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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)

CONTINUING CONNECTED TRANSACTIONS THE MASTER COLLABORATION SERVICES AGREEMENT

On 28 April 2023, the Company and CTFE entered into the Master Collaboration Services Agreement in relation to the Transactions. The Master Collaboration Services Agreement shall become effective on the Effective Date.

As at the date of this announcement, NWD together with its subsidiaries hold approximately 74.99% of the total issued share capital of the Company. NWD is therefore a substantial shareholder of the Company and hence a connected person of the Company. As at the date of this announcement, CTFE together with its subsidiaries hold approximately 45.20% of the total issued share capital of NWD. CTFE is therefore considered to be a connected person of the Company. The Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) and all the amounts of the Annual Caps are more than 0.1% but less than 5% and exceed HK\$3,000,000, the entering into of the Master Collaboration Services Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for the Company.

THE MASTER COLLABORATION SERVICES AGREEMENT

Background

Members of the Group had in the past entered into, and are expected to from time to time enter into, certain collaboration services agreements with members of the CTFE Group in respect of the Transactions and certain collaboration services agreements have not expired as at the date of this announcement.

The Group and the CTFE Group wish to continue the collaboration services agreements and they may from time to time enter into new agreements in respect of the Transactions. Accordingly, on 28 April 2023, the Company and CTFE entered into the Master Collaboration Services Agreement in relation to the Transactions, which shall become effective on the Effective Date.

The principal terms of the Master Collaboration Services Agreement are set out below.

Date

28 April 2023

Parties

- (1) the Company; and
- (2) CTFE

General terms for the Transactions

Relevant members of the Group may from time to time enter into Definitive Agreement(s) with relevant members of the CTFE Group in relation to any Transactions upon, and subject to, the terms and conditions in compliance with the Master Collaboration Services Agreement as may be agreed between relevant members of the Group and relevant members of the CTFE Group.

All existing agreements between relevant members of the Group and relevant members of the CTFE Group in respect of the Transactions (to the extent which covers the Transactions on or after the Effective Date) will be treated as Definitive Agreements made pursuant to the Master Collaboration Services Agreement as from the Effective Date.

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

- (a) in the ordinary and usual course of business of the Group and the CTFE Group;
- (b) on normal commercial terms or better (as defined in the Listing Rules) and based on the prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Annual Caps), the applicable laws, the Master Collaboration Services Agreement and the relevant Definitive Agreement.

The consideration for each Definitive Agreement will be determined in the following manner: on the basis of the prevailing market rate or at the rate more favorable to the Group than any other third party, with particular consideration to, among other things, the uniqueness and proximity of the services provided, the familiarity of the Group and the rationale and requirements behind the services provided, the price of comparable services obtainable from the market and the time of delivery.

Duration

The Master Collaboration Services Agreement shall continue to be effective up to and including 30 June 2026. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the Master Collaboration Services Agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the Master Collaboration Services 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 Collaboration Services Agreement.

Payment terms

The terms in relation to the time and method of payment will be stated in the relevant Definitive Agreements and will be no less favourable to the Group than terms available to and/or from independent third parties.

Historical figures and the Annual Caps

The aggregate transaction amounts paid by the Group to the CTFE Group, and vice versa, in relation to the Services for each of the two financial years ended 30 June 2021 and 2022 and the six months ended 31 December 2022 were approximately RMB83,000, RMB443,000 and RMB638,000, respectively.

The Annual Caps for each of the three financial years ending 30 June 2024, 2025 and 2026 are RMB3.2 million, RMB3.4 million and RMB3.6 million, respectively.

Basis for the Annual Caps

The Annual Caps have been determined based on (i) the expected transaction amounts involved in certain agreements entered into between members of the Group and members of the CTFE Group in respect of the provision of the Services; (ii) the prevailing market conditions; and (iii) the estimated increase in the number of Transactions and transaction amounts based on the estimated expansion of existing and future transactions and/or projects of members of the Group and the CTFE Group.

Reasons for and benefits of entering into the Master Collaboration Services Agreement

The transactions contemplated under the Master Collaboration Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and the CTFE Group. The Master Collaboration Services Agreement is intended to streamline the continuing connected transactions between members of the Group and members of the CTFE Group in respect of the Transactions. The Master Collaboration Services Agreement provides a single basis on which the Company will comply with the requirements under the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution of the agreements in respect of the Transactions.

The Directors believe that the entering into the Master Collaboration Services Agreement would continue to attract new customers and help retain existing customers of the Group and thus enhance the sales and revenues of the Stores.

The Directors consider that the entering into of the Master Collaboration Services Agreement, of which its terms had been negotiated on an arm's length basis and on normal commercial terms or better (as defined in the Listing Rules), are fair and reasonable and in the interests of the Group and the Shareholders as a whole and that the Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

To ensure that the Master Collaboration Services Agreement and the Transactions adhere to normal commercial terms or better (as defined in the Listing Rules) and the amounts of the Transactions do not exceed the related Annual Caps, the Group has implemented the following internal control procedures:

- (1) **Definitive Agreement review and assessment:** Prior to entering into any Definitive Agreement under the scope of the Master Collaboration Services Agreement, the relevant

personnel of the Group will review and assess the terms of the relevant Definitive Agreements to ensure that they are consistent with the principles and provisions set out in the Master Collaboration Services Agreement. The pricing policies and other terms of the Definitive Agreements will be determined by the relevant personnel of the Group on normal commercial terms or better (as defined in the Listing Rules), negotiated on an arm's length basis and on basis similar to that with independent third parties.

- (2) **Transaction monitoring and reporting:** The finance department of the Group will consistently record and monitor the transaction amounts to ensure that the applicable Annual Caps are not exceeded. Periodic reports, including lists of continuing connected transactions conducted during the reporting period and utilization of the relevant Annual Caps will be submitted to the Audit Committee for review.
- (3) **Biannual review by internal audit function:** The group audit and management services departments of the Group will perform a biannual review of the internal controls for the continuing connected transactions for the preceding financial year.
- (4) **Annual review by external auditors and independent non-executive Directors:** The external auditor of the Company along with the independent non-executive Directors will perform annual review of the continuing connected transactions for the preceding financial year in accordance with the Listing Rules.

INFORMATION OF THE GROUP AND THE CTFE GROUP

The Group is principally engaged in department store and property investment operations in the PRC.

As of the date of this announcement and based on publicly available information, CTFE is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited; Chow Tai Fook (Holding) Limited is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited; Chow Tai Fook Capital Limited is owned as to approximately 48.98% and approximately 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. To the best knowledge of the Directors, CTFE is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD together with its subsidiaries hold approximately 74.99% of the total issued share capital of the Company. NWD is therefore a substantial shareholder of the Company and hence a connected person of the Company. As at the date of this announcement, CTFE together with its subsidiaries hold approximately 45.20% of the total issued share capital of NWD as at the date of this Agreement. CTFE is therefore considered to be a connected person of the Company. The Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) and all the amounts of the Annual Caps are more than 0.1% but less than 5% and exceed HK\$3,000,000, the entering into of the Master Collaboration Services Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for the Company.

APPROVAL BY THE BOARD OF DIRECTORS

None of the Directors has a material interest in the Master Collaboration Services Agreement. Dr. Cheng Chi-kong, Adrian, being a Director, is also a director of CTFE. Dr. Cheng Chi-kong, Adrian who was present at the meeting of the board of the Company voluntarily abstained from voting on the relevant board resolutions.

DEFINITIONS

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

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| “Annual Cap(s)” | the maximum annual aggregate amounts payable by the CTFE Group to the Group, and vice versa, in respect of the Transactions for each of the three financial years ending 30 June 2026 |
| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Audit Committee” | the audit committee of the Company |
| “Company” | 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 (stock code: 825), and is a subsidiary of NWD as at the date of this announcement |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “CTFE” | Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability |
| “CTFE Group” | means (a) CTFE; (b) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company; and/or (c) any other company in the equity capital of which CTFE and such other companies referred to in (b) above taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and (d) the subsidiaries of such other companies referred to in (b) and (c) above, but excluding the Group |
| “Definitive Agreement(s)” | definitive agreement(s) which may be entered into between any member(s) of the Group and any member(s) of the CTFE Group from time to time in relation to any of the Transactions at any time during the term of the Master Collaboration Services Agreement |
| “Directors” | the directors of the Company |
| “Effective Date” | 1 July 2023 |
| “Group” | the Company and its subsidiaries from time to time |

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| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “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 PRC |
| “Master Collaboration Services Agreement” | the agreement in relation to the Transactions entered into between the Company and CTFE on 28 April 2023 |
| “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 (stock code: 17), and held as to approximately 45.20% by CTFE and its subsidiaries as at the date of this announcement |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Services” | the provision of advertising, branding, marketing, loyalty and rewards program and promotion-related services and related services, and such other types of services as CTFE and the Company may agree upon from time to time in writing |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Stores” | the department stores owned by the 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 Group and members of the CTFE Group in respect of the provision of the Services as contemplated under the Master Collaboration Services Agreement |

“%”

per cent.

By order of the board of
New World Department Store China Limited
Wu Yuk-kwai, Catherine
Company Secretary

Hong Kong, 28 April 2023

As at the date of this announcement, the non-executive Directors are Dr. Cheng Chi-kong, Adrian and Ms. Chiu Wai-han, Jenny; the executive Directors are Mr. Cheung Fai-yet, Philip and Ms. Xie Hui-fang, Mandy; 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.