NWDS, entered into the Framework Agreement with the Vendor, an indirect wholly-owned subsidiary of NWCL, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Property for a consideration of RMB456,534,000, equivalent to approximately HK\$518,788,636 (subject to adjustments).

CONNECTED TRANSACTION FOR NWCL

As at the date of this announcement, NWD held an approximately 70% attributable interest in NWCL. Since NWDS is a subsidiary of NWD, NWDS is a connected person of NWCL and the transaction contemplated under the Framework Agreement constitutes a connected transaction of NWCL under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is below 5%, the transaction under the Framework Agreement is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval of NWCL under the Listing Rules.

DISCLOSEABLE AND CONNECTED TRANSACTION FOR NWDS

As at the date of this announcement, NWD held an approximately 72.29% attributable interest in NWDS. Since NWCL is a subsidiary of NWD, NWCL is a connected person of NWDS and the transaction contemplated under the Framework Agreement constitutes a connected transaction of NWDS under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5%, the transaction under the Framework Agreement is subject to the reporting and announcement requirements and the independent shareholders' approval of NWDS under the Listing Rules. In addition, based on the applicable percentage ratios, the transaction under the Framework Agreement also constitutes a discloseable transaction of NWDS under Rule 14.08 of the Listing Rules.

DESPATCH OF CIRCULAR TO THE SHAREHOLDERS OF NWDS

A circular containing, among other things, further details of the Framework Agreement, a letter of recommendation from the independent board committee of NWDS to its independent shareholders, a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of NWDS on the Framework Agreement, the notice of the EGM and other information as required under the Listing Rules will be despatched to the shareholders of NWDS in accordance with the Listing Rules.

THE FRAMEWORK AGREEMENT

Date

4 October 2010

Parties

- (i) The Vendor; and
- (ii) The Purchaser.

Subject Matter

Subject to the terms of the Framework Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Property, which is part of the Project to be erected on the parcel of land located at 中國遼寧省瀋陽市南寧南街東地塊 (east land lot of Nanning South Street, Shenyang City, Liaoning Province, the PRC).

The estimated buildable floor area of the Building (which is part of the Property as detailed in the section headed “DEFINITIONS”) shall be approximately 25,363 square metres. The designated use of the Building is commercial and the term of the land use right of the Land is from 14 August 2009 to 29 June 2049. As at the date of this announcement, the Project is under construction by the Vendor. The original acquisition cost of the Land and the book value attributable to the portion of the Property was RMB30,400,000. According to the valuation prepared by an independent valuer, the appraised value of the Property as at 31 July 2010 was RMB456,000,000.

The Vendor will be responsible for the construction of the Project and has undertaken that the completion of the construction of the Building shall not be later than 31 August 2012 and the Vendor shall handover the completed Building to the Purchaser and obtained 建築工程竣工驗收備案表 (Constructions Works Completion Inspection Certificate) on or before 31 August 2012.

Consideration

The Consideration for the Acquisition is preliminarily determined at RMB456,534,000 (being the Projected Area multiplied by RMB18,000 per square metre) and is payable in cash by the Purchaser to the Vendor. The Consideration will be funded by the internal resources of the Purchaser.

Under the Framework Agreement, the Contracted Area will be determined by the parties upon signing of the SP Agreement in accordance with the area stipulated in the 商品房預售許可證 (Permit for the Pre-sale of Commercial Housing). The Consideration shall then be adjusted in accordance with the increase or decrease of the Contracted Area as compared with the Projected Area at the rate of RMB18,000 per square metre. In the event of any further deviation between the Contracted Area and the Actual Area, the Consideration will further be adjusted at the rate of RMB18,000 per square metre. It is estimated that the maximum consideration payable by the Purchaser is RMB486,000,000 based on this adjustment mechanism.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with the Purchaser's reference to the appraised value of the Property based on the valuation prepared by an independent valuer, a copy of the relevant valuation report will be included in the circular of NWDS to be despatched to its shareholders in relation to the Acquisition, market price of other properties in the vicinity of the Land, economic factors and the potential of the Property.

Payment of Consideration

The Consideration is payable by the Purchaser to the Vendor in accordance with the following manner:

- (i) 10% of the Consideration, equivalent to RMB45,653,400, is payable by the Purchaser to the Vendor within 10 working days upon the signing of the Framework Agreement;
- (ii) 10% of the Consideration, equivalent to RMB45,653,400, is payable by the Purchaser to the Vendor within 10 working days upon the provision by the Vendor of 建設工程規劃許可證 (Construction Engineering Planning Permit), 建築工程施工許可證 (Construction Works Commencement Permit) and other construction related documents as prescribed in the Framework Agreement;
- (iii) 20% of the Consideration, equivalent to RMB91,306,800 (or such amount as to be adjusted based on the Contracted Area in accordance with the Framework Agreement), is payable by the Purchaser to the Vendor within 10 working days upon the receipt by the Vendor of 商品房預售許可證 (Permit For The Pre-sale of Commercial Housing) in respect of the Project and the SP Agreement was entered into by the parties and the registration of the SP Agreement has been completed;

- (iv) 40% of the Consideration, equivalent to RMB182,613,600 (or such amount as to be adjusted based on the Contracted Area in accordance with the Framework Agreement), is payable by the Purchaser to the Vendor within 10 working days upon the signing of a confirmation by the Purchaser acknowledging the completion of the construction of the main structure of the Building (which shall be completed on or before 31 May 2011 and the photos of such completed construction and the confirmation letter issued by the supervisor of the Project shall be provided by the Vendor);
- (v) 20% of the Consideration, equivalent to RMB91,306,800 (or such amount as to be adjusted based on the Contracted Area in accordance with the Framework Agreement), is payable by the Purchaser to the Vendor within 10 working days upon the handover of the Building in accordance with the Framework Agreement and the signing of 房屋交接確認書 (Confirmation On The Handover of The Building) by the Vendor and the Purchaser; and
- (vi) the balance of the Consideration, after taking into account the Actual Area and the adjustment mechanism set out in the section headed “Consideration”, is payable by the Purchaser to the Vendor within 10 working days upon the issue of 房屋所有權證 (Building Ownership Certificate) and the 國有土地使用權證 (State-owned Land Use Right Certificate) in respect of the Building to the Purchaser in accordance with the Framework Agreement.

Condition of the Framework Agreement

The Framework Agreement is conditional upon the approval of the Framework Agreement by the independent shareholders of NWDS.

Financial Effect on NWCL Group

As a result of the Acquisition by the Purchaser from the Vendor, it is estimated that NWCL Group will record an unaudited gain of approximately RMB122,700,000, being the differences between the Consideration and the expected direct cost of development of the Property and after taking into account relevant taxes to be charged, including business tax, land appreciation tax and corporate income tax. NWCL intends to use the net sales proceeds as general working capital of NWCL Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The board of directors of NWCL believes that the disposal of the Property is in line with NWCL Group’s strategy to realise its investment and secure presales at suitable opportunity given the prevailing slow-down and unfavourable market sentiment in the property market. The disposal will also enhance the working capital position of the NWCL Group.

The board of directors of NWDS considers that the Framework Agreement is expected to further enhance the influence of NWDS Group in the retail market in the PRC as well as to facilitate NWDS Group to lay a solid foundation for a retail roadmap in the PRC. The directors of NWDS believe that the Framework Agreement will further enhance the business of NWDS Group and enrich the revenue stream of NWDS Group. The Framework Agreement will provide an opportunity for NWDS to increase its interests in department store business in the northeastern part of the PRC. Accordingly, the directors of NWDS believe that it is now an opportune time to proceed with the Framework Agreement which, upon completion, will further enhance the strategy of “multiple presences in a single city” in order to increase its market share and enjoy economies of scale and synergy effect within the northeastern region of the PRC.

The terms of the Framework Agreement have been determined through arm’s length negotiations between the parties and reflect normal commercial terms. The directors (excluding the independent non-executive directors of NWDS whose views will be contained in the circular to be despatched by NWDS after considering the advice from the independent financial adviser) of each of NWCL and NWDS consider that the terms of the Framework Agreement are fair and reasonable and in the interests of NWCL and NWDS, respectively, and their respective shareholders as a whole.

INFORMATION ON THE VENDOR

The Vendor is principally engaged in the property investment, development and operation of hotels in the PRC.

INFORMATION ON THE PURCHASER

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

INFORMATION ON NWCL

NWCL is principally engaged in property development, property related investments as well as rental and hotel operation in the PRC.

INFORMATION ON NWDS

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD held an approximately 70% attributable interest in NWCL. Since NWDS is a subsidiary of NWD, NWDS is a connected person of NWCL and the transaction contemplated under the Framework Agreement constitutes a connected transaction of NWCL under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is below 5%, the transaction under the Framework Agreement is subject to the reporting and announcement requirements, but exempt from the independent shareholders’ approval of NWCL under the Listing Rules.

As at the date of this announcement, NWD held an approximately 72.29% attributable interest in NWDS. Since NWCL is a subsidiary of NWD, NWCL is a connected person of NWDS and the transaction contemplated under the Framework Agreement constitutes a connected transaction of NWDS under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5%, the transaction under the Framework Agreement is subject to the reporting and announcement requirements and the independent shareholders' approval of NWDS under the Listing Rules. In addition, based on the applicable percentage ratios, the transaction under the Framework Agreement also constitutes a discloseable transaction of NWDS under Rule 14.08 of the Listing Rules.

NWD, its associates and any shareholder of NWDS who has a material interest in the Framework Agreement will abstain from voting on the resolution to approve the Framework Agreement at the EGM.

APPROVAL BY THE BOARD OF DIRECTORS OF NWCL

Dr. Cheng Kar-shun, Henry, the Chairman and Managing Director of NWCL, is the Chairman and non-executive director of NWDS. Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda, both executive directors of NWCL, are also the executive directors of NWDS and Ms. Ngan Man-ying, Lynda holds directorships in companies controlled by NWDS. None of the directors of NWCL has a material interest in the transaction contemplated under the Framework Agreement. Accordingly, none of them is required to abstain from voting on the relevant board resolutions to approve the Framework Agreement at the board meeting of NWCL.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER OF NWDS

An independent board committee of NWDS has been appointed to advise the independent shareholders of NWDS on the terms of the Framework Agreement. Veda Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of NWDS and the independent shareholders of NWDS on the terms of the Framework Agreement.

DESPATCH OF CIRCULAR TO THE SHAREHOLDERS OF NWDS

A circular containing, among other things, further details of the Framework Agreement, a letter of recommendation from the independent board committee of NWDS to its independent shareholders, a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of NWDS on the Framework Agreement, the notice of the EGM and other information as required under the Listing Rules will be despatched to the shareholders of NWDS in accordance with the Listing Rules on or before 25 October 2010.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor under the Framework Agreement
“Actual Area”	the floor area of the Building as stipulated on 房屋所有權證 (Building Ownership Certificate) in respect of the Building to be issued in the name of the Purchaser
“associates”	has the meaning ascribed to it under the Listing Rules
“Building”	certain exclusive and common-use areas of Lower Ground Level 1 to Upper Ground Level 5 of the Project; and certain exclusive-use portion of the equipment and facility room of Lower Ground Level 2 to Lower Ground Level 3 and that of Upper Ground Level 6 of the Project for the exclusive use of the Purchaser
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Property in the sum of RMB456,534,000 subject to adjustments as set out in the Framework Agreement
“Contracted Area”	the floor area of the Building as agreed by the parties in the SP Agreement in accordance with the area as stipulated on the 商品房預售許可證 (Permit for the Pre-sale of Commercial Housing)
“EGM”	the extraordinary general meeting of NWDS to be convened for the purposes of considering and, if thought fit, approving the Framework Agreement
“Framework Agreement”	房屋買賣框架合同 (Framework Agreement for Sale and Purchase of Property) entered into between the Vendor and the Purchaser dated 4 October 2010 pursuant to which, inter alia, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Property
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Land”	the parcel of land located at 中國遼寧省瀋陽市南寧南街東地塊 (east land lot of Nanning South Street, Shenyang City, Liaoning Province, the PRC) (State-owned Land Use Right Certificate Number : Shenyang Guoyong (2009) No. 0164)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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/or 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 NWCL and NWDS
“NWDS”	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
“NWDS Group”	NWDS and/or its subsidiaries from time to time
“PRC”	the People’s Republic of China
“Project”	the building, temporarily known as 瀋陽新世界商業中心一期 (Shenyang New World Commercial Centre Phase I), to be developed by the Vendor on the Land
“Projected Area”	the estimated buildable floor area of the Building as set out in the Framework Agreement, being approximately 25,363 square metres
“Property”	represents (i) the building ownership right and the land use right of the Building; (ii) the right of use of certain outer wall area of Upper Ground Levels 1 to 5 of the Project, certain exclusive areas (such as facility rooms) on the accessible podium of Upper Ground Level 6 of the Project, and the relevant outdoor areas of the Project as prescribed in the Framework Agreement; and (iii) the right of use of the equipment and facilities and the electrical and mechanical systems to be exclusively used by the Purchaser as confirmed by the Vendor and Purchaser, and the right of use of the common areas and common equipment and facilities as prescribed in the Framework Agreement

“Purchaser”	瀋陽新世界百貨有限公司 (Shenyang New World Department Store Ltd.), an indirect wholly-owned subsidiary of NWDS
“RMB”	Renminbi, the lawful currency of the PRC
“SP Agreement”	商品房買賣合同 (Agreement for Sale and Purchase of Commercial Housing), together with any agreement supplemental thereto, to be entered into between the Vendor and the Purchaser in respect of the Acquisition pursuant to the Framework Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	瀋陽新世界酒店有限公司 (Shenyang New World Hotel Co., Ltd.), an indirect 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
Wu Yuk-kwai, Catherine
Company Secretary

Hong Kong, 4 October 2010

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

As at the date of this announcement, the non-executive directors of NWDS are Dr. Cheng Kar-shun, Henry and Mr. Au Tak-cheong; the executive directors of NWDS 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 of NWDS are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai, Henry.

For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB0.88=HK\$1.00.