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## **CONTINUING CONNECTED TRANSACTIONS**

### **MASTER SALES AGREEMENT**

Reference is made to the announcements of NWDS dated 22 May 2009 and 21 September 2009 in relation to the First Master Sales Agreement and the Supplemental Master Sales Agreement, respectively.

As NWCL and NWDS expect that the annual caps under the First Master Sales Agreement will not be sufficient to meet their respective requirements and propose to extend the term and scope of the First Master Sales Agreement, NWCL, NWDS and CTF Jewellery therefore entered into the Master Sales Agreement on 22 March 2011 to (i) terminate the First Master Sales Agreement; and (ii) provide a framework for the conduct of the Transactions for the three-year period ending 30 June 2013.

### **LISTING RULES IMPLICATIONS FOR NWCL**

As at the date of this announcement, NWD held an approximately 70% attributable interest in NWCL and NWDS is a subsidiary of NWD. CTF Jewellery is an associate of CTF which is a substantial shareholder of NWD. NWDS and CTF Jewellery are therefore connected persons of NWCL and the Transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of NWCL under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the Master Sales Agreement are more than 0.1% but less than 5%, the Master Sales Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval of NWCL under Chapter 14A of the Listing Rules.

### **LISTING RULES IMPLICATIONS FOR NWDS**

As at the date of this announcement, NWD held an approximately 72.29% attributable interest in NWDS and NWCL is a subsidiary of NWD. CTF Jewellery is an associate of CTF which is a substantial shareholder of NWD. NWCL and CTF Jewellery are therefore connected persons of NWDS and the Transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of NWDS under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the Master Sales Agreement is more than 0.1% but less than 5%, the Master Sales Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval of NWDS under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcements of NWDS dated 22 May 2009 and 21 September 2009 in relation to the First Master Sales Agreement and the Supplemental Master Sales Agreement, respectively.

As NWCL and NWDS expect that the annual caps under the First Master Sales Agreement will not be sufficient to meet their respective requirements and the term and scope of the First Master Sales Agreement shall be extended, NWCL, NWDS and CTF Jewellery therefore entered into the Master Sales Agreement on 22 March 2011 to (i) terminate the First Master Sales Agreement; and (ii) provide a framework for the conduct of the Transactions for the three-year period ending 30 June 2013.

## **MASTER SALES AGREEMENT**

### **Date**

22 March 2011

### **Parties**

- (i) NWCL;
- (ii) NWDS; and
- (iii) CTF Jewellery.

### **Term**

The Master Sales Agreement shall be for a term commencing from the date of the Master Sales Agreement, i.e., 22 March 2011, and ending on 30 June 2013 (both days inclusive).

### **Major Terms**

- 1) In respect of the Previous Sales Contracts, the parties agree to carry out the Transactions contemplated thereunder in accordance with the terms of the relevant Previous Sales Contracts and all terms agreed among the parties thereto shall remain in full force notwithstanding the terms of the Master Sales Agreement.
- 2) Without prejudice to the terms of the Previous Sales Contracts, NWDS agrees to, and to procure its subsidiaries to accept the Shopping Vouchers and the Prepaid Shopping Cards presented to the Stores from time to time or any other means acceptable to NWDS as payment for purchases of goods at the Stores during the term of the Master Sales Agreement on condition that the relevant value represented by the Shopping Vouchers, the Prepaid Shopping Cards and any other means acceptable to NWDS will be settled by members of the NWCL Group.

- 3) The relevant members of CTF Jewellery Group agree to offer Commissions to the relevant members of the NWCL Group and the relevant members of NWDS Group agree to offer Rebates to the relevant members of the CTF Jewellery Group in respect of the purchases to be made by customers at the floor space where CTF Jewellery Group operates its business at the Stores by means of presenting the Shopping Vouchers or by any other means acceptable to NWDS Group for such purchases. The NWDS Group will, subject to the arrangements under the relevant Sales Contracts, reconcile the amount of such Commissions and/or Rebates with the amount receivable from relevant members of the NWCL Group in connection with the relevant Transactions and the NWDS Group will settle such amounts with the relevant members of the CTF Jewellery Group. The rate of such Commissions or Rebates will be determined in accordance with the terms of the relevant Sales Contracts.
- 4) The relevant members of NWDS Group agree to offer Discounts to the relevant members of the NWCL Group in respect of the purchases by the relevant members of the NWCL Group of the Prepaid Shopping Cards or any other means acceptable to NWDS as payment for purchases of goods at the Stores.
- 5) The Transactions will be conducted in accordance with the terms of the Master Sales Agreement and the particular terms and conditions of the relevant Sales Contracts. The terms of and the consideration payable in respect of each Transaction (including the amount of consideration payable and the payment terms) under a Sales Contract shall be negotiated on a case-by-case basis and in compliance with the applicable laws and regulations, on arm's length basis, on normal commercial terms and on terms no more favourable than the terms offered by the NWDS Group and/or NWCL Group to independent third parties.
- 6) NWDS, NWCL and CTF Jewellery agree to terminate the First Master Sales Agreement upon the Master Sales Agreement becoming effective.

### **Consideration**

The consideration payable by the NWCL Group to the NWDS Group shall be determined in accordance with the basis set out in clause numbered (5) under the section headed "Master Sales Agreement – Major Terms" above. Pursuant to the Master Sales Agreement, NWDS Group shall accept the Shopping Vouchers, the Prepaid Shopping Cards or any other means acceptable to NWDS as payment for purchases of goods at the Stores and the relevant value represented by the accepted Shopping Vouchers, Prepaid Shopping Cards or by any other means acceptable to NWDS will be settled by members of the NWCL Group.

The relevant value representing the goods to be purchased by customers by means of presenting Shopping Vouchers at the Stores will be settled by NWCL Group to NWDS Group on periodic basis based on the value of goods purchased and that of the Prepaid Shopping Cards will be settled by NWCL Group to NWDS Group on transaction basis (less Discounts), or other basis in accordance with the terms of the relevant Sales Contracts.

## **Annual Caps**

It is expected that the annual transaction amount under the Master Sales Agreement will not exceed RMB50,000,000 for each of the three financial years ending 30 June 2013.

Such annual caps are determined in accordance with the historical transaction amounts under the First Master Sales Agreement (as detailed below), the expected value of the Shopping Vouchers and Prepaid Shopping Cards to be provided by the NWCL Group as part of the marketing plan for the sales of the properties of the NWCL Group after considering the favourable responses from previous buyers and proven positive marketing effort to facilitate successful sales of properties, the budgeted marketing expenses of the NWCL Group, the prevailing market conditions and the estimated expansion of existing and future projects of members of the NWCL Group.

## **Historical Figures**

The transaction amounts under the First Master Sales Agreement for the year ended 30 June 2010 and for the six months ended 31 December 2010 were approximately RMB326,000 and RMB248,000, respectively.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SALES AGREEMENT**

NWCL intends to launch a large scale marketing activities to promote the sales of properties of the NWCL Group. As part of such marketing activities, Shopping Vouchers or Prepaid Shopping Cards will be provided as gifts to the purchasers of properties of the NWCL Group. The board of directors of NWCL considers that the entering into of the Master Sales Agreement can ensure the smooth operation of the marketing plan of NWCL.

The board of directors of NWDS believes that the entering into of the Master Sales Agreement would bring more customers to and enhance the sales of the Stores.

The terms of the Master Sales Agreement have been determined through arm's length negotiation between the parties and reflect normal commercial terms. The directors (including the independent non-executive directors) of each of NWCL and NWDS consider that the terms of the Master Sales Agreement and its annual caps are fair and reasonable and in the interests of NWCL and NWDS, respectively, and their respective shareholders as a whole.

## **LISTING RULES IMPLICATIONS FOR NWCL**

As at the date of this announcement, NWD held an approximately 70% attributable interest in NWCL and NWDS is a subsidiary of NWD. CTF Jewellery is an associate of CTF which is a substantial shareholder of NWD. NWDS and CTF Jewellery are therefore connected persons of NWCL and the Transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of NWCL under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the Master Sales Agreement are more than 0.1% but less than 5%, the Master Sales Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval of NWCL under Chapter 14A of the Listing Rules.

## **LISTING RULES IMPLICATIONS FOR NWDS**

As at the date of this announcement, NWD held an approximately 72.29% attributable interest in NWDS and NWCL is a subsidiary of NWD. CTF Jewellery is an associate of CTF which is a substantial shareholder of NWD. NWCL and CTF Jewellery are therefore connected persons of NWDS and the Transactions contemplated under the Master Sales Agreement constitute continuing connected transactions of NWDS under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the Master Sales Agreement is more than 0.1% but less than 5%, the Master Sales Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval of NWDS under Chapter 14A of the Listing Rules.

## **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 certain companies controlled by NWDS. Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter and Mr. Cheng Chi-kong, Adrian are the directors of CTF Jewellery. None of the directors of NWCL has a material interest in the Transaction contemplated under the Master Sales Agreement. Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda have voluntarily abstained from voting on the relevant board resolutions to approve the Master Sales Agreement at the board meeting of NWCL.

## **APPROVAL BY THE BOARD OF DIRECTORS OF NWDS**

None of the directors of NWDS has a material interest in the Master Sales Agreement. However, it was stated in the prospectus of NWDS dated 28 June 2007 that three of the directors of NWDS, Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda (who are also the executive directors of NWCL) will abstain from voting in the resolution(s) relating to transactions(s) between the NWDS Group and NWCL Group. Therefore, Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda have abstained from voting on the relevant board resolutions to approve the Master Sales Agreement at its board meeting. Other than Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda, none of the directors of NWDS is required to abstain from voting on the relevant board resolutions to approve the Master Sales Agreement at its board meeting.

## **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.

## **INFORMATION ON CTF JEWELLERY**

CTF Jewellery is principally engaged in the business of selling jewellery.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Commissions”	an amount, being a percentage as agreed under the relevant Sales Contracts, to be offered by members of CTF Jewellery Group to members of NWCL Group in respect of the purchases to be made by customers at the floor space where CTF Jewellery Group operates its business at the Stores by means of presenting the Shopping Vouchers or by any other means acceptable to NWDS for such purchases
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CTF”	Chow Tai Fook Enterprises Limited, a substantial shareholder of NWD as at the date of this announcement
“CTF Jewellery”	Chow Tai Fook Jewellery Company Limited, an associate of CTF
“CTF Jewellery Group”	CTF Jewellery and/or its subsidiaries from time to time
“Discounts”	an amount to be deducted from the value to be settled by the NWCL Group in respect of the purchases of the Prepaid Shopping Cards or any other means acceptable to NWDS as payment of purchases of goods at the Stores, being 2% of such value
“First Master Sales Agreement”	the master sales agreement (as amended by the Supplemental Master Sales Agreement) entered into between NWDS, NWCL and CTF Jewellery dated 22 May 2009 regarding the sale of goods in the Stores by means of accepting the Shopping Vouchers by members of the NWDS Group, particulars of which are set out in the announcement of NWDS dated 22 May 2009
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sales Agreement”	the master sales agreement entered into between NWDS, NWCL and CTF Jewellery dated 22 March 2011 in connection with the termination of the First Master Sales Agreement and the conduct of the Transactions, particulars of which are set out in this announcement
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange and is a subsidiary of NWD
“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
“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 and is a subsidiary of NWD
“NWDS Group”	NWDS and/or its subsidiaries from time to time
“PRC”	the People’s Republic of China
“Prepaid Shopping Cards”	prepaid shopping cards issued or to be issued by the NWDS Group to NWCL Group which may be presented at the Stores for purchasing goods at the Stores
“Previous Sales Contract(s)”	the specific sales agreements or other arrangements entered into between member(s) of the NWDS Group, member(s) of the NWCL Group and/or member(s) of the CTF Jewellery Group pursuant to the First Master Sales Agreement and which are subsisting as at the date of the Master Sales Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Rebates”	an amount, being a percentage as agreed under the relevant Sales Contracts, to be offered by members of NWDS Group to members of CTF Jewellery Group in respect of the purchases made by customers at the floor space where CTF Jewellery Group operates its business at the Stores by means of presenting the Shopping Vouchers or by any other means acceptable to NWDS Group for such purchases
“Sales Contract(s)”	the specific sales agreement(s) or other arrangements entered into or concluded, which are subsisting as at the date of the Master Sales Agreement, and those to be entered into or concluded between member(s) of the NWDS Group, member(s) of the NWCL Group and/or member(s) of the CTF Jewellery Group from time to time in respect of the Transactions
“Shopping Vouchers”	various cash equivalent gift coupons, gift cards and stored value shopping cards of the NWCL Group which may be presented at the Stores for purchasing goods at the Stores
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Stores”	the department stores owned and operated by NWDS Group from time to time
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance, Chapter 32 of the Law of Hong Kong
“Supplemental Master Sales Agreement”	the supplemental master sales agreement entered into between NWDS, NWCL and CTF Jewellery dated 21 September 2009 amending the terms of the First Master Sales Agreement, particulars of which are set out in the announcement of NWDS dated 21 September 2009
“Transaction(s)”	the particular occasion(s) of the sale of goods in the Stores by the NWDS Group by accepting the Shopping Vouchers, the Prepaid Shopping Cards or by any other means acceptable to NWDS and the settlement of the relevant value represented by such Shopping Vouchers, Prepaid Shopping Cards or by any other means acceptable to NWDS among members of the NWCL Group, NWDS Group and/or CTF Jewellery Group
“%”	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, 22 March 2011

*As at the date of this announcement, the board of directors of NWCL comprises: (1) seven 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. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (2) four non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, and Mr. Chow Yu-chun, Alexander; 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.*