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(Stock Code: 0017)



## **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE MASTER CONCESSIONAIRE COUNTER AGREEMENT**

References are made to (i) the joint announcements of NWDS, NWD and CTFJ in respect of, among other things, the Master Concessionaire Counter Agreement dated 22 March 2012 and 11 April 2014, respectively; (ii) the joint announcement of NWDS and NWD in respect of, among other things, the Master Concessionaire Counter Agreement dated 10 April 2017; and (iii) the circulars of NWDS in respect of, among other things, the Master Concessionaire Counter Agreement dated 5 April 2012, 8 May 2014 and 8 May 2017, respectively.

On 22 March 2012, NWDS and CTFJ entered into the Master Concessionaire Counter Agreement in relation to the Transactions, which was subsequently automatically renewed twice for two successive periods of three years commencing from 1 July 2014. As such, the Master Concessionaire Counter Agreement will expire on 30 June 2020. Subject to the compliance with the Listing Rules by NWDS and CTFJ, the Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years from the Renewal Date.

As at the date of this announcement, NWD is a substantial shareholder of NWDS and hence a connected person of NWDS. CTFJ is a fellow subsidiary of CTFE which is a substantial shareholder of NWD. CTFJ is therefore a connected person of NWD and also considered to be a connected person of NWDS and the relevant Transactions constitute continuing connected transactions of each of NWD and NWDS under Chapter 14A of the Listing Rules.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the New NWDS Annual Caps is more than 0.1% but less than 5% so far as NWDS is concerned, the renewal of the Master Concessionaire Counter Agreement and the New NWDS Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules for NWDS.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the New NWD Annual Caps is more than 0.1% but less than 5% so far as NWD is concerned, the renewal of the Master Concessionaire Counter Agreement and the New NWD Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules for NWD.

### **INTRODUCTION**

References are made to (i) the joint announcements of NWDS, NWD and CTFJ in respect of, among other things, the Master Concessionaire Counter Agreement dated 22 March 2012 and 11 April 2014, respectively; (ii) the joint announcement of NWDS and NWD in respect, among other things, of the Master Concessionaire Counter Agreement dated 10 April 2017; and (iii) the circulars of NWDS in respect of, among other things, the Master Concessionaire Counter Agreement dated 5 April 2012, 8 May 2014 and 8 May 2017, respectively.

## **RENEWAL OF THE MASTER CONCESSIONAIRE COUNTER AGREEMENT**

### **Background**

On 22 March 2012, NWDS and CTFJ entered into the Master Concessionaire Counter Agreement in relation to the Transactions, which was subsequently automatically renewed twice for two successive periods of three years commencing from 1 July 2014. As such, the Master Concessionaire Counter Agreement will expire on 30 June 2020. Subject to the compliance with the Listing Rules by NWDS and CTFJ, the Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years from the Renewal Date.

Members of the NWDS Group had in the past entered into, and are expected from time to time to enter into, concessionaire arrangements or rental agreements with members of the CTFJ Group in relation to retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the PRC owned by, or leased to, the NWDS Group or at which the NWDS Group operates its business under the Master Concessionaire Counter Agreement. The NWDS Group and the CTFJ Group wish to continue the concessionaire arrangements or rental agreements and may from time to time enter into new concessionaire arrangements or rental agreements in relation to the Transactions. NWDS and CTFJ agreed to renew the Master Concessionaire Counter Agreement upon the expiry of its renewal term on 30 June 2020 for a further term of three years, i.e. up to and including 30 June 2023. There has been no change in the terms of the Master Concessionaire Counter Agreement since it was entered into on 22 March 2012.

The principal terms of the Master Concessionaire Counter Agreement are set out below:

### **Date**

22 March 2012

### **Parties**

- (a) NWDS; and
- (b) CTFJ

### **General terms for the Transactions**

Members of the NWDS Group and the CTFJ Group may from time to time enter into Definitive Agreement(s) in relation to any Transactions upon, and subject to, the terms and conditions in compliance with the Master Concessionaire Counter Agreement as may be agreed between the relevant members of the NWDS Group and the CTFJ Group. All the then existing agreements between the relevant members of the NWDS Group and the CTFJ Group in respect of the Transactions (to the extent which covers the Transactions after the Renewal Date) will be treated as Definitive Agreements made pursuant to the Master Concessionaire Counter Agreement as from the Renewal Date.

With effect from the Renewal Date, the Transactions shall be conducted:

- (a) in the usual and ordinary course of business of NWDS and CTFJ;
- (b) on normal commercial terms; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the New Annual Caps), the applicable laws, the Master Concessionaire Counter Agreement and the relevant Definitive Agreement.

The consideration for each Definitive Agreement will be determined in the following manner: a quote will be provided by the relevant member of the NWDS Group; the relevant member of the CTFJ Group may, through its operational and technical departments, either accept the quote and proceed with the concessionaire arrangement or reject the quote and decline to proceed further, based on the relevant policies and other quote(s) for similar arrangement(s) obtained from independent third parties in the market.

### **Duration**

The Master Concessionaire Counter Agreement shall continue to be effective up to and including 30 June 2020. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the Master Concessionaire Counter Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Concessionaire Counter Agreement.

### **Historical figures and the New Annual Caps**

The aggregate transaction amounts paid by the CTFJ Group to the NWDS Group (as subsidiaries of NWD) under the Master Concessionaire Counter Agreement for each of the two financial years ended 30 June 2018 and 2019 and the six months ended 31 December 2019 were approximately RMB65.6 million, RMB64.4 million and RMB25.8 million, respectively.

Each of the New NWDS Annual Caps and the New NWD Annual Caps for each of the three financial years ending 30 June 2021, 2022 and 2023 are RMB90.0 million, RMB96.0 million and RMB102.0 million, respectively.

The New Annual Caps have been determined based on the terms of the existing concessionaire counter agreements, the historical transaction amounts under the Master Concessionaire Counter Agreement, the expected increase of sales of each of the concessionaire counters of the CTFJ Group along with the additional floor space and the number of new concessionaire counters which members of the CTFJ Group might require from members of the NWDS Group.

### **Reasons for and benefits of the renewal of the Master Concessionaire Counter Agreement**

CTFJ is one of the largest jewellers in Hong Kong, Macau and the PRC by market share with a heritage of over 80 years. The NWDS Directors believe that including CTFJ as one of the concessionaire counters in the Stores enhances NWDS' brand and product mix and raises the image and profile of such Stores. As NWDS is a subsidiary of NWD, the NWD Directors believe that the NWD Group will also benefit as a result of NWDS' renewal of the Master Concessionaire Counter Agreement.

The NWDS Directors consider that the renewal of the Master Concessionaire Counter Agreement of which its terms had been negotiated on an arm's length basis, are fair and reasonable, on normal commercial terms and within the ordinary and usual course of business of the NWDS Group and are in the interests of the NWDS Group and the NWDS Shareholders as a whole and that the New NWDS Annual Caps are fair and reasonable and in the interests of the NWDS Group and the NWDS Shareholders as a whole.

The NWD Directors consider that the renewal of the Master Concessionaire Counter Agreement of which its terms had been negotiated on an arm's length basis, are fair and reasonable, on normal commercial terms and within the ordinary and usual course of business of the NWD Group and are in the interests of the NWD Group, the NWDS Group and the NWD Shareholders as a whole and that the New NWD Annual Caps are fair and reasonable and in the interests of the NWD Group, the NWDS Group and the NWD Shareholders as a whole.

#### **INFORMATION ON THE NWDS GROUP, THE NWD GROUP AND THE CTFJ GROUP**

The NWDS Group is principally engaged in the business of operating department store and other related business and property investment operations in the PRC.

The NWD Group is principally engaged in property development, property investment and investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses.

The CTFJ Group is one of the largest jewellers in the world with an extensive retail network in Greater China, Japan, Korea, Southeast Asia and the United States, in addition to its e-commerce business. The CTFJ Group is principally engaged in the business of manufacturing and selling of high-end luxury, mass luxury and youth line jewellery products, including gem-set jewellery, gold products and platinum/karat gold products, and distribution of various watch brands.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, NWD is a substantial shareholder of NWDS and hence a connected person of NWDS. CTFJ is a fellow subsidiary of CTFE which is a substantial shareholder of NWD. CTFJ is therefore a connected person of NWD and also considered to be a connected person of NWDS and the relevant Transactions constitute continuing connected transactions of each of NWD and NWDS under Chapter 14A of the Listing Rules.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the New NWDS Annual Caps is more than 0.1% but less than 5% so far as NWDS is concerned, the renewal of the Master Concessionaire Counter Agreement and the New NWDS Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules for NWDS.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the New NWD Annual Caps is more than 0.1% but less than 5% so far as NWD is concerned, the renewal of the Master Concessionaire Counter Agreement and the New NWD Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules for NWD.

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

None of the NWDS Directors has a material interest in the renewal of the Master Concessionaire Counter Agreement. Dr. Cheng Kar Shun, Henry and Dr. Cheng Chi Kong, Adrian are common directors of NWDS, NWD and CTFJ. Dr. Cheng Kar Shun, Henry and Dr. Cheng Chi Kong, Adrian who were present at the meeting of the board of NWDS have voluntarily abstained from voting on the relevant board resolutions.

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

None of the NWD Directors has a material interest in the renewal of the Master Concessionaire Counter Agreement. Dr. Cheng Kar Shun, Henry and Dr. Cheng Chi Kong, Adrian are common directors of NWD, NWDS and CTFJ, and Mr. Cheng Chi Heng and Ms. Cheng Chi Man, Sonia are common directors of NWD and CTFJ. Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Heng and Ms. Cheng Chi Man, Sonia and their associates, being Mr. Doo Wai Hoi, William and Mr. Cheng Kar Shing, Peter, who were present at the meeting of the board of NWD voluntarily abstained from voting on the relevant board resolutions. Dr. Cheng Kar Shun, Henry was not present at the meeting of the board of NWD and accordingly did not vote on the relevant board resolutions.

## **DEFINITIONS**

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

“Associate”	has the meaning ascribed to it under the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited, a substantial shareholder of NWD and a fellow subsidiary of CTFJ as at the date of this announcement
“CTFJ”	Chow Tai Fook Jewellery Group 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
“CTFJ Group”	CTFJ and its subsidiaries from time to time
“Definitive Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the NWDS Group and any member(s) of the CTFJ Group from time to time in relation to any of the Transactions at any time during the term of the Master Concessionaire Counter Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Master Concessionaire Counter Agreement”	the agreement in relation to the Transactions entered into between NWDS and CTFJ on 22 March 2012, details of which were disclosed in the joint announcements of NWDS, NWD and CTFJ dated 22 March 2012 and 11 April 2014, respectively and the joint announcement of NWDS and NWD dated 10 April 2017
“New Annual Caps”	the New NWDS Annual Caps and the New NWD Annual Caps

“New NWD Annual Caps”	the annual cap amounts payable by the CTFJ Group to the NWDS Group (as subsidiaries of NWD) in respect of the Transactions for each of the three financial years ending 30 June 2023 as set out under the paragraph headed “Renewal of the Master Concessionaire Counter Agreement – Historical figures and the New Annual Caps”
“New NWDS Annual Caps”	the annual cap amounts payable by the CTFJ Group to the NWDS Group in respect of the Transactions for each of the three financial years ending 30 June 2023 as set out under the paragraph headed “Renewal of the Master Concessionaire Counter Agreement – Historical figures and the New Annual Caps”
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and is the holding company of NWDS as at the date of this announcement
“NWD Directors”	the directors of NWD
“NWD Group”	NWD and its subsidiaries (other than the NWDS Group) from time to time
“NWD Shareholders”	shareholders of NWD
“NWDS”	New World Department Store China Limited (新世界百貨中國有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and is a subsidiary of NWD as at the date of this announcement
“NWDS Directors”	the directors of NWDS
“NWDS Group”	NWDS and its subsidiaries from time to time
“NWDS Shareholders”	shareholders of NWDS
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Renewal Date”	1 July 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stores”	the department stores owned by the NWDS Group from time to time
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

"Transactions" all existing and future transactions between members of the NWDS Group and members of the CTFJ Group arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in the PRC owned by, or leased to, the NWDS Group or at which the NWDS Group operates its business, as contemplated under the Master Concessionaire Counter Agreement

"%" per cent.

By order of the board of  
**New World Development Company  
Limited**  
(新世界發展有限公司)  
**Wong Man Hoi**  
Company Secretary

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

Hong Kong, 4 May 2020

*As at the date of this announcement, the executive NWD Directors are Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Heng, Ms. Cheng Chi Man, Sonia, Mr. Sitt Nam Hoi, Ms. Huang Shaomei, Echo and Ms. Chiu Wai Han, Jenny; the non-executive NWD Directors are Mr. Doo Wai Hoi, William, Mr. Cheng Kar Shing, Peter and Ms. Ki Man Fung, Leonie; and the independent non-executive NWD Directors are Mr. Yeung Ping Leung, Howard, Mr. Cha Mou Sing, Payson (alternate director to Mr. Cha Mou Sing, Payson: Mr. Cha Mou Zing, Victor), Mr. Ho Hau Hay, Hamilton, Mr. Lee Luen Wai, John, Mr. Liang Cheung Bui, Thomas and Mr. Ip Yuk Keung.*

*As at the date of this announcement, the non-executive NWDS Director is Dr. Cheng Kar Shun, Henry; the executive NWDS Directors are Dr. Cheng Chi Kong, Adrian and Mr. Cheung Fai Yet, Philip; and the independent non-executive NWDS Directors are Mr. Cheong Ying Chew, Henry, Mr. Chan Yiu Tong, Ivan, Mr. Tong Hang Chan, Peter and Mr. Yu Chun Fai.*