
CONNECTED TRANSACTIONS

We have entered into certain transactions with parties who are our connected persons and these transactions will continue following the Listing Date, thereby constituting continuing connected transactions of our Group under the Listing Rules.

CONNECTED PERSONS OF OUR GROUP

CTF Holding, our direct Controlling Shareholder, directly owns the entire issued share capital of CTFE, which owns the entire issued capital of Go Create Limited (“**Go Create**”).

Go Create is directly interested in 50% of the equity interest in Real Reward Limited (“**Real Reward**”), the direct controlling shareholder of Lifestyle International (stock code: 1212), a company listed on the Main Board of the Stock Exchange. By virtue of CTF Holding’s indirect shareholding in Lifestyle International, Lifestyle International Group is an associate of CTF Holding under the Listing Rules. As CTF Holding is a connected person of our Group, Lifestyle International Group is therefore a connected person of our Group under the Listing Rules. Accordingly, transactions between our Group and the Lifestyle International Group will constitute connected transactions of our Group.

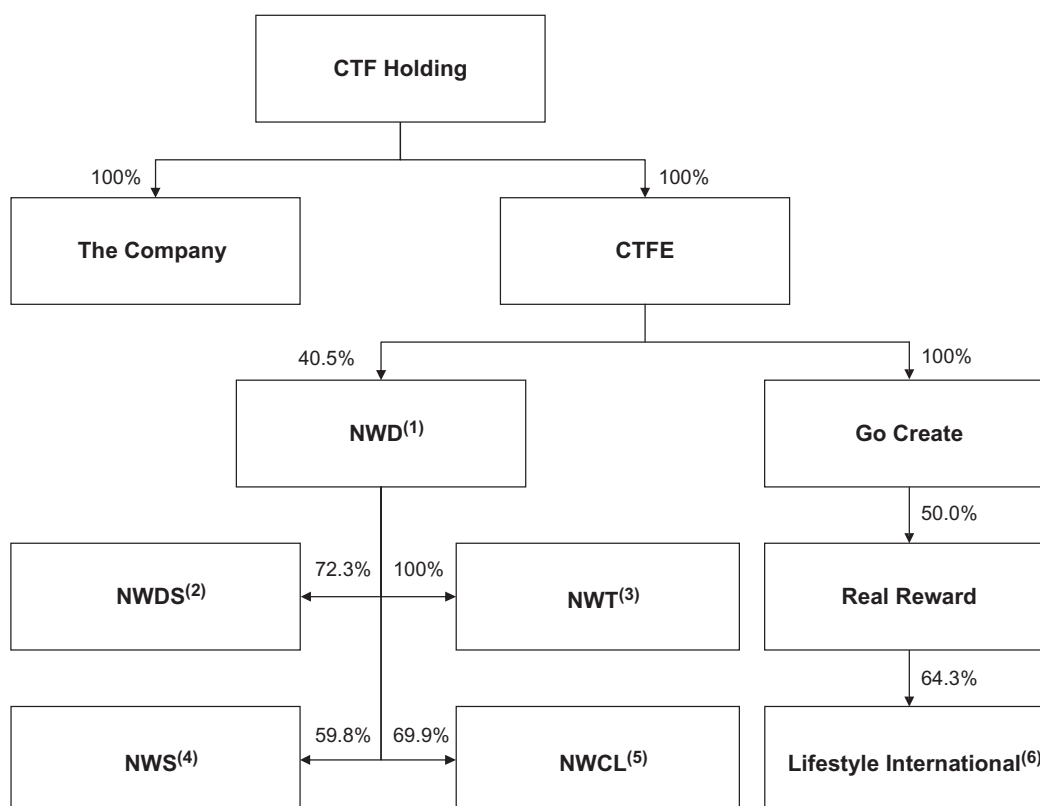
CTFE, a direct wholly-owned subsidiary of CTF Holding, is a substantial shareholder of NWD (stock code: 17), a company listed on the Main Board of the Stock Exchange. NWD indirectly owns the entire issued share capital of NWT and is also the controlling shareholder of the following companies, each of which is listed on the Main Board of the Stock Exchange:

- (i) NWDS (stock code: 825);
- (ii) NWCL (stock code: 917); and
- (iii) NWS (stock code: 659).

NWD Group, NWDS Group, NWCL Group, NWS Group and NWT Group are associates of CTF Holding and therefore are connected persons of our Group under the Listing Rules. Accordingly, transactions among our Group, the NWD Group, the NWDS Group, the NWCL Group, the NWS Group and the NWT Group will constitute connected transactions of our Group.

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The shareholding relationships between our Company, CTF Holding, CTFE, NWD, Lifestyle International, NWT, NWDS, NWCL and NWS as at the Latest Practicable Date are set out in the simplified chart below:



Notes:

- (1) NWD is directly and indirectly owned as to approximately 40.5% by CTFE.
- (2) NWDS is directly owned as to approximately 72.3% by NWD.
- (3) NWT is an indirect wholly-owned subsidiary of NWD.
- (4) NWS is indirectly owned as to approximately 59.8% by NWD.
- (5) NWCL is effectively owned as to approximately 69.9% by NWD.
- (6) Lifestyle International is directly owned as to approximately 64.3% by Real Reward, which is a 50% directly owned subsidiary of Go Create, which in turn is a direct wholly-owned subsidiary of CTFE.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing Date, the following transactions will be regarded as continuing connected transactions exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

1. Advertising services provided by NWST Group

(a) Description of the transaction

Our Group has entered into various agreements with NWS Transport Services Limited, a transport services provider with operations in the PRC and Hong Kong, and its subsidiaries (collectively, the "NWST Group") under which our Group advertises on the exterior of Citybus and New World First Bus (collectively, the "NWS Buses"), all of which are owned and operated by NWST Group, which is indirectly owned as to 50% by NWS and as to 50% by CTFE. These transactions have been entered into in the ordinary and usual course of our Group's business and are on normal commercial terms. The fees payable are set forth in each agreement relating to these transactions.

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Our Group expects to continue its transactions with NWST Group to advertise its business on the NWS Buses following the Listing Date and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by NWST Group to independent third parties.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees paid on an annual basis by our Group to NWST Group for advertising services were approximately HK\$6.3 million, HK\$5.6 million, HK\$5.6 million and HK\$2.1 million, respectively.

(c) Listing Rules requirements

As the highest relevant percentage ratio in respect of the advertisement services provided by NWST Group will be, on an annual basis, less than 0.1% and is on normal commercial terms, it will constitute a *de minimis* continuing connected transaction exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

2. Engineering and construction services provided by the Far East Companies

(a) Description of the transaction

Our Group has entered into various agreements with Far East Engineering Services Limited and Far East Technical Service (Macao) Limited (collectively, the "**Far East Companies**"), which are engaged in the provision of engineering, construction and maintenance services. The Far East Companies provide certain engineering, construction and maintenance services to the premises of our Group in Hong Kong and Macau.

The Far East Companies are indirect wholly-owned subsidiaries of Fung Seng Enterprises Limited, which in turn is beneficially owned as to approximately 90% by Mr. Doo Wai-Hoi, William, the son-in-law of Dato' Dr. Cheng Yu-Tung, the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kam-Biu, Wilson and the uncle of Mr. Cheng Chi-Kong, Adrian and Mr. Cheng Chi-Heng, Conroy. Pursuant to the Listing Rules, the Far East Companies are associates of Mr. Doo Wai-Ho, William and hence connected persons of our Group.

These transactions with the Far East Companies have been entered into in the ordinary and usual course of our Group's business and are on normal commercial terms. The fees payable are set forth in each agreement relating to these transactions. Our Group expects to continue its transactions with the Far East Companies following the Listing Date and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by the Far East Companies to independent third parties.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees paid on an annual basis by our Group to the Far East Companies for engineering and construction services were approximately HK\$5.0 million, HK\$12.4 million, HK\$8.6 million and HK\$3.6 million, respectively.

(c) Listing Rules requirements

As the highest relevant percentage ratio in respect of the engineering and construction services provided by the Far East Companies will be, on an annual basis, less than 0.1% and is on normal commercial terms, it will constitute a *de minimis* continuing connected transaction exempt pursuant

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to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

3. Information technology and telecommunication services provided by NWT Group

(a) Description of the transaction

Our Group has entered into various agreements with NWT Group, a telecommunication service provider in Hong Kong and the PRC, under which NWT Group provides certain information technology and telecommunication services as well as related services, including system management and solution services, to our Group. These transactions have been entered into in the ordinary and usual course of our Group's business and are on normal commercial terms. The fees payable are set forth in each agreement relating to these transactions. Our Group expects to continue utilising and receiving such services from NWT Group following the Listing Date and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by NWT Group to independent third parties.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees paid on an annual basis by our Group to NWT Group for information technology and telecommunication services were approximately HK\$3.4 million, HK\$2.4 million, HK\$2.3 million and HK\$1.7 million, respectively.

(c) Listing Rules requirements

The information technology and telecommunication services provided by NWT Group constitute the provision of shared administrative services on a cost basis, and the fees payable for these services are allocated to the parties involved on a fair and equitable basis in compliance with Rule 14A.31(8) of the Listing Rules. Accordingly, the information technology and telecommunication services, and any further agreements of the same nature that our Group may enter into, with NWT Group following the Listing Date, constitute connected transactions exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

4. NWD Hospitality Services provided by NWD Group

(a) Description of the transaction

Our Group has been using hotel, food and beverage and catering services (the "**NWD Hospitality Services**") provided by hotels owned by NWD Group, a conglomerate which is principally engaged in the investment and development of properties, hotels and department stores, infrastructure operations and service operations. These services have been entered into in the ordinary and usual course of our Group's business and are on normal commercial terms. The fees payable are at market prices. Our Group expects to continue utilising such services from NWD Group following the Listing Date and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by NWD Group to independent third parties.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees paid on an annual basis by our Group to NWD Group for the NWD Hospitality Services were approximately HK\$1.1 million, HK\$2.5 million, HK\$2.2 million and HK\$1.9 million, respectively.

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(c) *Listing Rules requirements*

The NWD Hospitality Services provided by NWD Group constitute acquisitions as a consumer in the ordinary and usual course of business of consumer services from NWD Group, a connected person, on normal commercial terms in compliance with Rule 14A.31(7) of the Listing Rules. Accordingly, the NWD Hospitality Services, and any further transactions of the same nature that our Group may enter into, with NWD Group following the Listing Date, constitute connected transactions exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

5. NWD Miscellaneous Services provided by NWD Group

(a) *Description of the transaction*

Our Group has been using advertising services at certain properties of the NWD Group as well as parking, cleaning and merchandising services (collectively, the “**NWD Miscellaneous Services**”) which were provided by members of the NWD Group, a conglomerate which is principally engaged in the investment and development of properties, hotels and department stores, infrastructure operations and service operations. These services have been entered into in the ordinary and usual course of our Group's business and are on normal commercial terms. The fees payable are at market prices. Our Group expects to continue utilising such services from NWD Group following the Listing Date and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by NWD Group to independent third parties.

(b) *Historical transaction amounts*

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees paid on an annual basis by our Group to NWD Group for the NWD Miscellaneous Services were approximately HK\$0.4 million, HK\$0.4 million, HK\$0.7 million and HK\$0.3 million, respectively.

(c) *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the NWD Miscellaneous Services provided by NWD Group will be, on an annual basis, less than 0.1% and is on normal commercial terms, it will constitute a *de minimis* continuing connected transaction exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

6. NWDS Shopping and Advertising Services provided by NWDS Group

(a) *Description of the transaction*

Our Group has been purchasing shopping cards from, and using advertising services provided by, (collectively, the “**NWDS Shopping and Advertising Services**”) members of the NWDS Group, which is principally engaged in the development and operation of department stores in the PRC. These purchases and services have been entered into in the ordinary and usual course of our Group's business and are on normal commercial terms. The fees payable are at market prices. Our Group expects to continue with such purchases and services from NWDS Group following the Listing Date and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by NWDS Group to independent third parties.

(b) *Historical transaction amounts*

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees paid on an annual basis by our Group to NWDS Group for the NWDS Shopping and Advertising Services were approximately HK\$nil, HK\$nil, HK\$1.6 million and HK\$4.6 million, respectively.

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(c) *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the NWDS Shopping and Advertising Services provided by NWDS Group will be, on an annual basis, less than 0.1% and is on normal commercial terms, it will constitute a *de minimis* continuing connected transaction exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

7. **Macau Tenancy Arrangement**

(a) *Description of the transaction*

As part of the Reorganisation, Ourivesaria e Relojoaria Chao Tai Fok, Limitada ("**CTF Macau**") (formerly known as Relojoaria Forever, Limitada) has acquired the jewellery and watch businesses (including the tenancies) of Ourivesaria Chao Tai Fok, Limitada ("**Ourivesaria CTF**"). Ourivesaria CTF has entered into a tenancy arrangement with Kam Iek Limitada ("**Kam Iek**"), whose entire share capital is 60% owned by CTF Holding and 40% by Chow Tai Fook Nominee Limited, both of which are engaged in investment holding, to lease certain premises in Macau in accordance with the terms of the tenancy arrangement (the "**Macau Tenancy Arrangement**"). The Macau Tenancy Arrangement was entered into by Ourivesaria CTF in the ordinary and usual course of business. The following table summarises the Macau Tenancy Arrangement between Kam Iek and CTF Macau (previously Ourivesaria CTF) as at 1 December 2011:

<u>Landlord</u>	<u>Tenant</u>	<u>Location</u>	<u>Monthly rental</u>	<u>Term</u>	<u>Use</u>
Kam Iek	CTF Macau	Shop A & B on G/F, 44-50 Avenida do Infante D. Henrique & 18 Rua do Dr. Pedro Jose Lobo, Macau	MOP490,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop

(b) *Historical transaction amounts*

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate rental payments made to Kam Iek by Ourivesaria CTF under the Macau Tenancy Arrangement were approximately HK\$4.0 million, HK\$4.0 million, HK\$4.0 million and HK\$2.0 million, respectively.

(c) *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the Macau Tenancy Arrangement provided by Kam Iek will be, on an annual basis, less than 0.1%, it will constitute a *de minimis* continuing connected transaction exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

8. **Transactions relating to one of our joint-venture partners, Hangzhou Zhouji**

(a) *Description of the transaction*

From time to time, our Group sells jewellery products at wholesale prices to Hangzhou Zhouji Jewellery Co., Ltd. 杭州周記珠寶有限公司 ("**Hangzhou Zhouji**"), our joint-venture partner and a substantial shareholder of Hangzhou Fucai Jewellery Limited 杭州福才珠寶有限公司 ("**Hangzhou Fucai**"), a subsidiary of our Company. Hangzhou Zhouji is principally engaged in the retail of jewellery. These sales are in the ordinary and usual course of our Group's business and are on normal

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commercial terms as the terms offered is consistent with, and no more favourable than, those offered by our Group to independent third parties.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate annual value of these sales of jewellery products by our Group to Hangzhou Zhouji was approximately HK\$nil, HK\$20.1 million, HK\$28.7 million and HK\$26.7 million, respectively.

(c) Listing Rules requirements

As (i) these transactions are: (1) on normal commercial terms, (2) of a revenue nature in our Company's ordinary and usual course of business, and (3) are with persons connected to our Company only at the level of its subsidiary and (ii) Hangzhou Fucai's total assets, profits and revenue are each less than 10% of the percentage ratios (as defined under the Listing Rules) for each of FY2009, FY2010, FY2011 and 1HFY2012, these transactions constitute transactions with a person connected at the subsidiary level and as such are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33(4) of the Listing Rules.

9. Transactions relating to one of our joint-venture partners, Puning Dadefu

(a) Description of the transaction

From time to time, our Group sells jewellery products at wholesale prices to Puning Dadefu Trading Co., Ltd. 普寧市大德福貿易有限公司 (“**Puning Dadefu**”), our joint-venture partner and a substantial shareholder of Guangzhou Fuxin Jewellery Company Limited 廣州市福欣珠寶金行有限公司 (“**Guangzhou Fuxin**”), a subsidiary of our Company. Puning Dadefu is principally engaged in the trading and retail business. These sales are in the ordinary and usual course of our Group's business and are on normal commercial terms as the terms offered is consistent with, and no more favourable than, those offered by our Group to independent third parties.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate annual value of these sales of jewellery products by our Group to Puning Dadefu was approximately HK\$nil, HK\$6.0 million, HK\$8.1 million and HK\$3.3 million, respectively.

(c) Listing Rules requirements

As (i) these transactions are: (1) on normal commercial terms, (2) of a revenue nature in our Company's ordinary and usual course of business, and (3) are with persons connected to our Company only at the level of its subsidiary and (ii) Guangzhou Fuxin's total assets, profits and revenue are each less than 10% of the percentage ratios (as defined under the Listing Rules) for each of FY2009, FY2010, FY2011 and 1HFY2012, these transactions constitute transactions with a person connected at the subsidiary level and as such are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33(4) of the Listing Rules.

10. Transactions relating to one of our joint-venture partners, Kunming Yinfu

(a) Description of the transaction

Kunming Yinfu Jewellery Company Limited 昆明銀福珠寶首飾有限公司 (“**Kunming Yinfu**”), a subsidiary of our Company, has entered into various concessionaire agreements with Kunming

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Department Store (Group) Jewellery Management Co., Ltd. 昆明百貨大樓（集團）珠寶經營有限公司 (“**Kunming Department Store Group**”), under which Kunming Department Store Group agreed to provide certain floor space in its stores in Sichuan and Yunnan provinces to Kunming Yinfu for exhibiting and selling jewellery during the term of the concessionaire agreements. Kunming Department Store Group, which is principally engaged in the development and operation of department stores in the PRC, is a joint-venture partner of our Group and a substantial shareholder of Kunming Yinfu. The terms of, and the consideration payable under, the concessionaire agreements are negotiated on an arm’s length basis and on normal commercial terms.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees with respect to the concessionaire agreements paid by Kunming Yinfu were approximately HK\$6.1 million, HK\$10.2 million, HK\$13.6 million and HK\$9.9 million, respectively.

(c) Listing Rules requirements

As (i) these transactions are: (1) on normal commercial terms, (2) of a revenue nature in our Company’s ordinary and usual course of business, and (3) are with persons connected to our Company only at the level of its subsidiary and (ii) Kunming Yinfu’s total assets, profits and revenue are each less than 10% of the percentage ratios (as defined under the Listing Rules) for each of FY2009, FY2010, FY2011 and 1HFY2012, these transactions constitute transactions with a person connected at the subsidiary level and as such are exempt from the reporting, announcement, annual review and independent shareholders’ approval requirements under Rule 14A.33(4) of the Listing Rules.

11. Security Services provided by General Security

(a) Description of the transaction

Our Group has entered into various agreements with General Security (H.K.) Limited (“**General Security**”), a company engaged in the provision of guard services and security systems, under which General Security provides security guard services as well as the design, installation and maintenance of security systems at certain POS of our Group (collectively, the “**Security Services**”).

General Security is an indirect wholly-owned subsidiary of Fung Seng Enterprises Limited, which in turn is beneficially owned as to approximately 90% by Mr. Doo Wai-Hoi, William, the son-in-law of Dato’ Dr. Cheng Yu-Tung, the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kam-Biu, Wilson and the uncle of Mr. Cheng Chi-Kong, Adrian and Mr. Cheng Chi-Heng, Conroy. Pursuant to the Listing Rules, General Security is an associate of Mr. Doo Wai-Ho, William and hence a connected person of our Group.

The agreements for the Security Services have been entered into in the ordinary and usual course of our Group’s business and are on normal commercial terms. The fees payable are set forth in each agreement relating to such Security Services. Our Group expects to continue utilising such Security Services from General Security following the Listing Date and will continue to do so on an arm’s length basis, on normal commercial terms and on terms no less favourable than the terms offered by General Security to independent third parties.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees paid on an annual basis by our Group to General Security for the Security Services were approximately HK\$1.1 million, HK\$2.0 million, HK\$1.4 million and HK\$0.5 million, respectively.

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(c) *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the Security Services provided by General Security will be, on an annual basis, less than 0.1% and is on normal commercial terms, it will constitute a *de minimis* continuing connected transaction exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

12. Acquisition of jewellery and/or watches by directors of our Group and their associates

(a) *Description of the transaction*

Our Group from time to time sells jewellery and/or watches to directors of our Group and their associates for their own private consumption or to be used as gifts. These sales were entered into in the ordinary and usual course of our Group's business and are on normal commercial terms which are no more favourable than those offered to third party customers. Our Group expects to continue with such sales to directors of our Group and their associates following the Listing Date.

(b) *Listing Rules requirements*

The sales of jewellery and/or watches, being consumer goods, to directors of our Group and their associates by our Group constitute acquisitions as a consumer and are acquired by directors of our Group and their associates for their own private consumption or to be used as gifts. The sales are conducted in the ordinary and usual course of our Group's business and are on normal commercial terms in compliance with Rule 14A.31(7) of the Listing Rules. Accordingly, these sales of jewellery and/or watches to, and any further transactions of the same nature that our Group may enter into with, the directors of our Group and their associates following the Listing Date, constitute connected transactions exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

13. Purchase of jewellery and/or watches by CTFE Group

(a) *Description of the transaction*

Our Group from time to time sells jewellery and/or watches to members of the CTFE Group, which is engaged in investment holding, for their own private consumption or to be used as gifts. These sales were entered into in the ordinary and usual course of our Group's business and are on normal commercial terms which are no more favourable than those offered to third party customers. Our Group expects to continue with such sales to members of the CTFE Group following the Listing Date.

(b) *Listing Rules requirements*

The sales of jewellery and/or watches, being consumer goods, to members of the CTFE Group by our Group constitute acquisitions as a consumer and are acquired by members of the CTFE Group for their own private consumption or to be used as gifts. The sales are conducted in the ordinary and usual course of our Group's business and are on normal commercial terms in compliance with Rule 14A.31(7) of the Listing Rules. Accordingly, these sales of jewellery and/or watches to, and any further transactions of the same nature that our Group may enter into with, members of the CTFE Group following the Listing Date, constitute connected transactions exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

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14. Purchase of wine and beverages from Anway Limited

(a) Description of the transaction

Our Group from time to time purchases wines and beverages from Anway Limited, which is principally engaged in the business of operating duty free shops and a wholly-owned subsidiary of NWS. These purchases were entered into in the ordinary and usual course of our Group's business and are on normal commercial terms. Our Group expects to continue with such purchases from Anway Limited following the Listing Date and will continue to do so on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by Anway Limited to independent third parties.

(b) Listing Rules requirements

The purchases of wines and beverages, being consumer goods, constitute acquisitions as a consumer in the ordinary and usual course of business of consumer services from Anway Limited, a connected person, on normal commercial terms in compliance with Rule 14A.31(7) of the Listing Rules. Accordingly, the purchases of wines and beverages from, and any further transactions of the same nature that our Group may enter into with, Anway Limited following the Listing Date, constitute connected transactions exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

15. NWD Master Sales Agreement

(a) Background of the transaction

Our Group sells jewellerys at various floor space locations at NWDS Stores, which are owned and/or operated by NWDS Group. NWDS Group is principally engaged in the business of owning and operating NWDS Stores in the PRC. NWD, a connected person of both our Group and NWDS Group, is principally engaged in investments in property, infrastructure, hotel operation, department store operation services as well as telecommunication and technology.

NWDS Group may from time to time accept NWD Shopping Vouchers from, and/or issue NWD Prepaid Shopping Cards to, NWD Group, which could be used or redeemed for the purchase of merchandise at NWDS Stores. Similar to the aforesaid, NWDS Group may from time to time accept NWDS CTF Joint Name Vouchers from, and issue the NWD Prepaid Shopping Cards to, CTF HK Group, which could be used or redeemed for the purchase of merchandise at NWDS Stores.

(b) Description of the transaction

On 22 March 2011, CTF HK, a subsidiary of our Company, entered into a master sales agreement (the "**NWD Master Sales Agreement**") with NWDS and NWD for a term commencing on 22 March 2011 and ending on 30 June 2013 (both days inclusive). Pursuant to the NWD Master Sales Agreement, NWDS Group allowed merchandise in NWDS Stores to be sold to customers who present NWD Shopping Vouchers, NWD Prepaid Shopping Cards and/or NWDS CTF Joint Name Vouchers at NWDS Stores.

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In the case of customers who purchase jewellery of CTF HK Group using NWD Shopping Vouchers at NWDS Stores:

- CTF HK Group has agreed to offer NWD Shopping Vouchers Commissions (being the commissions payable by CTF HK Group to NWDS Group for use of floor space in NWDS Stores under the NWDS Master Concessionaire Counter Agreement) to NWD Group; and
- NWDS Group has agreed to offer NWD Rebates to CTF HK Group,

in respect of such purchases.

NWDS Group will, subject to the arrangements under the relevant NWD Sales Contracts, reconcile the amount of such NWD Shopping Vouchers Commissions and/or NWD Rebates with the amount receivable from the NWD Group in connection with the relevant NWD Shopping Vouchers and NWDS Group will settle such amounts with CTF HK Group. The rate of the NWD Shopping Vouchers Commission or NWD Rebates will be determined in accordance with the terms of the relevant NWD Sales Contracts.

Further, under the NWD Master Sales Agreement, CTF HK Group also allowed customers to purchase jewellery of CTF HK Group using NWDS CTF Joint Name Vouchers at NWDS Stores. In connection with this arrangement, CTF HK Group will offer NWDS CTF Joint Name Vouchers Commissions (which is in addition to the commissions payable by CTF HK Group to NWDS Group for use of floor space in NWDS Stores under the NWDS Master Concessionaire Counter Agreement) to NWDS Group in respect of customers who purchased jewellery of CTF HK Group at NWDS Stores using NWDS CTF Joint Name Vouchers. The rate of such NWDS CTF Joint Name Vouchers Commissions will be determined in accordance with the terms of the relevant NWD Sales Contracts.

The NWD Master Sales Agreement terminated a previous master sales agreement which was entered into by NWDS and NWD on 18 June 2010.

The terms of, and the consideration payable in respect of, each NWD Transaction (including the amount of consideration payable and the payment terms) under a NWD Sales Contract shall be negotiated on a case-by-case basis and in compliance with the applicable laws and regulations, on an arm's length basis, on normal commercial terms and on terms no less favourable than the terms offered by NWDS Group and/or NWD Group to independent third parties. The arrangements under the NWD Master Sales Agreement were disclosed in the announcement of NWDS dated 22 March 2011.

(c) Historical transaction amounts

There was no historical transaction in respect of the NWD Master Sales Agreement prior to 22 March 2011 given that the term of the NWD Master Sales Agreement started on the same date. For the period from 22 March 2011 to 31 March 2011 and 1HFY2012, the aggregate payment made to NWDS Group by our Group under the NWD Master Sales Agreement was approximately HK\$47,550 and HK\$50,192, respectively, based on the anticipated growth of our Group's business.

(d) Listing Rules requirements

As the highest relevant percentage ratio in respect of the NWD Master Sales Agreement will be, on an annual basis, less than 0.1% and is on normal commercial terms, it will constitute a *de minimis* continuing connected transaction exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

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16. *NWCL Master Sales Agreement*

(a) *Background of the transaction*

Our Group sells jewellery at various floor space locations at NWDS Stores, which are owned and/or operated by NWDS Group. NWDS Group is principally engaged in the business of owning and operating NWDS Stores in the PRC. NWCL Group, a connected person of both our Group and NWDS Group, is principally engaged in property development in the PRC.

NWCL Group may from time to time issue NWCL Shopping Vouchers to purchasers of properties of NWCL Group, which could be used or redeemed at NWDS Stores. In connection with the aforesaid, NWDS Group may from time to time issue NWCL Prepaid Shopping Cards to NWCL Group which could be used or redeemed for the purchase of merchandise at NWDS Stores.

(b) *Description of the transaction*

On 22 March 2011, CTF HK, a subsidiary of our Company, entered into a master sales agreement (the “**NWCL Master Sales Agreement**”) with NWDS and NWCL for a term commencing on 22 March 2011 and ending on 30 June 2013 (both days inclusive). Pursuant to the NWCL Master Sales Agreement, NWDS Group allowed merchandise in NWDS Stores to be sold to customers who present NWCL Shopping Vouchers, NWCL Prepaid Shopping Cards or any other means acceptable to NWDS Group at NWDS Stores on condition that the relevant value represented by the NWCL Shopping Vouchers, NWCL Prepaid Shopping Cards or any other means acceptable to NWDS Group will be settled by NWCL Group.

In the case of customers who purchase jewellery of CTF HK Group using NWCL Shopping Vouchers or any other means acceptable to NWDS Group at NWDS Stores:

- CTF HK Group has agreed to offer NWCL Commissions (being the commissions payable by CTF HK Group to NWDS Group for use of floor space in NWDS Stores under the NWDS Master Concessionaire Counter Agreement) to NWCL Group; and
- NWDS Group has agreed to offer NWCL Rebates (being the rebates payable by NWDS Group to CTF HK Group under the NWD Master Sales Agreement) to CTF HK Group,

in respect of such purchases.

NWDS Group will, subject to the arrangements under the relevant NWCL Sales Contracts, reconcile the amount of such NWCL Commissions and/or NWCL Rebates with the amount receivable from the NWCL Group in connection with the relevant NWCL Transactions and NWDS Group will settle such amounts with CTF HK Group. The rate of the NWCL Commissions or NWCL Rebates will be determined in accordance with the terms of the relevant NWCL Sales Contracts.

The NWCL Master Sales Agreement terminated a previous master sales agreement which was entered into by the same parties on 22 May 2009 and was subsequently amended on 21 September 2009.

The terms of, and the consideration payable in respect of, each NWCL Transaction (including the amount of consideration payable and the payment terms) under a NWCL Sales Contract shall be negotiated on a case-by-case basis and in compliance with the applicable laws and regulations, on an arm’s length basis, on normal commercial terms and on terms no less favourable than the terms offered by NWDS Group and/or NWCL Group to independent third parties. The arrangements under the NWCL Master Sales Agreement were disclosed in the joint announcement of NWDS and NWCL dated 22 March 2011.

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(c) *Historical transaction amounts*

There was no historical transaction in respect of the NWCL Master Sales Agreement prior to 22 March 2011 given that the term of the NWCL Master Sales Agreement started on the same date. For the period from 22 March 2011 to 31 March 2011 and 1HFY2012, there was no payment made by CTF HK Group under the NWCL Master Sales Agreement.

(d) *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the NWCL Master Sales Agreement will be, on an annual basis, less than 0.1% and is on normal commercial terms, it will constitute a *de minimis* continuing connected transaction exempt pursuant to Rule 14A.33 of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

17. Financial assistance by connected persons to certain of our Group's PRC subsidiaries

(a) *Description of the transaction*

Some of our Group's non wholly-owned PRC subsidiaries received loans, which constitute financial assistance, from their respective minority shareholders (the "**Joint-venture Partners**"). The loans were predominantly used by our PRC subsidiaries as working capital. As the Joint-venture Partners are substantial shareholders of certain of our PRC subsidiaries, they are persons connected to our Company only at the level of our subsidiaries. The loans were extended by our Joint-venture Partners to our PRC subsidiaries either on normal commercial terms or on terms which were better to the Group. No security has been granted over the assets of our Group in respect of such financial assistance.

(b) *Listing Rules requirements*

The granting of loans by our Joint-venture Partners to certain of our PRC subsidiaries constitute financial assistance to our Group by connected persons. As the loans were granted for the benefit of our PRC subsidiaries and are either on normal commercial terms or on terms which are better to the Group with no security granted over the assets of our Group, the loan arrangements are in compliance with Rule 14A.65(4) of the Listing Rules. Accordingly, these loans that our Group enters into with our Joint-venture Partners, following the Listing Date, constitute connected transactions exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

18. Related Party's Loans and the Dr. Henry Cheng Guarantee

(a) *Description of the transaction*

There are Related Party's Loans between the Group and certain members of CTFE Group, including the Dr. Henry Cheng Guarantee, which will remain in place after the Listing. Details of the Related Party's Loans between the Group and CTFE Group and the Dr. Henry Cheng Guarantee are contained in the section headed "Relationship with our Controlling Shareholders—Independence from our Controlling Shareholders and their associates—Financial independence".

(b) *Listing Rules requirements*

The Related Party's Loans and the Dr. Henry Cheng Guarantee constitute financial assistance to our Group by connected persons. As the Related Party's Loans and the Dr. Henry Cheng Guarantee are for the benefit of the Group and are either on normal commercial terms or on terms which are better to the Group with no security granted over the assets of our Group, the Related Party's Loans

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and the Dr. Henry Cheng Guarantee are in compliance with Rule 14A.65(4) of the Listing Rules. Accordingly, the Related Party's Loans and the Dr. Henry Cheng Guarantee, following the Listing Date, constitute connected transactions exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing Date, the following transactions will be regarded as continuing connected transactions exempt from independent shareholders' approval requirement but subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

1. **NWDS Master Concessionaire Counter Agreement**

(a) *Description of the transaction*

CTF HK Group operates some of its business at the NWDS Stores, which are owned and operated by NWDS Group, which is principally engaged in the development and operation of department stores in the PRC. On 22 May 2009, CTF HK entered into a master concessionaire counter agreement (the "**NWDS Master Concessionaire Counter Agreement**") with NWDS for a term commencing on 1 July 2009 and ending on 30 June 2012 (both days inclusive), pursuant to which NWDS agreed to, and to procure its subsidiaries to, provide floor space in the NWDS Stores to CTF HK Group from time to time for exhibiting and selling jewellery during the term of the NWDS Master Concessionaire Counter Agreement in accordance with its terms and the terms and conditions of (a) the relevant concessionaire counter agreements to be entered into between members of the NWDS Group and members of the CTF HK Group which are still in force and have not expired; or (b) the relevant concessionaire counter agreements to be entered into between members of the NWDS Group and members of the CTF HK Group from time to time. The terms of, and the consideration payable under, the new concessionaire counter agreements are negotiated on a case-by-case basis and in compliance with the applicable laws, on an arm's length basis and on normal commercial terms. The arrangements under the NWDS Master Concessionaire Counter Agreement were disclosed in the announcement of NWDS dated 22 May 2009.

For each transaction under the Master Concessionaire Counter Agreement, pursuant to the relevant concessionaire counter agreements, commissions and basic usage costs are payable by the CTF HK Group to members of the NWDS Group for the use of the floor space in the NWDS Stores. Such commissions are to be calculated by a pre-determined percentage of sales made for each type of the products sold at the concessionaire counters and the gross sales figures of concessionaire counters, while the basic usage costs comprise the general promotional contributions and other fixed charges.

(b) *Historical transaction amounts*

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate fees with respect to the concessionaire counter agreements paid or payable by our Group were approximately HK\$48.9 million, HK\$53.6 million, HK\$73.3 million and HK\$50.2 million, respectively. The fees paid to NWDS Group by our Group are on normal commercial terms and are on terms which are no less favourable than the terms for similar transactions with independent third parties.

(c) *Annual caps on future transaction amounts*

Despite the fact that the terms of the concessionaire counter agreements with NWDS Group ranged from one year to two years, based on historical arrangements, it is expected that each of the agreements will be renewed upon expiry. In this regard, it is expected that the aggregate fees payable by our Group with respect to the concessionaire counter agreements to NWDS Group for the year

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ending 31 March 2012 and the three months ending 30 June 2012 will not exceed the caps of approximately HK\$139.0 million and HK\$58.0 million, respectively. In arriving at the abovementioned caps, our Company has taken into account the terms of the existing concessionaire counter agreements, the historical transaction amounts, the approximate 79.3% increase in turnover for 1HFY2012 compared to 1HFY2011, the expected increase of sales of each of the concessionaire counters of the CTF HK Group along with the number of new concessionaire counters which members of the CTF HK Group might enter into. The Directors consider that the abovementioned caps are reasonably determined pursuant to Rule 14A.35(2) of the Listing Rules.

(d) Listing Rules requirements

As the highest relevant percentage ratio in respect of the NWDS Master Concessionaire Counter Agreement will be, on an annual basis, more than 0.1% but less than 5% and is on normal commercial terms, it will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

2. Transactions between Lifestyle International Group and our Group

(a) Description of the transaction

Lifestyle International Group, a Hong Kong-based retail operator that specialises in the operation of mid to upper-end department stores in Hong Kong and the PRC, has entered into various transactions (the "**Lifestyle Transactions**") with members of our Group in the ordinary and usual course of our Group's business arising from:

- concessionaire arrangements in respect of retailing counters for the sale of jewellery and watches at Lifestyle International's properties in Hong Kong and the PRC by our Group; and
- leasing of premises at Lifestyle International Group's property in Tianjin by our Group.

Our Group expects to enter into transactions of this nature between the Lifestyle International Group and members of our Group following the Listing Date.

(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate annual value of payments made to Lifestyle International by our Group was approximately HK\$12.6 million, HK\$14.4 million, HK\$21.0 million and HK\$16.2 million, respectively. The payments made to Lifestyle International by our Group are on normal commercial terms and are on terms which are no less favourable than the terms for similar transactions with independent third parties.

(c) Framework Agreement with Lifestyle International Group

To ensure that the Lifestyle Transactions between Lifestyle International Group and the rest of our Group comply with Rule 14A.35 of the Listing Rules, the Company entered into a framework agreement with Lifestyle International (the "**Lifestyle International Framework Agreement**") on 29 November 2011 with effect from the Listing Date. The Lifestyle International Framework Agreement stipulates that the Lifestyle Transactions between Lifestyle International Group and the rest of our Group must be (i) in the usual course of business of our Company and Lifestyle International; (ii) on normal commercial terms; and (iii) in compliance with all applicable provisions of the Listing Rules. The Lifestyle International Framework Agreement expires on 31 March 2014 and is automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless it is terminated earlier by either party giving 30 business days' prior written notice.

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(d) *Annual caps on future transaction amounts*

In accordance with Rule 14A.35(2) of the Listing Rules, our Company has set annual caps for the maximum aggregate amount payable under the Lifestyle Transactions between the Lifestyle International Group and our Group for the years ending 31 March 2012, 2013 and 2014. It is anticipated that the aggregate annual value of payments in respect of the Lifestyle Transactions made to Lifestyle International by our Group for the years ending 31 March 2012, 2013 and 2014 will be approximately HK\$42.0 million, HK\$68.0 million and HK\$117.0 million, respectively.

The abovementioned annual caps have been estimated primarily based on the terms of the existing concessionaire and leasing arrangements, the historical transaction amounts, the approximate 79.3% increase in turnover for 1HFY2012 compared to 1HFY2011, the fact that two new POS were opened at Lifestyle International Group's property in Tianjin in the first quarter of 2011, the expected increase of sales of each of the concessionaire counters of our Group along with the number of new concessionaire counters and/or new tenancies which members of our Group might enter into. The Directors consider that the abovementioned caps are reasonably determined pursuant to Rule 14A.35(2) of the Listing Rules.

(e) *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the Lifestyle Transactions between Lifestyle International Group and our Group will be, on an annual basis, more than 0.1% but less than 5% and is on normal commercial terms, it will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

3. *Tenancy arrangements between NWD Group and our Group*

(a) *Description of the transaction*

Members of our Group have entered into various tenancy arrangements with members of the NWD Group to lease certain premises in accordance with the respective terms of the relevant tenancy agreements (the "**NWD Tenancy Agreements**"). NWD Group is principally engaged in the investment and development of properties, hotels and department stores, infrastructure operations and service operations. As at 1 December 2011, our Group has entered into 11 NWD Tenancy Agreements with members of the NWD Group in respect of the lease of certain properties owned by members of the NWD Group to our Group and these NWD Tenancy Agreements were entered into by our Group after having considered, among others, the prime location of the relevant properties and the terms offered by the NWD Group. The tenancy agreements were entered into in the ordinary and usual course of our Group's business. The following table summarises the NWD Tenancy Agreements between our Group and NWD Group as at 1 December 2011:

<u>Landlord</u>	<u>Tenant</u>	<u>Location</u>	<u>Monthly rental</u>	<u>Term</u>	<u>Use</u>
Paterson Plaza Properties Limited	CTF HK	Shop No.1 on G/F, Pearl City, Paterson Street, Causeway Bay, Hong Kong	HK\$750,000	3 years from 1 December 2010 to 30 November 2013	Retail shop
Ever Light Limited	CTF HK	Portion B, 4/F, Pearl City Mansion, 24-32 Paterson Street, Causeway Bay, Hong Kong	HK\$9,000	3 years from 1 December 2010 to 30 November 2013	Office

CONNECTED TRANSACTIONS

Landlord	Tenant	Location	Monthly rental	Term	Use
New World Tower Company Limited	CTF HK	31/F, New World Tower, 16-18 Queen's Road Central, Hong Kong	HK\$464,162	3 years from 1 February 2011 to 31 January 2014	Office
New World Tower Company Limited	CTF HK	38/F, New World Tower, 16-18 Queen's Road Central, Hong Kong	HK\$393,624	3 years from 1 November 2010 to 31 October 2013	Office
New World Tower Company Limited	CTF HK	Room 3903, New World Tower, 16-18 Queen's Road Central, Hong Kong	HK\$123,305	3 years from 28 October 2010 to 27 October 2013	Office
Pridemax Limited	CTF HK	Shop No.44 & 46, G/F, Manning House, 38-48 Queen's Road Central, Hong Kong	HK\$1,572,000	3 years from 1 October 2010 to 30 September 2013	Retail shop
Pridemax Limited	CTF HK	Room 1109, Manning House, 38-48 Queen's Road Central, Hong Kong	HK\$13,680	3 years from 1 July 2010 to 30 June 2013	Office
Sunfield Investments Limited Park New Astor Hotel Limited	Markson Limited	Shop No.G02-4, G/F, K11, 18 Hanoi Road, Tsimshatsui, Kowloon, Hong Kong	HK\$388,320	3 years from 10 October 2009 to 9 October 2012	Retail shop
Sunfield Investments Limited Park New Astor Hotel Limited	CTF HK	Shop No.G06, G/F and Shop No.113, 1/F, K11, 18 Hanoi Road, Tsimshatsui, Kowloon, Hong Kong	HK\$977,400	3 years from 30 September 2009 to 29 September 2012	Retail shop
New World Development (Wuhan) Co., Ltd.	Chow Tai Fook Jewellery Company (Wuhan) Limited	Shop 1-1A, 1-1B, New World Centre, Pedestrian Street, 634 Hanko Liberation Avenue, Wuhan, PRC	RMB40,339	3 years from 1 May 2010 to 30 April 2013	Retail shop
Hubei New World Department Store Company Limited	Chow Tai Fook Jewellery Company (Wuhan) Limited	Shop 13-2, First Floor, New World, Centre Back Street, 634 Hanko Liberation Avenue, Wuhan, PRC	RMB122,400	46 months from 1 November 2008 to 31 August 2012	Retail shop

Knight Frank Petty Limited, our independent property valuer, has confirmed that the terms and conditions of the NWD Tenancy Agreements are on normal commercial terms and conditions and are fair and reasonable except the absence of rental deposit clause to be borne by our Group. Knight Frank Petty Limited is also of the view that the monthly rental paid by our Group under each of the NWD Tenancy Agreements is no less favourable than that offered by an independent third party.

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(b) Historical transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate annual rental payment made to NWD Group by our Group under the NWD Tenancy Agreements was approximately HK\$25.9 million, HK\$29.5 million, HK\$49.6 million and HK\$28.8 million, respectively.

(c) NWD Tenancy Framework Agreement with NWD Group

Our Group expects to enter into transaction of this nature between NWD Group and members of our Group following the Listing Date. To ensure that all tenancy transactions between NWD Group and the rest of our Group comply with Rule 14A.35 of the Listing Rules, our Company entered into a tenancy framework agreement with NWD (the “**NWD Tenancy Framework Agreement**”) on 28 November 2011 with effect from the Listing Date. The NWD Tenancy Framework Agreement stipulates that all tenancy transactions between NWD Group and the rest of our Group must be (i) in writing; (ii) in the usual course of business of our Company; (iii) on normal commercial terms; and (iv) in compliance with all applicable provisions of the Listing Rules. The NWD Tenancy Framework Agreement expires on 31 March 2014 and is automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless it is terminated earlier by either party giving 30 business days’ prior written notice.

(d) Annual caps on future transaction amounts

In accordance with Rule 14A.35(2) of the Listing Rules, our Company has set annual caps for the maximum aggregate rental amount payable under the tenancy transactions between NWD Group and our Group for the years ending 31 March 2012, 2013 and 2014. It is anticipated that the aggregate annual value of rental payments made to NWD Group by our Group for the years ending 31 March 2012, 2013 and 2014 will be approximately HK\$70.0 million, HK\$125.0 million and HK\$136.0 million, respectively.

The abovementioned annual caps have been estimated primarily based on our consideration of the existing rentals of our properties, the current rentals of other properties in the same areas and the prevailing market rates at the time when entering or renewing the leases. Our POS and floor space planning corresponds to our turnover growth. Our turnover increased by approximately 79.3% for 1HFY2012 compared to 1HFY2011. The Directors consider that the abovementioned caps are reasonably determined pursuant to Rule 14A.35(2) of the Listing Rules.

(e) Listing Rules requirements

As the highest relevant percentage ratio in respect of the NWD Tenancy Agreements between NWD Group and our Group will be, on an annual basis, more than 0.1% but less than 5% and is on normal commercial terms, it will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders’ approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

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4. Tenancy arrangements between CTFE Group and our Group

(a) Description of the transaction

Members of our Group have entered into various tenancy arrangements with members of the CTFE Group to lease certain premises in accordance with the respective terms of the relevant tenancy arrangements (the “**CTFE Tenancy Arrangements**”). CTFE Group is principally engaged in investment holding. As at 1 December 2011, our Group has entered into 20 CTFE Tenancy Arrangements with members of the CTFE Group in respect of the lease of certain properties owned by members of the CTFE Group to our Group and these CTFE Tenancy Arrangements were entered into by our Group after having considered, among others, the location of the relevant properties and the terms offered by the CTFE Group. The tenancy arrangements were entered into in the ordinary and usual course of our Group’s business. The following table summarises the CTFE Tenancy Arrangements between our Group and CTFE Group as at 1 December 2011:

<u>Landlord</u>	<u>Tenant</u>	<u>Location</u>	<u>Monthly rental</u>	<u>Term</u>	<u>Use</u>
Chief Ray Limited	CTF HK	Shop No.11, G/F & Shop No.6A, 1/F, Park Lane Shopper’s Boulevard, Kowloon, Hong Kong	HK\$737,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop
Kinsion Limited	CTF HK	Shop No.12, G/F & Shop No.6B, 1/F, Park Lane Shopper’s Boulevard, Kowloon, Hong Kong	HK\$655,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop
Mayard Limited	CTF HK	Shop No.13, G/F & Shop No.7A, 1/F, Park Lane Shopper’s Boulevard, Kowloon, Hong Kong	HK\$655,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop
Topscene Limited	CTF HK	Shop No.14, G/F & Shop No.7B, 1/F, Park Lane Shopper’s Boulevard, Kowloon, Hong Kong	HK\$655,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop
Fook Tai Investment Company Limited	CTF HK	G/F, 422 Prince Edward Road West, Kowloon City, Kowloon, Hong Kong	HK\$83,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop
Fook Tai Investment Company Limited	CTF HK	G/F, 61-63 Mut Wah Street, Kwun Tong, Kowloon, Hong Kong	HK\$321,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop

CONNECTED TRANSACTIONS

Landlord	Tenant	Location	Monthly rental	Term	Use
Fook Tai Investment Company Limited	CTF HK	Flat J-K, 1/F, Winner Building, 8-16 Wing Wah Lane, Central, Hong Kong	HK\$19,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Residential
Fook Tai Investment Company Limited	CTF HK	Flat M, 15/F, Hennessy Apartment, 48 Percival Street, Hong Kong	HK\$15,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Residential
Fook Tai Investment Company Limited	CTF HK	Flat B-2, 3/F, Burlington House, 92 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong	HK\$23,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Residential
Fook Tai Investment Company Limited	CTF HK	Room 1802-3, Sun Hing Building, 607 Nathan Road, Kowloon, Hong Kong	HK\$22,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Residential
Fook Tai Investment Company Limited	CTF HK	Flat G, 4/F, Hong Ping Building, 65 Hip Wo Street, Kwun Tong, Kowloon, Hong Kong	HK\$6,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Residential
Fook Tai Investment Company Limited	CTF HK	Flat B, 12/F, Block 2, Wai Wah Centre, 11/17 Sha Tin Centre Street, Shatin, New Territories, Hong Kong	HK\$10,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Residential
Maronne Limited	CTF HK	G01-G06, 580A Nathan Road, Mongkok, Kowloon, Hong Kong	HK\$1,631,000	2 years and 4 months from 1 December 2011 to 31 March 2014	Retail shop
Maronne Limited	CTF HK	2201-06, 22/F, Chow Tai Fook Centre, 580 A-F Nathan Road, Mongkok, Kowloon, Hong Kong	HK\$114,900	2 years and 4 months from 1 December 2011 to 31 March 2014	Office

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Landlord	Tenant	Location	Monthly rental	Term	Use
Global Winner Limited	CTF HK	G/F, 2/F-4/F, 24/F-25/F, World Peace Tower, 55 Wo Tong Tsui Street, Kwai Chung, New Territories, Hong Kong	HK\$403,800	36 months from 1 May 2009 to 30 April 2012	Industrial
Global Winner Limited	CTF HK	Units 6-10, 8/F, World Peace Tower, 55 Wo Tong Tsui Street, Kwai Chung, New Territories, Hong Kong	HK\$38,100	3 years from 18 October 2010 to 17 October 2013	Industrial
Global Winner Limited	CTF HK	12/F and 15/F, World Peace Tower, 55 Wo Tong Tsui Street, Kwai Chung, New Territories, Hong Kong	HK\$188,900	3 years from 1 July 2011 to 30 June 2014	Industrial
Chao Tai Fok Import & Export and Investment Company Limited	CTF Macau	Shop C, G/F, 38-42 Avenida do Infante D. Henrique, Macau	MOP193,000	2 years, 6 months and 3 days from 28 September 2011 to 31 March 2014	Retail shop
Chao Tai Fok Import & Export and Investment Company Limited	CTF Macau	G/F, Cockloft, 1/F, 2/F, 3/F & 4/F, 328 Avenida De Almeida Ribeiro & 4 Travessa Do Paralelo, Macau	MOP509,000	2 years, 6 months and 3 days from 28 September 2011 to 31 March 2014	Retail shop and office
Chao Tai Fok Import & Export and Investment Company Limited	CTF Macau	1/F & 2/F, 352 Avenida De Almeida Ribeiro Macau	MOP14,800	2 years, 6 months and 3 days from 28 September 2011 to 31 March 2014	Office

Knight Frank Petty Limited, our independent property valuer, has confirmed that the terms and conditions of the CTFE Tenancy Arrangements are on normal commercial terms and conditions and are fair and reasonable. Knight Frank Petty Limited is also of the view that the monthly rental paid by our Group under each of the CTFE Tenancy Arrangements is no less favourable than that offered by an independent third party.

(b) Historical and future transaction amounts

For each of FY2009, FY2010, FY2011 and 1HFY2012, the aggregate annual rental payment made to CTFE Group by our Group under the CTFE Tenancy Arrangements was approximately HK\$20.0 million, HK\$22.0 million, HK\$22.6 million and HK\$11.5 million, respectively.

(c) CTFE Tenancy Framework Agreement with CTFE Group

Our Group expects to enter into transactions of this nature between CTFE Group and members of our Group following the Listing Date. To ensure that all tenancy transactions between CTFE Group

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and the rest of our Group comply with Rule 14A.35 of the Listing Rules, our Company entered into a tenancy framework agreement with CTFE (the “**CTFE Tenancy Framework Agreement**”) on 28 November 2011 with effect from the Listing Date. The CTFE Tenancy Framework Agreement stipulates that all tenancy transactions between CTFE Group and the rest of our Group must be (i) in writing; (ii) in the usual course of business of our Company; (iii) on normal commercial terms; and (iv) in compliance with all applicable provisions of the Listing Rules. The CTFE Tenancy Framework Agreement expires on 31 March 2014 and is automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless it is terminated earlier by either party giving 30 business days’ prior written notice.

(d) Annual caps on future transaction amounts

In accordance with Rule 14A.35(2) of the Listing Rules, our Company has set annual caps for the maximum aggregate rental amount payable under the tenancy transactions between CTFE Group and our Group for the years ending 31 March 2012, 2013 and 2014. It is anticipated that the aggregate annual value of rental payments made to CTFE Group by our Group for the years ending 31 March 2012, 2013 and 2014 will be approximately HK\$49.0 million, HK\$97.0 million and HK\$97.0 million, respectively.

The abovementioned annual caps have been estimated primarily based on our consideration of the existing rentals of our properties, the current rentals of other properties in the same areas, the prevailing market rates at the time when entering or renewing the leases, and our plan that two new tenancy agreements to be entered into with members of the CTFE Group will be effective near the end of 2011. As some of CTFE Group’s properties are currently leased by our Group at below market rates, it is expected that CTFE Group will revise rentals for certain properties to match market levels and will be set at a rate which is no less favourable than that offered by an independent third party. In addition, our POS and floor space planning corresponds to our turnover growth. Our turnover increased by approximately 79.3% for 1HFY2012 compared to 1HFY2011. The Directors consider that the abovementioned caps are reasonably determined pursuant to Rule 14A.35(2) of the Listing Rules.

(e) Listing Rules requirements

As the highest relevant percentage ratio in respect of the CTFE Tenancy Arrangements between CTFE Group and our Group will be, on an annual basis, more than 0.1% but less than 5% and is on normal commercial terms, it will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders’ approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

Aggregation of certain non-exempt continuing connected transactions

The following table summarises the aggregation of certain non-exempt continuing connected transactions between the Group and connected persons of the Company after the Listing.

Transaction	Historical figures				Annual caps		
	Year ended 31 March			Six months ended 30 September	Year ending 31 March		
	2009	2010	2011	2011	2012	2013	2014
	HK\$million	HK\$million	HK\$million	HK\$million	HK\$million	HK\$million	HK\$million
1. Tenancy arrangements between NWD Group and our Group	25.9	29.5	49.6	28.8	70.0	125.0	136.0
2. Tenancy arrangements between CTFE Group and our Group	20.0	22.0	22.6	11.5	49.0	97.0	97.0
Total	45.9	51.5	72.2	40.3	119.0	222.0	233.0

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Each of the tenancy arrangements between NWD Group and our Group and the tenancy arrangements between CTFE Group and our Group (collectively, the “**Aggregated Non-Exempt Continuing Connected Transactions**”) constitutes a connected transaction under Chapter 14A of the Listing Rules. However, pursuant to Rule 14A.25 of the Listing Rules, the Stock Exchange will aggregate a series of connected transactions as if they were one transaction if they were all completed within a 12-month period or are otherwise related. Further, under Rule 14A.26 of the Listing Rules, in determining whether connected transactions will be aggregated, the Stock Exchange will take into account whether the connected transactions were entered into by an issuer with the same party or with parties connected or otherwise associated with one another. In light of Rules 14A.25 and 14A.26 of the Listing Rules, the Aggregated Non-Exempt Continuing Connected Transactions have been aggregated given that the nature of the transactions are related and the counterparties to the Aggregated Non-Exempt Continuing Connected Transactions are connected or otherwise associated with the Company. As the highest relevant percentage ratio in respect of the Aggregated Non-Exempt Continuing Connected Transactions will be, on an annual basis, more than 0.1% but less than 5% and the Aggregated Non-Exempt Continuing Connected Transactions are on normal commercial terms, they will be exempt pursuant to Rule 14.34A of the Listing Rules from the independent shareholders’ approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

Waiver application for non-exempt continuing connected transactions

In respect of the NWDS Master Concessionaire Counter Agreement, transactions under the Lifestyle International Framework Agreement and the Aggregated Non-Exempt Continuing Connected Transactions described in this section, as the highest applicable percentage ratio as set out in the Listing Rules is, on an annual basis, in each case expected to be more than 0.1% but less than 5%, such transactions are exempt from the independent shareholders’ approval requirements but subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules.

As described above, our Company expects these non-exempt continuing connected transactions to be carried out on a continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the announcement and independent shareholders’ approval requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, our Company has applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement relating to continuing connected transactions under Rule 14A.35 of the Listing Rules in respect of the NWDS Master Concessionaire Counter Agreement, transactions under the Lifestyle International Framework Agreement and the Aggregated Non-Exempt Continuing Connected Transactions.

Our Company will, however, comply at all times with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules in respect of these non-exempt continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, our Company will take immediate steps to ensure compliance with such new requirements.

Confirmation from Directors

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described in this section have been entered into in the ordinary

CONNECTED TRANSACTIONS

and usual course of business of our Company and are on normal commercial terms. The Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps for these transactions referred to in this section are fair and reasonable, and in the interests of the Shareholders as a whole.

Confirmation from the Joint Sponsors

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps for these transactions referred to in this section are fair and reasonable, and in the interest of the Shareholders as a whole.